



Kuantum Papers Limited

COMPANY BACKGROUND.....

- 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
- The company has an Integrated manufacturing facility 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
- 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.

BUSINESS MODEL.....

- 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, and to meet its total pulp requirement.
- Different types of paper: Creamwove, Maplitho, Copier, Ledger, Cartridge, Stiffner, Colour, Parchment and Bond Foray into Specialty Products like Food Grade – OGR, Cup Stock Base, Absorbent Kraft, Tissue Papers.
- Other new products under development include Carry Bag, Index card, Thermal, Blade Wrapper, Anti-Rust, Paper Straws and Medical paper.

KEY STRENGTHS.....

- Long standing relationship with dealers, many associated with the company for over 3 decades.
- 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 Project upgradation plan will lead to improved EBITDA margins to 28%-30%.
- 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.
- Future source of wood chips: Social farm forestry programme which will serve us for our future source in-house wood pulp requirement.

FINANCIAL HIGHLIGHTS.....

(INR Mn)	Op. Income	EBITDA	EBITDA%	PAT	PAT%	EPS
FY22	8,304	1,190	14.33%	134	1.61%	1.54
FY23	13,096	3,792	28.96%	1,362	10.40%	15.60
FY24	12,113	3,330	27.49%	1,838	15.17%	21.07
9M FY25	8,297	1,827	22.02%	891	10.74%	10.21

Key Data

BSE Code	532937
NSE Code	KUANTUM
Reuters	KAUN.NS
Bloomberg	KAUN:IN

Market Data (INR) as on 31st December, 2024

Face Value	1.0
CMP	123.8
52 Week H/L	193.0 / 113.6
MCAP (Mn)	10,803.2
Shares O/S (Mn)	87.3
1 Year Avg. Vol. ('000)	184.6

Performance as on 31st December, 2024

	3M	6M	12M
KUANTUM	(12.9)%	(21.4)%	(28.4)%
SENSEX	(7.3)%	(1.1)%	8.2%
BSE SMALLCAP	(3.6)%	5.3%	28.8%

Shareholding Pattern as on 31st December, 2024

Promoters	70.30%
Public	29.55%
FPI	0.15%

MANUFACTURING CAPACITY.....

Pulping Capacity

- Total Capacity: 380 TPD
- Agro based pulp: 200 TPD
- Wood pulp: 180 TPD

Kuantum uses a combination of agro pulp, wood pulp, and imported pulp to produce high-quality fiber for paper production. Also, replaced the old Wood Pulp Mill, which had a capacity of 70 TPD, with a new, advanced pulp street that can now produce 180 TPD of wood pulp. Additionally, the agro pulping capacity will be optimized to operate at its full capacity of 200 TPD.

Paper Machines

- Total capacity: 450 TPD
- Machine 1 - 25 TPD
- Machine 2 - 50 TPD
- Machine 3 - 115 TPD
- Machine 4 - 260 TPD

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.

Chemical Recovery Plant

- Total Capacity: 700 Solids TPD

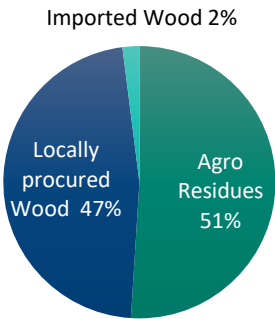
Chemical Recovery Plant has been installed to treat the Black Liquor generated during the pulping process. This facility efficiently recovers valuable chemicals, such as caustic soda, which is a crucial raw material for the pulping process. The recovery process helps optimize costs and improve profit margins by regenerating caustic soda up to 95%. Upgrading the existing plant will significantly enhance operational efficiency, increasing its capacity by 3.5 times through the installation of a new plant.

Co-Gen Power Generation Plant

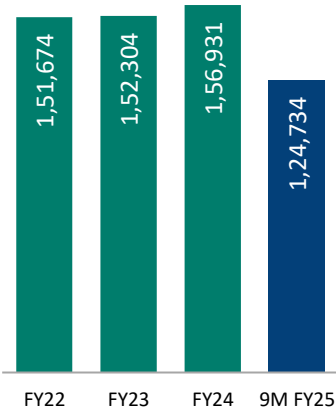
- Turbines - 38 MW
- Boilers – 190 TPH

Boilers and turbines have been installed to generate power for the manufacturing facility, The setup includes a new boiler with a capacity of 130 TPH and the installation of two turbines, one with a capacity of 20 MW and another with a capacity of 8 MW. This measure has led to a significant reduction in the overall cost of power, nearly halving it to the range of INR 3-3.5 per unit compared to INR 4.75-5.0 per unit in the previous year.

