



Kuantum Papers Ltd

The Paper Makers

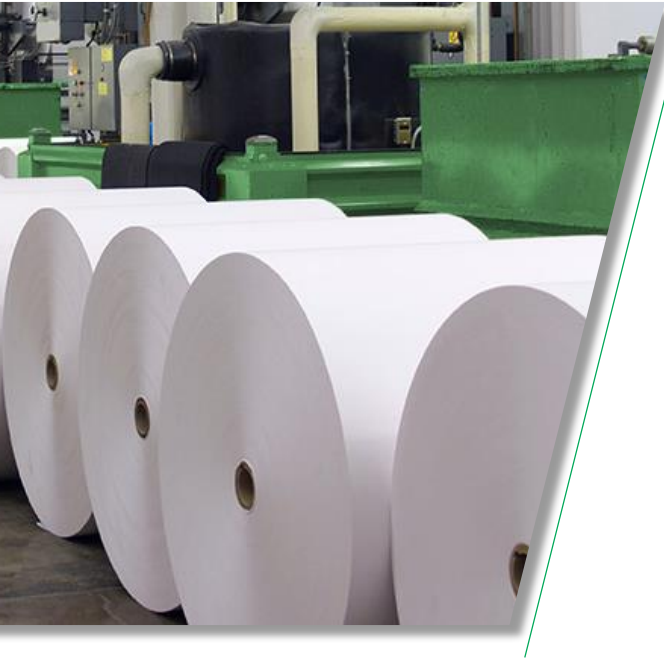
EARNINGS PRESENTATION – FY21 / Q4-FY21



Executive Summary



Kvantum Papers Ltd



- **Kvantum Papers Ltd.**, is one of the largest Agro based paper manufacturers in India and is committed to manufacturing wood free, high quality maplitho, creamwove, copier and specialty paper.
- The company has an Integrated manufacturing facility of 148,500 MTPA with 4 Paper machines, Agro and Wood based pulping, Co-generation Power plant & Chemical Recovery Plant.
- Kvantum's products are extensively used in the printing of books, notebooks, annual reports, directories, envelopes, diaries, calendars, computer and office stationery.
- It has a strong long-lasting pan India dealership network of 90+ dealers from which it undertakes order based manufacturing.
- The company caters to marquee clients like Wal-Mart, Pearson, McGraw Hill, Kukoyo (Mumbai), Thomson, Lotus Global, Navneet Publications, Oxford University Press, Macmillan amongst others.
- Kvantum maintains a Social Farm forestry programme, thus contributing to future source of wood chips.

FY21 FINANCIALS (INR Mn)

Revenues
INR 4,039

EBITDA
INR 293

EBITDA Margin
7.25%

PAT
INR (127)

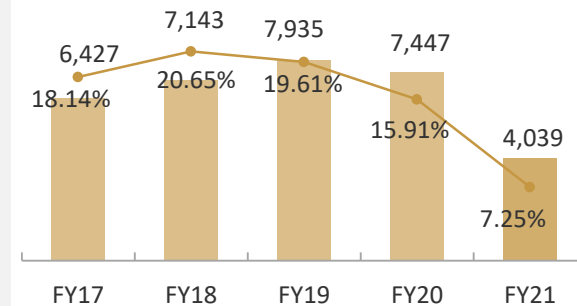
PAT Margin
NA

EPS
INR (1.46)

