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<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 <b>Scrip Code: 532937</b> <b>Scrip ID: KUANTUM</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 <b>Trading Symbol: KUANTUM</b>
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**Sub: Transcript of Q3-FY25 Earnings Conference Call of Kuantum Papers Limited**

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

Dear Sir/Madam,

Pursuant to Regulation 30 & 46 of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached herewith, transcript of the Earnings Conference Call conducted on 14<sup>th</sup> February, 2025 to discuss Q3-FY25 earnings.

It is hereby confirmed that no unpublished price sensitive information was shared/discussed in the call.

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

This is for your information and record.

Thanking you,  
Yours faithfully,  
**For Kuantum Papers Limited**

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



**KUANTUM PAPERS LIMITED**  
**Q3 FY25 Earnings Conference Call**  
**February 14, 2025**

**M**ANAGEMENT:

**Mr. Pavan Khaitan – Vice Chairman and Managing Director**  
**Mr. Vikram Khaitan – Vice Chairman and Managing Director**  
**Ms. Prachi Sharma – VP Corporate Strategy**

**Kuantum Papers Limited**  
**Q3 & Nine Months Financial Year 2025**  
**February 14, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 and Nine Months FY '25 Earnings Conference Call of Kuantum Papers Limited, hosted by Valorem Advisors.

As a reminder, all participant lines will be in 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 Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you, ma'am.

**Nupur Jainkunia:** My name is Nupur Jainkunia from Valorem Advisors. We represent the Investor Relations of Kuantum Papers Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the third quarter and nine months of the financial year 2025.

Before we begin, a quick cautionary statement. Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by the information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. Pavan Khaitan, Vice Chairman and Managing Director; Mr. Vikram Khaitan, Chief Financial Officer; and Ms. Prachi Sharma, VP Corporate Strategy.

Without any further delay, I request Mr. Pavan Khaitan to give his opening remarks. Thank you, and over to you, sir.

**Pavan Khaitan:** Thank you, Nupur. And good afternoon, everyone. It is a pleasure to welcome you all to our earnings conference call for the third quarter and nine months ended financial year 2025. Let

me take you through the operational highlights for the period under review, following which our CFO, Mr. Vikram Khaitan, will take you through the financial highlights.

So far, financial year '25 has been a challenging year for the paper industry. We faced high levels of imports, supply chain issues and correction in the paper prices from their highs, following global disruptions which put pressure on the market. Despite these headwinds, we managed to achieve healthy volume growth, with paper sales volumes reaching almost 1,25,000 metric tonnes for the first nine months of this financial year.

As you may be aware, Kuantum has been undergoing various strategic initiatives to improve efficiencies and reduce costs apart from its expansion plans. A comprehensive cost-optimization plan spanning 11 verticals was launched across the mill in November 2024, targeting annualized savings of INR 40 crores. This includes INR 15 crores in savings from Project Nirmaan, an AI-driven initiative. We commissioned twin roll presses for both agro and wood pulp streets, leading to a reduction in chemical consumption, effluent load, and fresh water usage by 1,800 cubic meters on a daily basis.

Additionally, a new variant of the Kuantum Korra product, made with over 90% agro-furnish, has been developed at our mill, offering exceptional smoothness and quality. These initiatives, apart from the various others undertaken in the past, have resulted in the company being able to withstand the market pressures of declining sales realization. And the company was able to maintain a strong EBITDA margin of 18.66% for Q3 of this financial year and 22.02% year-to-date. This was also supported by the benefits of lower costs of agro-pulp, improved product mix, and reduction in power and fuel costs.

We are also pleased to report that the mill expansion project, with an investment of INR 735 crores, is progressing as per schedule, with some project supplies and installations already having been completed. We expect the project to be fully commissioned by March 2026, further strengthening our operational capabilities and taking the production capacity up by 50%.

Lastly, we remain optimistic that the demand for writing and printing paper will pick up in the coming quarters, particularly with the upcoming publishing season and the anticipated release of government tenders.

Now, I will request Mr. Vikram Khaitan, our CFO, to brief on the financial performance of the company.

**Vikram Kumar Khaitan:**

Thank you, sir. And good day, everyone. I would like to provide a summary of the financial performance for the third quarter and nine months ended for the financial year 2025.

