



COMMITTED TO THE EARTH

www.ruchirapapers.com

RPL/CS/BSE/NSE/2017-18/

22.02.2018

To

The General Manager,
Department of Corporate Service,
Bombay Stock Exchange Limited,
P. J. Tower, Dalal Street, Fort,
Mumbai-400 023
Scrip Code: **532785**

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1
G. Block , Bandra Kurla Complex,
Bandra (E),
Mumbai 400051
Trading Symbol: **RUCHIRA EQ**

SUB: DISCLOSURE UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015.

Dear Sir/Madam,

With reference to our Conference Call held on Thursday, 15th February 2018 in connection with the Un-Audited Financial Results for quarter and year ended 31st December 2017, we are pleased to submit the transcript of the same.

This is for your information, records and action please.

For Ruchira Papers Limited

(Vishav Sethi)
Company Secretary.
FCS-9300



Encl: As above

RUCHIRA PAPERS LIMITED

CIN-L21012HP1980PLC004336

REGD. OFFICE & WORKS

Trilokpur Road, Kala Amb
Sirmaur
Himachal Pradesh - 173030

T: +91-80-53800897 / 53101892

E: info@ruchirapapers.com

ADMIN. OFFICE

21-22, New Professors Colony
Yamuna Nagar
Haryana - 135001

T: +91-1732-233799/233140

E: rplynr@ruchirapapers.com

DELHI OFFICE

M-146, 2nd Floor
Greater Kailash Part 2
New Delhi - 110048

T: +91-11-29226638/29226639

rpldelhi@ruchirapapers.com



Ruchira Papers Limited

“Q3 & 9M FY18 Conference Call”

Transcript

February 15, 2018

Moderator: Good afternoon, ladies and gentlemen. I am Lysine, moderator for this conference. Welcome to the Conference Call for Ruchira Papers Limited, arranged by Concept Investor Relations, to discuss its Q3FY18 results.

We have with us today on the call Mr. Jatinder Singh –Chairman and Whole-Time Director; and Mr. Vipin Gupta – CFO and Whole-Time Director. At this moment, all participant lines are in the listen-only mode. Later, we will conduct a question and answer session. At that time, if you have a question, you may please press ‘*’ and ‘1’ on your telephone keypad. Please note that this conference is being recorded. I now hand the conference call over to Mr. Jatinder Singh. Thank you and over to you, sir.

Jatinder Singh: Ladies and gentlemen, good afternoon. Welcome to the conference call to discuss the financial performance for the quarter and nine months ended 31st December, 2017, of our Company. The company's CFO and Whole-Time director Mr. Vipin Gupta is joining us on this call. Now Mr. Vipin Gupta shall give you a brief about Ruchira Papers and summary of the financial results.

Vipin Gupta: Good Afternoon Ladies and Gentlemen, Firstly I will brief you about the Company. Ruchira Papers Limited is engaged in manufacturing of writing and printing paper, and Kraft paper. The Company's writing and printing paper is used in the manufacturing of books, note books and other writing and publishing material; the Company also manufactures colored paper, which is used in the manufacturing of spiral notebooks, wedding cards, shade cards, children's coloring books, colored copier paper and bill books. Our Kraft paper finds its application in the packaging industry for making corrugated boxes/cartons and for other packaging requirements. Our writing and printing paper is manufactured by using agricultural residues, such as wheat straw, Baggase, sarkanda (which is also known as Elephant Grass) and other materials. Our Kraft paper is manufactured by using agriculture residues, such as Bagasse, wheat straw, sarkanda (Elephant Grass) and indigenous waste paper. The company also manufactures special grade of Kraft paper called 'DTY Grade' and 'POY Grade'. These grades of paper are used to produce textile tubes and paper core-pipes, which are consumed by yarn manufacturing Companies.

The company was promoted by Mr. Umesh Chander Garg, Mr. Jatinder Singh, and Mr. Subhash Chander Garg. The manufacturing plant is located in Himachal Pradesh, giving location advantage as the power tariff in Himachal Pradesh is cheaper comparatively than neighboring states.