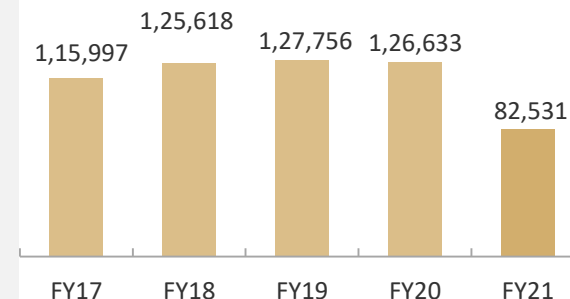
About Kuantum Papers

- Incorporated in 1980, Kuantum Papers started its commercial operations in an economically backward village of Hoshiarpur, Punjab.
- They started their commercial operations with 30 TPD and are currently operating at 450 TPD, after completion of their backward integration project in March'21.
- Due to its location in the foothills of the Shivalik range, Kuantum Papers has been strategically utilizing agro residues like wheat straw, sarkanda and bagasse along with wood chips, veneer waste & bamboo to make high quality paper.
- The company's fully integrated manufacturing facility spread across 259 acres helps it gain advantage in terms of better operational efficiency and higher product offering.
- Kuantum's product offerings include maplitho, creamwove, copier paper and value-added specialty products like Azurelaid papers, parchment paper, cartridge paper, ledger paper, stiffner paper and coloured paper with a GSM range of 48 – 180 GSM.
- The company's major area of operations lie within 1,000 kms of the plant in Northern and Eastern India with a strong dealership network, many of whom have been associated with Kuantum since 3 generations.
- The company manufactures its products on an order-based system from its 90+ dealer network.
- The company's social farm forestry program includes wood plantations of around 1,500 hectares. Post their maturity these plantations will be used as wood source for their facility hence contributing to better margin performance.

Operational Revenue (INR Mn) & EBITDA Margin



Production MT



Key Strengths



Pan India presence with an extensive network of 90+ dealers



Long standing relationship with dealers, many associated with the company for over 3 decades



Largest product Portfolio in the Paper Industry covering Maplitho, Creamwove, Copier and Specialty Paper



Successful in creating a branded portfolio of products



Ability to command a price premium in the range of 5-7% over our competitors due to better quality of products and superior market orientation



Market based sales rather than government orders. Customers are delighted to deal with us rather than our competitors due to regular and timely supplies



Cost savings through executed Backward Integration Project will lead to improved EBITDA margins in the range of 28-30%



Improved infrastructure of paper machines in order to be more cost effective



Located near densely populated Northern Region including NCR, a higher paper consumption market



Strategic location in Punjab with abundant availability of raw materials such as Wheat Straw, Sarkanda, Kana Grass & Bagasse, allows us to get steady supplies at stable prices



Raw Materials are perfect substitutes of each other, so we are not dependent on any single one throughout the year



Future source of wood chips: Social farm forestry programme which will serve us for our future source in-house wood pulp requirement

Future Growth Strategy



Strengthening of Plant through Project Upgradation across Wood Pulping, CRP & Co-Generation Power plant

Focusing on cost optimization and quality enhancement

Creating a portfolio of higher proportion of value added specialty products from additional pulping efficiency achieved



Kquantum Papers

The Paper Makers

FINANCIAL & OPERATIONAL HIGHLIGHTS

FY21 / Q4-FY21 Financial Highlights

Q4-FY2021 Financial Performance

INR 1,691 Mn

Income from Operations

INR 279 Mn

EBITDA

INR 104 Mn

Net Profit

INR 1.19/ share

Diluted EPS (Not Annualized)

FY2021 Financial Performance

INR 4,039 Mn

Income from Operations

INR 293 Mn

EBITDA

INR (127) Mn

Net Profit

INR (1.46)/ share

Diluted EPS (Not Annualized)

Q4-FY21 Operational Highlights

- Q4 of FY 21 was a turnaround quarter for operations with demand bouncing back due to decrease in COVID -19 cases across the country. This resulted in a healthy topline of INR 1,691 million and EBITDA of INR 279 million (16.5%).
- The company also completed its Backward Integration and Modernisation Project at an outlay of INR 4,440 million, which was executed with the strategy to remove certain existing imbalances in capacities.
 - With this project , the paper production capacity of the plant has increased to 450 TPD from the earlier levels of 375 TPD.
 - As part of this project, we have taken the capacity of our Agro Pulp Street to 200 TPD and enhanced the Wood Pulp Street from 60 TPD to 180 TPD, thereby isolating ourselves from the vagaries of the fluctuating international wood pulp prices.
 - An additional chemical recovery plant with 500 TPD capacity has been installed to process the increased black liquor generation, and the captive power generation has been enhanced to 38 MW .



