

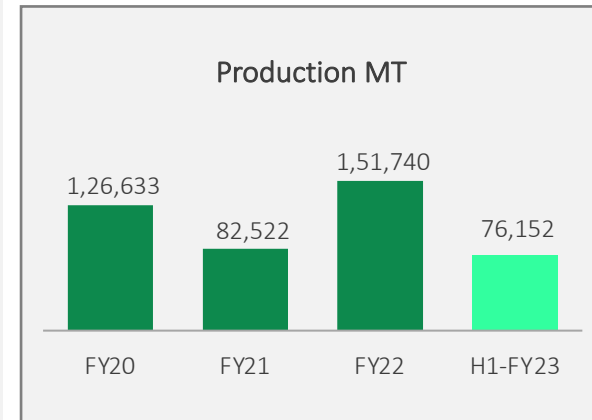
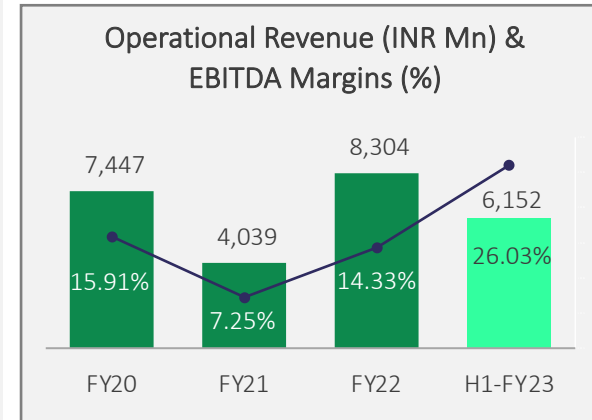


# EARNINGS PRESENTATION

Q2/H1-FY23

# 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 164,250 TPA.
- 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, coloured paper, cupstock paper and carrybag paper with a GSM range of 48–180 GSM.
- Its products are extensively used in the printing of books, notebooks, annual reports, directories, envelopes, diaries, calendars, computer office stationery.
- 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.
- Its Marquee clients includes Best Price, 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 3,300 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 will lead to improved EBITDA margins in the range of 28-30%

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, Kana Grass & 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

# Current Manufacturing Facilities

	Pulping Facilities	Paper Machines	Chemical Recovery Plant	Co-Gen Power Plant
Segment				
Capacity	<ul style="list-style-type: none"> <li>• Total Capacity: 380 TPD</li> <li>• Agro based pulp: 200 TPD</li> <li>• Wood pulp: 180 TPD</li> </ul>	<ul style="list-style-type: none"> <li>• Total capacity: 450 TPD</li> <li>• Machine 1 - 30 TPD</li> <li>• Machine 2 - 35 TPD</li> <li>• Machine 3 - 115 TPD</li> <li>• Machine 4 - 270 TPD</li> </ul>	<ul style="list-style-type: none"> <li>• Total Capacity: 700 Solids TPD</li> <li>• New CRP : 500 Solids TPD</li> <li>• Existing CRP : 200 Solids TPD</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Turbines</b> : Total 38 MW                             <ul style="list-style-type: none"> <li>➤ New : 20 MW &amp; 8 MW</li> <li>➤ Existing Turbines : 10 MW</li> </ul> </li> <li>• <b>Boilers</b> : Total 190 TPH                             <ul style="list-style-type: none"> <li>➤ New : 130 TPH</li> <li>➤ Existing : 60 TPH</li> </ul> </li> </ul>
Description	<p>Kvantum combines agro pulp along with wood pulp and imported pulp in order to produce better quality fibre for paper production</p>	<p>The different configurations of the four paper machines allow Kvantum to manufacture a wide variety of surface-sized, non surface-sized and value-added specialty products</p>	<ul style="list-style-type: none"> <li>• Installed new Chemical Recovery Plant of 500 TPD from Andritz for the treatment of Black Liquor produced in the pulping process</li> <li>• Caustic soda, which is a costly chemical used in the pulping process is recovered through this plant leading to reduction in operational cost and thus margin improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Installed two new turbines of 20 MW and 8 MW from Siemens, thereby taking the total capacity to 38 MW</li> <li>• A new Boiler of 130 TPH from ISGEC has been installed making the total capacity 190 TPH</li> <li>• Power costs are expected to come down substantially in the range of INR 2.3-2.5 per unit</li> </ul>