Ruchira Papers made proactive investments in chemical recovery, effluent treatment and power co-generation plants on the one hand and the consumption of renewable agro-based raw material on the other. Our Tagline “committed to the earth” reflects our commitment.

The implementation of modernization and upgradation has already started in Kraft Paper unit and shall complete by end of February 2018. This Modernization will facilitate the company to introduce new range of value added products in its Kraft Paper unit and company will start getting its benefits from Q1 of FY 19.

Further our Board of Directors has constituted a project committee to study the Cost of Project of proposed Green field Project at Chamkour Sahib. This committee is considering different permutation and combination and indicated that initially the capacity of plant would be 100000 TPA and cost will be approximately Rs. 800 Crore. Regarding funding this project will be funded through mix of Debts and Equity based on the market conditions and interest scenario however Management is firm that in any case Promoters holding would not be less than 51%. We have already applied for Environmental clearance and are expecting to receive the same by end of August 2018. Considering EIA clearance, we are expecting to start commercial production in early first quarter of FY 2020-21.

Now, let me take you through the summary of our Q3 of FY18 financial performance.

Results for the quarter ending 31st December 2017 are in line with our expectations and we are back on the track after shut down taken in 2nd Quarter in WPP unit for preventive maintenance of Turbines. For the quarter ended December 31, 2017, Company recorded total income of Rs. 117.54 crore, as compared to Rs. 102.42 crore in the

corresponding quarter of last year. EBITDA grew by 39.27% in Q3 of FY18 at Rs. 22.66 crore as compared to Rs. 16.27 crore in Q3 of FY17. Sequentially, the EBITDA was up by 41.18% as compared to Rs. 16.05 crore in Q2 of FY18. The company's EBITDA margin stood at a robust 19.28% in Q3 of FY18, as compared to 15.88% in Q3 of FY17 and 15.43% in Q2 of FY18.

Profit after tax stood at Rs. 11.90 crore in this quarter, as compared to Rs. 8.05 crore in Q3 of FY17 and Rs. 8.39 crore in Q2 of FY18. The company recorded a PAT margin of 10.12% in Q3 of FY18, as compared to 7.86% in Q3 of FY17 and 8.07% in Q2 of FY18.

I will also briefly take you through the 9M of FY18 numbers. Total income stood at Rs. 340.27 crore as compared to Rs. 302.29 crore in the same period last year.

EBITDA stood at Rs. 61.20 crore in 9M of FY18 as compared to Rs. 48.04 crore in 9M of FY17. The company recorded an EBITDA margin of 17.98% in 9M of FY18. The net profit in 9M of FY18 stood at Rs. 32.10 crore, up by 40.58%, from Rs. 22.79 crore in 9M of FY17.

The average Net Sales Realization (NSR) of Writing and Printing paper improved by 2.26% i.e. from Rs. 51831/- PMT to Rs. 53001/- PMT on Y-o-Y basis. And the average NSR of Kraft paper improved significantly by 15.56% i.e. from Rs. 23988/- PMT to Rs. 27721/- PMT on Y-o-Y basis.

Now, I would like to leave the floor open for the questions that you may have.

Moderator: We take the first question from the line of Apurva Kulkarni from Nine Reverse Capital. Please go ahead.

Apurva Kulkarni: Sir, I wanted to ask about the improvement in EBITDA margins. Has there been any change in the procurement of raw material, and any change in the mix? And if you can just explain the reason for the robust performance in this quarter as compared to Q2?

Vipin Gupta: You are comparing it with Q2?

