

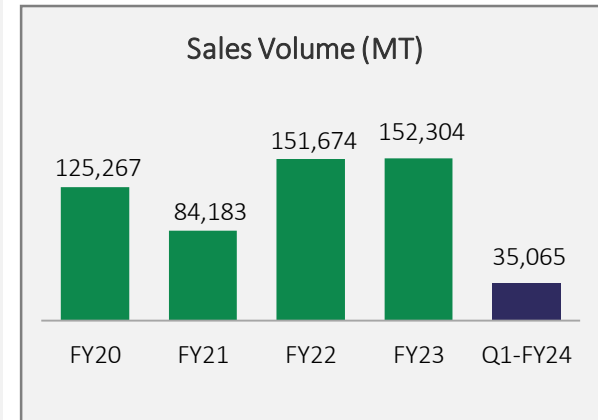
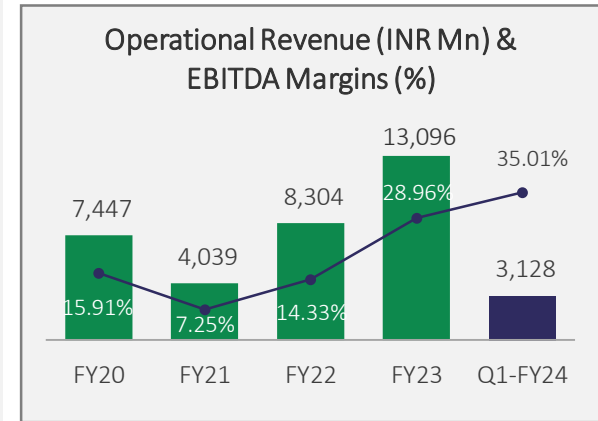


EARNINGS PRESENTATION

Q1-FY24

About Kuantum Papers

- Kuantum Papers Ltd, a leading wood and agro based paper manufacturers started its commercial operations in 1980 in an economically backward village of Hoshiarpur, Punjab.
- They started their production with 30 TPD and are currently operating at 450 TPD. After completion of their backward integration project in March'21, the total production capacity stands at 450 TPD.
- 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 and value added specialty products like Thermal paper, bond paper, parchment paper, Azurelaid paper, catridge paper, coloured paper, ledger paper, stiffner paper, cupstock paper, carrybag paper and straw paper with a GSM range of 42 – 200.
- Its products are extensively used in the printing of books, notebooks, annual reports, directories, account books, envelopes, diaries, calendars, computer & office stationery, soap wrapping, cups and straws.
- 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 since 3 generations.
- The company has increased its export footprint in the last few years and is now exporting to 30+ countries.
- Its Marquee clients includes 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 5,540 acres and it envisions to reach 1 crore saplings in 5 years.



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

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



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

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



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

Successful in creating a branded portfolio of products



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

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



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

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



Future source of wood raw material: Social farm forestry programme with a vision to reach 1 crore clonal saplings in 5 years

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 - 30 TPD
- Machine 2 - 35 TPD
- Machine 3 - 115 TPD
- Machine 4 - 270 TPD

- Total Capacity: 700 Solids TPD
- New CRP : 500 Solids TPD
- Existing CRP : 200 Solids TPD

- **Turbines** : Total 38 MW
 - New : 20 MW & 8 MW
 - Existing Turbines : 10 MW
- **Boilers** : Total 190 TPH
 - New : 130 TPH
 - Existing : 60 TPH

Description

Kuantum combines agro pulp along with wood pulp and imported pulp in order to produce better quality fibre for paper production

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

The new Chemical Recovery Plant of 500 TPD from Andritz for the treatment of Black Liquor process has boosted the overall capacity to 700 solids TPD

Operating at high efficiency, the plant recovers over 95% of Caustic, enabling cost reduction, margin improvements, and reusing for subsequent production runs

The two new turbines of 20 MW and 8 MW from Siemens, have taken the total Co - Gen power capacity to 38 MW

A new Boiler of 130 TPH from ISGEC has been installed making the total capacity 190 TPH

