Kuantum Papers Ltd

The Paper Makers

KPL/SEs/IP
22.07.2021

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 Scrip Code: 532937 Scrip ID: KUANTUM	National Stock Exchange of India Limited Exchange Plaza Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (East) Mumbai 400 051 Trading Symbol: KUANTUM

Reg: Investor Presentation – Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby attach a revised copy of Investor Presentation for the year ended 31 March 2021 for your information and record purposes.

The said presentation will thereafter be uploaded on the Company's website at www.kuantumpapers.com

Kindly take the same on record.

For Kuantum Papers Ltd

(Vivek Trehan)
Company Secretary
Encl: a/a

Kuantum Papers Ltd

The Paper Makers

INVESTOR PRESENTATION – JULY 2021

Executive Summary

Kuantum Papers Ltd

- **Kuantum Papers Ltd.**, is one of the largest Agro based paper manufacturers in India and is committed to manufacturing wood free, high quality maplitho, creamwove, copier and specialty paper.
- The company has an Integrated manufacturing facility of 148,500 MTPA with 4 Paper machines, Agro and Wood based pulping, Co-generation Power plant & Chemical Recovery Plant.
- Kuantum's products are extensively used in the printing of books, notebooks, annual reports, directories, envelopes, diaries, calendars, computer and office stationery.
- It has a strong long-lasting pan India dealership network of 90+ dealers from which it undertakes order based manufacturing.
- The company caters to marquee clients like Wal-Mart, Pearson, McGraw Hill, Kukoyo (Mumbai), Thomson, Lotus Global, Navneet Publications, Oxford University Press, Macmillan amongst others.
- Kuantum maintains a Social Farm forestry programme, thus contributing to future source of wood chips.

FY21 FINANCIALS (INR Mn)
Revenues **INR 4,039**
EBITDA **INR 293**
EBITDA Margin **7.25%**
PAT **INR (127)**
PAT Margin **NA**
EPS **INR (1.46)**

Kuantum Papers

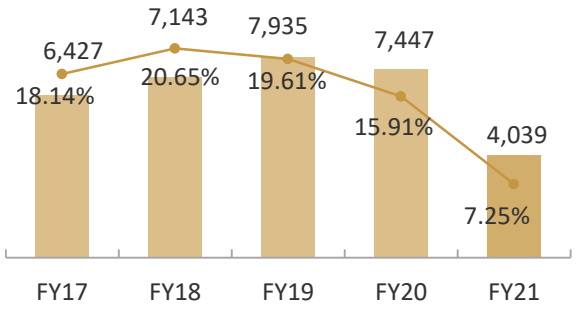
The Paper Makers

COMPANY OVERVIEW

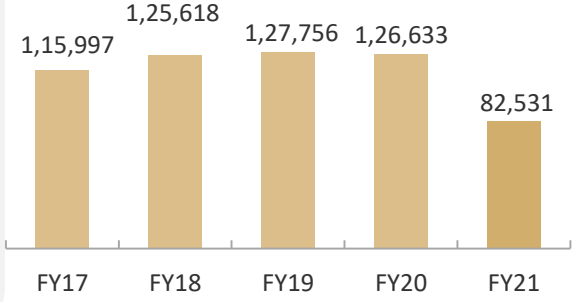
About Kuantum Papers

- Incorporated in 1980, Kuantum Papers started its commercial operations in an economically backward village of Hoshiarpur, Punjab.
- They started their commercial operations with 30 TPD and are currently operating at 450 TPD, after completion of their backward integration project in March'21.
- 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 and coloured paper with a GSM range of 48 – 180 GSM.
- The company's major area of operations lie within 1,000 kms of the plant in Northern and Eastern India with a strong dealership network, many of whom have been associated with Kuantum since 3 generations.
- The company manufacturers its products on an order-based system from its 90+ dealer network.
- The company's social farm forestry program includes wood plantations of around 1,500 hectares. Post their maturity these plantations will be used as wood source for their facility hence contributing to better margin performance.

Operational Revenue (INR Mn) & EBITDA Margin



Production MT



Board of Directors

Kuantum Papers
The Paper Makers

Sh. Jagesh Khaitan - *Chairman*

- Sh. Jagesh Khaitan is the Chairman of Kuantum Papers Ltd. He was earlier the Vice Chairman and MD of Amrit Banaspati Co. Ltd. and remained President of Indian Vanaspati Producers Association IVPA.
- His entrepreneurial spirit and passion has been one of major drivers for the company's growth by way of establishing a wide marketing network across India.
- He has been the recipient of the prestigious award **'UDYOG RATNA'** honored by PHD Chamber of Commerce & Industry given by the then Chief Minister of Punjab, in the year 2005, towards his excellent and dedicated contribution to the State of Punjab.

Mr. Pavan Khaitan - *Managing Director*

- Pavan Khaitan, aged 52 years is a graduate in Commerce from Punjab University and a qualified Chartered Accountant. He joined the company in 1997 as the CEO and has been spearheading various initiatives that have rationalized the cost, enhanced quality, focused on specialty paper and ultimately optimizing their resources to their fullest.
- He has been instrumental in undertaking projects including debottlenecking and overall upgradation of the paper mill. Under his aegis, the backward integration cum upgradation project has been successfully completed in March 2021 with a capital outlay of INR 4440 million.
- Branding of paper products in a commoditized paper business has paid rich dividends, as a result of which the company has grown strength to strength. Under his leadership, Kuantum has forayed into Specialty paper products contributing to the product profile. He has focused on continuous de-bottlenecking ultimately leading to higher production in MT every year.

