



## 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, Kukyo (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: Creamwave, 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   |
|-------------|------------|--------|---------|-------|--------|-------|
| <b>FY22</b> | 8,304      | 1,190  | 14.33%  | 134   | 1.61%  | 1.54  |
| <b>FY23</b> | 13,096     | 3,792  | 28.96%  | 1,362 | 10.40% | 15.60 |
| <b>FY24</b> | 12,113     | 3,330  | 27.49%  | 1,838 | 15.17% | 21.07 |
| <b>FY25</b> | 11,070     | 2,426  | 21.92%  | 1,152 | 10.41% | 13.20 |

### Key Data

|                  |         |
|------------------|---------|
| <b>BSE Code</b>  | 532937  |
| <b>NSE Code</b>  | KUANTUM |
| <b>Reuters</b>   | KUAN.BO |
| <b>Bloomberg</b> | KUAN:IN |

### Market Data (INR) as on 31st March, 2025

|                                |              |
|--------------------------------|--------------|
| <b>Face Value</b>              | 1.0          |
| <b>CMP</b>                     | 100.9        |
| <b>52 Week H/L</b>             | 184.0 / 98.9 |
| <b>MCAP (Mn)</b>               | 8,800.5      |
| <b>Shares O/S (Mn)</b>         | 87.3         |
| <b>1 Year Avg. Vol. ('000)</b> | 144.2        |

### Performance as on 31<sup>st</sup> March, 2025

|                     | 3M       | 6M       | 12M      |
|---------------------|----------|----------|----------|
| <b>KUANTUM</b>      | (21.70)% | (29.08)% | (36.25)% |
| <b>SENSEX</b>       | (1.09)%  | (8.12)%  | 4.66%    |
| <b>BSE SMALLCAP</b> | (15.75)% | (18.56)% | 7.09%    |

### Shareholding Pattern as on 31<sup>st</sup> March, 2025

|                  |        |
|------------------|--------|
| <b>Promoters</b> | 70.30% |
| <b>Public</b>    | 29.61% |
| <b>FPI</b>       | 0.09%  |

## MANUFACTURING CAPACITY.....

### • Pulping Capacity

- Total Capacity: 365 TPD
- Agro based pulp: 165 TPD
- Wood pulp: 200 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 165 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.

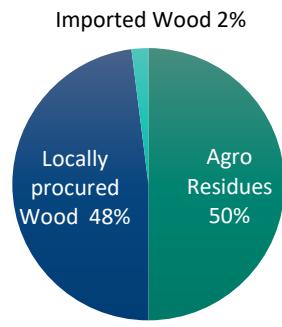
## PROJECT BENEFITS.....

- 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 (FY25) INR MN .....

| Company                             | Op. Income | EBITDA | EBITDA% | Net Profit | PAT%   | M Cap  |
|-------------------------------------|------------|--------|---------|------------|--------|--------|
| Kuantum Papers Ltd.                 | 11,071     | 2,427  | 21.92%  | 1,152      | 10.41% | 8,801  |
| Jk Paper Ltd.                       | 67,181     | 9,281  | 13.81%  | 4,117      | 6.13%  | 52,870 |
| West Coast Paper Mills Ltd.         | 40,623     | 4,811  | 11.84%  | 3,356      | 8.26%  | 27,017 |
| Tamil Nadu News Print & Papers Ltd. | 44,997     | 4,328  | 9.62%   | 37         | 0.08%  | 8,734  |
| Satia Industries Ltd.               | 15,120     | 2,703  | 17.88%  | 1,186      | 7.84%  | 6,604  |
| Ruchira Papers Ltd.                 | 6,592      | 1,071  | 16.25%  | 674        | 10.22% | 3,477  |

