



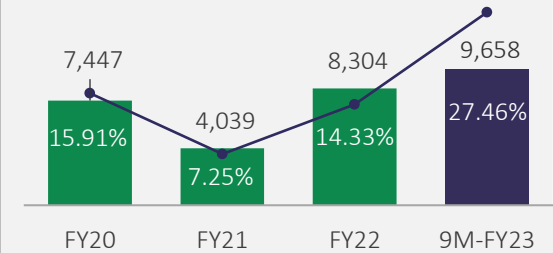
EARNINGS PRESENTATION

Q3/9M-FY23

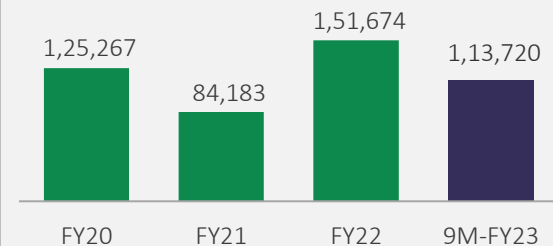
About Kuantum Papers

- 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.

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 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

	Pulping Facilities	Paper Machines	Chemical Recovery Plant	Co-Gen Power Plant
Segment				
Capacity	<ul style="list-style-type: none"> • Total Capacity: 380 TPD • Agro based pulp: 200 TPD • Wood pulp: 180 TPD 	<ul style="list-style-type: none"> • Total capacity: 450 TPD • Machine 1 - 30 TPD • Machine 2 - 35 TPD • Machine 3 - 115 TPD • Machine 4 - 270 TPD 	<ul style="list-style-type: none"> • Total Capacity: 700 Solids TPD • New CRP : 500 Solids TPD • Existing CRP : 200 Solids TPD 	<ul style="list-style-type: none"> • Turbines : Total 38 MW <ul style="list-style-type: none"> ➤ New : 20 MW & 8 MW ➤ Existing Turbines : 10 MW • Boilers : Total 190 TPH <ul style="list-style-type: none"> ➤ New : 130 TPH ➤ Existing : 60 TPH
Description	<p>Kuantum 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 Kuantum to manufacture a wide variety of surface-sized, non surface-sized and value-added specialty products</p>	<ul style="list-style-type: none"> • Installed new Chemical Recovery Plant of 500 TPD from Andritz for the treatment of Black Liquor produced in the pulping process • 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 	<ul style="list-style-type: none"> • Installed two new turbines of 20 MW and 8 MW from Siemens, thereby taking the total capacity to 38 MW • A new Boiler of 130 TPH from ISGEC has been installed making the total capacity 190 TPH • Power costs are expected to come down substantially in the range of INR 3-3.5 per unit

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 Tissue machine to diversify product portfolio





FINANCIAL & OPERATIONAL HIGHLIGHTS

Q3-FY23 Financial Highlights

INR 3,506 Mn Income from Operations <i>52.6% YoY</i>	INR 1,050 Mn EBITDA <i>244.3% YoY</i>	29.95% EBIDTA Margins <i>1668 Bps YoY</i>
INR 573 Mn Net Profit <i>1332.5% YoY</i>	16.34% PAT Margin <i>1,460 Bps YoY</i>	INR 6.56/Share Diluted EPS <i>1326.1% YoY</i>

9M-FY23 Financial Highlights

INR 9,658 Mn Income from Operations <i>67.0% YoY</i>	INR 2,652 Mn EBITDA <i>208.7% YoY</i>	27.46% EBIDTA Margins <i>1,261 Bps YoY</i>
INR 711 Mn Net Profit <i>681.3% YoY</i>	7.36% PAT Margin <i>579 Bps YoY</i>	INR 8.15/Share Diluted EPS <i>683.7% YoY</i>

Q3-FY23 Operational Highlights

- Highest ever Revenue and EBITDA reported in Q3-FY23, on the back of cost optimization and price increase of 5% in Q3 vis-à-vis Q2.
- Robust cash flows allowed the company to further prepay INR 105 Cr of the restructured term loans in December 2022.
- Company finalised plans to increase the production capacity on all its existing 4 Paper machines by 25% in the next financial year. Modification work on PM1 & PM2 has already started in Dec'22.
- In line with our vision to constantly optimise operations, a new winder for PM 3 was commissioned and a woodchipper was installed to enable higher wood pulping capacity.
- The project for upgradation of 10 MW to 13.5 MW double back pressure turbine to further save energy costs has been initiated in Q3 FY23.
- From a sustainability perspective, various ground level workshops were conducted to educate local farmers on the benefits of social forestry and the production of in-house clonal varieties of eucalyptus has been increased.