D.S Sandhawalia - *Director (Non-Independent)*

- Drishinder Singh Sandhawalia aged about 58 years provides guidance and direction on real world business and organizational issues to the management.
- Drishinder has over 35 years experience in consulting and working with businesses in the public and private sectors. He works with the leadership and management team. He is interested in solving problems of organizational stability and change, evaluation and strategy. His expertise in developing and implementing information technology projects has enabled him to build a reputation as a thought leader and innovator in areas of project and knowledge management. His aim is to refresh and rejuvenate management and leadership practice through the breaking of silos, the sharing of transdisciplinary ideas, and the co-creation of new innovations and insights.

Shireen Sethi - *Director (Independent)*

- Currently the COO of Network1 Media Pvt. Ltd. and has over two decades of experience as a journalist, manager and advisor to many national & global media corporations and has founded multiple successful businesses in the media, technology & education sectors.
- She has also been working extensively with FICCI advising the trade body in the Technology Commercialization Department and has been instrumental in multiple initiatives of the organization including The India Innovation Growth Programme (a JV between Lockheed Martin & Ministry of Science & Tech), Millennium Alliance and DRDO-ATAC.

Vivek Bihani - *Director (Independent)*

- Vivek is an Engineer from BITS, Pilani and an MBA from IIM, Bangalore. He has total work experience of around 27 years. He worked with a leading venture capital firm in the early part of his career, turned an entrepreneur in 1998 and since 2009, is supporting high quality entrepreneurs as part of his 2nd innings in venture capital.
- As a venture capitalist, during 1992 – 1998, he worked with TDICI Limited (now called 'ICICI Ventures'), a firm that pioneered venture capital in India and has grown to become one of the largest and most successful private equity firms in India.

Bhavdeep Sardana - *Director (Independent)*

- Bhavdeep Sardana, aged 45 years is Master's in Business Administration from Durham University (UK) and Bachelors in Science (Hons.) in Chemistry with Chemical Engineering from Northumbria University, Newcastle Upon Tyne (UK).
- Presently Sr. VP & CEO at The Sukhjit Starch & Chemicals Limited and is responsible for successfully implementing repeated expansions at various units. He leads all B2B sales with Paper, Food & Pharma Majors. He actively engages with State Govts. and Govt. of India on policies affecting the agro-processing industry and ease of doing business reforms.

Key Management Team

Kuantum Papers
The Paper Makers

Roshan Garg - *CFO and President (Finance)*

A qualified Chartered Accountant (CA) & Company Secretary (CS) by profession, he has 30 + years of work experience in Corporate Finance and Accounts in the manufacturing sector. He has been associated with the company since 2002 and has driven improvement in Corporate Governance and the financial accountability structure as well.

D P Dhiman - *Associate President (Engineering)*

A strategic planner with more than 35 years of experience in the pulp & paper manufacturing industry, he brings expertise in efficiency improvement, quality management, cost control and safe work environment practices. An expert in both plant & production operations, his philosophy is to accelerate employee strengths & build powerful teams.

Manoj Agarwal - *Senior Vice President (Process)*

He is a Gold Medalist B.E. (Pulp & Paper) from IIT Roorkee and has multi-functional operational experience of more than 30 years in large integrated Pulp and Paper Mills. Associated with Kuantum since 2014, he has been pivotal in implementing the latest technologies in both Agro & Wood Pulping, reducing the cost of production and increasing the paper production consistently.

Sanjay Khosla - *Vice President (Marketing)*

An MBA in Marketing, he has 25 years of experience in Sales and Marketing, exclusively in the Pulp & Paper industry. He has been with Kuantum for the past 19 years and has been successful in creating a loyal network of 90 dealers as well as a demand-pull for our products in the market.

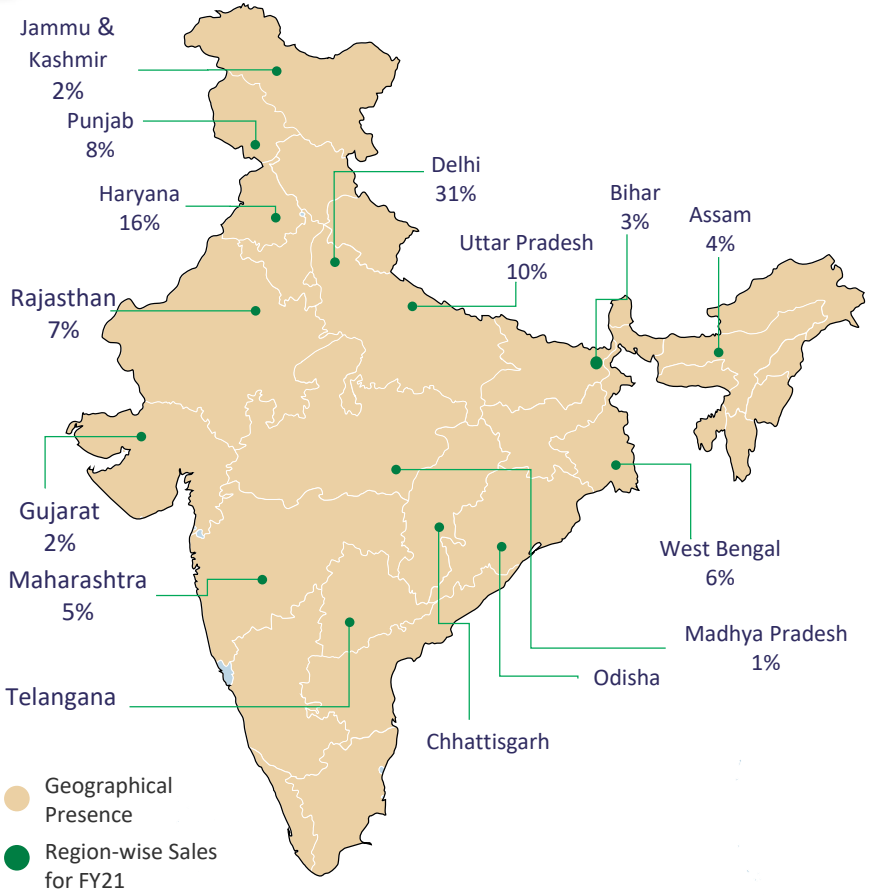
Bharat Bansal - *Senior Vice President (Corporate Strategy)*