- Apurva Kulkarni:** Yes, in general, the numbers stand good, so we just wanted to understand what has been different this quarter and going forward also if you can highlight on the expansion strategy which you mentioned in your initial comments.
- Jatinder Singh:** The rates have increased, the selling price has increased, the raw materials are constant, there is not much change in the raw material price, except may be in the kraft paper there is slight increase in the waste paper that we use, otherwise the agriculture raw material prices are same.
- Apurva Kulkarni:** Okay. And how much has it grown?
- Jatinder Singh:** In the waste paper it would be about 30% - 40%. Of all agro that we are using, in that there has been an increase of about 10-15%. But the agro prices which is our main raw material, that is constant and the sale price has increased that we already told how much is the difference
- Apurva Kulkarni:** Okay. Also could you highlight a little bit on your expansions strategy, I missed out on the initial commentary?
- Jatinder Singh:** We keep on doing small expansions, so this one is Rs. 40 cr. In this Rs. 40 cr around Rs. 24 cr is for production and remaining is for buying land and other things. Because we are in an industrial area whatever land is left we are buying for our future needs.
- Apurva Kulkarni:** And this is happening at the existing one?
- Jatinder Singh:** In the existing one. As far as the new one is concerned, we have envisaged a product cost of Rs. 800 cr and 100,000 ton per year. For that we have procured private land of 104 acres, and our total requirement is 200 acres, for the remaining we are making efforts, with some panchayat land and some more private people. So we are hopeful by April 2018 we will have all the land that we require. In the meanwhile we have applied for environment clearance, so environment clearance is a 9-10 months process, so that process has started from December so we are hopeful that by September-October we will have the environmental clearance.

Apurva Kulkarni: Sir, if you could just explain how are you going to fund the whole project?

Jatinder Singh: We propose to have a term loan of Rs. 450 crores (tentative) out of Rs. 800 crores.

Apurva Kulkarni: And rest would be internal accruals?

Jatinder Singh: No, there is a QIP element, market element, internal accruals and then there is some preferential issue we have issued, already for Rs. 25 cr and the promoters propose to bring some more money also in the next two years.

Moderator: Thank you. We have the next question from the line of Ganesh Radhakrishnan from Pristine Portfolio. Please go ahead.

Ganesh Radhakrishnan: I have understood about what you spoke about the Greenfield expansion that will come up in financial year 2021, my question is specifically about the next financial year, i.e. for FY19 and FY20, what is going to be the strategy in terms of capacity expansion, is it continuously going to be debottlenecking or will there be some definite expansion of the current setup you have?

Jatinder Singh: Whatever expansion was required in the existing unit has been done. So these results will be coming in the next two years, because these are all small bottlenecks that we keep on removing. There is not much anything big in what we are doing in existing unit, our total focus is on the new unit only. So, this year we will be 120,000 tons(approx), next year we will be 132,000 tons and subsequently we will keep on improving. Some little improvements keep on coming and in the same way, 2019-2020 will also go in the same ratio, there will be some increase. But there would not be much investment in the existing units now.

Ganesh Radhakrishnan: Okay. So the bigger capacity will come only in 2021?

Jatinder Singh: Yes, the additional capacity will come in 2021.

Ganesh Radhakrishnan: Okay. So that is going to be about 100,000 metric tons?

Jatinder Singh: Yes, it is going to be about 100,000 metric tons.

Ganesh Radhakrishnan: My next question is, about the raw material for other paper industries, especially the pulp prices are going up; just want to know will it have any indirect effect on your raw material prices?

Jatinder Singh: No, we are from the agro, we are not using wood, whatever prices are going up are of wood, soft wood and imported pulp and all things. Our agro price is stable for bagasse, there is enough sugarcane in our area and in the next 2-3 years also sugarcane is going to be comfortable in our area, wheat also is comfortable there are no issues. So these are basic raw materials that we are using. So in case we do not foresee any extraordinary jump in the price of raw material, they are going to remain stable for next 2-3years.

Moderator: Thank you. Our next question is from the line of Pranoy Kurian from Ambit Investments. Please go ahead.

Pranoy Kurian: I just want to talk about the CAPEX plan again, so it is Rs. 800 cr you said and this includes everything, like acquisition cost of land that has already been incurred and everything?

Jatinder Singh: Yes, everything.

Pranoy Kurian: And I am assuming that this will be primarily writing and printing paper only?

Jatinder Singh: Only writing and printing paper.

Pranoy Kurian: And you said 100,000 tons?

Jatinder Singh: Yes, 100,000 tons.

Pranoy Kurian: So, essentially we are looking at a peak turnover may be of 500 and 550 assuming current

Jatinder Singh: Yes.

Pranoy Kurian: Because that 800 number was a little higher than what I expected, because then it means a gross block turnover is much, much lower than, may be it is somewhere around 65% something like that.

