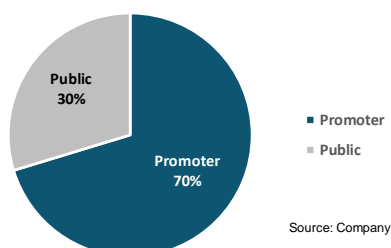


Key Share Data

Face Value (INR)	1.0
Equity Capital (INR Mn)	87.3
Market Cap (INR Mn)	8,041.3
52 Week High/Low (INR)	143.6 / 87.1
6 months Avg. Daily Volume (NSE)	87,288
BSE Code	532937
NSE Code	KUANTUM

Shareholding Pattern (as on Sep 2025)

Company Background

Kuantum Papers Ltd (KPL), promoted by Mr. Pavan Khaitan (Vice Chairman & Managing Director), is amongst India's leading manufacturer of paper and paper products at its backward integrated plant at Hoshiarpur, Punjab with an installed paper manufacturing capacity of 450 TPD and pulp capacity of 365 TPD as of FY25. KPL utilises a mix of agri-residue (wheat straw), veneer, wood logs and wood chip as its raw materials (RM) for making pulp. The company's product portfolio is in the writing and printing (W&P) segment and includes maplitho, creamwove, copier, and specialty papers.

Investment Rationale

Increase of capacity by ~50% in FY27 with diversification in specialty segment to drive volume growth, improve realisations, and enhance economies of scale

- KPL is undertaking a significant capex of ₹7.35 bn, primarily focused on expanding paper production capacity by ~50% - from 450 TPD to 675 TPD. Additional investments include expansion in pulp making, raising the combined agro and wood pulp capacity from 365 TPD to 440 TPD, along with a lime kiln and chemical recovery plant aligned to the enhanced pulp capacity. Project is being funded through a Debt:Equity mix of ₹5.35 bn: ₹2 bn.
- KPL is upgrading each of its four paper machines in a staggered manner by taking shutdowns during FY26 with full enhanced capacity available from Q1FY27.
- The overall capital intensity of the capex is estimated at ~₹89,500/MT covering expansion of paper, pulp, and chemical recovery capacities. Paper capacity increase alone is estimated to cost ~ ₹41,500/MT.
- The expansion is expected to help the company increase sales volume and increase mix of specialty paper to drive topline growth, higher realisations and margins.
- The largest paper machine (PM4) has already been successfully upgraded in June 2025 and has resulted in higher production by 40- 50 TPD, taking the overall production to ~500 TPD.

Potential bottoming out of margins before the next industry up-cycle?
Paper realisations appear to be stabilizing at ~ ₹65/kg for KPL W&P paper

- Prices have remained stable over the past 2–3 quarters with limited signs of further decline.
- Imports for FY25 stood at 2.78 MT, up 33% YoY from FY24, while Q1FY26 import volumes rose 8% YoY. However, volumes are expected to decline, going forward, following the imposition of MIP.
- **Wood prices appear to be topping out, with domestic availability expected to improve from H2FY27E**
 - Plantation activity had slowed during COVID-19, while wood demand increased sharply during the FY23 upcycle from paper, MDF, and other wood-based sectors, tightening overall availability.
 - This led to a shortage since FY24 (harvest cycle of trees being ~4 years) leading to steep escalation in domestic wood prices and shortage, forcing manufacturers to import costlier wood chip and wood pulp.
 - In response, companies intensified plantation programme in CY23 to rebuild long-term RM security.
 - These plantations are expected to start maturing from CY26 onwards improving domestic RM availability with downward pressure on current escalated prices.

Raw material diversity advantage and backward integration sets the KPL apart from its peers

- **~50% of KPL's RM is agro-residue**, primarily wheat straw. Punjab produces ~20 mn MT wheat straw annually, ensuring abundant availability at stable prices, as yields continue to rise. This helped KPL limit impact of drastic increase in wood prices from FY25.
- **Balance RM requirement is met by wood**, available locally, with prices likely to soften in medium-term.
- The company enjoys significant cost advantages through this strategic procurement, delivering a cost benefit of more than ₹15,000/MT compared to other pulp integrated player, ensuring superior margin resilience.
- In FY22, KPL undertook ₹4.4 bn backward integration capex, to expand pulp, power generation, and chemical recovery capacities. This allowed the company to optimise full potential of its RM advantage and paper machine capacity.
- This diversified sourcing model, backed by backward integration, underpins margin resilience and long-term competitiveness compared to wood-dependent peers.