For the quarter under review, operational income to date is INR 270 crores, reflecting a decline of 3% quarter-on-quarter. And EBITDA was INR 50 crores, which was 17% lower on a Q-on-Q basis. EBITDA margins stood at 18.66% and net profit for the quarter was INR 21 crores, which was down 30% Q-on-Q basis and PAT margins were reported at 7.77%.

On a nine months basis, operational income was reported at INR 830 crores, a decline of 9% year-on-year basis, while EBITDA was INR 183 crores, representing a decline of 32% year-on-year with EBITDA margins of 22.02% for the period. Net profit was INR 89 crores, down 41% year-on-year with PAT margins reported at 10.74%.

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

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Archana Gude from IDBI Capital. Please go ahead.

**Archana Gude:** Hi, sir. Good afternoon, and thank you for the opportunity. Sir, looking at the results of many of the organized players, I guess you guys have done extremely well. So, very decent set of numbers in a challenging environment, congrats for that. I have four or five very broad-based questions, sir. Firstly, on volume. When most of these organized players reported a decline in sales volume, we have had a decent growth in volume. So, what has led to this growth? Is it that we had earlier order book which was fulfilled in this quarter and led to volume growth or this was purely organic growth in this quarter?

**Pavan Khaitan:** So, thank you for your generous statements. I think the volume growth is coming by way of consistency in our operations and what we have already created for ourselves in the market. We have a policy of being able to collect all our orders in advance and we produce to the orders that we collect. So, the volume growth is largely depicted by the marketing strengths that we have and the fact that we are present in all corners of the country and are being able to dedicate our products and serve the market needs with dealers all across the country of ours. And we have a very large product portfolio also spanning about more than sort of 18 varieties of paper and a lot of SKUs. So that differential and large product portfolio helps us keep ahead of the market and helps us to maintain larger volumes for ourselves.

**Archana Gude:** Okay. So is it fair to -- hello?

**Pavan Khaitan:** Yes please.

**Archana Gude:** Yes. Sir, is it fair to assume that the volume we had in this quarter, so that was for the new order book what we got in this quarter and has anything to do with like -- the partial of that was from the last quarter and which was done in this quarter? Is it like that or it was purely the new order book we got in this quarter?

**Pavan Khaitan:** No, there was no pushover from the last quarter. We have been maintaining a very consistent volumes across all quarters for ourselves, which is ranging between 41,000 tonnes and 43,000 tonnes every quarter. And that is what has accumulated to the 1,25,000 tonnes that we have done in these nine months. So, we do not see any major difference quarter-to-quarter for now. The only thing is with these additional volumes that are going to come in because of machine upgrades that are going to happen over the financial year '25, '26, we will be looking at pushing out larger, even larger volumes now with every successive quarter because one of our machines are going to get upgraded in by June of '25. So, I think the Q2 of '25, '26, we'll see even a larger volume coming in to the market and helping us operate better.

**Archana Gude:** That's a great news, sir. Sir secondly, a slightly broad-based question on the industry, so can you help us understand how is the demand scenario on ground and how is the pricing behaving, so why there is so much pain for many of the companies? What really is happening on ground?

**Pavan Khaitan:** So, I think it's the fact that it is a commodity. It is showing its true flavor of the commodity that it is. It obviously being a commodity, it cannot be on a high. It has to pass through a trough as well. And this is the time that the trough is happening. And I think, as I mentioned earlier in my opening remarks, we are seeing a fair bit of imports happening. Imports are increasing of the varieties that we are dealing with. And that is what is suppressing the market even further. And added to that, as a country, we were being able to export a fair bit of a volume to the European and Western markets. That, unfortunately, is not happening because of the Red Sea crisis and shipping volumes and costs coming up high.

So, this has led to a larger supply situation in India compared to demand. And that is what is leading to a depression in prices and a restraint on prices. But I think the future is the fact that demand is growing gradually and expected to grow in larger volumes in succeeding quarters. And especially with government tenders coming in and the fact that the new education policy, which has already been notified, that is, we are all waiting in the wings for it to be executed. And that will pull in a lot of demand with new syllabus, new textbooks in all 22 languages in India, getting a print requirement. So that is going to sort of leave a very telling effect on the market with respect to pricing and upward trend happening.