Jatinder Singh: Paper industry is CAPEX industry that is why this figure normally comes to 0.65 - 0.7.

Pranoy Kurian: But our numbers you have seen, I know it has been an old plant and it is a different thing, but even then do you see that number improving with some debottlenecking on this plant may be in the long-term or how do I look at it?

Jatinder Singh: See, debottlenecking is a continuous process, we keep doing it, last year we did debottlenecking of Rs. 36 cr, this year we are doing again Rs. 24 cr which was the production part and Rs. 16 cr is the unproductive where we bagged the land and other things. And from 99,000 tons we are going to touch 132,000 tons. So this is a continuous process in the existing plant, we carry on doing these things. But as we are coming up with new plant so we are not going to put any more investment in the existing system and all our energy and investment is going to go for the new plant because till the time we start the production and other things we want to make sure that we are able to do it in time and we are able to do it in this amount, we do not have any overruns and other things. So that is our main focus.

Pranoy Kurian: I understand from this gross block impact but from margins, typically your margins are around 25% to 30% roughly for the writing and printing, correct?

Jatinder Singh: Yes.

Pranoy Kurian: So in the new plant would you see similar operating profitability or more than that?

Jatinder Singh: More than that. Actually this existing plant was put up without any experience of writing and printing, now we have eight-nine years of experience of making writing and printing paper. And plus we are going to the raw material belt, now we are getting our raw material from Punjab and when we go there we will be saving on the cost of raw material at least by Rs. 100 a quintal, Rs. 1,000 a ton. So, our raw material will be about 25% to 30% downs.

Pranoy Kurian: On a per unit basis you mean?

Jatinder Singh: Yes, because we are getting wheat straw from Punjab. Now from where we are getting wheat straw we are putting up a plant there, so we will be saving on the carriage.

- Pranoy Kurian:** Okay. So basically on a pre-tax ROC-return on capital you could see something like 20%, may be a little more, on a steady state basis?
- Vipin Gupta:** Naturally it will be more than that.
- Pranoy Kurian:** On the funding aspect, do you have some internal measure. Ok is this Rs. 800 cr is going to be invested in separate years or till 2021, I mean how will we spend?
- Jatinder Singh:** So, first nine months is just buying land, we cannot do anything else, unless we have the environmental clearance we can't do much.
- Pranoy Kurian:** And then after that how will you, I mean will you do in a phased manner or...
- Jatinder Singh:** No, it is complete, it has to be complete, 15 to 18 months is the implementation of the project and all the money goes in 15 to 18 months only.
- Pranoy Kurian:** Sir, if I look at your past CAPEX cycle, at that time your net debt to equity I don't think had crossed more than 2.4x and even that is after the plant came in over the 2008 to 2010, your net debt to equity was around 2x to 2.5x. So, in this kind of scenario what do you expect the maximum debt to equity ratio to be?
- Vipin Gupta:** Debt to equity ratio will remain the same it will not be more than that.
- Pranoy Kurian:** You do not think it will go more than 2x, 2.5x?
- Jatinder Singh:** We won't let it go, whatever is required we will get, we have already got share to 25 crores and whatever is gap the promoters will get themselves, we are going to keep the whole project comfortable, with no risk.
- Pranoy Kurian:** Okay. Because Rs. 800 Cr the number seems very high, so I was just wondering how the debt equity ratio will look in FY21.
- Jatinder Singh:** So we will go for QIP, there will be lot of cash accruals because practically now we are debt free. So whatever money will come that is going to go into this project only. In next two years we will be paying

about say Rs. 15 cr per year, repayment will be about Rs. 10 - Rs. 12 cr, loans are about Rs. 16 cr plus another Rs. 20 cr, so total debt will be about Rs. 30 - Rs. 35 cr.

Pranoy Kurian: Fresh borrowings you mean?

Jatinder Singh: The ones that are already existing, so this has to be paid back in next 3-4 years. So whatever cash accruals are there, will be going in for that only.

Pranoy Kurian: And when you have been discussing financing with banks do you have any idea already what the incremental interest rate would be?