A mechanical engineer and MBA in Operations and Supply Chain Management from SP Jain (Mumbai), he has 16+ years of experience in Business Strategy & Transformation, Operating Model and Strategy, Process Re-engineering, Efficiency and Performance improvement programs, New Business Model design and Digital Strategy across multiple industries and geographies.

Suresh Babu Thallapaneni - *Vice President (Business Excellence)*

With 23 years of experience encompassing quality control, cost compression studies, process troubleshooting, new product development and customer technical support, he joined the Kuantum Team this year as the head of the Business Excellence vertical. He has already been successful in developing new specialty paper products which will add value to our product portfolio.

Geographical Presence & Sales Model



Order based Manufacturing

- The production is entirely order based and manufacturing is undertaken after the company receives advance orders from dealers/distributors.
- The company does not operate on fixed SKUs. They service their dealers based on customized order sizes, rather than fixed sizes offered by most of the competitors.

Inventory

- Inventory of finished goods is low and rarely exceeds three days' production.

Collection Mechanism

- Collection is done strictly within 7 days of date of Invoice.

Company History and Milestones

Kuantum Papers
The Paper Makers

1980
- Established with a capacity of 30 TPD with PM 1&2

1988
- PM 3 installed with a capacity of 100 TPD

2000
- Debottlenecking done to achieve 40% improved efficiency on output.

2002
- National Energy Conservation Award conferred by the Vice President of India

2005
- Lignin Precipitation Plant installed in collaboration with Tanovis AG (formerly Granit Recherché SA), Switzerland
- PM 1 & 2 capacity up-graded to 60 TPD

2006
- Agro Pulp Mill upgraded to 150 TPD along with the Continuous Digestor

2007
- Restructuring of ABCL took place, renamed Paper Division as ABC Paper Ltd

2008
- Composite Project with PM 4 -250 TPD, Chemical Recovery plant -200 TPD and Co-Generation Power Plant – 10 MW undertaken
- Listed on BSE

2012
- The company was renamed Kuantum Papers Limited
- Secured FSC certification

2013
- PCC Plant in collaboration with Specialty Minerals Inc, USA was installed
- Production crossed 100,000 MT
- Top Former (Gapcon-Italy) and Size Press (Bellmer, Germany) installed on PM 4

2015
- A new generation Agro Pulp Mill along with ODL with a capacity of 200 TPD installed.
- Project KITE launched with KPMG for operational excellence

2017
- Specialty Paper launched
- Secured ISO 9001, ISo14001, OHSAS 18001, QMS and EMS certifications

2018
- Project KORE launched with Accenture for operational excellence
- SAP S4 HANA implemented
- Upgradation of PM 3 and 4 with state of the art headbox from Bellmer, Germany

2019
- Record breaking Production & Sales: exceeded 125,000 MT
- Highest Revenues and Profits
- ECF Bleaching commissioned
- Listed on NSE
- Backward Integration Project of INR 4440 Million initiated

2020
- Share-split undertaken in July

2021
- Backward Integration Project completed in March'21
- Increased Agro & Wood Pulping Capacity to 200 TPD & 180 TPD respectively.
- Power generation capacity increased to 38 MW
- Added a new Chemical Recovery Plant with a capacity of 500 TPD

Marquee Clientele

Kuantum Papers
The Paper Makers

Camlin Kokuyo
Best Price
METRO Wholesale
Rachna Sagar Private Limited
Mc Graw Hill Education
SGM
ITC Limited

S.Chand Group
Bookman India
GRB Books
Magic
Chitra
HarperCollins
Ajanta

Taxmann
Sona
macmillan education
Oxford University Press
Pearson
arihant
Sterling

Lotus Global Private Limited
Nageen Prakashan
NP
Thomson Press
Navneet
Cordova
Centax Publications Pvt. Ltd.

Aakash
Bharati Bhawan
mpprinters
Full Mark
future
Gopsons

Goyal Brothers Prakashan
HT Media Limited
Hindustan Unilever Limited
MBD Books
primebooks
SAP Print Solutions Pvt. Ltd.
sultan chand
ubd 1960

*This list is only Illustrative and not exhaustive

Key Strengths

Kuantum Papers
The Paper Makers

- Pan India presence with an extensive network of 90+ dealers
- Long standing relationship with dealers, many associated with the company for over 3 decades
- Largest product Portfolio in the Paper Industry covering Maplitho, Creamwove, Copier and Specialty Paper
- Successful in creating a branded portfolio of products
- 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
- Market based sales rather than government orders. Customers are delighted to deal with us rather than our competitors due to regular and timely supplies
- Cost savings through executed Backward Integration Project will lead to improved EBITDA margins in the range of 28-30%
- Improved infrastructure of paper machines in order to be more cost effective
- Located near densely populated Northern Region including NCR, a higher paper consumption market
- 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
- Raw Materials are perfect substitutes of each other, so we are not dependent on any single one throughout the year
- Future source of wood chips: Social farm forestry programme which will serve us for our future source in-house wood pulp requirement

