

B S R & Co. LLP

Chartered Accountants

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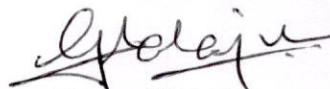
Limited review report on unaudited quarterly financial results and year-to-date results under Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligation and Disclosure Requirements) Regulations, 2015 for Kuantum Papers Limited

To
Board of Directors of **Kuantum Papers Limited**

1. We have reviewed the accompanying Statement of unaudited financial results of Kuantum Papers Limited ("the Company") for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No. 101248W/W-100022



Gaurav Mahajan

Partner

Membership No. 507857

ICAI UDIN : 19507857AAAAC2091

Place: Chandigarh

Date: 14 November 2019

Regd. Office: Paper Mill, Saila Khurd-144529 Distt. Hoshiarpur (Punjab)
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

| S. No. | Particulars | Quarter ended | | | Half year ended | | Year ended |
|-----------|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 30 September | 30 June | 30 September | 30 September | 30 September | 31 March |
| | | 2019 | 2019 | 2018 | 2019 | 2018 | 2019 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Revenue from operations | | | | | | |
| | Sale/Income from operations | 19,004.78 | 18,805.31 | 16,973.22 | 37,810.09 | 35,271.41 | 79,119.05 |
| | Other operating income | 38.36 | 55.65 | 44.33 | 94.01 | 49.00 | 227.11 |
| | Total revenue from operations | 19,043.14 | 18,860.96 | 17,017.55 | 37,904.10 | 35,320.41 | 79,346.16 |
| 2 | Other income | 110.84 | 227.39 | 518.84 | 338.23 | 1,001.32 | 884.79 |
| 3 | Total income (1+2) | 19,153.98 | 19,088.35 | 17,536.39 | 38,242.33 | 36,321.73 | 80,230.95 |
| 4 | Expenses | | | | | | |
| | Cost of materials consumed | 7,046.90 | 6,664.98 | 5,952.44 | 13,711.88 | 12,125.02 | 26,844.53 |
| | Changes in inventory of finished goods and work-in-progress | (567.16) | (805.70) | (361.62) | (1,372.86) | (904.94) | (185.96) |
| | Employee benefits expense | 1,533.27 | 1,496.75 | 1,325.70 | 3,030.02 | 2,575.65 | 5,301.24 |
| | Finance costs | 882.12 | 745.92 | 618.30 | 1,628.04 | 1,196.52 | 2,837.97 |
| | Depreciation and amortization expense | 780.05 | 750.21 | 586.13 | 1,530.26 | 1,105.23 | 2,512.53 |
| | Other expenses: | | | | | | |
| | - Power and fuel expense | 3,158.05 | 2,932.45 | 3,083.37 | 6,090.50 | 6,076.93 | 12,888.41 |
| | - Cost of chemical consumed | 3,465.17 | 3,303.00 | 2,564.93 | 6,768.17 | 5,750.02 | 12,964.18 |
| | - Others | 1,354.91 | 1,381.82 | 1,698.92 | 2,736.73 | 3,623.41 | 5,979.11 |
| | Total expenses | 17,653.31 | 16,469.43 | 15,468.17 | 34,122.74 | 31,547.84 | 69,142.01 |
| 5 | Profit before tax (3-4) | 1,500.67 | 2,618.92 | 2,068.22 | 4,119.59 | 4,773.89 | 11,088.94 |
| 6 | Tax expense | (435.97) | 781.52 | 652.83 | 345.55 | 1,460.76 | 3,295.06 |
| 7 | Net profit for the period (5-6) | 1,936.64 | 1,837.40 | 1,415.39 | 3,774.04 | 3,313.13 | 7,793.88 |
| 8 | Other Comprehensive income/(expenses) | | | | | | |
| | (i) a) Items that will not be reclassified to profit or loss | (4.98) | (4.97) | (5.99) | (9.95) | (11.98) | (17.29) |
| | b) Income tax relating to items that will not be reclassified to profit or loss | 1.74 | 1.74 | 1.29 | 3.48 | 2.58 | 6.04 |
| | (ii) a) Items that will be reclassified to profit or loss | - | - | - | - | - | - |
| | b) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - | - |
| 9 | Total Comprehensive Income for the period (7+8) | 1,933.40 | 1,834.17 | 1,410.69 | 3,767.57 | 3,303.73 | 7,782.63 |
| 10 | Earnings per share -Basic and diluted (of Rs 10 each) (not annualized) | 22.19 | 21.06 | 16.22 | 43.25 | 37.97 | 89.31 |
| 11 | Total reserves (excluding revaluation reserve) | | | | | | 34,491.60 |
| 12 | Paid-up equity share capital (face value @ Rs 10 per share) | 872.64 | 872.64 | 872.64 | 872.64 | 872.64 | 872.64 |