Efficiency in power operations has helped in cost optimization

1

Debottlenecking and upgrading plant operations to increase production capacity by ~ 25% and further optimize cost

2

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

3

Setting up a Specialty paper machine to diversify product portfolio





FINANCIAL & OPERATIONAL HIGHLIGHTS

Q1-FY24 Financial Highlights

INR 3,128 Mn Income from Operations 14.1% YoY	INR 1,095 Mn EBITDA 80.1% YoY	35.01% EBITDA Margins
INR 651 Mn Net Profit	20.81% PAT Margin	INR 7.46/Share Diluted EPS

Q1-FY24 Operational Highlights

- Highest ever EBITDA margin of 35% achieved in Q1-FY24, despite a decrease in Net Sales Realization on the back of better product mix & cost efficiencies
- Agro Pulp & Wood Pulp cost reduced by 16% and 7% QoQ respectively, mainly on account of reduction in wheat straw, wood chips & veneer waste prices
- Cost of chemicals such as Caustic, Quick Lime, Sulphur & Sulphur Dioxide reduced in Q1-FY24
- Reduction in fuel consumption per ton of paper by 16% QoQ due to efficiency projects undertaken at power plant
- Machine speeds of PM 3 & PM 4 optimized, leading to higher paper production
- Dust suppression system installed for agro raw material handling section to minimize fugitive dust emission
- Sedicell installed at Effluent Treatment Plant for further improvement in the quality of effluent and thus reduction of overall water consumption
- Increase in the production of clonal saplings capacity by 8 Lakhs at the in-house Clonal Propagation Centre (CPC) as part of the Social Farm Forestry program



Q1-FY24 FINANCIAL OVERVIEW

Quarterly Financial Performance

Particulars (INR Mn)	Q1-FY24	Q1-FY23	Y-o-Y	Q4-FY23	Q-o-Q
Operational Income	3,128	2,742	14.1%	3,437	(9.0)%
Total Expenses	2,033	2,134	(4.7)%	2,296	(11.5)%
EBITDA	1,095	608	80.1%	1,141	(4.0)%
<i>EBITDA Margins (%)</i>	<i>35.01%</i>	<i>22.17%</i>	<i>1,284 bps</i>	<i>33.20%</i>	<i>181 bps</i>
Other Income	8	13	(38.5)%	1	NA
Depreciation	117	113	3.5%	115	1.7%
Finance Cost	113	180	(37.2)%	159	(28.9)%
Exceptional Items	-	(634)	NA	-	-
PBT	873	(306)	NA	868	0.6%
Tax	222	83	NA	217	2.3%
Profit After Tax	651	(389)	NA	651	0.0%
<i>PAT Margins (%)</i>	<i>20.81%</i>	<i>NA</i>	<i>NA</i>	<i>18.94%</i>	<i>187 bps</i>
Other Comprehensive Income	-	-	-	(5)	-
Total Comprehensive Income	651	(389)	NA	646	0.8%
Diluted EPS (INR)	7.46	(4.45)	NA	7.45	0.1%

Historical Income Statement

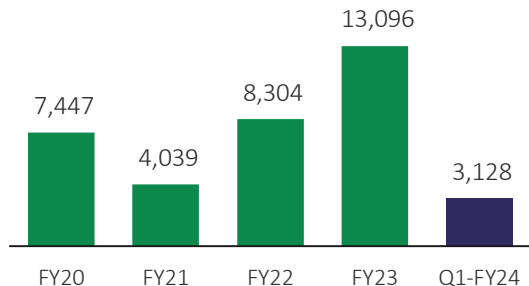
Particulars (INR Mn)	FY21	FY22	FY23	Q1-FY24
Operational Income	4,039	8,304	13,096	3,128
Total Expenses	3,746	7,114	9,304	2,033
EBITDA	293	1,190	3,792	1,095
<i>EBITDA Margins (%)</i>	<i>7.25%</i>	<i>14.33%</i>	<i>28.96%</i>	<i>35.01%</i>
Other Income	100	38	36	8
Depreciation	348	462	454	117
Finance Cost	277	689	710	113
Exceptional Items	86	-	(634)	-
PBT	(318)	77	2,030	873
Tax	(191)	(57)	668	222
Profit After Tax	(127)	134	1,362	651
<i>PAT Margins (%)</i>	<i>NA</i>	<i>1.61%</i>	<i>10.40%</i>	<i>20.81%</i>
Other Comprehensive Income	4	(2)	(5)	-
Total Comprehensive Income	(123)	132	1,357	651
Diluted EPS (INR)	(1.46)	1.54	15.60	7.46