Kuantum Papers
The Paper Makers

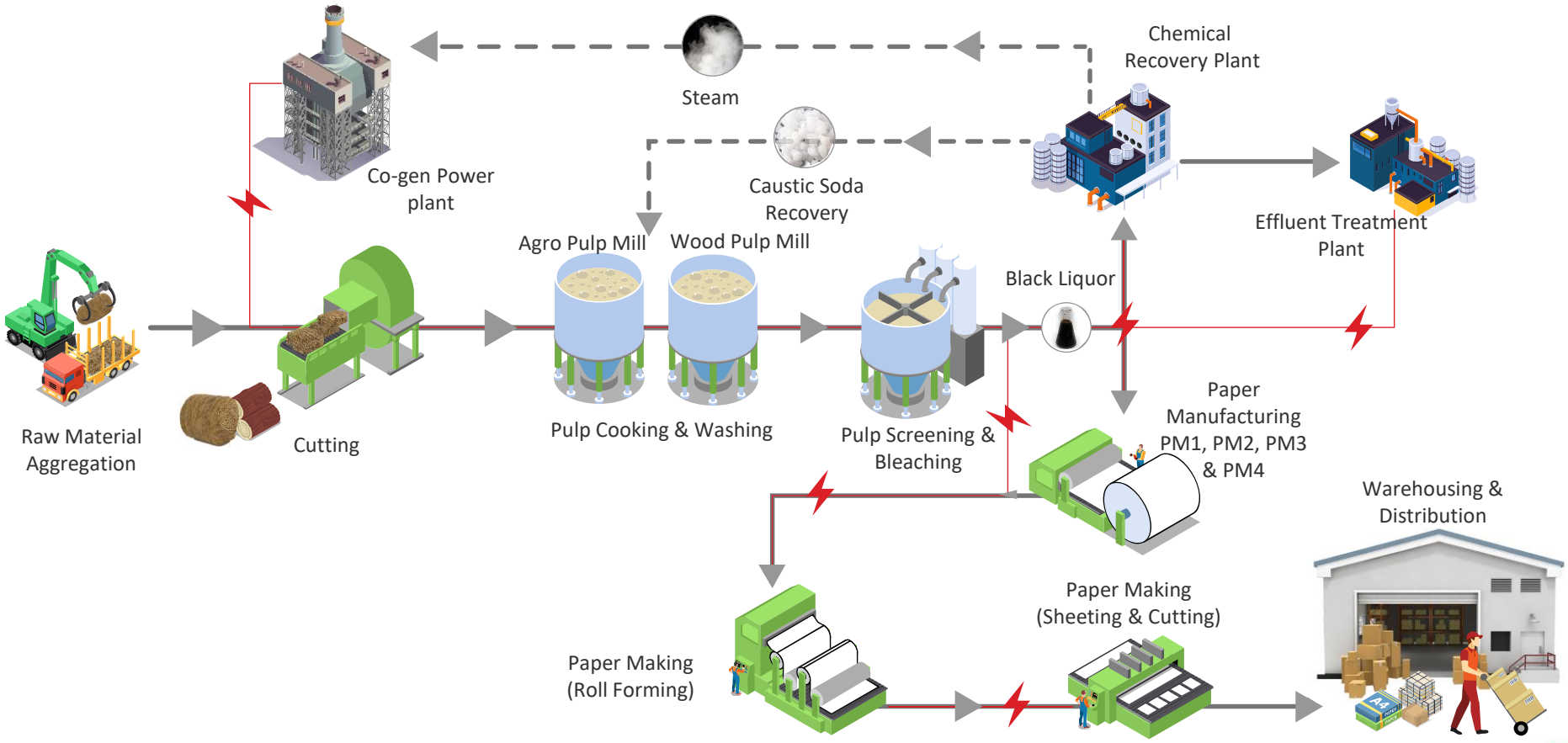
BUSINESS OVERVIEW

Current Manufacturing Facilities

Kuantum Papers
The Paper Makers

	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	• 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	• 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 2.3-2.5 per unit

Manufacturing Process



Raw Material Sourcing

Kuantum has an integrated Pulping facility with separate Agro Pulping and Wood Pulping streets having a total capacity of 380 MT of pulp per day for paper manufacturing.

Kuantum uses the following agro residues in its Agro Pulping Street (200 TPD) :

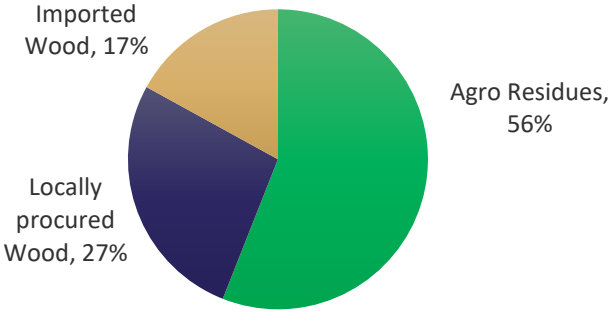
Agro Residue	% Content in Agro Pulp
Wheat Straw	65% - 75%
Sarkanda/Kana Grass/ Kahi Grass	15% -20%
Bagasse	10% - 15%

Wood for Wood Pulping Street (180 TPD) is sourced as follows:

Wood	% Content in Wood Pulp
Wood Chips & Wood logs	85%
Bamboo	15%

Kuantum mainly uses Agro Pulp in Paper Production which is environment friendly. Even wood raw material is procured mostly as wood chips, which is a waste product of the wood industry. Additionally, Kuantum uses veneer waste and imports softwood and hardwood pulp to enhance the quality of its paper.