Kuantum Papers Ltd

Regd. Office: Paper Mill, Saila Khurd-144529 Distt. Hoshiarpur (Punjab)

Statement of Assets and Liabilities

(₹ in Lakhs)

| | As at 30 September 2019 (Unaudited) | As at 31 March 2019 (Audited) |
|---|---|-------------------------------------|
| | | |
| ASSETS | | |
| Non-current assets | | |
| (a) Property, plant and equipment | 95,611.73 | 96,377.51 |
| (b) Capital work-in-progress | 16,939.55 | 5,407.47 |
| (c) Investment property | 797.14 | 803.79 |
| (d) Other intangible assets | 753.45 | 651.54 |
| (e) Intangible assets under development | - | 100.00 |
| (f) Financial assets | | |
| (i) Loans | 402.92 | 312.41 |
| (ii) Others financial assets | 490.86 | 96.89 |
| (g) Income tax assets (net) | 344.67 | 1.61 |
| (h) Other non-current assets | 5,001.96 | 4,246.23 |
| Total non-current assets (A) | 120,342.28 | 107,997.45 |
| Current assets | | |
| (a) Inventories | 7,574.01 | 6,357.18 |
| (b) Financial assets | | |
| (i) Trade receivable (also refer note 7) | 2,481.69 | 3,348.16 |
| (ii) Cash and cash equivalents | 663.73 | 3,901.88 |
| (iii) Other bank balances | 1,986.93 | 2,667.02 |
| (iv) Loans | 125.44 | 1,895.58 |
| (v) Other financial assets | 375.98 | 261.34 |
| (c) Other current assets | 1,633.48 | 1,998.60 |
| Total current assets (B) | 14,841.26 | 20,429.76 |
| Total assets (A+B) | 135,183.54 | 128,427.21 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity share capital | 872.64 | 872.64 |
| (b) Other equity | 79,027.48 | 75,785.93 |
| Total equity (A) | 79,900.12 | 76,658.57 |
| Liabilities | | |
| Non-current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 31,975.68 | 30,027.10 |
| (ii) Other financial liabilities | 1,661.37 | 1,551.72 |
| (b) Provisions | 107.50 | 96.21 |
| (c) Deferred tax liability (net) | 4,196.65 | 4,598.84 |
| (d) Deferred income | 455.50 | 465.51 |
| Total non-current liabilities (B) | 38,396.70 | 36,739.38 |
| Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 5,208.68 | 4,914.53 |
| (ii) Trade payables | | |
| -Total outstanding dues of micro enterprises and small enterprises | - | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,309.15 | 3,132.64 |
| (iii) Other financial liabilities* | 8,060.71 | 6,762.89 |
| (b) Other current liabilities | 242.54 | 157.97 |
| (c) Provisions | 28.95 | 24.54 |
| (d) Deferred income | 20.03 | 20.03 |
| (e) Current tax liabilities (net) | 16.66 | 16.66 |
| Total current liabilities (C) | 16,886.72 | 15,029.26 |
| Total liabilities (B+C) | 55,283.42 | 51,768.64 |
| Total equity and liabilities (A+B+C) | 135,183.54 | 128,427.21 |