**Archana Gude:** Very well said, sir. Sir, you touched upon this import thing. And obviously, the numbers are speaking for themselves. And that has been like a concern for the last three, four quarters. So earlier, there was this talk about there could be this anti-dumping duty. Is there anything happening on that front, sir? Any color you can give us on that?

**Pavan Khaitan:** Well, the association of which we are also a part, we have put in a request, we have put the government on to the stream to look at this very, very seriously. It has come in in parts, for instance, on copier paper, there is some kind of anti-dumping clauses that are in consideration. And we are hopeful that now with also the elections, the major elections getting over, the

government would be in a position to look at all our requests suitably. And hopefully, we will look at a favorable reply and response coming in through.

**Archana Gude:** Sure. So, I will ask two more questions. I know that is, slightly taking more of your time. Sir, maybe, what has this led to sharp increase in wood prices in the market, sir? Like, where exactly the things are going wrong? And when should we expect some relief on that front?

**Pavan Khaitan:** Well, the fact that there is quite an advent of another industry, which is drawing on wood supplies, which is the MDF industry. They are also capturing a large part of the wood supply in the market and that is what is impacting the wood pricing to go up. But the other fact is that a lot of us, including Kuantum, we are making a serious effect and effort in increasing availability of saplings, doing social forestry programs in a large way, and doing our bit and effort to increase wood supply and future. So, I think it's a cycle which we have to go through but in future the wood availability is going to be increasing and that is what is going to help in sort of keeping the wood pricing in check.

**Archana Gude:** Right. Sir, generally, how much time does it take, two years? Wherein, let's say the efforts have gone for the sapling thing and everything. So, should we consider that at least two years in the time, things should be slightly better on this wood availability for us?

**Prachi Sharma:** Hi. So, essentially a good clonal variety of eucalyptus, which is generally the sapling that we grow, takes about three to four years to reach maturity.

**Archana Gude:** Okay. So even for the industry, maybe --

**Pavan Khaitan:** I am sorry, yes, whatever has been planted in the past, there is going to be a regular supply of the trees that have already been planted and have seen through the years of growth, they are going to hit the market in the next one, two years. So, the supply is likely to be on an increase in the coming years with whatever effort has happened in the past. And but the overall growth is, I mean, of any one tree from a sapling is about three to four years and not two years, if that's what I took from your question. So that's how it's going to even out over the years that are going to follow us.

**Archana Gude:** Right. So, I was considering that maybe post-COVID, we had this tree plantation and two years are over and maybe more two years when we will see slightly more supply and that could kind of give a relief to the industry is what I was thinking. So, you spoke about this lower export because of Red Sea crisis and those things. So, I was just tinkering the numbers. If at all, let's say that export wouldn't have stopped, then is that we would have been in a better situation as an industry?

**Pavan Khaitan:** Well, I think overall the environment is likely to improve. I think world over, the geopolitical forces are coming to bay. There is going to be larger harmony in the environment around which

is going to help open up the markets and the supply constraints going forward. And that is what is going to help even out the demand and supply situation for both India, and the world markets for paper. And I think world economy and paper trade is going to ease out, which is going to be helpful for the industry.

**Archana Gude:** Perfect, sir. Maybe I will ask you just last one question. So, what are the global pulp prices as of now? And secondly, how did we really manage to outperform the industry? I know this is a very broad-based question, but your numbers are looking very interesting, sir.

**Pavan Khaitan:** I am sorry, I didn't pick up your question clearly. Could you repeat it, please?

**Archana Gude:** Yes, sure, sir. So maybe help us to get this global pulp prices, the current one. And secondly, how did we manage to outperform the majority of the players on the costing front?

**Pavan Khaitan:** Well, costing is something which is looked at very, very seriously in our operation. It's a constant endeavor to keep very, very good control over our costs, improve our operational efficiency, and thereby bring down our cost of production. So, I think the entire team needs to be credited for that. They are sort of spending a lot of time focusing on how to improve efficiency in our operations. And small, small projects, small, small initiatives are also looked at very, very keenly to very, very seriously see how, in the entire operation, how even little things can make a difference. Nothing is given a go-by. And that's how we have been able to maintain our profitability on a higher level than others, and offset a large part of the discounted and lower pricing that we are getting in the market for our product.