Raw Material Mix as of FY21



Technical Collaboration with Tanovis AG

Kuantum Papers
The Paper Makers

TaNovis

The company has a COLLABORATION with Tanovis AG (formerly Granit Recherché Development SA) FOR THE LIGNIN PRECIPITATION PLANT

- Tanovis AG, is a Swiss company with global operations. It is in the business of providing process technologies & innovative products on lignocellulosic biomass.
- Tanovis AG is today known to produce high-purity lignin based renewable products, encompassing industrial, health & nutrition fields.
- Set up first-of-its-kind in the world – A Full Scale Lignin Precipitation System, to separate the non-bio degradable lignin from the black liquor.

Technical Collaboration with Specialty Minerals, USA

Kuantum Papers
The Paper Makers

The company has a COLLABORATION with Specialty Minerals Inc.

- We have a first-of–its-kind backward integrated **PCC** (Precipitated Calcium Carbonate) Plant in an Agro based operations in the world, set up in collaboration with Specialty Minerals Inc.
- **Specialty Minerals Inc.,** USA is a multi-national company operating plants in over 20 countries, producing high performance minerals for use in various product manufacturing processes. Today, Specialty Minerals Inc is the world's largest manufacturer of Precipitated Calcium Carbonates.
- Specialty Minerals Inc has invested approx. INR 254.53 Mn in setting up this PCC plant at our premises.
- Precipitated Calcium Carbonate manufactured is used as a filler during production of paper.

Social Farm Forestry Program

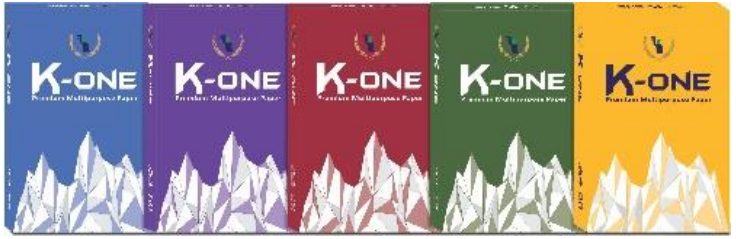
- Social farm forestry programs are green sustainable initiatives undertaken by paper companies in order to contribute to the small and marginal farmers of barren, non fertile land, apart from providing a catalyst to deforestation.
- These initiatives also contribute in securing raw materials within a specific radius hence reducing the over all manufacturing costs and highlighting a dependency on multi year resource visibility.
- Kuantum launched the Social-Forestry Plantation Project and is producing quality clonal plants of Eucalyptus and over the years has covered approximately 1,500 hectares area under clonal plantation.
- We produced about 600 thousand clones in FY 20-21 which are distributed to farmers in the surrounding areas at very nominal prices to promote social forestry.

Writing and Printing Products

Kuantum Papers
The Paper Makers

Agro and Wood based paper plants manufacturing paper using wheat straw, wood chips, sarkanda, bagasse and veneer waste.

Different types of paper: Creamwove, Maplitho, Copier, Ledger, Cartridge, Stiffner, Colour, Parchment and Bond.

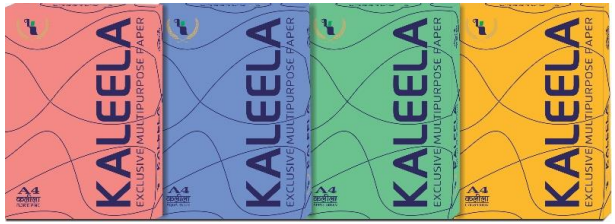


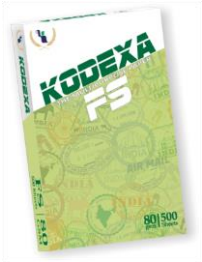
Category	Brand	GSM Range
Maplitho	KRESTO	54-120
	KOSHEEN/ KOSHEEN AQUA	58-140
	KOSMO MAPLITHO Ws KOSMO MAPLITHO Ns	60-140
Creamwove	KUANTUM KAPPA	52-100
	KUANTUM GOLD	49-100
	KAPPA PREMIUM	52-100
	KOPY +	49-70
Copier	KEON/ K-ONE/ KONQUER	65-80

Specialty Papers

Kuantum Papers
The Paper Makers

Category	Brand	GSM Range
Colour	Krayo	49-130
	Kosmo Color	60-130
Ledger	Kreda Ledger	58-90
	Kodexa Ledger	58-90
Executive Bond	Kuantum Bond	70-100
Color Copier	Kaleela	72
Cartridge	Kosmo cartridge	60-130
Stiffner	Kosmo Stiffner	68-180
Parchment	Kosmo Parchment Ns	105
	Kosmo Parchment Bf	68-130
Envelope Paper	Kosmo Enveloper	100
Watermark Paper	Railway Bond	58-130
Eco Paper	ECO	48-70





Kuantum Papers
The Paper Makers

BACKWARD INTEGRATION & MODERNISATION PROJECT

(Completed in March’21)

Backward Integration Project completed in Mar'21

Kuantum Papers
The Paper Makers

A transformative effort undertaken for **up-gradation, replacement and addition of machinery across these 3 areas** which are:

1. Pulping Facilities
2. Chemical Recovery Plant
3. Co-Gen Power Plant

Pulping Facilities

Capacity Expansion Programme:

- The company has replaced the older vintage **Wood Pulp Mill** of 70 TPD with a new state of the art pulp street to increase this pulp capacity to 180 TPD
- **Agro pulping** capacity has also been optimized to operate at 200 TPD

Benefits from this project:

- Reduce the dependency on imported Hard Wood Pulp
- Increased pulping capacity leading to higher production of paper

Backward Integration Project completed in Mar’21

Kuantum Papers
The Paper Makers

Chemical Recovery Plant

A chemical recovery plant of 500 TPD supplied by Andritz has been installed to process caustic from Black Liquor

The Chemical Recovery Plant has three major components:

- Recovery Boiler
- Evaporator
- Recausticizing Plant

Benefits from this Project:

- Upgradation of the existing plant has improved the operational efficiency & the capacity has been increased by 3.5 times by installation of new plant
- The treatment of black liquor helps in regenerating Caustic soda up to 95% in the recovery process

Note: Caustic soda is an expensive chemical used in the pulp making process

Backward Integration Project completed in Mar'21

Kuantum Papers
The Paper Makers

Co – Gen Power Plant

The need of the hour is to be self-sufficient in power requirement in order to sustain operations on a long term basis.