Balance sheet

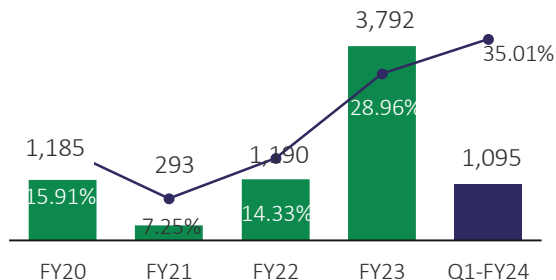
Assets (INR Mn)	FY21	FY22	FY23
Non-Current Assets			
Property, plant and equipment	14,263	14,006	14,068
Capital work-in-progress	205	289	306
Investment property	78	76	75
Other intangible assets	17	-	-
Financial assets			
• Other financial assets	81	86	39
Income tax assets (net)	3	3	16
Other Non-current assets	7	148	259
Total Non-Current Assets	14,654	14,608	14,763
Current Assets			
Inventories	524	869	901
Financial assets			
• Trade receivable	331	606	287
• Cash and Cash equivalents	5	36	15
• Other bank balances	156	130	157
• Others financial assets	49	27	16
Other current assets	424	485	756
Total Current Assets	1,489	2,153	2,132
Total Assets	16,143	16,761	16,895

Equity & Liabilities (INR Mn)	FY21	FY22	FY23
Equity			
Equity share capital	87	87	87
Other equity	8,085	8,218	9,581
Total Equity	8,172	8,305	9,668
Liabilities			
Non-Current Liabilities			
Financial liabilities			
• Borrowings	6,137	6,448	3,678
• Other financial liabilities	169	181	228
Provisions	12	12	13
Deferred tax liabilities (net)	84	13	1,172
Deferred income	50	55	49
Total Non-Current Liabilities	6,452	6,709	5,140
Current Liabilities			
Financial Liabilities			
• Borrowings	753	1,176	1,450
• Trade payables	448	357	258
• Other financial liabilities	275	143	198
Other current liabilities	35	60	84
Provisions	3	2	3
Deferred income	4	5	3
Current tax liabilities (net)	1	5	91
Total Current Liabilities	1,519	1,748	2,087
Total Liabilities	7,971	8,456	7,227
Total Equity and Liabilities	16,143	16,761	16,895

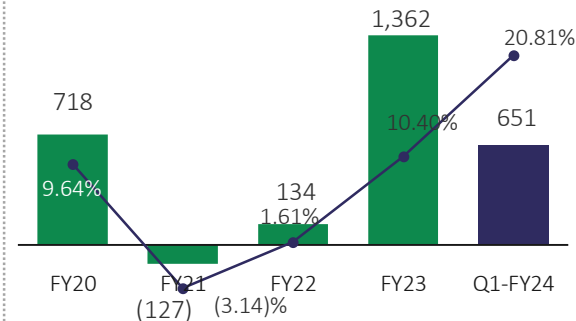
Operational Revenue (INR Mn)



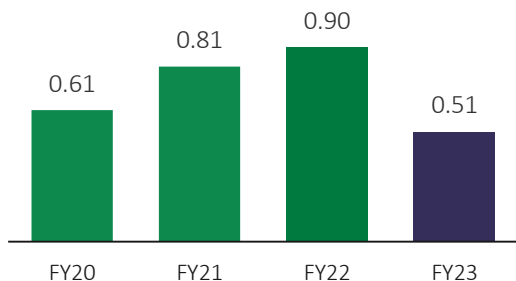
EBITDA (INR Mn) & EBITDA Margin (%)