1

Debottlenecking and upgrading plant operations to increase production capacity by ~ 15% and further optimize cost

2

Leveraging Single use Plastic ban by developing a portfolio of specialty products for a sustainable future

3

Setting up Tissue machine to diversify product portfolio





## FINANCIAL & OPERATIONAL HIGHLIGHTS

## Q2-FY23 Financial Highlights

<b>INR 3,410 Mn</b> Income from Operations <i>69.6% YoY</i>	<b>INR 994 Mn</b> EBITDA <i>149.1% YoY</i>	<b>29.15%</b> EBIDTA Margins <i>931 Bps YoY</i>
<b>INR 527 Mn</b> Net Profit <i>401.9% YoY</i>	<b>15.45%</b> PAT Margin <i>1,023 Bps YoY</i>	<b>INR 6.04/Share</b> Diluted EPS <i>403.3% YoY</i>

## H1-FY23 Financial Highlights

<b>INR 6,152 Mn</b> Income from Operations <i>76.5% YoY</i>	<b>INR 1,601 Mn</b> EBITDA <i>189.5% YoY</i>	<b>26.03%</b> EBIDTA Margins <i>1,017 Bps YoY</i>
<b>INR 138 Mn</b> Net Profit <i>170.6% YoY</i>	<b>2.24%</b> PAT Margin <i>78 Bps YoY</i>	<b>INR 1.58/Share</b> Diluted EPS <i>172.4% YoY</i>

## Q2-FY23 Operational Highlights

- Highest ever quarterly revenue of INR 3,410 Mn
- This growth was propelled by a 17% increase in NSR coupled with a 4% increase in sales volume vs. last quarter
- The company has undertaken various profitability improvement initiatives along with cost saving measures to achieve these results
  - Replacing expensive imported softwood with inhouse wood pulp.
  - Installation & commissioning of lineomatic advanced syncro sheeter of 90TPD for better & precise cut quality
  - Upgradation of PM4 rewinder @ 1000 mpm to improve productivity
- With improved cash flow positions, the company has prepaid its entire FITL Loan of INR 352.4 million in Q2 FY 22-23
- Focus on sustainable operations by reduction of fresh water consumption by 2500 m3/day, through use of new technologies like White Water Clarifier, Micro Plate Settler (MPS) & Mega Cell Technology.
- New product development undertaken – Food Grade Wrapping paper as a replacement for Single Use Plastic packaging.





## H1/Q2-FY23 FINANCIAL OVERVIEW



# Quarterly Financial Performance

Particulars (INR Mn)	Q2-FY23	Q2-FY22	Y-o-Y	Q1-FY23	Q-o-Q
<b>Operational Income</b>	<b>3,410</b>	<b>2,011</b>	<b>69.6%</b>	<b>2,742</b>	<b>24.4%</b>
Total Expenses	2,416	1,612	49.9%	2,135	13.2%
<b>EBITDA</b>	<b>994</b>	<b>399</b>	<b>NA</b>	<b>607</b>	<b>63.8%</b>
<b>EBITDA Margins (%)</b>	<b>29.15%</b>	<b>19.84%</b>	<b>931 Bps</b>	<b>22.14%</b>	<b>701 Bps</b>
Other Income	10	9	11.1%	13	(23.1)%
Depreciation	113	117	(3.4)%	112	0.9%
Finance Cost	196	168	16.7%	180	8.9%
Exceptional Items	-	-	-	634	NA
<b>PBT</b>	<b>695</b>	<b>123</b>	<b>NA</b>	<b>(306)</b>	<b>NA</b>
Tax	168	18	NA	82	NA
<b>Profit After Tax</b>	<b>527</b>	<b>105</b>	<b>NA</b>	<b>(388)</b>	<b>NA</b>
<b>PAT Margins (%)</b>	<b>15.45%</b>	<b>5.22%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>527</b>	<b>105</b>	<b>NA</b>	<b>(388)</b>	<b>NA</b>
Diluted EPS (INR)	6.04	1.20	NA	(4.45)	NA