Kuantum has a captive Co-generation Power Plant in which we have added:

- A high pressure CFBC Boiler supplied by ISGEC
- Two highly efficient back pressure turbines of 20 MW and 8 MW, supplied by SIEMENS

As per Expansion plan:

- Completed installation of a new boiler of 130 TPH & 2 Turbines – one of 20 MW and another of 8 MW
- Shut down two inefficient turbines of 5 MW & 1 MW and two boilers of 26 TPH capacity (each)

Benefits of this plan:

- Improved overall efficiency
- Reduction in power cost to almost 50% of current rate per unit

Reduction to half of the overall cost of power - will be in the range of INR 2.3-2.5 /unit as against INR 4.75 – 5.0/unit currently

Project Benefits

Kuantum Papers
The Paper Makers

1. Optimizing the integration of Chemical Recovery Plant, Co-Gen Power and own Hard Wood Pulp Mill leading to significant improvement in EBITDA Margins
2. Increased wood pulp production capacity will eliminate dependency on imported hardwood
3. Additional benefits of Caustic Recovery & Co -Gen power generation, resulting in cost reductions and operating efficiencies in the Pulp making process
4. The new Chemical Recovery system will use Sodium Sulphate process rather than soda-based pulping which will improve the quality of fiber (strength) and brightness of the pulp
5. This improved pulp will enable better paper quality, which will command a higher Net Realization and drive profitability growth
6. Enhanced Pulp capacity will increase paper production by approximately 20% from current levels
7. Increased capacity of Co - Gen Power Plant will decrease dependency on Grid power which is more expensive

Future Growth Strategy

Kuantum Papers
The Paper Makers

Strengthening of Plant through Project Upgradation across Wood Pulping, CRP & Co-Generation Power plant

Focusing on cost optimization and quality enhancement

Creating a portfolio of higher proportion of value added specialty products from additional pulping efficiency achieved

Foray into New Specialty Products

Kuantum Papers
The Paper Makers

S No.	Product	Product Photo	Product Description	Industries Used in
1	***Food Grade -OGR***		Greaseproof paper is made under hygienic conditions from pure wood pulp which gives excellent grease resistance and oil hold out properties	Food Packaging Industries
2	***Cup Stock Base***		Cupstock Base is a single layer and multi- layer virgin grade product which is used for PE application followed in Hot and Cold cup making process	PE convertors, Paper cup making industries
3	***Tissue paper***		Soft and Absorbent paper used to make napkins, bathroom rolls, kitchen towels, facial tissues, M Folds, C Folds, HRT	Institutions, HORECA, Offices & Homes

Other new products under development include Carry bag Paper, Index Card, Thermal Paper, Blade Wrapper, Anti-Rust Paper, Paper straws and Medical paper