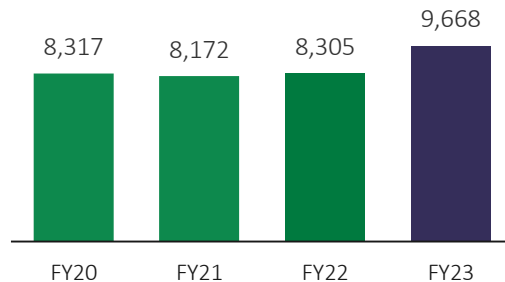
PAT (INR Mn) & PAT Margins (%)



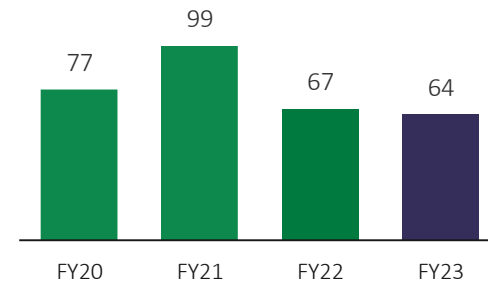
Net Debt to Equity

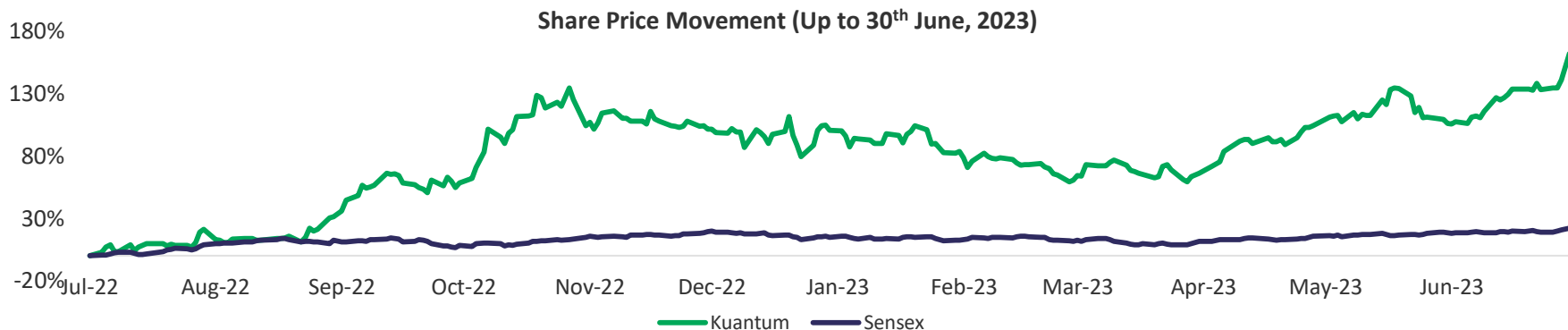


Net Worth (INR Mn)

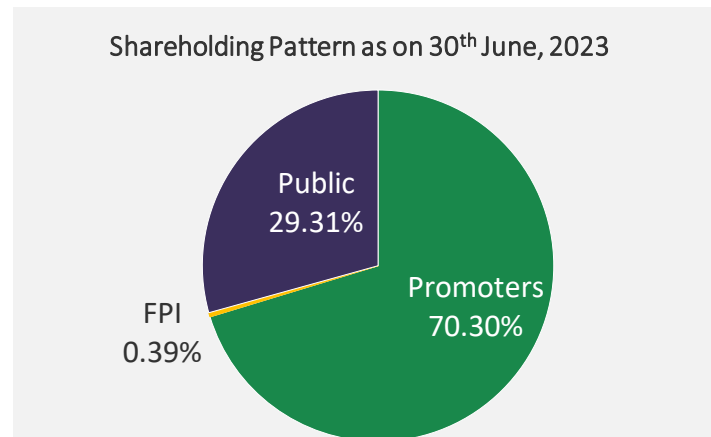


Cash Conversion Cycle





Price Data (30 th June , 2023)	INR
Face Value	1.0
Market Price	191.5
52 Week H/L	193.3/72.0
Market Cap (Mn)	16,710.9
Equity Shares Outstanding (Mn)	87.3
1 Year Avg Trading Volume ('000)	200.2



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Thank You