Jatinder Singh: No, it is too early for that, we are tying up with PNB, as our lead bank is PNB, so they have a system, they have a syndication branch and there they will do the syndication underwriting and after that, let us see how the thing goes, it is not something that one bank does it.

Pranoy Kurian: Okay. Last quarter you had mentioned some disruptions in China, so if you could just give us an update on the same.

Jatinder Singh: I think it is normal there now, it was a temporary thing, now everything has stabilized and now we are on normal. But that was a very bad patch, in those days normally in the third quarter because of less demand of kraft and all so we have a problem, but thanks to China it is better, it has been good.

Moderator: Thank you. Our next question is from the line of Dipen Shah, an individual investor. Please go ahead.

Dipen Shah: We had learnt that there were some issues about some plants closing down and you had told us that we would know the status sometime later, so now are you seeing that all the plants have reopened and supply from China has become normal, is that the case?

Jatinder Singh: I would like you to understand what was the problem in China. Our kraft paper and all our paper, run on imported paper which we get from Europe and USA. China was buying it at cheap rates and the reason for buying cheap was that their quality of waste paper raw material was poor, Europe and America were sending all unwanted material, plastics etc. to China and that started causing problem in

China and China government also set standards so that this inferior quality raw material does not come in there. Now they have started buying good raw material and their price of paper has gone up accordingly and now the things have stabilized in China, there is no issue with China now.

Dipen Shah: Because there were also some issues in terms of plants closing down because of affluent treatment and all?

Jatinder Singh: No, this is only because of the above mentioned reason not because of affluent treatment. If you are running a unit on waste paper then there is not much affluent, only when you are running on wood and agro then the affluent issue comes in. It was because of the quality of the raw material that they were buying.

Dipen Shah: And any further updates on the import duty, is there some expectation of higher import duty being imposed?

Jatinder Singh: Nothing is said on the paper, we have not heard of anything like that.

Dipen Shah: And thirdly speaking on a longer-term basis, since we are putting up a huge plant of 100,000 tons which is coming up in 2021, so obviously we have got some good visibility in terms of demand and also the pricing holding up at around current levels because you are saying margins will be in excess of 30%. So if you can just give us some more idea on any further capacities which are coming up and how should the demand, supply scenario pan out in the next two to three years?

Jatinder Singh: It is normal growth 6% - 7% CAGR and accordingly there is no new plant but the existing ones are only expanding. We cannot see any Greenfield plant coming up, only we are the people in the market, this is what we hear from the machinery suppliers because we are negotiating with the machinery suppliers, as we are getting the quotations, so only the existing ones are expanding and improving and there is no new player..

Dipen Shah: So you expect the demand supply scenario to be in our favor may be once the new plant comes.

Jatinder Singh: Yes, this is 100% which will carry on, there is no reason to doubt that the demand will come down.

- Dipen Shah:** And lastly, before setting up this new plant had you ever considered buying out some existing capacities which could be smaller ones, was that the case or this was the best option you thought was available to you?
- Jatinder Singh:** No, we have been working in this industry over the last 35 - 37 years, three of us have been working and now our children are also working here. We have developed a certain idea that we want to make this paper and we want to buy raw materials. We have gone to the raw material head where we are getting raw material, so that was one of the prime thing. And we are going to make a better quality of paper than what we are making now. So, the machine that we are going to put up that machine is not available with any existing person for sale. May be people who are already running like JK and all, they are doing this copier and producing, they use good machines, so we are looking at something so that we can make paper as good as them at lower cost.
- Dipen Shah:** Again in continuation of the previous speaker, the CAPEX which we are planning, we have got Rs. 450 cr of debt which is going to come in plus an equity which should be the balance I assume, so does this equity dilution precede debt or should debt come before the equity dilution comes in?
- Jatinder Singh:** They will come simultaneously, proportionately because unless we have our equity tie up, the banks are not going to release some money.
- Dipen Shah:** Sorry?
- Jatinder Singh:** The banks will sanction the money, they will not release the money unless we have an equity tie-up. So they will come simultaneously, proportionately only they will be coming.
- Dipen Shah:** Okay. And the quantum which will be required in FY19 and FY20, which should also be proportionate or we should be having front loading of CAPEX or may be a back loading of CAPEX?
- Jatinder Singh:** No, the main CAPEX is going to come in 2019-2020 , 2018-2019 not much, so it will be mainly 2019-2020 and 2020-2021. Because there most of the machines are, 10% of the payments are who will get

guarantees and this and that, so once they achieve that, my best scene is that I start on March 2020, so after that another 3-6 months to achieve the capacities and then only that 10% gets released, everywhere we hold 5-10% of the amount which has to be paid later, once we achieve the targets.

