



**“Ruchira Papers Limited
Q1 FY2020 Earnings Conference Call- Transcript”**

August 20, 2019

**ANALYST: MR. SONAL KUMAR SHRIVASTAVA - KIRIN ADVISORS
PRIVATE LIMITED**

**MANAGEMENT: MR. JATINDER SINGH – CO-CHAIRMAN & WHOLE
TIME DIRECTOR – RUCHIRA PAPERS LIMITED**

**MR. VIPIN GUPTA – CHIEF FINANCIAL OFFICER &
EXECUTIVE DIRECTOR - RUCHIRA PAPERS LIMITED**

**MR. DEEPAN GARG – VICE PRESIDENT - TECHNICAL
RUCHIRA PAPERS LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY2020 post results conference call of Ruchira Papers Limited, hosted by Kirin Advisors. 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 presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sonal Kumar Shrivastava from Kirin Advisors. Thank you and over to you Sir!

Sonal K Shrivastava: Good afternoon everybody. I welcome you all to this conference call of Ruchira Papers Limited for the Q1 FY2020 results being addressed by the management. Today on the call, we have Mr. Jatinder Singh, Co-Chairman & Whole Time Director accompanied with Mr. Vipin Gupta, CFO & Executive Director. The call will be addressed initially by Mr. Jatinder Singh giving a brief about the paper industry and Mr. Vipin Gupta then will take you across the quarterly performance and subsequently both the management will address the queries of the analysts. I now hand over the call to Mr. Jatinder Singh! Over to you Sir!

Jatinder Singh: Ladies and gentlemen good afternoon. I welcome you all to the Conference Call to Discuss the Financial Performance of our company for the Quarter ended 30th June 2019. The Company’s CFO and Executive Director, Mr. Vipin Gupta, VP-Technical, Mr. Deepan Garg is also joining us on this call. Now Mr. Vipin Gupta shall give you brief about Ruchira Papers and Summary of financial results.

Vipin Gupta: Thank you Sir. Good afternoon ladies and gentlemen, I will start with brief introduction of the company.

Ruchira Papers Limited is engaged in manufacturing of writing printing paper, and Kraft paper. The Company's writing 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, copier paper and bill books etc. 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, Bagasse, sarkanda and other materials. In Kraft Paper manufacturing we are using agriculture residues, indigenous waste paper and Imported Waste Paper keeping in view requirement of finish goods. The company also manufactures special grade of Kraft paper which is used to produce textile tubes and paper core-pipes, which are consumed by yarn manufacturing Companies.



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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.

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.

Now I would like to brief you about Indian paper Industry comprising Imports and Exports, which will give you a clear view that the segment in which we are operating i.e Writing & Printing Paper and Kraft Paper has no threat from imports.

The per capita paper consumption in India is way behind the global average of 57 KG and stands at a little over 13 kg. The domestic demand in India grew from 9.3 million tonnes in FY08 to 17.1 million tonnes in FY18 at a CAGR of 6.3% and is likely to touch 23.5 Million tonnes in FY25 at CAGR of 6.7% and per capita consumption is likely to touch 17 KG by that time. The industry is classified into four segments, Writing and Printing, Packaging Paper & Board, Specialty Papers & Others, and Newsprint. Writing and Printing share remained at 5.10 MN Tons , while Kraft Paper is 5.05 MN Tons, Board is 3.80 MN Tons, Newsprint comprises 2.55 MN Tons and balance 0.5 MN tons comprises specialty paper and others in FY18.

Total imports were 2.8 MN tons during FY 19. Out of which 1.36 MN ton was of Newsprint. 0.81 MN tons was of coated paper and paper board. The share of uncoated WPP was 0.28 MN tons and share of uncoated Kraft Paper and Paper board was 0.23 MN tons.

Total exports were 1.50 MN tons during FY 19. Out of which 0.47 MN tons was of Uncoated WPP paper and 0.28 MN tons was of Uncoated Kraft Paper and Paper Board. The balance was coated paper and paper board. In other words the export of Uncoated Writing and Printing Paper is higher than the imports.

I hope all of you must have gone through our financial results which are available on BSE, NSE and Company’s website. I will take you through the key highlights and financial results for Q1 of FY20.