Raw Material Mix as of FY24



Sales Volume (MT) as of 9M FY25



PROJECT BENEFITS.....

- Optimizing the integration of Chemical Recovery Plant, Co-Gen Power and own Hard Wood Pulp Mill leading to significant improvement in EBITDA Margins to 28%-30%
- Increased wood pulp production capacity will eliminate dependency on imported hardwood
- Additional benefits of Caustic Recovery & Co -Gen power generation, resulting in cost reductions and operating efficiencies in the Pulp making process
- 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
- This improved pulp will enable better paper quality, which will command a higher Net Realization and drive profitability growth
- Enhanced Pulp capacity will increase paper production by approximately 20% from current levels
- Increased capacity in Co-Gen Power Plant will decrease dependency on Grid power which is more expensive

PEER COMPARISON (TRAILING 12 MONTHS) INR MN

Company	Op. Income	EBITDA	EBITDA%	Net Profit	PAT%	M Cap
Kuantum Papers Ltd.	11,285	2,464	21.83%	1,230	10.90%	10,803
Jk Paper Ltd.	67,472	10,704	15.86%	6,132	9.09%	70,344
West Coast Paper Mills Ltd.	40,911	7,876	19.25%	4,199	10.26%	36,707
Tamil Nadu News Print & Papers Ltd.	43,764	4,777	10.92%	146	0.33%	12,998
Satia Industries Ltd.	15,459	2,995	19.37%	1,226	7.93%	9,535
Ruchira Papers Ltd.	6,575	960	14.60%	586	8.91%	3,866

INCOME STATEMENT (CONSOLIDATED).....

Particulars (INR Mn)	FY22	FY23	FY24	9M FY25
Operational Income	8,304	13,096	12,113	8,297
Total Expenses	7,114	9,304	8,783	6,470
EBITDA	1,190	3,792	3,330	1,827
EBITDA Margins (%)	14.33%	28.96%	27.49%	22.02%
Other Income	39	36	56	47
Depreciation	461	454	482	393
Finance Cost	689	710	428	289
Exceptional Items	-	(634)	-	-
PBT	77	2,030	2,476	1,192
Tax	(57)	668	638	301
Profit After tax	134	1,362	1,838	891
PAT Margins (%)	1.61%	10.40%	15.17%	10.74%
Other Comprehensive Income	(2)	(5)	-	-
Total Comprehensive Income	132	1,357	1,838	891
Diluted EPS (INR)	1.54	15.60	21.07	10.21

BALANCE SHEET (CONSOLIDATED)

Assets	FY23	FY24	H1 FY25	Equity & Liabilities	FY23	FY24	H1 FY25
Non-current assets				Equity			
Property, plant and equipment	14,068	14,678	15,252	Equity share capital	87	87	87
Capital work-in-progress	306	419	756	Other equity	9,581	11,151	11,570
Investment property	75	74	73	Total equity	9,668	11238	11,657
Other intangible assets	-	-	48	Liabilities			
Intangible assets under development	-	-	-	Non-current liabilities			
Financial assets	-	-	-	Financial liabilities			
• Other financial assets	39	39	49	• Borrowings	3,678	3,070	2,607
Income tax assets (net)	16	16	16	• Other financial liabilities	228	247	686
Other non-current assets	259	585	666	Provisions	13	-	-
Total non-current assets	14,763	15,811	16,860	Deferred tax liabilities (net)	1,172	1,257	1,320
				Deferred income	49	46	44
Current assets				Total non-current liabilities	5,140	4,620	4,657
Inventories	901	1,128	1,079	Current liabilities			
Financial assets				Financial liabilities			
• Trade receivable	287	342	303	• Borrowings	1,450	2,055	2,300
• Cash and Cash equivalents	15	706	5	• Trade payables	258	569	365
• Other bank balances	157	73	83	• Other financial liabilities	198	233	110
• Loans	-	-	-	Other current liabilities	84	77	36
• Others financial assets	16	28	22	Provisions	3	1	9
Other current assets	756	789	838	Deferred income	3	3	3
Total current assets	2,132	3,066	2,330	Current tax liabilities(net)	91	81	53
Total assets	16,895	18,877	19,190	Total current liabilities	2,087	3,019	2,876
				Total liabilities	7,227	7,639	7,533
				Total equity & liabilities	16,895	18,877	19,190

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