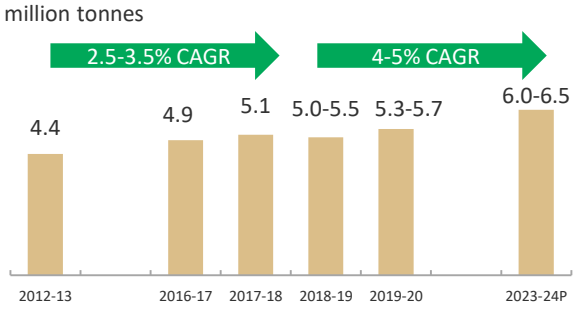
Kuantum Papers
The Paper Makers

INDUSTRY OVERVIEW

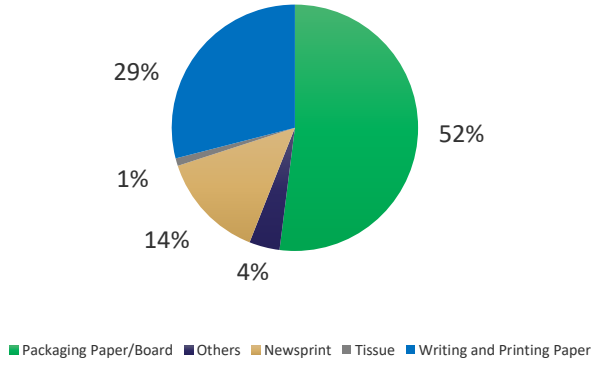
Paper Industry

- In terms of paper production, India contributes about 4.2% to the global market. Domestic paper demand grew by 7.5% in the last decade, while global average growth was 0.5%.
- Currently, the Indian paper industry is valued at INR 70,000 crore, and it is highly fragmented with over 800 paper companies producing about 16 Million Tonnes of domestic paper every paper. The Indian paper industry is projected to grow at a CAGR of 6.5%, with valuation touching INR 99,000 Cr by 2024.
- Of the total domestic production of 16 Million Tonnes of paper, organised players have 48% share in volume terms. They will continue to outpace industry growth, as these companies are backward integrated for raw materials (including power cost), which is ~50% of the cost of paper production.
- India's per capita paper consumption is 14 kg, compared to the world average of 57 kg. It is far below China's 74 kg and the USA's 229 kg per capita consumption. According to the changing scenario, low usage will eventually increase given the growth in the retail, e-commerce, and FMCG sectors, as well as government education efforts and changing lifestyles.
- COVID-19 impacted the W&P segment due to temporary shift to online learning. However, a large section of the student pool does not have access to the infrastructure that is required for virtual learning. We believe, this trend ought to reverse with the country getting back to normalcy and students going back to school.
- A significant portion of the W&P segment will be benefited from the opening up of the economy and the introduction of the National Education Policy 2020.
- Paper prices in the domestic market are being pushed higher by a sharp rally in pulp prices that has caused the closure of small business units. Those with backward integrated plants in the organized market will benefit greatly from this. This would also allow organized players to lower their costs and enjoy higher profits.
- Global pulp prices rallied 30-35% in the last few months amidst a ban on waste paper and solid waste imports by China from 01st January 2021.
- According to CRISIL Research, moderation in industrial activity and exports have dampened the paper consumption by 1-3% in FY20 but growth will rise at a 5-year CAGR of 5-6% to 22 million tonnes by FY25.

Trend in W&P Paper Demand



Domestic Market Mix



Kuantum Papers
The Paper Makers

FINANCIAL OVERVIEW

Income Statement

Kuantum Papers
The Paper Makers

Particulars (INR Mn)	FY19	FY20	FY21
Operational Income	**7,935**	**7,447**	**4,039**
Total Expenses	6,379	6,262	3,746
EBITDA	**1,556**	**1,185**	**293**
EBITDA Margins (%)	***19.61%***	***15.91%***	***7.25%***
Other Income	88	88	100
Depreciation	251	317	348
Finance Cost	284	304	277
Exceptional Item	-	-	86
PBT	**1,109**	**652**	**(318)**
Tax	330	(66)	(191)
Profit After tax	**779**	**718**	**(127)**
PAT Margins (%)	***9.82%***	***9.64%***	***NA***
Other Comprehensive Income	(1)	(1)	4
Total Comprehensive Income	**778**	**717**	**(123)**
Diluted EPS (INR)	8.93	8.23	(1.46)

Balance sheet

Kuantum Papers
The Paper Makers

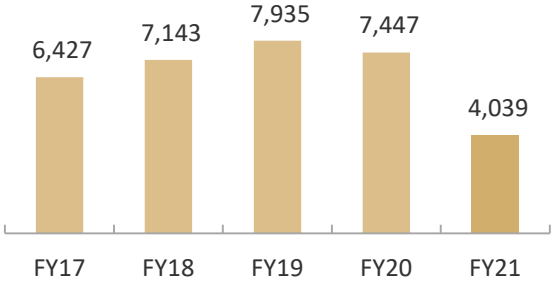
Assets (INR Mn)	FY20	FY21
Non-current assets		
Property, plant and equipment	10,201	14,263
Capital work-in-progress	3,096	205
Investment property	79	78
Other intangible assets	55	17
Financial assets		
• Loans	40	40
• Other financial assets	52	40
Income tax assets (net)	-	3
Other non-current assets	178	7
Total non-current assets	**13,701**	**14,653**
Current assets		
Inventories	924	524
Financial assets		
• Trade receivable	143	331
• Cash and Cash equivalents	5	5
• Other bank balances	190	157
• Loans	5	10
• Others financial assets	72	39
Other current assets	454	424
Total current assets	**1,793**	**1,490**
Total assets	**15,494**	**16,143**

Equity & Liabilities (INR Mn)	FY20	FY21
Equity		
Equity share capital	87	87
Other equity	8,230	8,085
Total equity	**8,317**	**8,172**
Liabilities		
Non-current liabilities		
Financial liabilities		
• Borrowings	4,683	6,137
• Other financial liabilities	163	169
Provisions	11	12
Deferred tax liabilities (net)	272	84
Deferred income	55	50
Total non-current liabilities	**5,184**	**6,452**
Current liabilities		
Financial liabilities		
• Borrowings	620	603
• Trade payables	279	448
• Other financial liabilities	1,038	425
Other current liabilities	39	35
Provisions	3	3
Deferred income	4	5
Current tax liabilities (net)	10	-
Total current liabilities	**1,993**	**1,519**
Total liabilities	**7,177**	**7,971**
Total equity and liabilities	**15,494**	**16,143**

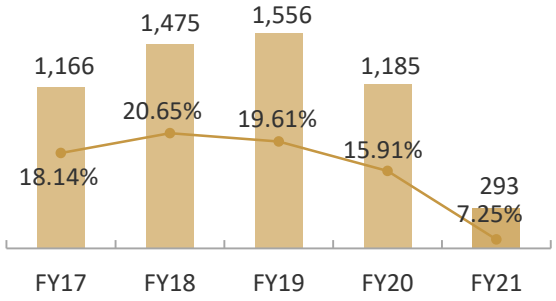
Financial Highlights

Kuantum Papers
The Paper Makers

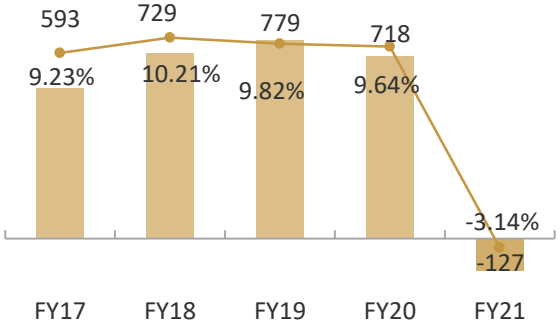
Operational Revenue (INR Mn)