For the Q1 of FY20, Ruchira recorded total revenue of Rs. 130.64 crore and registered growth of 17.78%, as compared to Rs. 110.92 crore in the corresponding Q1 of FY 19. EBITDA in Q1 of FY20 was at Rs. 18.86 crore as compared to Rs. 19.63 Crore in Q1 of



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FY19. Profit after tax stood at Rs. 9.12 crore in this quarter, as compared to Rs. 9.74 crore in Q1 of FY19.

For the quarter under review, the production of the Company for Kraft Paper unit was 20769 MT as compared to 17785 MT in Corresponding quarter of FY 19. The production of Writing and Printing paper was 13587 MT as compared to 12392 MT in the corresponding quarter of last year. The total production of the company during Q1 of FY20 was at 34357 MT and registered growth of 13.85% as compared to 30177 MT in corresponding quarter last year.

During Q1 the average NSR of Writing and Printing paper improved from Rs. 55713/- PMT to Rs. 59727/- PMT on Y-o-Y basis. And the average NSR of Kraft paper declined from Rs. 25427/-PMT to Rs. 24761/- on Y-o-Y basis. However blended NSR increased from 38138/- PMT to Rs. 39031/- PMT on Y-o-Y basis.

During Q1 of FY 20, the EBIDTA of Writing & Printing was at Rs. 19.22 Crore as compare to Rs. 16.93 Crore during corresponding quarter and for Kraft Paper EBIDTA was marginally negative at Rs. -0.35 Crore as compare to Rs. 2.72 Crore during corresponding quarter.

During the quarter under review, the total raw material cost has increased. The main reason for increase in raw material cost attributes to increase in prices of agriculture residue specially the prices of wheat straw. The average prices of wheat straw have increased from Rs. 3650/- PMT in Q1 of FY 19 to Rs. 5300/- PMT in Q1 of FY 20. This increase in the raw material prices had nullified the impact of increase in NSR of Writing & Printing paper by Rs. 4200/- per ton. Now the season of other agriculture residue such as Sarkanda & Baggase is ahead and with the arrival of these raw materials, the raw material cost shall come down. However during the quarter under review, the prices of fuel remained stable and we do not foresee any major variation in fuel price in near future.

As explained earlier, the Kraft Paper is used for manufacturing of different types of packaging material and its demand is directly linked with demand & supply of various Industrial Sectors like FMCG, Consumer Durables, Textile, Electrical and Electronics, Auto ancillaries etc. During FY 2018-19 and Q1 of FY 2019-20 various Industrial Sectors witnessed slow down and demand constraint. Due to these factors the selling price and margins of Kraft Paper remained under pressure during last six-seven quarters. We were hopeful/assured that this scenario should not remain like this for too long but the things did not happen as expected. Hence to de-risk the seasonality nature of Kraft Paper, we are

planning to modify our existing paper machine No. 01 of Kraft Paper Unit, where after the modification we shall have the facility to manufacture cup stock paper and Kraft Paper as per market requirement with flexibility to switchover entire production of PM-01 to Cup Stock material. Further to cope up the Environment threat, the Govt. is discouraging the use of Plastic, thermocall and various products manufactured by using these materials in every field of life including eatables and drinks. It has resulted in increase in demand of disposable material made with paper. We are confident that on the one hand we shall be able to cater to new segment of Cup Stock Paper, which ultimately will further strengthen our Top line and Bottom line of Kraft Paper as EBIDTA margins in this segment are higher as compare to Kraft Paper. Secondly we shall have flexibility to be able to control the production of Kraft Paper as per the Market Demand. Along with above modification in Kraft Paper, the company is also planning for upgradation and modification of its existing facilities at Kala Amb.

We are proposing to upgrade paper machine of Writing and Printing Paper unit by replacing its existing Press Part including size press. With this upgradation we shall be able to manufacture surface sized paper required by the publishers for printing Job at four/ five color latest high speed machines by improving surface strength and stiffness of paper. Besides this, quality of our regular Writing and Printing Paper shall improve further and we shall have better competitiveness in notebook segment too. With upgradation of press section paper dryness at 3rd press will improve and we will have its benefits in our manufacturing process also. Further we are proposing to replace our existing 5.6 MW turbine with new Turbine of 6.1 MW having better efficiency which will facilitate us to generate more power with same steam. We wish to state that we have already achieved the guidelines/conditions as specified in the charter of Ministry of Environment & Forest to be complied by 31st December 2019 with respect to quality of water and its recycling. However in order to make further reductions in COD/BOD and improvement in Colour of discharged water, the company has decided to make modifications and upgradation in existing ETP by adopting latest technology available in this field. And we are also improving firing capacity of Black Liquor Solids to 250 TPD in our Chemical Recovery Plant, which will give us benefit in terms of more power & Steam from Chemical Recovery Plant and shall take care of increased pulp production in near future. This modification of ETP is in line of our commitment to grow with healthy & safe environment.