Kvantum Papers

The Paper Makers

FY21/Q4-FY21 FINANCIAL OVERVIEW

Q4-FY21 Income Statement

Particulars (INR Mn)	Q4-FY21	Q4-FY20	Y-o-Y	Q3-FY21	Q-o-Q
Operational Income	1,691	1,783	(5.2)%	1,186	42.6%
Total Expenses	1,412	1,534	(8.0)%	1,058	33.5%
EBITDA	279	249	12.1%	128	NA
EBITDA Margins (%)	16.50%	13.97%	253 bps	10.79%	571 bps
Other Income	10	39	(74.4)%	21	(52.4)%
Depreciation	96	84	14.3%	84	14.3%
Finance Cost	43	71	(39.4)%	81	(46.9)%
Exceptional Item	86	-	NA	-	NA
PBT	64	133	(51.9)%	(16)	NA
Tax	(40)	2	NA	(4)	NA
Profit After tax	104	131	(20.6)%	(12)	NA
PAT Margins (%)	6.15%	7.35%	(120) bps	NA	NA
Other Comprehensive Income	5	-	NA	-	NA
Total Comprehensive Income	109	131	(16.8)%	(12)	NA
Diluted EPS (INR)	1.19	1.51	(21.2)%	(0.14)	NA

FY21 Income Statement

Particulars (INR Mn)	FY21	FY20	Y-o-Y
Operational Income	4,039	7,447	(45.8)%
Total Expenses	3,746	6,262	(40.2)%
EBITDA	293	1,185	(75.3)%
EBITDA Margins (%)	7.25%	15.91%	(866) Bps
Other Income	100	88	13.6%
Depreciation	348	317	9.8%
Finance Cost	277	304	(8.9)%
Exceptional Item	86	-	NA
PBT	(318)	652	NA
Tax	(191)	(66)	NA
Profit After tax	(127)	718	NA
PAT Margins (%)	NA	9.64%	NA
Other Comprehensive Income	4	(1)	NA
Total Comprehensive Income	(123)	717	NA
Diluted EPS (INR)	(1.46)	8.23	NA

Income Statement

Particulars (INR Mn)	FY19	FY20	FY21
Operational Income	7,935	7,447	4,039
Total Expenses	6,379	6,262	3,746
EBITDA	1,556	1,185	293
EBITDA Margins (%)	19.61%	15.91%	7.25%
Other Income	88	88	100
Depreciation	251	317	348
Finance Cost	284	304	277
Exceptional Item	-	-	86
PBT	1,109	652	(318)
Tax	330	(66)	(191)
Profit After tax	779	718	(127)
PAT Margins (%)	9.82%	9.64%	NA
Other Comprehensive Income	(1)	(1)	4
Total Comprehensive Income	778	717	(123)
Diluted EPS (INR)	8.93	8.23	(1.46)

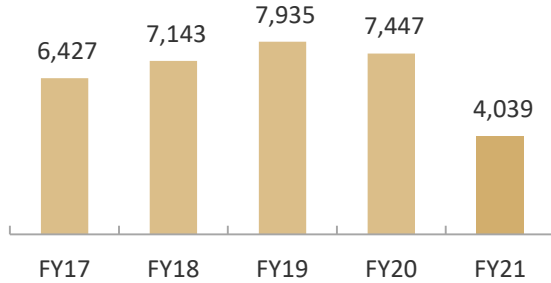
Balance sheet

Assets (INR Mn)	FY20	FY21
Non-current assets		
Property, plant and equipment	10,201	14,263
Capital work-in-progress	3,096	205
Investment property	79	78
Other intangible assets	55	17
Financial assets		
• Loans	40	40
• Other financial assets	52	40
Income tax assets (net)	-	3
Other non-current assets	178	7
Total non-current assets	13,701	14,653
Current assets		
Inventories	924	524
Financial assets		
• Trade receivable	143	331
• Cash and Cash equivalents	5	5
• Other bank balances	190	157
• Loans	5	10
• Others financial assets	72	39
Other current assets	454	424
Total current assets	1,793	1,490
Total assets	15,494	16,143