# Half Yearly Income Statement

Particulars (INR Mn)	H1-FY23	H1-FY22	Y-o-Y
<b>Operational Income</b>	<b>6,152</b>	<b>3,486</b>	<b>76.5%</b>
Total Expenses	4,551	2,933	55.2%
<b>EBITDA</b>	<b>1,601</b>	<b>553</b>	<b>NA</b>
<b>EBITDA Margins (%)</b>	<b>26.03%</b>	<b>15.86%</b>	<b>NA</b>
Other Income	23	24	(4.2)%
Depreciation	225	238	(5.5)%
Finance Cost	376	337	11.6%
Exceptional Items	634	-	NA
<b>PBT</b>	<b>389</b>	<b>2</b>	<b>NA</b>
Tax	251	(49)	NA
<b>Profit After Tax</b>	<b>138</b>	<b>51</b>	<b>NA</b>
<b>PAT Margins (%)</b>	<b>2.24%</b>	<b>1.46%</b>	<b>78 Bps</b>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>138</b>	<b>51</b>	<b>NA</b>
Diluted EPS (INR)	1.58	0.58	NA

# Historical Income Statement

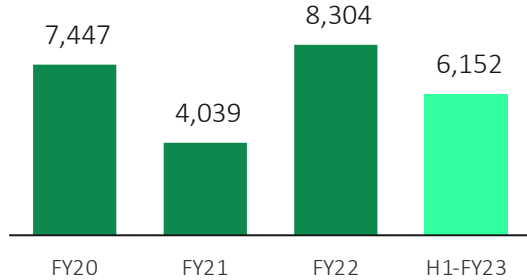
Particulars (INR Mn)	FY20	FY21	FY22	H1-FY23
<b>Operational Income</b>	<b>7,447</b>	<b>4,039</b>	<b>8,304</b>	<b>6,152</b>
Total Expenses	6,262	3,746	7,114	4,551
<b>EBITDA</b>	<b>1,185</b>	<b>293</b>	<b>1,190</b>	<b>1,601</b>
<b>EBITDA Margins (%)</b>	<b>15.91%</b>	<b>7.25%</b>	<b>14.33%</b>	<b>26.03%</b>
Other Income	88	100	38	23
Depreciation	317	348	462	225
Finance Cost	304	277	689	376
Exceptional Items	-	86	-	634
<b>PBT*</b>	<b>652</b>	<b>(318)</b>	<b>77</b>	<b>389</b>
Tax	(66)	(191)	(57)	251
<b>Profit After Tax</b>	<b>718</b>	<b>(127)</b>	<b>134</b>	<b>138</b>
<b>PAT Margins (%)</b>	<b>9.64%</b>	<b>NA</b>	<b>1.61%</b>	<b>2.24%</b>
Other Comprehensive Income	(1)	4	(2)	-
<b>Total Comprehensive Income</b>	<b>717</b>	<b>(123)</b>	<b>132</b>	<b>138</b>
Diluted EPS (INR)	8.23	(1.46)	1.54	1.58

# Balance sheet

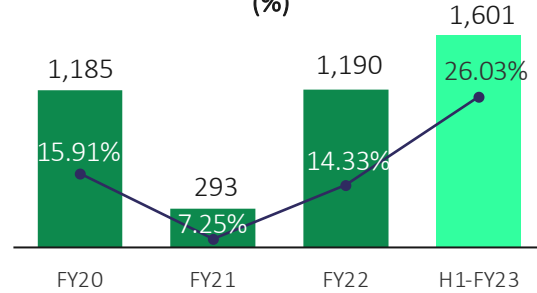
Assets (INR Mn)	FY21	FY22	H1-FY23
<b>Non-Current Assets</b>			
Property, plant and equipment	14,263	14,006	13,956
Capital work-in-progress	205	289	322
Investment property	78	76	76
Other intangible assets	17	-	-
Financial assets			
• Loans	-	-	-
• Other financial assets	81	86	65
Income tax assets (net)	3	3	8
Other Non-current assets	7	148	90
<b>Total Non-Current Assets</b>	<b>14,654</b>	<b>14,608</b>	<b>14,517</b>
<b>Current Assets</b>			
Inventories	524	869	934
Financial assets			
• Trade receivable	331	606	495
• Cash and Cash equivalents	5	36	74
• Other bank balances	156	130	178
• Loans	-	-	-
• Others financial assets	49	27	34
Other current assets	424	485	616
<b>Total Current Assets</b>	<b>1,489</b>	<b>2,153</b>	<b>2,331</b>
<b>Total Assets</b>	<b>16,143</b>	<b>16,761</b>	<b>16,848</b>