The above upgradation and modifications shall be done through a small capex of Rs 70 Crore (approx.) This small capex shall be funded 50% through debt and balance 50% through cash accruals of FY 2019-20. this shall be completed by end of this Financial Year i.e by Q4 of FY 20 and its benefits shall starts coming from Q1 of FY 21.



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The above proposed upgradation and modification does not have any impact on our Planning for implementation of proposed green field project at Punjab. As soon as we get the Panchayat land registered in name of the company, we shall start the other allied activities including environmental clearance.

During our last conference call we have shared our Guidance on Volume, Topline and EBIDTA margins for FY 20 and our performance for Q1 of FY 20 is in line of expectations except EBIDTA margins which were under stress mainly due to slowdown in Industrial growth which affected our Kraft Paper unit margins as well as company as whole. Keeping in view present market scenario EBIDTA margins are expected to be in the range of 16% (Plus Minus 25 BPS). Please note that the modifications that are being done will have impact only from Q1 of FY21.

Before we begin Question and Answer session, I would like to mention a short cautionary statement. Some of those statements made in today's earnings conference call may be forward looking in nature. Such forward statements are subject to risks and uncertainties which could cause actual results to vary from those anticipated. Such statements are based on management beliefs as well as assumptions, estimations and information currently available with management.

Further the management proposes to be in Mumbai in 3rd week of September and will welcome small group interaction based on convenient date and time. Please intimate your interest to Kirin Advisors Private Limited to arrange the available time slots.

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

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Pragati Khadse from Nine Rivers Capital. Please go ahead.

Pragati Khadse: Sir I actually missed the details that you shared about the capex can you please repeat that?

Vipin Gupta: The capex would be around 70 Crores and this shall be completed by Q4 of FY2020.

Pragati Khadse: Okay and what is the capacity that we are looking for Sir?

Vipin Gupta: We are not looking for capacity, we are actually modernizing our machine and we are adding new product of cup stock paper in Kraft Paper unit.



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- Pragati Khadse:** Okay and this will be completed by end of this year?
- Vipin Gupta:** Yes.
- Pragati Khadse:** Okay and Sir any sense you can give in terms of the kind of turnover this can have in terms of asset turns, 70 capex, in terms of the realizations and the turnover that can be expected from this kind of capex?
- Vipin Gupta:** Actually we will share guidelines from next year, FY2021, you are asking about FY2021, topline.
- Pragati Khadse:** Right.
- Vipin Gupta:** We will share in Q2 concall.
- Pragati Khadse:** Okay Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Pawan Deep from Phoenix Capital. Please go ahead.
- Pawan Deep:** I just had one question I joined in late what is our current capacity and current capacity utilization in Q1 FY2020 and when is the Greenfield project coming on board?
- Jatinder Singh:** We are talking about production there is nothing such as capacity, we have all the figures of production. As far as the Greenfield project is concerned we are stuck up with the land so that is why because that project was getting delayed so we thought of making some changes in the existing only because we have little extra cash flow so that is what we continue investing in the existing where we are going to shift one of our machines from Kraft Paper to cup stock and the other one we are going to change, make size paper and improve the quality by improving the prices of the machines and other small things. All these changes, some changes are required in the stable plants also because as you know the Government of India and Environment Ministry is getting more and more aware of what is to be done so whatever charter they are giving us, so now we are going to improve the quality of our waste water further to future requirements, in that we will be investing around 10 Crores and a little bit investment we are going to make in the recovery further where we shall be going up to 250 MT solids of firing, at present it is 240.
- Pawan Deep:** Sir what is the nature of our capital employed that is stuck in that Greenfield project, which is not taking on board?