Moderator: Thank you. Our next question is from the line of Bhaskar Chakraborty from Smart Karma. Please go ahead.

Bhaskar Chakraborty: You said that China has stopped importing some kinds of waste paper, now are the prices of those kinds of waste paper crashing in the global market?

Jatinder Singh: No, they have not stopped, it is that same paper only but now it is way more cleaner, actually they were first dumping their waste in that paper, they were putting plastic and other things in that paper and that was being imported. So now they are removing the plastic and other unwanted materials back home and they are only exporting the paper which is within the normal requirement, everybody has stopped, we have stopped it also in our country. You cannot import plastic into our country, this poor quality paper you cannot import here as well. So there is certain level, you cannot go beyond that level.

Bhaskar Chakraborty: So basically you are saying that India's restrictions on the quality of paper you can import is more stringent than that of China?

Jatinder Singh: It was, now they have also come at par. You could not import inferior quality of paper in India earlier as well, now China also has put similar conditions.

Bhaskar Chakraborty: We were reading that actually China is going to completely ban import of waste paper and plastic bottles, etc, from 2019, so this is only the first step what they have implemented in 2018 and they are going to scale it up and completely ban imports next year.

Jatinder Singh: I do not know about the plastic bottles, but waste paper is recycle paper and all over the world it is welcomed. Even now, in Europe they have also started using it for their own consumption, earlier they were only using virgin pulp to make even kraft. So now even they have started using, recycling is worldwide accepted, so there is no reason that China will stop importing that. And plus the handling of

this waste paper, because you are getting value for this paper, even here, everywhere in China, everyone is holding waste paper because if you have a carton you are not just throwing it away or wasting it, everybody is preserving it because it is selling, anything which sells, anything which has value nobody is destroying it.

Bhaskar Chakraborty: And sir this raw waste paper price for the ones that you are importing from Europe and US, how are the current prices compared to where they were say last quarter?

Jatinder Singh: We have to start importing it now, we were not importing any old paper, we were only importing pulp, for the white paper to be used, but this year we are going to use imported waste paper, because of the new modification that we have done in that only we are going to use imported waste paper, earlier we were not using imported waste paper in the kraft unit.

Bhaskar Chakraborty: Until now the kraft unit was where we were using waste paper which was procured locally within the country?

Jatinder Singh: Yes, locally within the country, now we have started it, the price have gone up slightly. Pulp I think has increased up to 30% - 35% for white paper, and that is reflecting on our higher gross margin as our input price has not increased but pulp price has increased.

Bhaskar Chakraborty: So that is reflecting your gross margins may be, because your input price has not increased but pulp price has increased?

Jatinder Singh: Yes, it will increase, that is what is affecting us.

Moderator: Thank you. Our next question is from the line of Sunny Agarwal from PNB Investments. Please go ahead.

Sunny Agarwal: Sir, sorry I missed the number on realization of writing, printing and kraft paper, if you can repeat?

Vipin Gupta: For this Q3 the writing and printing was Rs. 53,001 for kraft paper it was Rs. 27,721.

Sunny Agarwal: And how does this compare with year-on-year or YoY quarter?