**Archana Gude:** Right. And the pulp prices, the current pulp prices?

**Moderator:** Sorry to interrupt, ma'am. I would request you to rejoin the queue for your follow-up question. Thank you. The next question is from the line of Vaibhav from Honesty & Integrated Investment. Please go ahead.

**Vaibhav Badjatya:** Yes. Hi, sir. Thanks for providing the opportunity. So, I had a connected question to the what last participant alluded to. Sir, you said, there's a three to four-year cycle in terms of development of wood sapling. So, if I consider in 2020 was a COVID year, obviously, plantation would have been much less in 2020.

And then, in 2021 I think there was a sharp increase in pulp prices all because some of the issues that was coming to fore in Russia, Ukraine. So, in terms of growth, in terms of additional wood availability growth, do you think that it will improve significantly in 2025? Because I am sure you would have broad estimate of plantation that would have happened in 2020 and in 2021. So, if you compare both the numbers, do you think that there will be substantial amount of growth in wood availability in 2025?



**Pavan Khaitan:** Yes, fortunately, for us in the industry, Vaibhav, wood supply is on the rise. It is very, very visible on ground from our past procurement practices. And that is largely that even despite the year 2020 being a year where practically nothing happened on ground, but there was enough reserve in terms of wood availability and wood growth prior to that period, which is now getting available. So, it's not essential that a tree will mature and will be harvested in three to four years. What has happened is that wood that was planted in or saplings planted in '18 and '19 will now be coming to the fore and bearing fruit. And a lot of area was not harvested in the required time of three to four years. And farmers are also looking at pricing, which is available and harvesting their crop accordingly. So thereby being able to maintain a healthy supply of wood for the industry and for the requirements all around.

**Vaibhav Badjatya:** Got it. Yes. So, my question was specifically on plantation post 2020. So, given the trend on plantation post 2020, do you think that there is a significant uptick in plantation post, I mean, 2020 obviously was exceptional, but in 2021, '22, have you seen any significant increase in plantation in those years?

**Pavan Khaitan:** Yes. I believe so very clearly because prior to that, we were generating just about 8 lakh saplings a year. We have increased the supply of our saplings to a good phenomenal figure of 40 lakh saplings every year, and we are being able to sell all of that without any hesitation, without any effort around in the farming network that is attached and engaged with us. And so at least that much offtake of saplings is there, which will get converted into growth of trees and which will help the industry to sort of engage with those farmers and get back that tree in terms of supply for wood.

And we are not the only ones who are creating saplings. There are a good number of people who are engaged in social forestry programs, and there the engagement with the farmers and supply of saplings is getting higher. So, farmers are also looking at an option to grow their resources, grow their incomes from an alternative other than rice and wheat which predominantly is prevalent in the state of Punjab. So wood is a good alternate material and a crop that comes in handy for this aspect.

**Vaibhav Badjatya:** Got it. Understand. I think that's it from my side. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Arihant from Bowhead Corporation. Please go ahead.

**Arihant Baid:** Hi, sir. Sir, I wanted to know, has there been any price hike in writing and printing paper since the start of the year? And what is your outlook in terms of like, how will the price pan forward in this year?

**Pavan Khaitan:** Well, the fact is, no, there is no real price hike. But I think the better part is that there has been no price reduction in the quarter that we are looking at. Going forward, I think bottoming out

has already happened. We are not likely to see any further price reductions happening. There is only one way to go from here, which is up. Prices are only going to go on an uptrend in the coming quarters. And I think by end of Q1 of the next financial year, we should see the turnaround happening, if not earlier.

**Arihant Baid:** Okay, sir. And my next question was regarding import intensity. So just wanted to know the current trend about it. Has it been the same or has it reduced a little bit? And in case the government doesn't impose anti-dumping duty, do you think it will remain elevated?

**Pavan Khaitan:** No, I think, so it's not showing an increasing trend from before. It is continuing with the trend that was there earlier. So, volumes are now coming in in similar average fashion on a monthly fashion as was before. But even if the government doesn't address this by way of anti-dumping duty, we at Kuantum fortunately are insulated quite a bit from these imports because these imports are normally going to serve the markets in the coastal regions, which are all along the West and East Coast and South.