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- Jatinder Singh:** This is 26 Crores of land and normally it takes so much time to get all the land clearances, some take a little bit extra that is all but we have just spend 26 Crores on buying the land.
- Pawan Deep:** In our existing facilities what is the peak production if we go on 100% utilization what is the peak production that we can achieve for FY2021 without the new capacity coming in?
- Vipin Gupta:** Actually for this year we have shared our guidance of 143000 volumes, which compromises Kraft Paper 88000 and writing & printing paper 55000. As far as big achievement last year we have achieved 128831 metric tonnes of production.
- Pawan Deep:** Okay Sir. Thank you. That is it.
- Moderator:** Thank you. The next question is from the line of Bhaskar C from Smart Karma. Please go ahead.
- Bhaskar C:** Sir, you mentioned that the input cost has gone up to Rs.5300 per metric tonne if I am not wrong what was the number for the first quarter of last year?
- Vipin Gupta:** Last year it was 3600, the wheat straw purchase you are talking about?
- Bhaskar C:** Yes, wheat straw.
- Vipin Gupta:** During Q1 of FY 19 the average price of wheat straw was Rs.3650 and for this year the average price was Rs.5300.
- Bhaskar C:** Now what is the trend in the ongoing quarter, is it still elevated at the same level or has it gone up further and do you expect any relief?
- Vipin Gupta:** No actually the season of other agriculture residue such as sarkanda and bagasse is ahead and with arrival of these raw materials, the raw material cost shall come down.
- Jatinder Singh:** That will be the third quarter. In this quarter we do not expect much relief from the raw material.
- Bhaskar C:** That is October onwards?
- Jatinder Singh:** October onwards.
- Bhaskar C:** What is the trend on Kraft Paper and WPP price currently?



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- Jatinder Singh:** Prices are slow only because industry is moving slow that is why the prices are not very good. That is why we are changing to cup stock where we can go to the consumers directly because Kraft Paper is running with industry so the industry is not doing well you also suffer. I think everything is going to customers, and cup stock also going to consumer directly.
- Bhaskar C:** But this cup stock would not be ready before Q1 of next year you said right?
- Jatinder Singh:** Yes, let us say 7 months from now i.e Q1 of next year.
- Bhaskar C:** This 70 Crores capex for modernization will be funded by?
- Vipin Gupta:** 50% as cash accruals and 50% as debt.
- Bhaskar C:** Understood. Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Suresh Agarwal, an individual investor. Please go ahead.
- Suresh Agarwal:** Sir, you have said that cost of raw materials is gradually increasing like you had mentioned that it will be up from Rs.3700 something to Rs.5000 so are we able to pass on this cost of increase in raw material cost to the consumers?
- Vipin Gupta:** This is average price of Wheat Straw. No we have not been able to pass on this time. In fact, Kraft Paper rates have come down in this quarter. The overall production has been, as per our guidance our EBITDA margins have not been as per the guidance because of these issues.
- Suresh Agarwal:** So this is only in Kraft Paper or in other segment of our production also?
- Vipin Gupta:** No the prices are on declining trend in writing and printing also, for July it was Rs.55000, for Q1 Rs.59127.
- Suresh Agarwal:** Sir we can expect that going forward our profitability will reduce to a great extent?
- Vipin Gupta:** Can you repeat your question please?
- Suresh Agarwal:** If this trend going on then we can expect that our profitability will greatly reduce in this quarter, Q2 and Q3 like this, isn't it?

- Jatinder Singh:** Q2 will be under a little bit of pressure, Q3 new opportunities will come and we are hopeful that the prices will increase also, this industry cannot prevail this way so it has to increase the prices of product. So normally third quarter price kind of price also increases and raw materials prices also cool down. Second quarter will definitely be a little bit difficult.
- Suresh Agarwal:** Sir, the rationale behind this capex investment of around 70 Crores. What is the rationale behind investing the 70 Crores for just modernization because earlier you said that this will not increase our production?
- Jatinder Singh:** We are changing our paper no one machine from Kraft Paper to cup stock because Kraft paper is already under a lot of pressure and is linked with the industry, and then Ministry requires us to we improve our quality of discharge that we are giving, so about 10 Crores, 11 Crores or may be 12 Crores, work with the turbine also we analyzed our existing boiler, we added some extra steam and our old turbine has become very old it was 10 years old so instead of 5.6 MW now we are going to turbine of 6.1 MW, so we have small, small expenses we are making to do our profitability overall. Similarly between the side brakes because that is the demand of the market we can make better quality of paper. So small, small changes we are making and all this improve our both bottomline as well as topline.
- Suresh Agarwal:** In last concall in last quarter actually you have said that raw material prices are coming down like what we are importing that materials are also coming down, but suddenly like in this quarter you are saying that cost has increased so much what is the reason behind this, the demand is much more, what is the reason actually?
- Vipin Gupta:** Agro raw material prices have increased, the raw material cost have increased due to only agro raw material has increased.
- Suresh Agarwal:** Okay Sir, so we are using around 70% or 80% of our raw material is not it Sir?
- Vipin Gupta:** For writing and printing paper we are using about 80% and for the Kraft it has come down.
- Suresh Agarwal:** So the outlook is very bad is not it Sir?
- Jatinder Singh:** It is not very bad, it is not good, but it is not very good till second quarter.
- Suresh Agarwal:** Okay. Thank you Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Pragati Khadse from Nine Rivers Capital. Please go ahead.