* including capital creditors of Rs. 2,743.70 lakhs (31 March 2019: Rs. 958.10 lakhs)

Regd. Office: Paper Mill, Saila Khurd-144529 Distt. Hoshiarpur (Punjab)
Cash Flow Statement for the half year ended 30 September 2019

| | Half year ended 30 September 2019 (Unaudited) | Half year ended 30 September 2018 (Unaudited) |
|--|---|---|
| | | (₹ in Lakhs) |
| A Cash flow from operating activities | | |
| Profit before income tax | 4,119.59 | 4,773.89 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,530.26 | 1,105.23 |
| Change in fair value of derivative contracts | (123.44) | (762.30) |
| Finance cost | 1,628.04 | 1,196.52 |
| Interest income | (161.43) | (189.33) |
| Foreign exchange gain/loss (unrealized) | 129.27 | 745.32 |
| Liabilities no longer required written back | (0.70) | (2.46) |
| Rental income | (20.95) | (22.60) |
| Others | (10.00) | (8.71) |
| Cash flow from operating activities before changes in following assets and liabilities: | 7,090.64 | 6,835.56 |
| Decrease / (increase) in loan assets | 1,679.64 | (236.30) |
| (Increase)/ decrease in other non-current assets | (0.46) | 7.90 |
| (Increase)/ decrease in inventories | (1,216.83) | 1,582.89 |
| Decrease in trade receivables | 866.48 | 295.44 |
| (Increase) in other financial assets | (123.39) | (604.92) |
| Decrease in other current assets | 365.12 | 208.68 |
| Increase in provisions | 5.76 | 6.02 |
| Increase in trade payables | 186.28 | 99.82 |
| Increase in other financial liabilities | 125.37 | 884.57 |
| Increase/ (decrease) in other current liabilities | 85.28 | (1.93) |
| Cash generated by operating activities | 9,063.89 | 9,077.73 |
| Income tax paid / tax deducted at source (net of refund) | (1,087.34) | (1,140.50) |
| Net cash generated from operating activities (A) | 7,976.55 | 7,937.23 |
| B Cash flow from investing activities | | |
| Acquisition of property, plant and equipment | (11,252.05) | (9,976.85) |
| Rental income and others | 20.95 | 31.31 |
| Decrease in deposit accounts (having original maturity of more than three months) | 286.07 | 2,291.16 |
| Interest received | 170.23 | 171.48 |
| Net cash (used) in investing activities (B) | (10,774.80) | (7,482.90) |
| C Cash flows from financing activities | | |
| Proceeds from long term borrowings | 8,137.06 | 6,150.45 |
| Repayment of redeemable non convertible debentures | (3,000.00) | - |
| Repayment of long term borrowings | (3,628.72) | (1,895.80) |
| Proceeds of short term borrowings (net) | 270.32 | 130.31 |
| Interest paid | (1,692.50) | (1,262.84) |
| Dividend paid (including dividend distribution tax) | (526.06) | (263.00) |
| Net cash (used in)/ generated from financing activities (C) | (439.90) | 2,859.12 |
| Net (decrease)/ increase in cash and cash equivalents (A+B+C) | (3,238.15) | 3,313.45 |
| Cash and cash equivalents at the beginning of the period (see below) | 3,901.88 | 1,422.24 |
| Cash and cash equivalents at the end of the period (see below) | 663.73 | 4,735.69 |

Notes:

1. Cash and cash equivalents include :

| | | |
|---|---------------|-----------------|
| Balance with banks | | |
| - in current accounts | 662.21 | 727.36 |
| - Fixed deposits with original maturities upto 3 months | - | 4,000.00 |
| Cash on hand | 1.52 | 8.33 |
| | 663.73 | 4,735.69 |