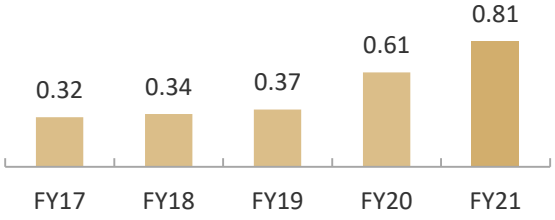
EBITDA (INR Mn) & EBITDA Margin (%)



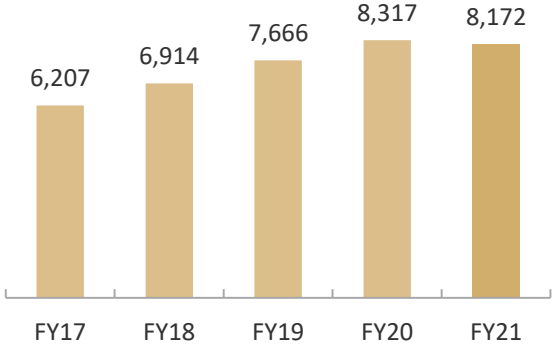
PAT (INR Mn) & PAT Margin (%)



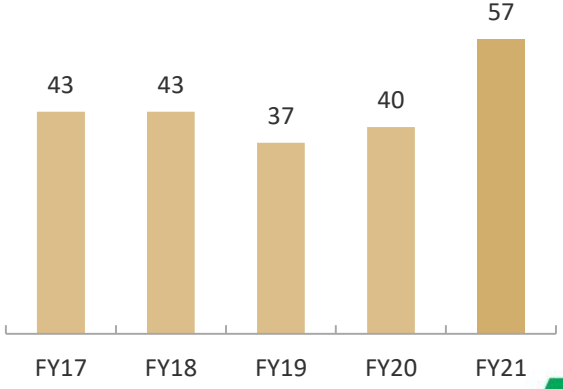
Net Debt to Equity



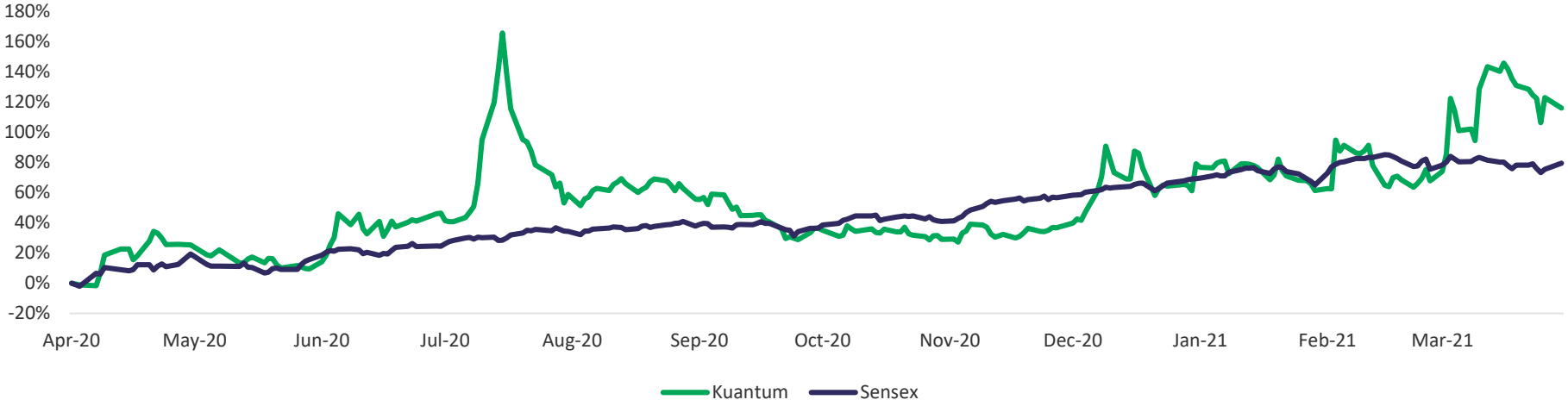
Net Worth (INR Mn)



Cash Conversion Cycle

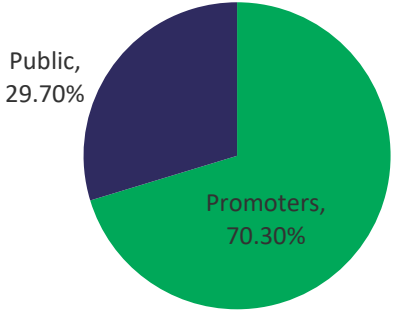


Capital Market Data



Price Data (31st March, 2021)	INR
Face Value	1.0
Market Price	66.8
52 Week H/L	88.9 / 26.5
Market Cap (Mn)	5,829.2
Equity Shares Outstanding (Mn)	87.3
1 Year Avg Trading Volume ('000)	36.6

Shareholding Pattern as on 31st March, 2021



Disclaimer

Kuantum Papers
The Paper Makers

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements" based on the currently held beliefs and assumptions of the management Kuantum Papers Limited ("Company" or "Kuantum Papers Ltd."), which are expressed in good faith and in their opinion reasonable, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction, including the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. None of our securities may be offered or sold in the United States, without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration there from.
This presentation is confidential and may not be copied or disseminated, in whole or in part, and in any manner.

Valorem Advisors Disclaimer:
Valorem Advisors is an Independent Investor Relations Management Service company. This Presentation has been prepared by Valorem Advisors based on information and data which the Company considers reliable, but Valorem Advisors and the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Company under review.

VALOREM ADVISORS

For further information please contact our Investor Relations Representatives:
Mr. Anuj Sonpal
Valorem Advisors
Tel: +91-22-4903-9500
Email: kuantum@valoremadvisors.com