It takes a fair bit of additional cost for it to come and hit the Northern markets where we are placed. So, almost 50% of our production goes to serve the markets in and around Delhi and Northern India and which by the way happens to be a very large part of the market overall in India for paper consumption. So, we are strategically placed, strategically located to be able to offset the impact of these higher imports for ourselves as a company.

**Arihant Baid:** Okay. Sir, just one more question, sir. What would have been a quarter-on-quarter rise, decline in writing and printing paper, Q2 versus Q3 FY '25, if you can tell, broadly?

**Pavan Khaitan:** I would say this would be in the range of between Q2 and Q3, we would have reduced by about 6%.

**Arihant Baid:** Okay. Got it. Thank you so much, sir.

**Moderator:** Thank you. The next question is from the line of Krushi Parekh from BugleRock PMS. Please go ahead.

**Krushu Parekh:** Yes, hi. One thing on the margins, I believe in the last quarter call, you had mentioned that we intend to maintain our margins where it is right now and still, we have yet seen some decline from about 21% EBITDA margin last time to about 18% now. So, are we confident we'll be able to recover in the March quarter and maintain about 20% to 22% margin for the entire year?

**Vikram Kumar Khaitan:** Well, truly speaking, not in one quarter, but I think what even right now what we have presented is that in the nine months of the current year, we have returned an EBITDA of 22%, which I think is quite phenomenal considering where the paper industry is headed and even if the pricing is headed southward, we are still being able to maintain a 22% EBITDA with our

efforts into cost efficiency and operational efficiency. And I think we should be able to maintain this above 20% for the entire year of '24-'25.

**Krushu Parekh:** Absolutely. A very commendable job, for sure, no doubt about that.

**Pavan Khaitan:** Yes.

**Krushu Parekh:** I want to also understand, so if we are providing the saplings to the farmers, is it like, do we have the exclusivity on the wood being procured from that or someone else can even offer higher prices to the farmers and they can take away whatever wood is being offered?

**Prachi Sharma:** So, while in principle, we do not have a contract with the farmer because he's at a position where he would not like to enter into any kind of written agreement. That being said, because of the kind of ties that we have with our villagers and community around and the on-ground availability of our teams, where we not only give them the sapling, but we are also providing them with pre-plantation, post-plantation knowledge, and we ensure that they understand how to manage the soil and the tree. So, that connectivity, in a way, creates a bond with the farmer and our company, which is Kuantum, and that allows us to ensure that at the end of the period of maturity, which could be three to four years, the farmer ultimately finds it most favorable to sell the plantation or the tree back to us. I hope that answers your question.

**Krushu Parekh:** No. Absolutely. So, it's basically the relationship that we have built on the ground.

**Prachi Sharma:** Correct. And we have been operating that area for about 40 years plus now. So, the connect that we have with our farming community and society at large runs very, very deep through three generations now.

**Krushu Parekh:** Wonderful. That's great to know. And this last question from my side. So even in the last quarter, we have been discussing that there can be opportunities in the newer segments, like biscuits is one example that we discussed in terms of packaging, and that can open up a big opportunity. So, are there any inroads that are being made by us or by any other player or as an industry as such into these new segments for the packaging? And if at all, any cost competitiveness is being done by us to understand that what are the costs that current packaging offers and what the paper industry can offer them?

**Pavan Khaitan:** So, thank you for that question. Right now, the entire paper industry is evolving and looking at this technology piece in a confident and serious way. But it still will require some time before we come out with the rightful product. Even Kuantum as a company is engaging with the suppliers, chemical suppliers, machinery suppliers, all and most of them based out of Europe, who have got advanced technologies already in place to look at how to serve this application better than what they did or what we can do.

So, we are looking at this technology very, very seriously of how to create the rightful barrier coated papers, which will be conducive for looking at these applications for food wrapping. And yes, your second question was that is the current packing competitive or costing wise? Unfortunately, the answer is against the paper companies because plastic packaging that is being used currently is cheaper or is going to be cheaper than the paper packaging that we create. So, it's going to be a conscious decision by the consumers, by the industry, who is at the stage of applying these packaging requirements and for them to take a call whether they want to be environmentally sustainable and are willing to pay a higher price for achieving that sustainability.

