



Kuantum

The Paper Makers

EARNINGS PRESENTATION

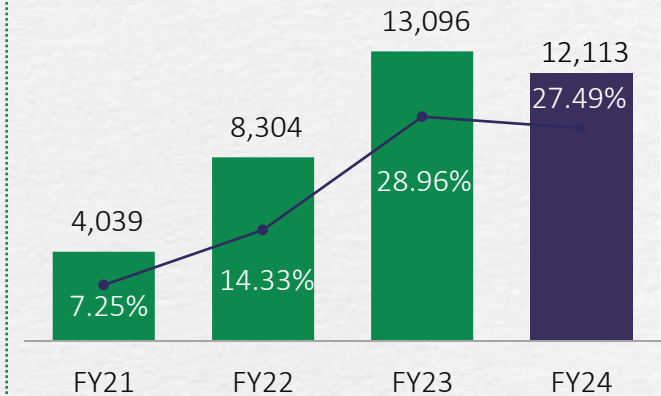
Q4-FY24/FY24



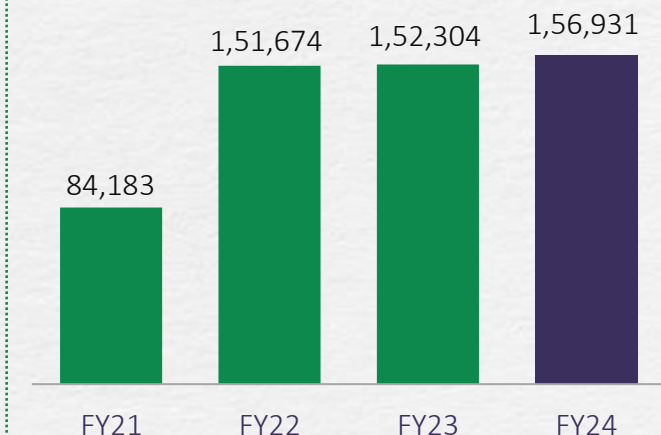
ABOUT KQUANTUM PAPERS

- Kquantum Papers Ltd, a leading agro and wood-based paper manufacturer started its commercial operations in 1980 in an economically backward village of Hoshiarpur, Punjab.
- They started their production with 30 TPD and with continuous process upgrades and backward integration projects are now currently operating at 450 TPD.
- Due to its location in the foothills of the Shivalik range, Kquantum 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 an advantage in terms of better operational efficiency and higher product offering.
- Its extensive portfolio of writing and printing paper finds application in books, notebooks, annual reports, directories, account books, envelopes, diaries, calendars, computer & office stationery.
- Kquantum's product offerings include maplitho, creamwove and value added specialty products like thermal paper, bond paper, parchment paper, azurelaid paper, catridge paper, coloured paper, ledger paper, stiffner paper, cupstock base paper for straws and carry bag paper with a GSM range of 40 – 200.
- The company manufactures its products on an order-based system from its 100+ dealer network spread across India, many of whom have been associated with it for three generations.
- The company has increased its export footprint in the last few years and is now exporting to 30+ countries.
- Its Marquee clients include Wal-Mart, McGraw Hill, Kokuyo (Mumbai), Thomson, Lotus, Global, Navneet Publications, Oxford University Press, Macmillan amongst others.
- The company's Social Farm Forestry Program includes wood plantations of around 7,450 acres and it envisions reaching 1 crore saplings per annum in the next 2-3 years.