## Raw Material Mix as of FY25



## Sales Volume (MT) as of FY25



## INCOME STATEMENT (CONSOLIDATED).....

| Particulars (INR Mn)              | FY22          | FY23          | FY24          | FY25          |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Operational Income</b>         | <b>8,304</b>  | <b>13,096</b> | <b>12,113</b> | <b>11,070</b> |
| Total Expenses                    | 7,114         | 9,304         | 8,783         | 8,644         |
| <b>EBITDA</b>                     | <b>1,190</b>  | <b>3,792</b>  | <b>3,330</b>  | <b>2,426</b>  |
| <b>EBITDA Margins (%)</b>         | <b>14.33%</b> | <b>28.96%</b> | <b>27.49%</b> | <b>21.92%</b> |
| Other Income                      | 39            | 36            | 56            | 61            |
| Depreciation                      | 461           | 454           | 482           | 540           |
| Finance Cost                      | 689           | 710           | 428           | 393           |
| Exceptional Items                 | -             | (634)         | -             | -             |
| <b>PBT</b>                        | <b>77</b>     | <b>2,030</b>  | <b>2,476</b>  | <b>1,554</b>  |
| Tax                               | (57)          | 668           | 638           | 402           |
| <b>Profit After tax</b>           | <b>134</b>    | <b>1,362</b>  | <b>1,838</b>  | <b>1,152</b>  |
| <b>PAT Margins (%)</b>            | <b>1.61%</b>  | <b>10.40%</b> | <b>15.17%</b> | <b>10.41%</b> |
| Other Comprehensive Income        | (2)           | (5)           | -             | (2)           |
| <b>Total Comprehensive Income</b> | <b>132</b>    | <b>1,357</b>  | <b>1,838</b>  | <b>1,150</b>  |
| Diluted EPS (INR)                 | 1.54          | 15.60         | 21.07         | 13.20         |

## BALANCE SHEET (CONSOLIDATED) .....

| Assets                              | FY23          | FY24          | FY25          | Equity & Liabilities                  | FY23          | FY24          | FY25          |
|-------------------------------------|---------------|---------------|---------------|---------------------------------------|---------------|---------------|---------------|
| <b>Non-current assets</b>           |               |               |               | <b>Equity</b>                         |               |               |               |
| Property, plant and equipment       | 14,068        | 14,678        | 16,013        | Equity share capital                  | 87            | 87            | 87            |
| Capital work-in-progress            | 306           | 419           | 1,552         | Other equity                          | 9,581         | 11,151        | 12,040        |
| Investment property                 | 75            | 74            | 72            | <b>Total equity</b>                   | <b>9,668</b>  | <b>11,238</b> | <b>12,127</b> |
| Other intangible assets             | -             | -             | 101           | <b>Liabilities</b>                    |               |               |               |
| Intangible assets under development | -             | -             | 11            | <b>Non-current liabilities</b>        |               |               |               |
| Financial assets                    | -             | -             |               | Financial liabilities                 |               |               |               |
| • Other financial assets            | 39            | 39            | 49            | • Borrowings                          | 3,678         | 3,070         | 4,027         |
| Income tax assets (net)             | 16            | 16            | 16            | • Other financial liabilities         | 228           | 247           | 262           |
| Other non-current assets            | 259           | 585           | 601           | Provisions                            | 13            | -             | -             |
| <b>Total non-current assets</b>     | <b>14,763</b> | <b>15,811</b> | <b>18,415</b> | Deferred tax liabilities (net)        | 1,172         | 1,257         | 1,400         |
| <b>Current assets</b>               |               |               |               | Deferred income                       | 49            | 46            | 43            |
| Inventories                         | 901           | 1,128         | 1,262         | <b>Total non-current liabilities</b>  | <b>5,140</b>  | <b>4,620</b>  | <b>5,732</b>  |
| Financial assets                    |               |               |               | <b>Current liabilities</b>            |               |               |               |
| • Trade receivable                  | 287           | 342           | 391           | Financial liabilities                 |               |               |               |
| • Cash and Cash equivalents         | 15            | 706           | 92            | • Borrowings                          | 1,450         | 2,055         | 2,509         |
| • Other bank balances               | 157           | 73            | 122           | • Trade payables                      | 258           | 569           | 419           |
| • Loans                             | -             | -             |               | • Other financial liabilities         | 198           | 233           | 266           |
| • Others financial assets           | 16            | 28            | 10            | Other current liabilities             | 84            | 77            | 55            |
| Other current assets                | 756           | 789           | 836           | Provisions                            | 3             | 1             | -             |
| <b>Total current assets</b>         | <b>2,132</b>  | <b>3,066</b>  | <b>2,713</b>  | Deferred income                       | 3             | 3             | 3             |
| <b>Total assets</b>                 | <b>16,895</b> | <b>18,877</b> | <b>21,128</b> | Current tax liabilities(net)          | 91            | 81            | 17            |
|                                     |               |               |               | <b>Total current liabilities</b>      | <b>2,087</b>  | <b>3,019</b>  | <b>3,269</b>  |
|                                     |               |               |               | <b>Total liabilities</b>              | <b>7,227</b>  | <b>7,639</b>  | <b>9,001</b>  |
|                                     |               |               |               | <b>Total equity &amp; liabilities</b> | <b>16,895</b> | <b>18,877</b> | <b>21,128</b> |

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