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- Pragati Khadse:** Sir has there any capacity been added on the Kraft paper?
- Jatinder Singh:** Kraft Paper is an unorganized sector, new capacities keep coming so the existing ones also keep on moving on their productions, but it is very underweight sector, I think we will not have the ready figures. It is only when the government gives out the figures after a year then we will know what has happened, but no major investment in this area, but a little bit investments keep coming.
- Moderator:** The line for the current participant has dropped off. We will move on to the next participant that is from the line of Aman Thadani from Consortium Securities Limited. Please go ahead.
- Aman Thadani:** Just wanted to understand that what proportion of the Kraft paper capacity is being shifted to cup stock paper and what would be the final capacity in writing & printing for your Kraft paper and for your cup stock paper.
- Vipin Gupta:** For writing & printing paper it would be around 60000 MT, for cup stock it will be 35000 with a flexibility to switchover to Kraft Paper, and Kraft paper would be 58000.
- Aman Thadani:** Sir since we are starting with cup stock paper so what are the EBITDA margins that you are expecting since Q1 2021 onwards?
- Jatinder Singh:** Generally for the cup stock EBITDA margins remained around 15% to 17% keeping in view of selling price of Rs.52 to 55 per kg, which we are currently in.
- Aman Thadani:** Sir I just want to understand the scenario for Kraft Paper in the market, is it that the supply has been increasing or what is going on in the Kraft paper market?
- Jatinder Singh:** Supplies are not increasing, the demand has come down because the industry is not happy for the last one to two quarters that is why the demand has come down.
- Aman Thadani:** Okay, the demand has come down and specifically from which industry?
- Vipin Gupta:** FMCG, consumer durables and automobile ancillaries.
- Aman Thadani:** Okay, got it Sir. That is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Pragati Khadse from Nine Rivers Capital. Please go ahead.



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- Pragati Khadse:** Sir has there been any increase in the capacity in the Kraft paper side in the industry?
- Vipin Gupta:** No. Kraft paper is an unorganized sector.
- Pragati Khadse:** Would it be possible to share because we understand that the dip in the profitability has come largely on account of Kraft so is it possible to share what kind of profitability we had at an EBITDA level this quarter in the two segments?
- Vipin Gupta:** We already mentioned.
- Pragati Khadse:** I missed that, can you repeat that please?
- Vipin Gupta:** For Q1 EBITDA in terms of rupees 19.21 crore for writing & printing Paper and for Kraft paper it was 0.35 Crores, in percentage EBITDA remained for writing & printing paper 23.55% and EBITDA negative for Kraft paper - 0.73%, the overall EBITDA was 14.43%.
- Pragati Khadse:** Okay. That is it. Thank you.
- Moderator:** Thank you. The next question is from the line of Suresh Agarwal, an individual investor. Please go ahead.
- Suresh Agarwal:** What is the net sales realization for WPP and Kraft paper in Q2 like in July, August, like in investor presentation you have mentioned that net sales realization for WPP was Rs.59727 per metric tonne and in Kraft paper it was around Rs.24761 per metric tonne, so what is the realization as on date?
- Vipin Gupta:** In July, for Kraft Paper it was Rs.24025 and for writing & printing paper it was Rs.55000.
- Suresh Agarwal:** Sir, what is the cost increase from Q1 to Q2 in the raw material?
- Vipin Gupta:** Raw materials are almost stable.
- Suresh Agarwal:** Then we will be able to maintain our PAT margin at around 7%, which we have achieved in Q1?
- Vipin Gupta:** Which margin?
- Suresh Agarwal:** PAT margin like in business what is the guidance it was around 9.12 Crores and PAT margin stood at around 6.98% so we will be able to maintain our PAT margin around 7%?