Operational Revenue (INR Mn) & EBITDA Margins (%)



Sales Volume (MT)



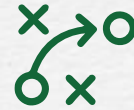
KEY STRENGTHS



Pan India presence with an extensive network of 100+ dealers



Cost savings through executed backward integration project has led to improved EBITDA margins



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



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



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



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



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



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



Future source of wood raw material: Social farm forestry programme with a vision to reach 1 crore clonal saplings per annum in the next 2 – 3 years



Superior product quality and market focus allow us to charge premium price of 5-7% higher than competitors



Established distinguished range of branded products



Prioritizing market-driven sales over government orders, and a preferred choice due to consistent and timely product deliveries

Pulping Facilities

Paper Machines

Chemical Recovery Plant

Co-Gen Power Plant

Segment



Capacity

Total Capacity - 380 TPD

- Agro based pulp - 200 TPD
- Wood pulp - 180 TPD

Total Capacity - 450 TPD

- Machine 1 - 25 TPD
- Machine 2 - 50 TPD
- Machine 3 - 115 TPD
- Machine 4 - 260 TPD

Total Capacity - 700 Solids TPD

- Recovery Boiler 1 - 200 Solids TPD
- Recovery Boiler 2 - 500 Solids TPD

Turbines: Total Operational Capacity – 33.5 MW

- Turbine 1 - 20 MW
- Turbine 2 - 13.5 MW

Turbine 3 - 8 MW (on standby)

Boilers : Total Operational Capacity - 190 TPH

- Boiler 1 - 60 TPH
- Boiler 2 - 130 TPH

Description

Kquantum combines its own agro and wood along with imported pulp in order to produce better quality fiber for paper production.

The different configurations of the four paper machines allow Kquantum to manufacture a wide variety of surface-sized, non surface-sized and value-added specialty products.

The Chemical Recovery Plant operates at a high efficiency allowing recovery of over 95% of Caustic, enabling cost reductions, margin improvements and reusing for subsequent pulp production runs.

The state of the art Co-Gen Power Plant ensures uninterrupted steam and power supply to process units. The 130 TPH high pressure CFBC boiler combined with a set of highly efficient extraction cum condensing turbine and an extraction cum back pressure turbine, lead to power generation at very cost effective rates which are much lower than the grid rate.



Debottlenecking and upgrading plant operations to increase production capacity by ~ 50% and further optimize cost



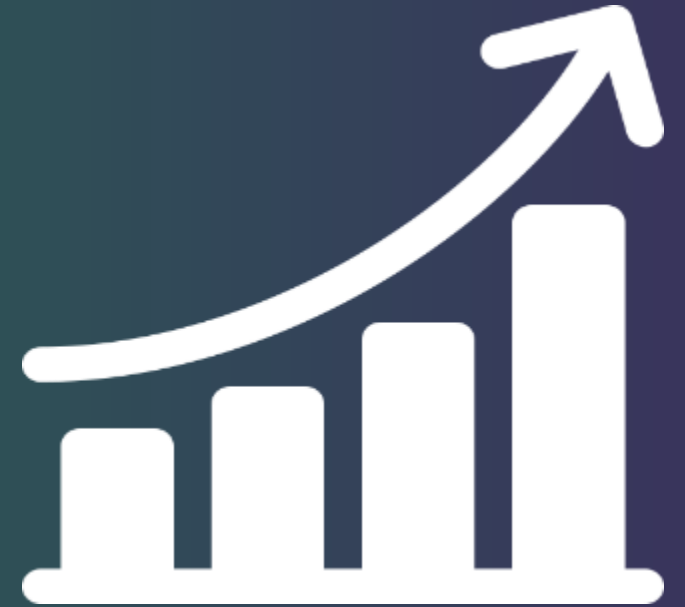
Leveraging single use plastic ban by developing a portfolio of specialty products for a sustainable future



Setting up Specialty paper machine to diversify product portfolio



Harnessing the power of Industry 4.0 including IoT, AI and cloud computing for operational efficiency and optimal resource utilization