- Vipin Gupta:** Q3 of FY17 it was Rs.51,831 and for kraft paper it was Rs. 23,988.
- Moderator:** Thank you. Our next question is from the line of Kashyap Zaveri from Emkay Global. Please go ahead.
- Kashyap Zaveri:** From the previous question, I missed out the number. On WPP you said Rs. 50,000?
- Vipin Gupta:** Rs. 53,001 for WPP and for Kraft Paper it is Rs. 27,721
- Kashyap Zaveri:** And this Rs. 53,000 in the same quarter last year was Rs. 56,000, I am talking about Q3 of FY17?
- Vipin Gupta:** Yes. It was Rs. 51,831 for Q3 FY17.
- Kashyap Zaveri:** Okay. And could you also give the volume number for December this year and December last year for kraft and WPP in metric tons?
- Vipin Gupta:** For Q3 of FY18 the writing and printing was 12,696 tons; for kraft paper it is 18,180 tons; and Q3 of FY17 13,020 tons was for writing and printing paper and for kraft paper it was 17,557 tons.
- Kashyap Zaveri:** And this realization numbers, are they comparable or same quarter last year is gross of excise and this year's numbers are net, or are they comparable?
- Jatinder Singh:** These are net numbers and they are comparable.
- Kashyap Zaveri:** And one last question, did you mention about your CAPEX number for the Punjab new Greenfield plant?
- Jatinder Singh:** Rs. 800 cr.
- Kashyap Zaveri:** And what would be the size of that plant and it will be all WPP?
- Jatinder Singh:** 100,000 tons and all WPP.
- Moderator:** Thank you. We have the next question from the line of Bhakti Thakkar from Investec. Please go ahead.
- Bhakti Thakkar:** Sir, could you please repeat the volume numbers for writing paper?

- Vipin Gupta:** For Q3 FY18 writing paper it was 12,696 tons and for kraft paper it was 18,180 tons. For Q3 of FY17 it was 13,020 tons for WPP; for kraft paper it is 17,558 tons.
- Bhakti Thakkar:** And one more question, what are your EBITDA margins for each of them, writing paper and kraft paper?
- Vipin Gupta:** For Q3 EBITDA margin for writing and printing paper was 25.15% and for kraft paper it was 11.55%.
- Bhakti Thakkar:** Okay. And could you help us with the cost per ton of agro waste and waste paper each?
- Vipin Gupta:** Ma'am, actually we can give you prices of raw material, in writing and printing and kraft paper, both mix and the yield are also different.
- Bhakti Thakkar:** Okay.
- Jatinder Singh:** If you have a specific question you can just mail to us, we will give you the detailed reply.
- Moderator:** Thank you. Our next question is from the line of Dheeral Shah from Asit C. Mehta. Please go ahead.
- Dheeral Shah:** Sir, is this EBITDA margin of 19% will be new normal for your company or what is the outlook for the same?
- Vipin Gupta:** 19% will be for this year only. At present it is 17.98% for nine months and we are expecting that it will be around 19%.
- Dheeral Shah:** And for next year, sir?
- Jatinder Singh:** We will give you the number in March, we are doing some modification, we are making this new paper, so once we get those results in this month, and next month we will be able to know what are the financial implications of that.
- Dheeral Shah:** But sir it will be in the range of similar of FY18?
- Jatinder Singh:** Improved, it has to, otherwise why we will do all this exercise, we will give new type of paper and everything is going to improve.

- Dheeral Shah:** Out of your 125,000 ton how much is the production for kraft paper?
- Jatinder Singh:** 75,000 tons is kraft and 50,000 tons is white.
- Dheeral Shah:** And sir what is your outlook on the net realization for next year, as you said it is now 51,000, is it going to improve or it will be in the same range?
- Vipin Gupta:** It will remain the same.
- Dheeral Shah:** I am talking about net sales realization.
- Vipin Gupta:** For this quarter it was 53,000 and we are hopeful that it will remain the same.
- Dheeral Shah:** Okay. This is in fact for kraft paper also right, 27,000?
- Vipin Gupta:** Yes.
- Moderator:** Thank you. Our next question is from the line of Umang Shah from JM Financials. Please go ahead.
- Umang Shah:** Sir, I had two questions. First one is that, we have gained substantially on our NSR this quarter, what is the specific reason behind it from almost 52,000 we are going to 53,000; and in kraft paper we went from 24,000 to 27,000; almost 28,000. So this was a substantial jump, any specific reason why there was such a jump year-on-year?
- Jatinder Singh:** No, it is just demand and supply only, nothing specific about it. White normally gets sold in this season for copy, so white normally does increase in these months. But kraft because of the China effect last quarter it was also good, but normally it does not come, after January anyways kraft automatically picks up.
- Umang Shah:** What about future price for kraft paper, the price of 27,000 - 28,000 will it be the same for kraft paper?
- Jatinder Singh:** Yes, it will be the same.
- Umang Shah:** It is like permanent only now the China effect.