**Krushik Parekh:** Okay. Just on that first part, are there any solutions available in European countries or American countries for this or even they are still developing?

**Pavan Khaitan:** No. There have been successes already established in the Western world and that is why the technology is already in place to look at how barrier-coated papers can make inroads into this application. And I think a lot of people, a lot of industry within India, paper industry is looking at this perspective in a good way because this opportunity is opened up now with single-use plastic ban coming in and this opportunity for food-wrapping paper and flexible packaging paper getting created. And it's a new opportunity for all of us and we will be sort of delving into it very seriously and a solution is not far, but yes, it is going to be a groundbreaking solution whenever it comes. Not too far, but an effort will be required to reach that spot first.

**Krushik Parekh:** Okay. So, adoption has already started in the West. It's just probably a matter of time for we adopt in India as well.

**Pavan Khaitan:** Yes. Yes.

**Krushik Parekh:** Okay. Thank you so much. Thank you.

**Moderator:** Thank you. The next question is from the line of Prashant from Star Capital. Please go ahead.

**Prashant:** Good afternoon, sir --

**Moderator:** Sorry to interrupt, Mr. Prashant. I would request you to please use your handset.

**Prashant:** Yes. Is it better now?

**Moderator:** Yes, sir.

**Pavan Khaitan:** Yes, please.

**Prashant:** Yes, yes. Thank you for giving me the opportunity. My question is regarding the tissue paper plant. What is the current status of that plant, sir?

- Pavan Khaitan:** We have put that project on hold for the time being. We postponed that because we saw a far better opportunity for ourselves in terms of renovating all our existing machines. And this project cost itself is to the tune of INR 735 crores, which we have set out and put out in public domain. I think this project per se is going to be more rewarding for us. So, we have looked at this aspect first and once this piece of the project finishes, we will certainly be looking at setting up another tissue machine and or a specialty paper machine in future.
- Prashant:** Okay. Yes, because that is a rational decision because given the size of our balance sheet doing the two projects together would be too much taking on our plate. So that is a good decision actually, sir.
- Pavan Khaitan:** Yes. Thank you.
- Prashant:** Another question is about we have four machines and all four machines will go to upgrade and capacity enhancement in next 12 months. So, each machine will go through a shutdown and rebuild. So how much impact that will create on the production?
- Pavan Khaitan:** So, I think the downtime expected on each of the machines is between 20 days to 30 days, and I think that is something which we have taken and budgeted into our operations, but the fact is that after the shutdown period of this 20, 25, 30 days, there is going to be a jump in production. So overall we will see a rise in production even for the financial year '25 - '26 compared to this year.
- Prashant:** Okay. And so now we have four machines. So how is the schedule? After how many months each machine, one by one, how much is the gap between shutdown of one machine and shutdown of another machine?
- Pavan Khaitan:** So, we graded that into different time periods. One of the machines is probably going to go for renovation in the month of May. So, in Q1, there will be one machine which will be up for shutdown. In Q3, there will be a second one and in Q4, there will be two machines one by one. Not in the same month, in different months that will be up for a shutdown and upgrade.
- Prashant:** Okay. So, this is not like a sudden shutdown, this is one by one, one by one, one by one. So the plant will keep running --
- Pavan Khaitan:** Yes.
- Prashant:** And this rebuild will be happening parallel.
- Pavan Khaitan:** Correct. So, I think in any quarter the impact of a lower or reduced volume will not be there with this being done successively or one after the other, the impact will be least and we will clearly see an increase quarter-on-quarter in terms of the volumes that we generate.