FINANCIAL & OPERATIONAL HIGHLIGHTS

Q4-FY24/FY24



Q4-FY24/FY24 FINANCIAL HIGHLIGHTS



Q4-FY24 Financial Highlights

INR 2,988 Mn
Income from Operations

INR 636 Mn
EBITDA

21.29%
EBIDTA Margins

INR 339 Mn
Net Profit

11.35%
PAT Margins

INR 3.88/Share
Diluted EPS

FY24 Financial Highlights

INR 12,113 Mn
Income from Operations

INR 3,330 Mn
EBITDA

27.49%
EBIDTA Margins

INR 1,838 Mn
Net Profit

15.17%
PAT Margin

INR 21.07/Share
Diluted EPS

- The Company achieved a revenue of INR 2,988 Mn in Q4, which was in line with Q3 as it was able to maintain its NSR levels in this quarter.
- EBITDA for Q4 was at 21.3% vs. 26.3% in Q3, mainly due to accounting for loss on sale of old machinery which was kept on standby post the commissioning of the Backward Integration project and were finally sold in Q4.
- Raw Material Consumption cost decreased in Q4-FY24, on account of reduction in rates of wheat straw by almost INR 1400/BDMT.
- Biomass consumption in boilers increased to 44%, leading to cost optimization per ton of paper, though overall fuel cost went up due to higher demand from processes.
- On a Y-o-Y basis the revenue declined by 7.5% primarily, due to a decrease in the NSR from ~INR 94,000/MT in FY23 to ~INR 77,000/MT as compared to FY 24.
- EBITDA for the year remained strong at 27.5%, despite market challenges and pressure from imports.
- The upgradation of PM 1 and PM 2, led to an increase in production, and thus sales have gone up by 4600 MT in FY 23-24.
- The company initiated “Project Nirmaan”, a mill-wide optimization journey using Advanced Process Controls (Industry 4.0) in Feb 2024, to improve operational and bottom-line performance.
- Implementation of an online ESG Tool for comprehensive monitoring and evaluation of KPIs across environmental, social, and governance areas, was also introduced.
- Upgradation of TG 4 with state-of-the-art technology, resulting in the generation of 15% additional power with the same steam consumption.
- Enhanced clonal sapling production to 40 lakh clones per annum by installation of 6 new Hi-Tech Mist Chambers, 9 Mini Hedge Gardens & 4 Hardening Chambers.
- New Product Introduction – ‘Kuantum Korra’, which is a high-quality paper developed with 90-95% agro pulp, intended for the notebook segment.

PARTICULARS (INR MN)	Q4-FY24	Q4-FY23	Y-o-Y	Q3-FY24	Q-o-Q
Operational Income	2,988	3,437	(13.1)%	3,015	(0.9)%
Total Expenses	2,352	2,296	2.4%	2,221	5.9%
EBITDA	636	1,141	(44.3)%	794	(19.9)%
<i>EBITDA Margins (%)</i>	<i>21.29%</i>	<i>33.20%</i>	<i>NA</i>	<i>26.33%</i>	<i>(504) Bps</i>
Other Income	31	1	NA	7	NA
Depreciation	123	115	7.0%	123	0.0%
Finance Cost	80	159	(49.7)%	113	(29.2)%
PBT	464	868	(46.5)%	565	(17.9)%
Tax	125	217	(42.4)%	143	(12.6)%
Profit After Tax	339	651	(47.9)%	422	(19.7)%
<i>PAT Margins (%)</i>	<i>11.35%</i>	<i>18.94%</i>	<i>(759) Bps</i>	<i>14.00%</i>	<i>(265) Bps</i>
Diluted EPS (INR)	3.88	7.45	(47.9)%	4.83	(19.7)%

PARTICULARS (INR MN)	FY24	FY23	Y-o-Y
Operational Income	12,113	13,096	(7.5)%
Total Expenses	8,783	9,304	(5.6)%
EBITDA	3,330	3,792	(12.2)%
<i>EBITDA Margins (%)</i>	<i>27.49%</i>	<i>28.96%</i>	<i>(147) Bps</i>
Other Income	56	36	55.6%
Depreciation	482	454	6.2%
Finance Cost	428	710	(39.7)%
Exceptional Items	-	634	NA
PBT	2,476	2,030	22.0%
Tax	638	668	(4.5)%
Profit After Tax	1,838	1,362	34.9%
<i>PAT Margins (%)</i>	<i>15.17%</i>	<i>10.40%</i>	<i>477 Bps</i>
Diluted EPS (INR)	21.07	15.60	35.1%