Q3/9M-FY23 FINANCIAL OVERVIEW

Quarterly Financial Performance

Particulars (INR Mn)	Q3-FY23	Q3-FY22	Y-o-Y	Q2-FY23	Q-o-Q
Operational Income	3,506	2,298	52.6%	3,410	2.8%
Total Expenses	2,456	1,993	23.2%	2,416	1.6%
EBITDA	1,050	305	NA	994	5.6%
<i>EBITDA Margins (%)</i>	29.95%	13.27%	NA	29.15%	80Bps
Other Income	12	8	50.0%	10	20.0%
Depreciation	114	111	2.7%	113	0.9%
Finance Cost	175	177	(1.1)%	196	(10.7)%
PBT	773	25	2,992.0%	695	11.2%
Tax	200	(15)	NA	168	19.0%
Profit After Tax	573	40	1,332.5%	527	8.7%
<i>PAT Margins (%)</i>	16.34%	1.74%	NA	15.45%	89Bps
Total Comprehensive Income	573	40	NA	527	8.7%
Diluted EPS (INR)	6.56	0.46	NA	6.04	8.6%

YTD Financial Performance

Particulars (INR Mn)	9M-FY23	9M-FY22	Y-o-Y
Operational Income	9,658	5,784	67.0%
Total Expenses	7,006	4,925	42.3%
EBITDA	2,652	859	NA
EBITDA Margins (%)	27.46%	14.85%	NA
Other Income	34	32	6.3%
Depreciation	339	350	(3.1)%
Finance Cost	551	514	7.2%
Exceptional Items	634	-	NA
PBT	1,162	27	4,203.7%
Tax	451	(64)	NA
Profit After Tax	711	91	681.3%
PAT Margins (%)	7.36%	1.57%	NA
Total Comprehensive Income	711	91	NA
Diluted EPS (INR)	8.15	1.04	NA

Historical Income Statement

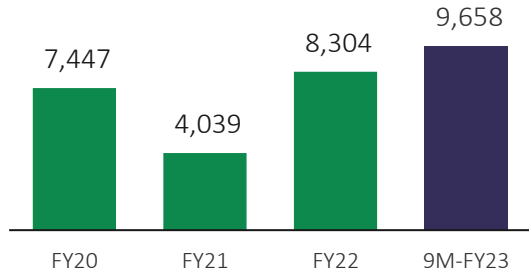
Particulars (INR Mn)	FY20	FY21	FY22	9M-FY23
Operational Income	7,447	4,039	8,304	9,658
Total Expenses	6,262	3,746	7,114	7,006
EBITDA	1,185	293	1,190	2,652
EBITDA Margins (%)	15.91%	7.25%	14.33%	27.46%
Other Income	88	100	38	34
Depreciation	317	348	462	339
Finance Cost	304	277	689	551
Exceptional Items	-	86	-	634
PBT	652	(318)	77	1,162
Tax	(66)	(191)	(57)	451
Profit After Tax	718	(127)	134	711
PAT Margins (%)	9.64%	NA	1.61%	7.36%
Other Comprehensive Income	(1)	4	(2)	-
Total Comprehensive Income	717	(123)	132	711
Diluted EPS (INR)	8.23	(1.46)	1.54	8.15

Balance sheet

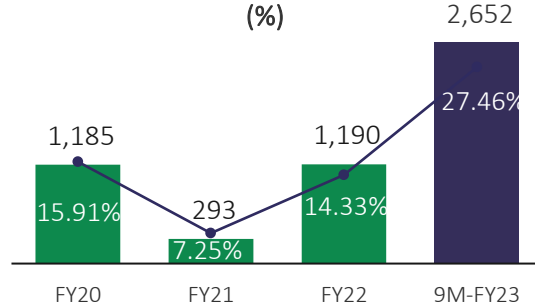
Assets (INR Mn)	FY21	FY22	H1-FY23
Non-Current Assets			
Property, plant and equipment	14,263	14,006	13,956
Capital work-in-progress	205	289	322
Investment property	78	76	76
Other intangible assets	17	-	-
Financial assets			
• Loans	-	-	-
• Other financial assets	81	86	65
Income tax assets (net)	3	3	8
Other Non-current assets	7	148	90
Total Non-Current Assets	14,654	14,608	14,517
Current Assets			
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
Total Current Assets	1,489	2,153	2,331
Total Assets	16,143	16,761	16,848

Equity & Liabilities (INR Mn)	FY21	FY22	H1-FY23
Equity			
Equity share capital	87	87	87
Other equity	8,085	8,218	8,356
Total Equity	8,172	8,305	8,443
Liabilities			
Non-Current Liabilities			
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
Total Non-Current Liabilities	6,452	6,709	7,314
Current Liabilities			
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	-
Total Current Liabilities	1,519	1,748	1,091
Total Liabilities	7,971	8,456	8,405
Total Equity and Liabilities	16,143	16,761	16,848