Industry consolidation taking place with limited scope for new entrants

- No new players have entered the sector recently - scope for new entrants remains limited due to:
 - High capital intensity in setting up an integrated and viable plant (~50,000 MT), requires a capex of ₹4–5 billion, at an estimated cost of around ₹110,000–₹130,000/MT.
 - Long gestation period and stringent environmental clearances: Securing environmental approvals and ensuring access to suitable land and water resources present major hurdles, while greenfield project typically takes 24–30 months to become operational in India.
- Smaller players struggle during industry downcycles, creating opportunities for larger players to grow.
 - Of ~900 paper mills in India only ~500 are operational; further shutdowns are possible in prolonged downcycle.
 - Even among organized players, consolidation of smaller players is already underway.
 - We expect this trend of industry consolidation to continue over the medium term which benefits KPL as it will be amongst India's top 10 integrated paper companies post volume expansion.

VALUATION

We believe that the KPL's significant paper capacity expansion, set to come into full effect from FY27, along with its continued shift into specialty grades segment, will drive stronger volumes and improved realisations, while margins remain supported by strong backward integration and favourable raw material positioning. We have valued the stock 5x FY28E EV/EBITDA multiple, backed by rising paper demand and stabilising raw material prices, we recommend a Buy, with an upside potential of 59%.

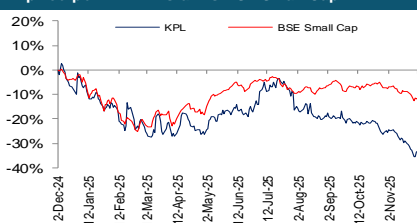
Key Financials (Rs Million)

Particulars	FY25	FY26E	FY27E	FY28E
Net Sales	11,070.4	11,001.9	15,105.1	15,407.2
Growth (%)	-9%	-1%	37%	2%
EBITDA	2,425.9	1,864.7	3,537.4	3,728.7
PAT	1,151.8	528.7	1,593.5	1,811.7
Growth (%)	-37%	-54%	201%	14%
EPS (INR)	13.2	6.1	18.3	20.8
BVPS (INR)	139.0	143.0	158.3	176.1

Key Financials Ratios

Particulars	FY25	FY26E	FY27E	FY28E
P/E (x)	7.0	15.2	5.0	4.4
P/BVPS (x)	0.7	0.6	0.6	0.5
Mcap/Sales (x)	0.7	0.7	0.5	0.5
EV/EBITDA (x)	5.9	9.3	4.5	3.7
ROCE (%)	10.1%	5.5%	12.8%	13.6%
ROE (%)	9.5%	4.2%	11.5%	11.8%
EBITDA Mar (%)	21.9%	16.9%	23.4%	24.2%
PAT Mar (%)	10.4%	4.8%	10.5%	11.8%
Debt - Equity (x)	0.5	0.7	0.6	0.4

Source: Company, SKP Research

1 Yr price perf. KPL vis-à-vis BSE Small Cap

Research Analyst:

Vaibhav Pachisia

e-mail: vaibhav.pachisia@skpsecurities.com

phone: +91 9830896666

Madhav Jhawar

e-mail: madhav.jhawar@skpsecurities.com

phone: +91 8420319203

Story in charts

We expect significant growth in KPL's top line and bottom line in FY27....

Exhibit 1 : Revenue & revenue growth %

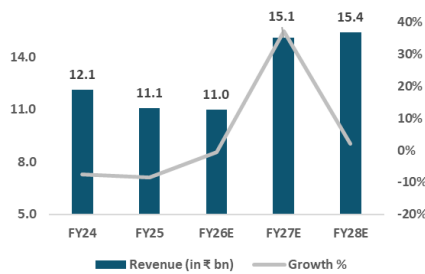


Exhibit 2: EBITDA and EBITDA growth %

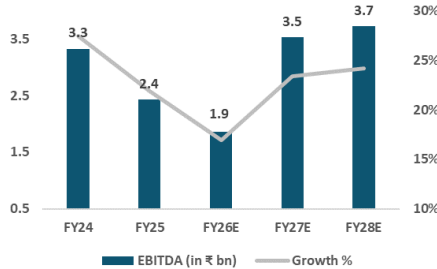
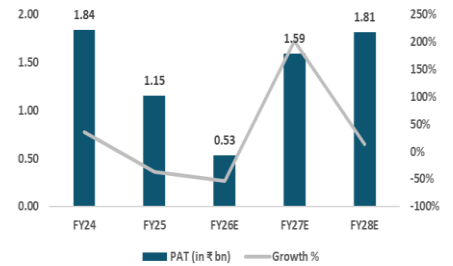