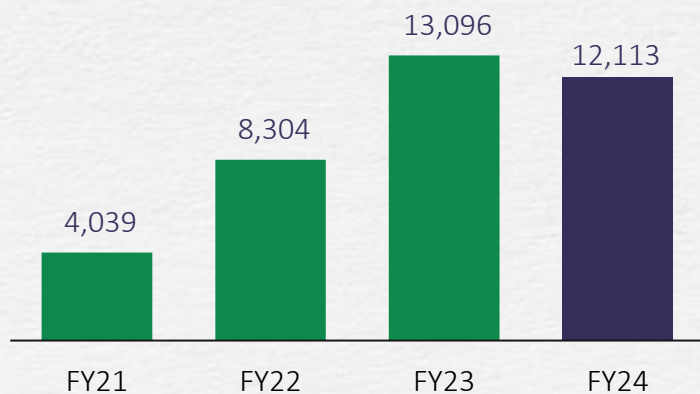
HISTORICAL INCOME STATEMENT

PARTICULARS (INR MN)	FY21	FY22	FY23	FY24
Operational Income	4,039	8,304	13,096	12,113
Total Expenses	3,746	7,114	9,304	8,783
EBITDA	293	1,190	3,792	3,330
<i>EBITDA Margins (%)</i>	<i>7.25%</i>	<i>14.33%</i>	<i>28.96%</i>	<i>27.49%</i>
Other Income	100	38	36	56
Depreciation	348	462	454	482
Finance Cost	277	689	710	428
Exceptional Items	86	-	634	-
PBT	(318)	77	2,030	2,476
Tax	(191)	(57)	668	638
Profit After Tax	(127)	134	1,362	1,838
<i>PAT Margins (%)</i>	<i>NA</i>	<i>1.61%</i>	<i>10.40%</i>	<i>15.17%</i>
Other Comprehensive Income	4	(2)	(5)	(6)
Total Comprehensive Income	(123)	132	1,357	1,832
Diluted EPS (INR)	(1.46)	1.54	15.60	21.07

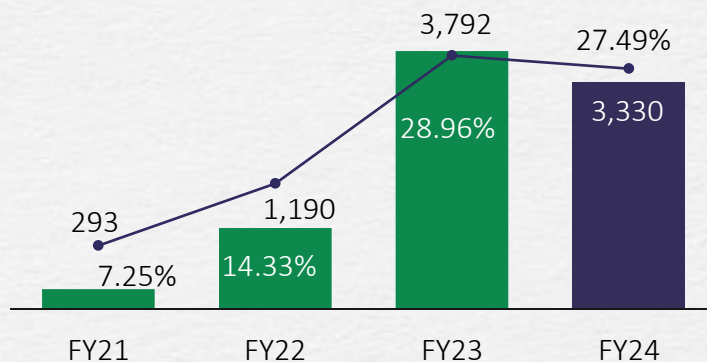
ASSETS (INR MN)	FY22	FY23	FY24
Non-Current Assets			
Property, plant and equipment	14,006	14,068	14,678
Capital work-in-progress	289	306	419
Investment property	76	75	74
Other intangible assets	-	-	-
Financial assets			
• Other financial assets	86	39	39
Income tax assets (net)	3	16	16
Other Non-current assets	148	259	585
Total Non-Current Assets	14,608	14,763	15,811
Current Assets			
Inventories	869	901	1,128
Financial assets			
• Trade receivable	606	287	342
• Cash and Cash equivalents	36	15	706
• Other bank balances	130	157	73
• Others financial assets	27	16	28
Other current assets	485	756	789
Total Current Assets	2,153	2,132	3,066
Total Assets	16,761	16,895	18,877