Notes:

- 1 The equity shares of the Company have been listed and admitted to dealings on the National Stock Exchange w.e.f 23 October 2019 as per the details given below:

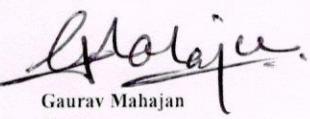
| S.No | Description of Securities | Symbol | Series | No. of securities | Market lot | Distinctive numbers | Lock-in details |
|------|---|---------|--------|-------------------|------------|---------------------|-----------------|
| 1 | Equity shares of Rs. 10, each fully paid up | KUANTUM | EQ | 8,726,363 | 1 | 1 to 8,726,363 | NA |

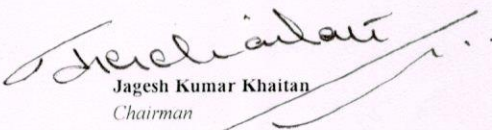
- 2 The above Unaudited Financial Results as reviewed by the Audit Committee have been approved at the meeting of the Board of Directors held on 14 November 2019 and have been subjected to Limited Review by the Statutory Auditors. The unmodified review report of the Statutory Auditors is being filed with the BSE and National Stock Exchange. For more details, visit the financials section of our website at www.kuantumpapers.com and Financial Results at Corporate section of www.bseindia.com and www.nseindia.com.
- 3 The Company is engaged in the business of manufacturing and sale of paper, which in the context of Indian Accounting Standard (Ind AS) 108-Operating Segments, is considered as the only operating segment of the Company.
- 4 Effective 1 April 2019, the Company adopted IndAS 116 "Leases" using the modified retrospective approach. Accordingly, the comparatives have not been retrospectively adjusted. The adoption of Ind As 116 did not have any material impact on the unaudited financial results.
- 5 The Company had given certain unsecured inter-corporate deposits (ICDs) during the previous year having balance outstanding as on 31 March 2019 of Rs. 1,842.80 lakhs which was a subject matter of qualification in the statutory accounts for the year then ended. The balance outstanding of these ICDs as on 30 September 2019 is Rs. nil (30 June 2019: Rs. 987.00 lakhs).
- 6 In accordance with Taxation Law (Amendment) Ordinance, 2019 dated 20 September 2019 and considering the fact that the Company has existing benefits available in the form of MAT credits, the Company has determined that it will continue to recognize tax expense at the existing income tax rate as applicable to the Company for the time being. Further, the Company has evaluated the outstanding deferred tax liability as at 31 March 2019 and, based on current estimates, written back deferred tax liability aggregating to Rs. 884 during the quarter and six months ended 30 September 2019 which represents the effect of the total adjustment over the period using the annual effective income tax rate.
- 7 The Company has certain amount due from a customer against which legal proceedings for recovery of the amount were initiated. The Company had also obtained a status quo from Honorable High Court, New Delhi vide its order dated 18 September 2015, on the customer's other group holdings through which they own a hotel, the unencumbered value of which has been assessed by the management as sufficient to recover the outstanding amount. Additionally, Honorable High Court vide its order dated 13 December 2018, directed the Prospective buyer of hotel to pay Rs.195.50 to the Company towards outstanding dues from customer. However, the amount remained unpaid and the Company has filed a petition on 7 August 2019 in Honorable High Court for granting the execution of the decree of the Honorable High Court dated 13 December 2018. Trade receivables in relation to this due as at 30 September 2019 is Rs. 292.60 (31 March 2019: Rs. 292.60, 30 September 2018: Rs. 292.60).

As per our report attached

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

For and on behalf of the Board of Directors of
Kuantum Papers Limited


Gaurav Mahajan
Partner
Membership No.: 507857


Jagesh Kumar Khaitan
Chairman
DIN- 00026264

Place : Chandigarh
Date : 14 November 2019

Place: Chandigarh
Date : 14 November 2019