Exhibit 3: PAT & PAT growth %



...driven by large capex to enhance paper manufacturing capacity by ~50% expected and improvement in paper

Exhibit 4: Capex spent over the years

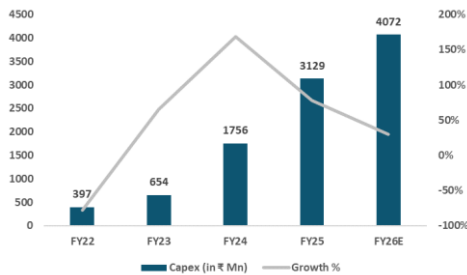


Exhibit 5: Paper capacity increase (in TPD)

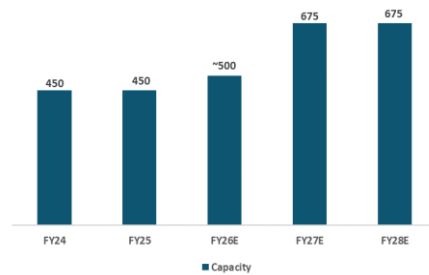


Exhibit 6: Realisation/ton vs cost/ton



...and more resilient margins compared to peers driven by unique raw material mix

Exhibit 7: EBITDA/Tonne comparison vs peers

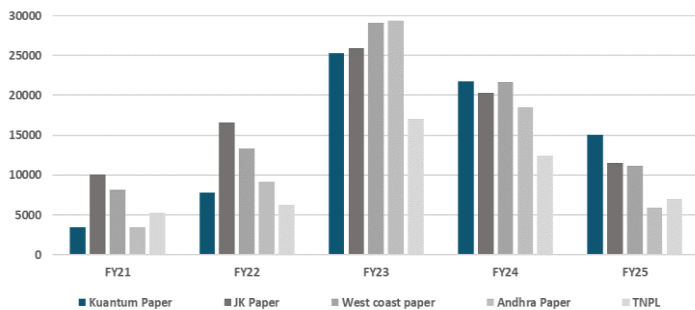
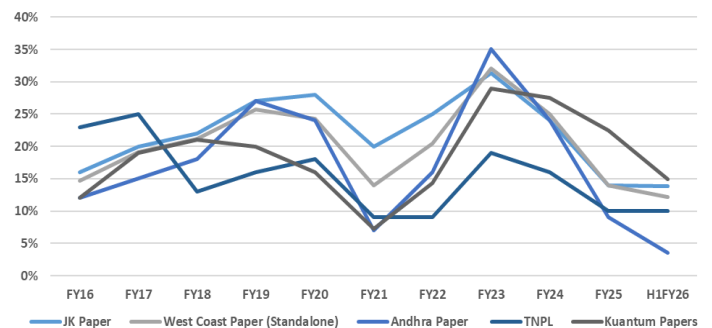


Exhibit 8: EBITDA margins comparison vs peers



Source: Company, SKP Research

Indian Paper Industry

- India's paper industry consists of ~ **900 paper mills, with 526 operational** mills and a total installed capacity of ~ **27 MTPA**. The sector is diverse, producing writing & printing paper, packaging paper, newsprint, specialty paper, and tissue paper.
- India contributing ~ 5% of the global market. The paper and pulp industry's market value (India) is projected to **grow at CAGR of ~ 13%** from USD 15 bn to USD 25 bn.
- **India continues to be the fastest-growing paper market in the world**, driven by rising consumption across segments, growing steadily at 6-7% per annum.
- **India's per capita paper consumption is ~16kg**, significantly lower than **global average** of ~57 kg and developed economies of ~200+ kg.

Exhibit 9: Snapshot of Indian paper industry

Particulars	Data (FY24)
No. of mills	900 (Approx)
Total Installed Capacity (MnT)	27.43
Operating Installed Capacity (MnT)	24.15
Production (MnT)	22.01
Capacity utilization (%)	91%
No. of running units	526
No. of mills closed	374
Idle installed capacity (MnT)	5.12
Consumption	23.039
Per capita consumption (Kgs)	15.63 (Approx)
Global Share (%)	5%
Import (MnT)	2.6
Export (MnT)	1.56