- Jatinder Singh:** One and half months has passed and one and half will pass in this quarter, so we do not foresee any problem in this.
- Umang Shah:** So basically what we are trying to say is that as of now the price remains same, going forward we do not know about the scenario but it can vary?
- Jatinder Singh:** For next year the improvement that we are doing, it will increase because we are going to make better quality paper, that is why we are putting a lot of money, such a lot of investment, so only improvement is expected. We are looking at two or three different type of papers which are expensive, today we are making 20 BF normal paper, other one we are looking at high BF, high RHT, special grade paper we are looking at. We have good hopes from them, so we do not want to talk about it now because we want to see the paper first. I think by mid of March may be we will be visiting Bombay and we will get a chance to meet you, by that time we will have the paper we will have the numbers also with us.
- Umang Shah:** Perfect, we will do that for sure. And sir one more thing, this Rs. 800 cr CAPEX, if I understood it correctly, Rs. 450 cr would be our term loan and remaining Rs. 350 cr would be both internal accruals, raising from promoters and QIP?
- Jatinder Singh:** Yes.
- Umang Shah:** Okay. And sir just one more thing, we are planning to set this up by 2020, so, can you foresee the demand being stable or increasing for such capacity going forward?
- Jatinder Singh:** Yes, production 2020, March. See, there is no reason for the demand to come down, increase exists for normal CAGR that is of 6% - 7% ,so we will fit into that, there is nothing extraordinary about it, no down, no plus, we are moving normally as it is going to continue, there is no reason or the demand to go down.
- Umang Shah:** We are taking the first step of increasing our capacity or there are other players also in the industry?
- Jatinder Singh:** Now there is no new player coming up, no one in Greenfield project.

- Umang Shah:** Like JK?
- Jatinder Singh:** Everybody keeps on doing a little bit improvement, everybody keeps on doing something.
- Umang Shah:** So nobody has said anything for FY20 with the new capacity?
- Jatinder Singh:** New project requires at least three years, our one year extent is already going on, so if anybody starts today so he will be coming up in 2021, one year after we have start. We have procured the land, we applied for environmental clearance, so we are now about eight, nine months ahead of anybody, if someone wants to start even today.
- Umang Shah:** So environmental clearance is still eight months away that is what we feel?
- Jatinder Singh:** Yes, this is the system, the process is of eight to nine months we have applied in December so it will come somewhere around September, that is the time required for that.
- Moderator:** Thank you. We have the next question from the line of Kashyap Zaveri from Emkay Global. Please go ahead.
- Kashyap Zaveri:** Have we taken any increase in WPP post December, what are the prevailing prices in January in WPP?
- Vipin Gupta:** In January it was 55,000.
- Moderator:** Thank you. We have the next question from the line of Rajeev Dadlani, an individual investor. Please go ahead.
- Rajeev Dadlani:** Sir, I wanted to check if your cost will be under control or do you see cost increasing because of power cost or raw material cost, what is the outlook on cost for the next two quarters?
- Jatinder Singh:** See, for power and all it is stabilized, nobody is increasing the power and about 50% - 60% of power is being generated our self, so we do not see any increase in the raw material prices because agro is comfortable, sugarcane is comfortable, we had good wheat crop last year, the rains have been good, wheat straw was good and comfortable, so we do not foresee any price increase anywhere.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for their closing comments.

Jatinder Singh: We thank all the participants in this conference call and hope that we have been able to satisfy you regarding the information you all wanted regarding the company. We shall be visiting Bombay by the mid of March, we will let everybody know the dates and we can have one to one meeting with everybody if anybody is interested and wishes to know more about the company and the new products that we are going to make. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, thank you all for being a part of this conference call. If you need any further information or clarification, please mail at ruchi.bhadra@conceptpr.com. Ladies and gentlemen, with this we conclude our conference call for today. Thank you for joining us and you may now disconnect your lines.