Equity & Liabilities (INR Mn)	FY21	FY22	H1-FY23
<b>Equity</b>			
Equity share capital	87	87	87
Other equity	8,085	8,218	8,356
<b>Total Equity</b>	<b>8,172</b>	<b>8,305</b>	<b>8,443</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial liabilities			
• Borrowings	6,137	6,448	6,128
• Other financial liabilities	169	181	222
Provisions	12	12	14
Deferred tax liabilities (net)	84	13	897
Deferred income	50	55	53
<b>Total Non-Current Liabilities</b>	<b>6,452</b>	<b>6,709</b>	<b>7,314</b>
<b>Current Liabilities</b>			
Financial Liabilities			
• Borrowings	753	1,176	496
• Trade payables	448	357	317
• Other financial liabilities	275	143	165
Other current liabilities	35	60	106
Provisions	3	2	2
Deferred income	4	5	5
Current tax liabilities (net)	1	5	-
<b>Total Current Liabilities</b>	<b>1,519</b>	<b>1,748</b>	<b>1,091</b>
<b>Total Liabilities</b>	<b>7,971</b>	<b>8,456</b>	<b>8,405</b>
<b>Total Equity and Liabilities</b>	<b>16,143</b>	<b>16,761</b>	<b>16,848</b>

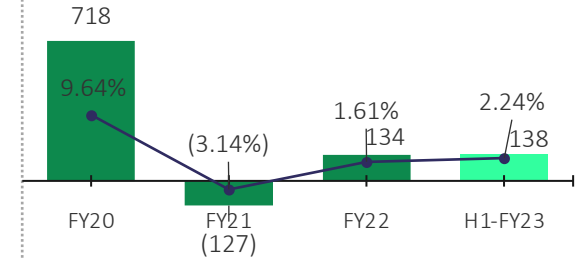
### Operational Revenue (INR Mn)



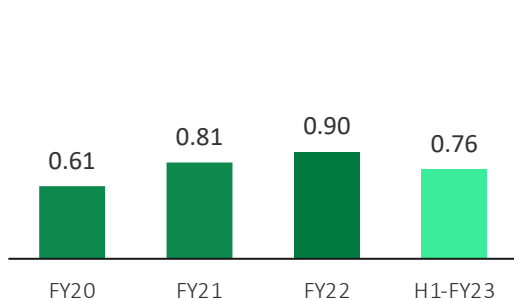
### EBITDA (INR Mn) & EBITDA Margins (%)



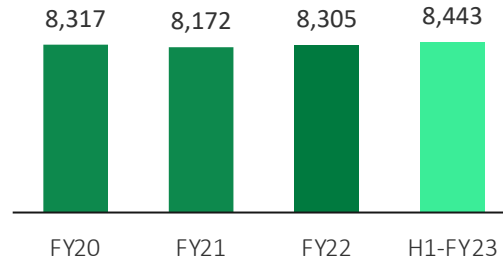
### PAT (INR Mn) & PAT Margins (%)



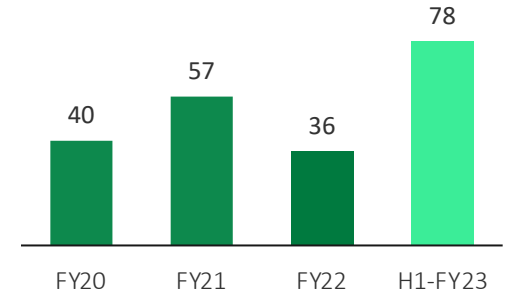
### Net Debt to Equity



### Net Worth (INR Mn)



### Cash Conversion Cycle

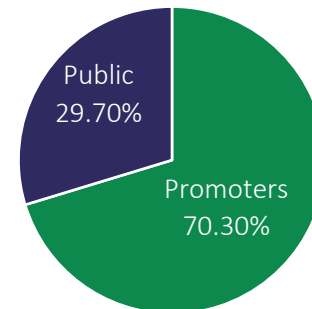


Share Price Movement (Up to 30<sup>th</sup> September, 2022)



Price Data (30 <sup>th</sup> September, 2022)	INR
Face Value	1.0
Market Price	115.5
52 Week H/L	137.2/ 63.2
Market Cap (Mn)	10,078.9
Equity Shares Outstanding (Mn)	87.3
1 Year Avg Trading Volume ('000)	138.5

Shareholding Pattern as on 30<sup>th</sup> September, 2022



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