- Prashant:** But I think, sir, in first quarter when first machine goes into shutdown and then it will again take some time, maybe in June will come until it ramps up. So probably the production in first quarter will be impacted. And then in subsequent quarters, it may be all other machines will go down and previous machine will come up, so production will be caught up. But probably I think the first quarter, we will see a production impact. Isn't it right?
- Pavan Khaitan:** Yes, your analysis is absolutely correct.
- Prashant:** Yes, okay. Thank you very much, sir. That answers my question.
- Pavan Khaitan:** Thank you.
- Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan who is an Individual Investor. Please go ahead.
- Bhavesh Chauhan:** Sir, my question is on the broader side. We had seen this kind of bad adverse environment for paper in 2015, '16. So, how bad is this compared to that? I think you would be in a great position to answer this.
- Vikram Kumar Khaitan:** So, no doubt, Bhavesh, the cyclical nature of the paper industry is reducing. Earlier, it was considered to be a seven-year cycle, but that has reduced to a much shorter period of one to two years now. So, this now has formed part of the commodity cycle which normally any commodity can take because we saw an exceptional year during '22, '23 and the profits have surged phenomenally for the entire paper industry. It's only this year, we are looking at a downturn. But I think it's time now that we look at a cycle of five years for the industry. I can safely say that we would be able to achieve an average EBITDA of almost about 23% to 25% if we average out in over five years. So even if one year it is lower, the successive years will generate enough EBITDA to average it out to a higher level.
- Bhavesh Chauhan:** Right. And in terms of let's say about the margins bottoming out for industry player, I think there might be a couple of quarters to go in your view, sir?
- Vikram Kumar Khaitan:** Yes. I think quarter two for sure, historically, we have seen an uptrend and uptick happening in quarter two, but I think because the impact of a reduced industry cycle has already been experienced for three quarters, I think if the surge ahead or a reversal for the positive could come in earlier also towards the end of quarter one.
- Bhavesh Chauhan:** Okay, sir. Great. Thanks a lot, and all the best.
- Vikram Kumar Khaitan:** Thank you.
- Moderator:** Thank you. The next question is from the line of Krushi Parekh from BugleRock PMS. Please go ahead.

**Krush Parekh:** Yes. Hi, sir. Just continuing on the earlier question. So again, what has changed as compared to the previous down cycle of say 2013, '14 till now? I mean, has something shifted at the industry level or something like that we can see if some external or macro environment again starts impacting the industry?

**Pavan Khaitan:** No, I think it would be incorrect to compare this downturn with the earlier downturn. As I had mentioned earlier, the earlier downturns in '13, '14, '15 were largely representative of the seven-year cycles that the industry used to experience earlier. And I think if I may say that depended on and were resultant of the seven years that it would take for a tree to grow. So, in terms of a seven-year period of higher availability of trees, the trending would be up and in terms when the growing cycle and growing period of the trees was there with reduced supply, the trending would be done accordingly.

But now that enough availability of wood is there, those kinds of trends have been reduced. And now it's largely a market dynamic that is happening and also impacted by geopolitical situations like wars happening, Russian-Ukrainian war, Red Sea crisis happening because of the West Asia crisis, things like that are impacting markets throughout the world. And that is what is sort of a salient effect on the industry as of the current moment.

So, years of impact have reduced, cycles have reduced in time periods. But I think impact, geopolitical impacts, you can never ever budget, you can never ever set a trending for them. One will have to bear that as in how they come in and create your own cost competitiveness despite a down cycle. You should be able to have enough strength in your operations to be able to bear that down cycle and look forward to a better time ahead.

**Krush Parekh:** So, what I understand is that, I mean, in the earlier the previous cycles, it was that the supply was a big constraint and hence the raw material prices were impacted. And now the supply is significantly or strategically or rather structurally improved. Would that be a correct sentence to make?

**Pavan Khaitan:** Yes, that's correct.

**Krush Parekh:** Okay. And why has it structurally improved? Is it because more farmers are now opting for this eucalyptus and other saplings to be planted in the farms or it's purely because other things are less remunerative for them?

**Pavan Khaitan:** No, I think it's quite an upheaval that is happening in the farming community also. They are also looking at improving their own livelihood and remuneration for themselves. They are looking at options which are obviously more positive. So, they are looking at these growth opportunities for themselves and that is what has ended up increasing the supply of wood availability year-on-year.

So, I think it's an overall culture growth which is happening and an environment impact which everybody is part of and everybody wants to be part of a growth success story. And India is clearly showing its way ahead. I think we are all reading the fact that we have reached a \$3 trillion economy and we are likely to reach \$5 trillion in the next three to four years. And eventually \$7 trillion, \$10 trillion economy is also not far out of reach for us.

**Krushii Parekh:** Okay. Thank you so much.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

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

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