

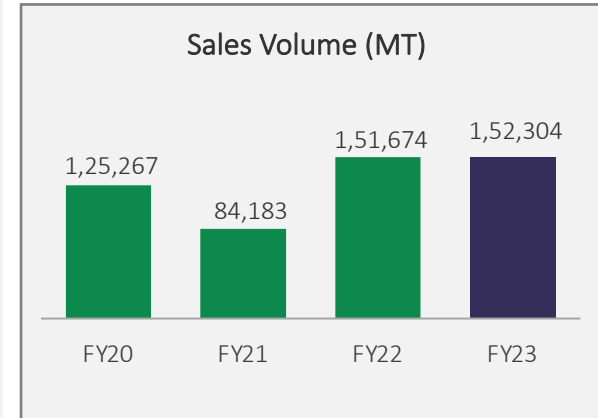
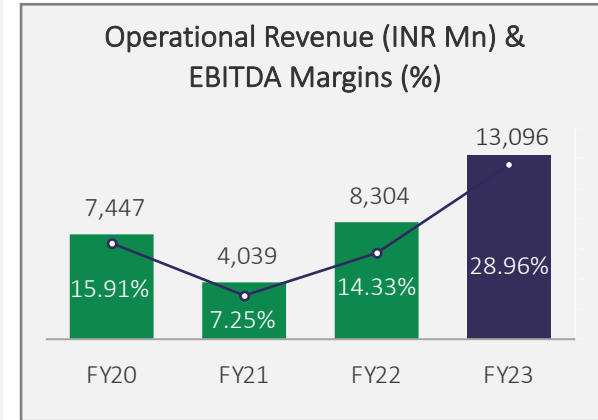


EARNINGS PRESENTATION

Q4-FY23/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 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 will lead to improved EBITDA margins in the range of 30 to 32%

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"> • 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>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"> • 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 have come down substantially

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

Q4-FY23 Financial Highlights

INR 3,437 Mn Income from Operations 36.4% YoY	INR 1,141 Mn EBITDA 244.7% YoY	33.20% EBITDA Margins 2,007 Bps YoY
INR 651 Mn Net Profit 1,414.0% YoY	18.94% PAT Margin 1,723 Bps YoY	INR 7.45/Share Diluted EPS 1,390.0% YoY

FY23 Financial Highlights

INR 13,096 Mn Income from Operations 57.7% YoY	INR 3,792 Mn EBITDA 218.7% YoY	28.96% EBITDA Margins 1,463 Bps YoY
INR 1,362 Mn Net Profit 916.4% YoY	10.40% PAT Margin 879 Bps YoY	INR 15.60/Share Diluted EPS 913.0% YoY

Q4-FY23/FY23 Operational Highlights

- The company reported its highest ever annual revenue of INR 13,096 Mn with EBITDA of 28.96%
- Highest ever EBITDA of 33.20% reported in Q4-FY23, on the back of cost optimization in operations especially in Co-Gen Power plant and Chemical Recovery Boiler
- Healthy cash flows allowed the company to further prepay INR 1,020 Mn of the term loans in March, 2023, taking the total prepayment in FY23 to INR 2,430 Mn
- Straw base paper of 60, 90 and 120 GSM successfully launched in the market as a sustainable replacement to single use plastic straws
- Upgradation of PM 1 & PM 2 is on track and is expected to be completed by 30th Sept 2023, leading to an increase of production by 15,000 TPA
- In order to replace Coal with Biomass and reduce its carbon footprint, the Company has initiated techno-commercial offers for Rice Straw Boiler



Q4-FY23/FY23 FINANCIAL OVERVIEW

Quarterly Financial Performance

Particulars (INR Mn)	Q4-FY23	Q4-FY22	Y-o-Y	Q3-FY23	Q-o-Q
Operational Income	3,437	2,520	36.4%	3,506	(2.0)%
Total Expenses	2,296	2,189	4.9%	2,456	(6.5)%
EBITDA	1,141	331	244.7%	1,050	8.7%
<i>EBITDA Margins (%)</i>	33.20%	13.13%	<i>NA</i>	29.95%	325 Bps
Other Income	1	7	(85.7)%	12	(91.7)%
Depreciation	115	112	2.7%	114	0.9%
Finance Cost	159	176	(9.7)%	175	(9.1)%
PBT	868	50	1,636.0%	773	12.3%
Tax	217	7	NA	200	8.5%
Profit After Tax	651	43	1,414.0%	573	13.6%
<i>PAT Margins (%)</i>	18.94%	1.71%	<i>NA</i>	16.34%	260 Bps
Other Comprehensive Income	(5)	(2)	NA	-	NA
Total Comprehensive Income	646	41	1,475.6%	573	12.7%
Diluted EPS (INR)	7.45	0.50	1,390.0%	6.56	13.6%