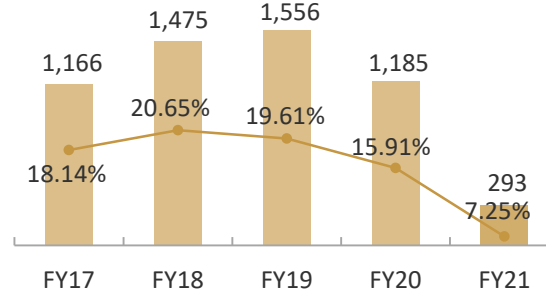
Equity & Liabilities (INR Mn)	FY20	FY21
Equity		
Equity share capital	87	87
Other equity	8,230	8,085
Total equity	8,317	8,172
Liabilities		
Non-current liabilities		
Financial liabilities		
• Borrowings	4,683	6,137
• Other financial liabilities	163	169
Provisions	11	12
Deferred tax liabilities (net)	272	84
Deferred income	55	50
Total non-current liabilities	5,184	6,452
Current liabilities		
Financial liabilities		
• Borrowings	620	603
• Trade payables	279	448
• Other financial liabilities	1,038	425
Other current liabilities	39	35
Provisions	3	3
Deferred income	4	5
Current tax liabilities (net)	10	-
Total current liabilities	1,993	1,519
Total liabilities	7,177	7,971
Total equity and liabilities	15,494	16,143

Financial Highlights

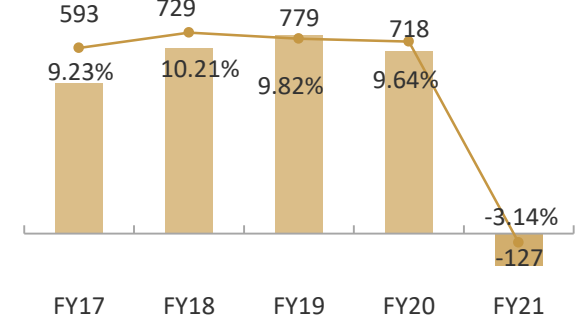
Operational Revenue (INR Mn)



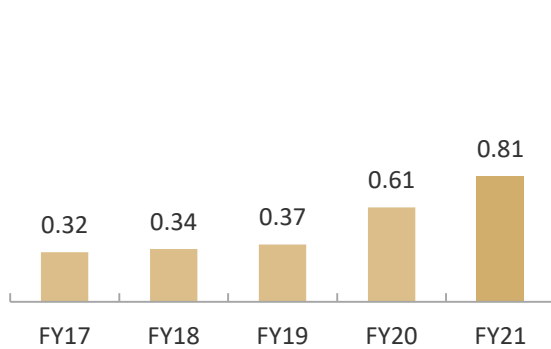
EBITDA (INR Mn) & EBITDA Margin (%)



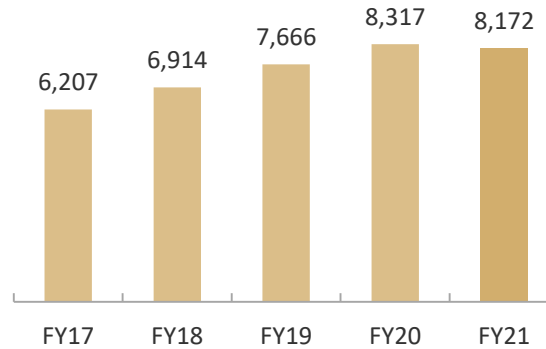
PAT (INR Mn) & PAT Margin (%)