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- Vipin Gupta:** It should be there.
- Suresh Agarwal:** We are earning only Rs.9 Crores per quarter means yearly around 36 Crores if multiplied by 4 and we are spending Rs.70 Crores on the modernization and all these things where our capacity will not increase, but only increment will be like we will be felicitated to manufacture cup stock paper and we have been spending such a huge amount on that?
- Jatinder Singh:** Our capacity is increasing from 143000 MT to 153000 MT we are going from 143 to 153 and then some environment requirements are there that have to be met about 12 to 13 Crores and the quality of white paper where nice paper will be made, so these are the different sections which this is being made.
- Suresh Agarwal:** So for this modernization we have to stop our production for some time like closure of the plant for some time?
- Jatinder Singh:** Yes, whenever we do the work I think the machine will be closed for 15 to 20 days.
- Suresh Agarwal:** Sir what is the outcome for the next two or three years for this paper industry, like in the WPP and our cup stock paper in which we are operating what is the outlook for it? We are long-term investor so we are a little bit worried about what we have said in this concall because your last concall was very much encouraging, but in this concall what you are saying actually you are a little bit nervous so what is the outlook in coming one, two, three years?
- Jatinder Singh:** We are going to be there in Mumbai in the third week. I would request you to come and meet us and we will sit and discuss all these things in detail because two to three years future we always presume it is going to be good, but that even you know I do not know what will happen, we cannot say it is too early to say that long, but yes please find some time for us in this week we will meet and then we will try to satisfy you in all the terms.
- Suresh Agarwal:** Okay Sir. Sir, what is the status of our new plant where we have acquired the land and all these things. What is the status?
- Vipin Gupta:** Some issues in the purchase of land are there, in the next six months that will be sorted out and then we will look at it.
- Suresh Agarwal:** In last concall also you have told that before going to start a mega project just go through the status of this paper industry, which you are like going through then only take the decision.



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- Jatinder Singh:** I told you last year also that before going for the new plant I will make sure that you are satisfied, otherwise I will not be able to go there, that is why I would not be able to go there. If everybody is asking then only that project can go ahead and but we know that the good times are going to come because when we planned that everything was well, it is just in last year being so good, that is why we are also a little slow, we are just thinking about it, not that we are thinking about it. That is what we are getting delayed.
- Suresh Agarwal:** Thank you very much Sir. Wish you best of luck Sir.
- Moderator:** Thank you. The next question is from the line of Arun Kejriwal from Kejriwal Research. Please go ahead.
- Arun Kejriwal:** Jatinder Ji, good afternoon, thanks for taking my question. Just wanted to understand that with this cup stock you will have two alternate product lines?
- Jatinder Singh:** It is three, one WPP, one cup stock and one Kraft.
- Arun Kejriwal:** Absolutely, so you will have two alternate lines from the same machine this will give you flexibility of production and also a much better realization. Any sense you can give us for what this paper currently sells at?
- Jatinder Singh:** Cup stock paper Rs.52 per KG, the paper that we proposed to make is Rs.52. The cup stock is now selling at Rs.40 to Rs.90. The product that we propose to make is Rs.52.
- Arun Kejriwal:** Roughly this would have a similar cost to your Kraft Paper or substantially higher?
- Jatinder Singh:** We will get a better margin of about 15% to 17%, Kraft paper EBITDA margin is lower.
- Arun Kejriwal:** Okay, any demand estimate for this paper currently in the country?
- Vipin Gupta:** The demand is growing at 12% as far as the estimates we have, everyone has, total market size is 0.8 million tonne and it is growing at a rate of 12%.
- Arun Kejriwal:** Okay, right Sir. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen as there are no further questions from the participants. I now hand the conference over to the management for their closing comments.



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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. If you have any further queries or require any information about the company, please feel free and send an-email at the following email IDs cs@ruchirapapers.com, investor@ruchirapapers.com. I would let everybody know that in the third week of September 2019 our whole team will be there in Mumbai, you spare some time and we can sit across and clarify any other information you want. Thank you very much everybody.

Moderator:

Thank you. Ladies and gentlemen on behalf of Kirin Advisors that concludes today's conference. Thank you for joining us. You may now disconnect your lines.