Annual Financial Performance

Particulars (INR Mn)	FY23	FY22	Y-o-Y
Operational Income	13,096	8,304	57.7%
Total Expenses	9,304	7,114	30.8%
EBITDA	3,792	1,190	218.7%
<i>EBITDA Margins (%)</i>	<i>28.96%</i>	<i>14.33%</i>	<i>1,463 Bps</i>
Other Income	36	38	(5.3)%
Depreciation	454	462	(1.7)%
Finance Cost	710	689	3.0%
Exceptional Items	(634)	-	NA
PBT	2,030	77	2,536.4%
Tax	668	(57)	NA
Profit After Tax	1,362	134	916.4%
<i>PAT Margins (%)</i>	<i>10.40%</i>	<i>1.61%</i>	<i>879 Bps</i>
Other Comprehensive Income	(5)	(2)	NA
Total Comprehensive Income	1,357	132	928.0%
Diluted EPS (INR)	15.60	1.54	913.0%

Historical Income Statement

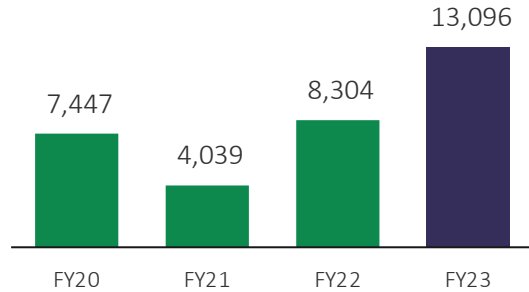
Particulars (INR Mn)	FY20	FY21	FY22	FY23
Operational Income	7,447	4,039	8,304	13,096
Total Expenses	6,262	3,746	7,114	9,304
EBITDA	1,185	293	1,190	3,792
<i>EBITDA Margins (%)</i>	<i>15.91%</i>	<i>7.25%</i>	<i>14.33%</i>	<i>28.96%</i>
Other Income	88	100	38	36
Depreciation	317	348	462	454
Finance Cost	304	277	689	710
Exceptional Items	-	86	-	(634)
PBT	652	(318)	77	2,030
Tax	(66)	(191)	(57)	668
Profit After Tax	718	(127)	134	1,362
<i>PAT Margins (%)</i>	<i>9.64%</i>	<i>NA</i>	<i>1.61%</i>	<i>10.40%</i>
Other Comprehensive Income	(1)	4	(2)	(5)
Total Comprehensive Income	717	(123)	132	1,357
Diluted EPS (INR)	8.23	(1.46)	1.54	15.60

Balance sheet

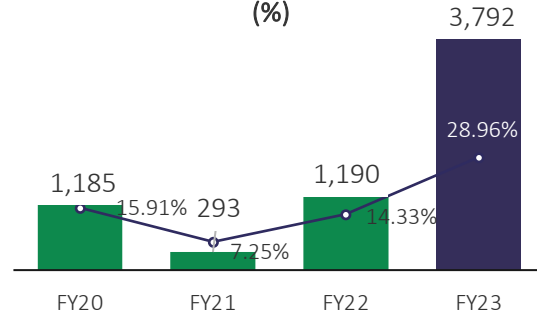
Assets (INR Mn)	FY21	FY22	FY23
Non-Current Assets			
Property, plant and equipment	14,263	14,006	14,068
Capital work-in-progress	205	289	306
Investment property	78	76	75
Other intangible assets	17	-	-
Financial assets			
• Other financial assets	81	86	39
Income tax assets (net)	3	3	16
Other Non-current 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