EQUITY & LIABILITIES (INR MN)	FY22	FY23	FY24
Equity			
Equity share capital	87	87	87
Other equity	8,218	9,581	11,151
Total Equity	8,305	9,668	11,238
Liabilities			
Non-Current Liabilities			
Financial liabilities			
• Borrowings	6,448	3,678	3,070
• Other financial liabilities	181	228	247
Provisions	12	13	-
Deferred tax liabilities (net)	13	1,172	1,257
Deferred income	55	49	46
Total Non-Current Liabilities	6,709	5,140	4,620
Current Liabilities			
Financial Liabilities			
• Borrowings	1,176	1,450	2,055
• Trade payables	357	258	569
• Other financial liabilities	143	198	233
Other current liabilities	60	84	77
Provisions	2	3	1
Deferred income	5	3	3
Current tax liabilities (net)	5	91	81
Total Current Liabilities	1,748	2,087	3,019
Total Liabilities	8,456	7,227	7,639
Total Equity and Liabilities	16,761	16,895	18,877

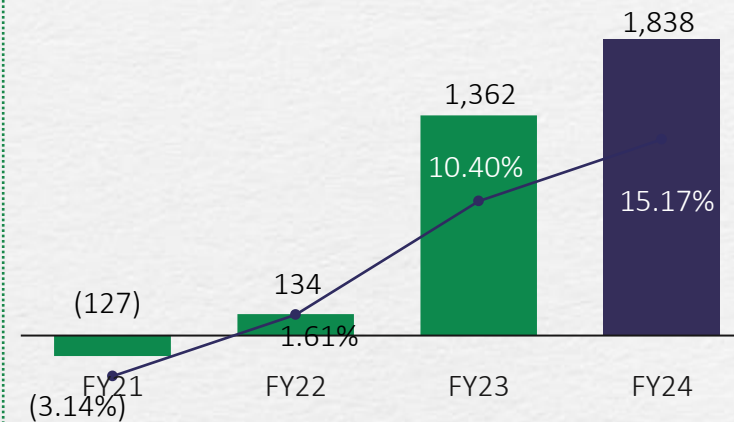
Operational Revenue (INR Mn)



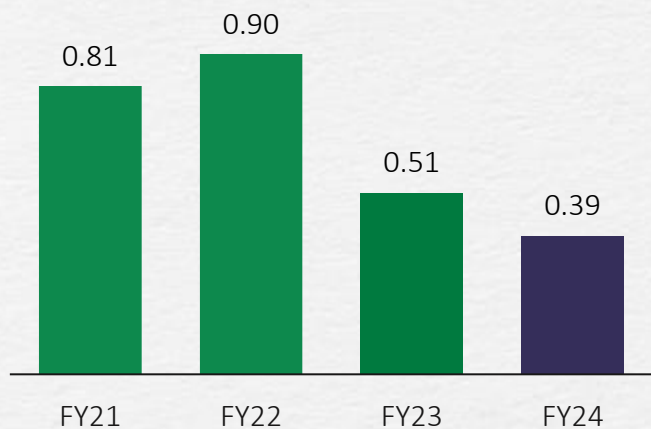
EBITDA (INR Mn) & EBITDA Margin (%)



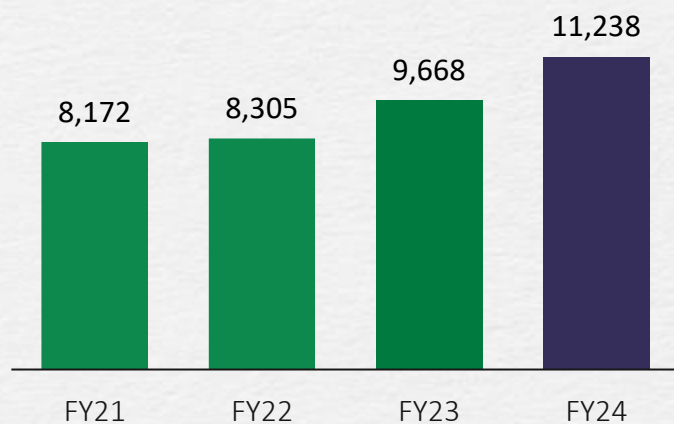
PAT (INR Mn) & PAT Margins (%)