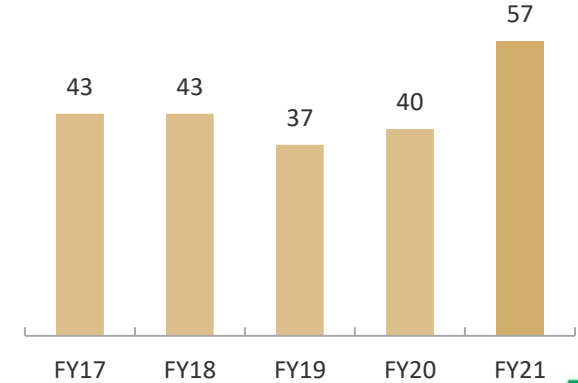
Net Debt to Equity



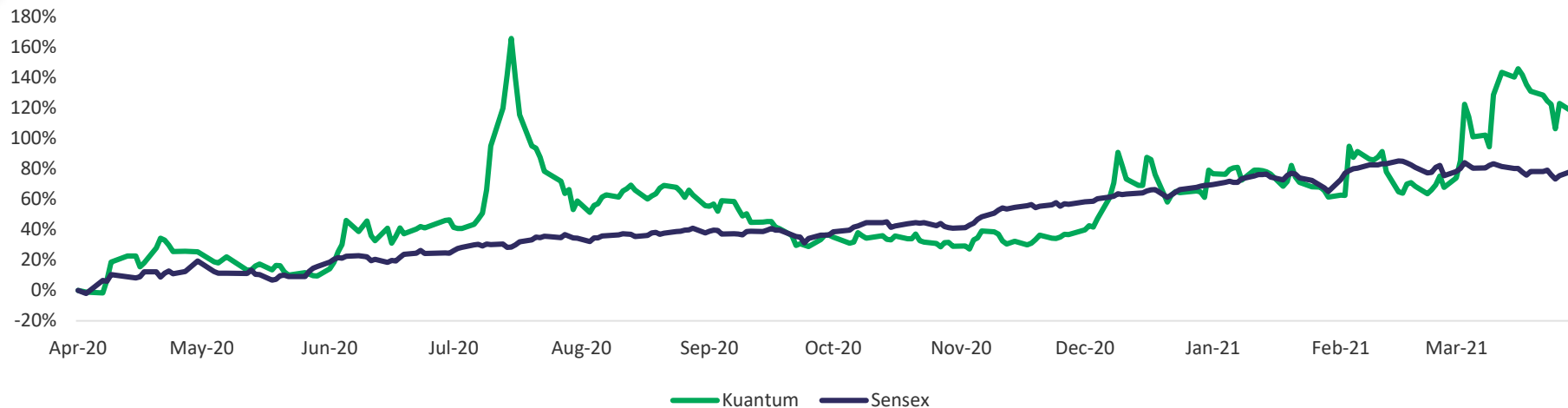
Net Worth (INR Mn)



Cash Conversion Cycle

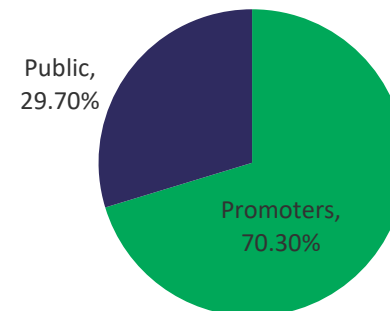


Capital Market Data



Price Data (31 st March, 2021)		INR
Face Value		1.0
Market Price		66.8
52 Week H/L		88.9 / 26.5
Market Cap (Mn)		5,829.2
Equity Shares Outstanding (Mn)		87.3
1 Year Avg Trading Volume ('000)		36.6

Shareholding Pattern as on 31st March, 2021



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For further information please contact our Investor Relations Representatives:

Mr. Anuj Sonpal

Valorem Advisors

Tel: +91-22-4903-9500

Email: kuantum@valoremadvisors.com