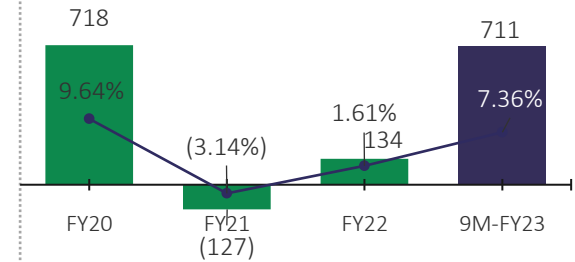
Operational Revenue (INR Mn)



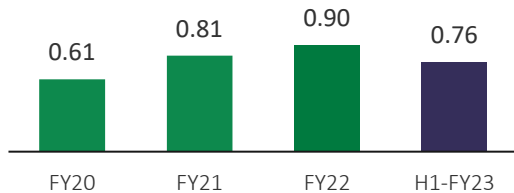
EBITDA (INR Mn) & EBITDA Margins (%)



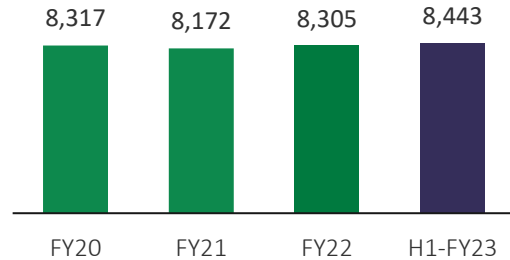
PAT (INR Mn) & PAT Margins (%)



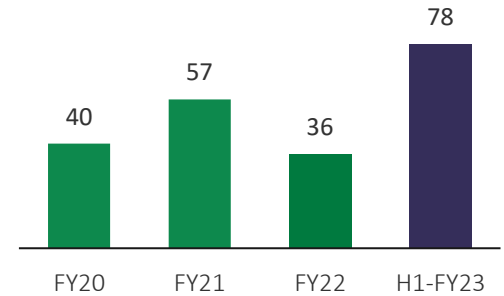
Net Debt to Equity



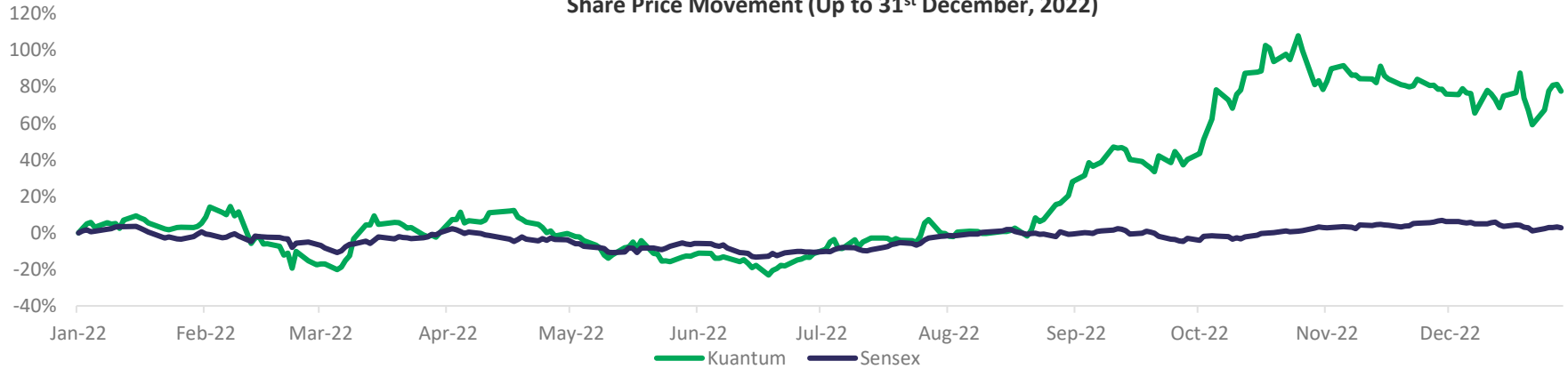
Net Worth (INR Mn)



Cash Conversion Cycle

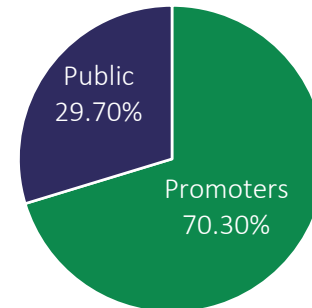


Share Price Movement (Up to 31st December, 2022)



Price Data (31 st December, 2022)	INR
Face Value	1.0
Market Price	146.35
52 Week H/L	179.7/ 63.2
Market Cap (Mn)	12,771
Equity Shares Outstanding (Mn)	87.3
1 Year Avg Trading Volume ('000)	196.1

Shareholding Pattern as on 31st December, 2022



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