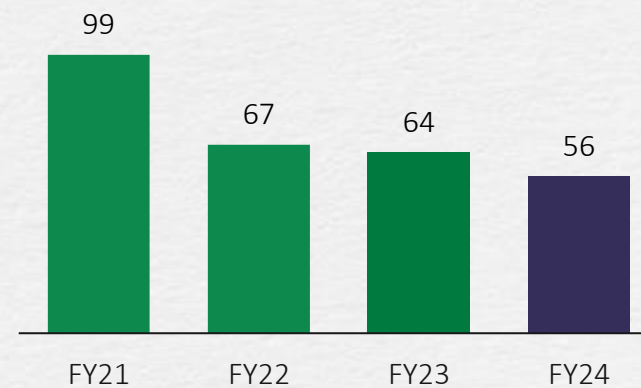
Net Debt to Equity



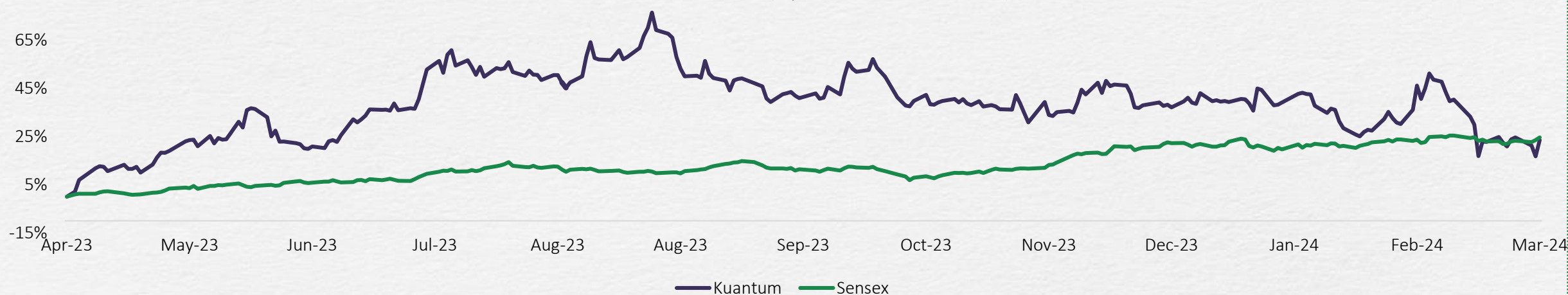
Net Worth (INR Mn)



Cash Conversion Cycle



Share Price Movement (Up to 31st March, 2024)

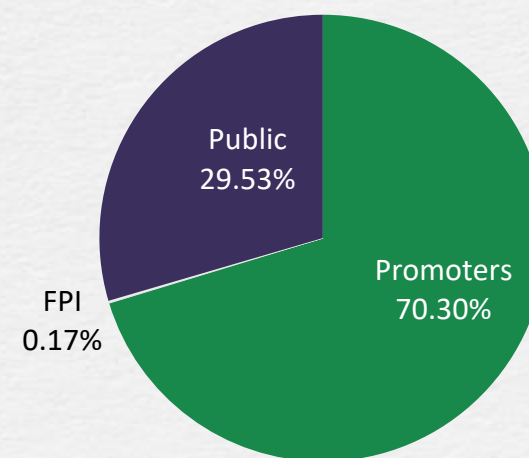


Price Data (31st March, 2024)

INR

Face Value	1.0
Market Price	154.9
52 Week H/L	225.5 / 120.7
Market Cap (Mn)	13,517.1
Equity Shares Outstanding (Mn)	87.3
1 Year Avg Trading Volume ('000)	306.5

Shareholding Pattern as on 31st March, 2024



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Thank You