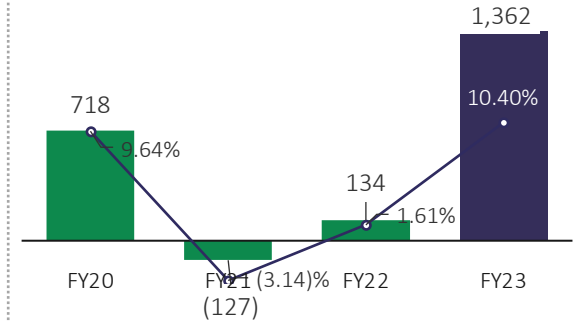
Operational Revenue (INR Mn)



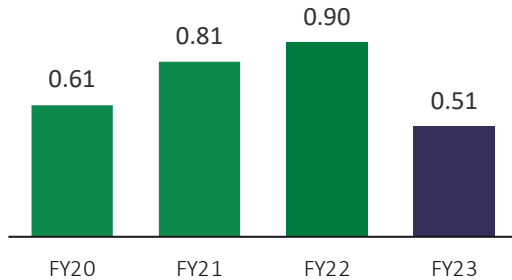
EBITDA (INR Mn) & EBITDA Margins (%)



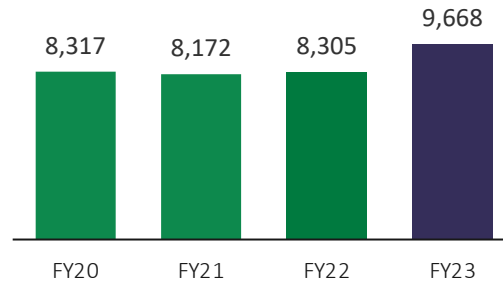
PAT (INR Mn) & PAT Margins (%)



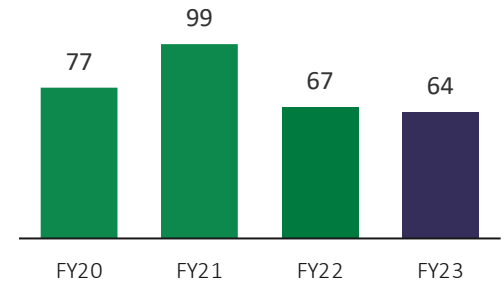
Net Debt to Equity



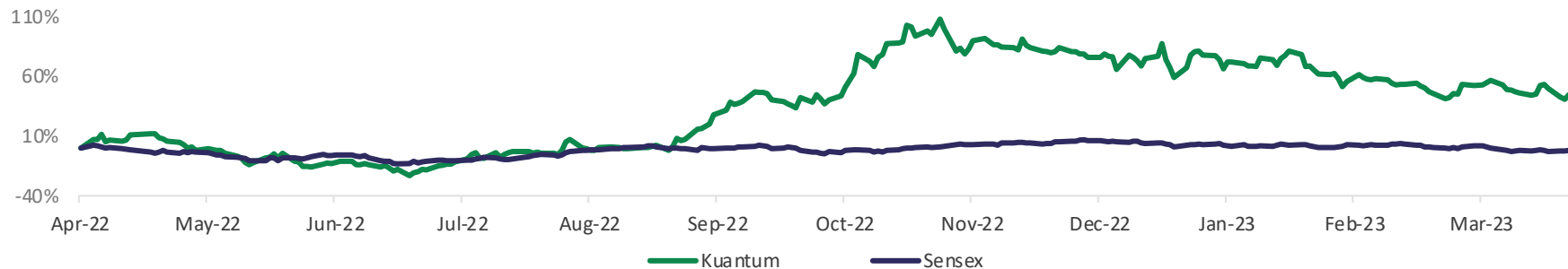
Net Worth (INR Mn)



Cash Conversion Cycle

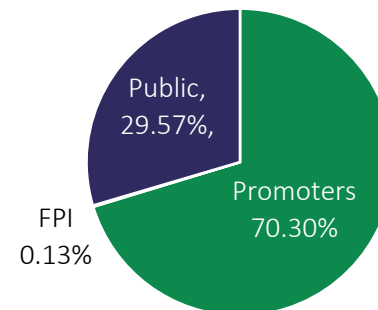


Share Price Movement (Up to 31st March , 2023)



Price Data (31 st March , 2023)	INR
Face Value	1.0
Market Price	121.45
52 Week H/L	179.7/ 63.2
Market Cap (Mn)	10,598
Equity Shares Outstanding (Mn)	87.3
1 Year Avg Trading Volume ('000)	183.7

Shareholding Pattern as on 31st March, 2023



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