Exhibit 10: Domestic market size in FY25

Paper Grade	Domestic Market Size in Mn MT	Expected Annual Growth Rate (%)
Newsprint	1.133	-2.3%
Writing & Printing Paper	5.468	3.1%
Packaging Paper / Paperboard	15.539	7.7%
Cup Stock	0.388	8.5%
MG Variety / Poster	0.281	0.3%
Tissue	0.372	12.9%
Other Paper / Paperboard	0.657	1.0%
	23.838	6.27

Source: IPMA, SKP Research

Packaging Paper & Paperboard (PP&B)

- PP&B is the largest segment, accounting nearly ~**65% of India's paper consumption**, catering to industries such as e-commerce, FMCG, food & beverage, pharmaceutical, textiles, etc.
- Sub-segments such as kraft paper, recycled board, and virgin multilayer board are witnessing strong traction, aided by substitution of plastics and increasing premiumisation in packaging.
- The domestic consumption stands at ~**15 MT**, and with rising e-commerce, FMCG, and organised retail demand, this segment is **expected to grow at ~8% annually**.
- The segment is witnessing consolidation as players expand capacity to meet rising demand.

Writing & Printing (W&P) Paper

- W&P is the second-largest segment with ~**5.5 MT demand**, accounting for ~**23% of India's paper consumption**. It includes maplitho paper for textbooks; uncoated and copier papers for office use; coated grades for premium applications like magazines; creamwove for books/novels; and bond, ledger, and other specialty papers.
- This segment is showing **moderate growth of ~3% annually**, where the **copier paper** continues to outperform, growing at ~**4.5% annually**.

Tissue Paper

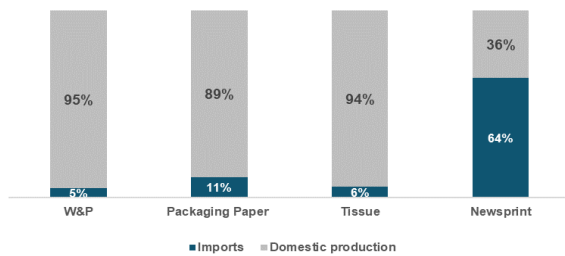
- Demand for tissue is currently relatively small at ~0.4 MT, but is the **fastest growing segment at ~ 13%**.
- Its demand is derived out of a general improvement in the standard of living, lifestyle changes increasing of hygiene.
- This segment is witnessing significant domestic capex as demand grows quickly.

Specialty Paper

- The specialty paper segment has an estimated market size of ~1.33 MT. It includes cup stock, MG varieties/poster paper, and other niche grades used in food service, labels, décor, and technical applications.

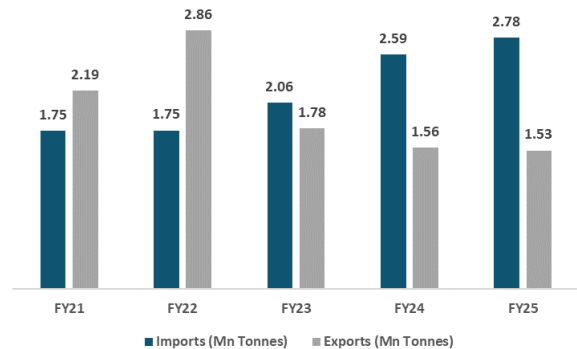
- Cup stock is the fastest-growing category, expanding at **~8.5% annually** with a market size of ~0.38 MT, driven by rising demand for sustainable food-grade packaging.
- This segments commands **higher realisations** and offer more stable margins due to **strong entry barriers**, specialised coating technology, and **long customer approval cycles**.

Exhibit 11: Domestic & import market share in FY25



Source: IPMA, SKP Research

Exhibit 12: Import & export over the years



Source: IPMA, SKP Research

Indian paper raw materials mix

Wood

- Wood fibers constitute ~20% of RM consumption and are primarily sourced from social forestry and agro-forestry plantations conducted by farmers.
- Key plantation species are Eucalyptus, Subabul, Casuarina, chosen for their fast rotation cycle of 3-5 years, and high fiber yield per acre, ideal for W&P pulp.
- Clonal plantations are widely promoted as they deliver higher yields than seed-based plantations, significantly improving fiber availability and plantation economics.

Agro residue

- Agro-residues form ~8% of the RM mix, with the main residues being bagasse, rice straw and wheat straw, sourced from sugarcane, paddy, and wheat harvest cycles.
- Mills using agro-residue typically blend it with wood or waste-paper pulp to improve fiber strength, as agro fibers alone have lower tensile properties.
- Agro-residues are among the cheapest RM as these are abundantly available yet their adoption remains low.

Waste paper

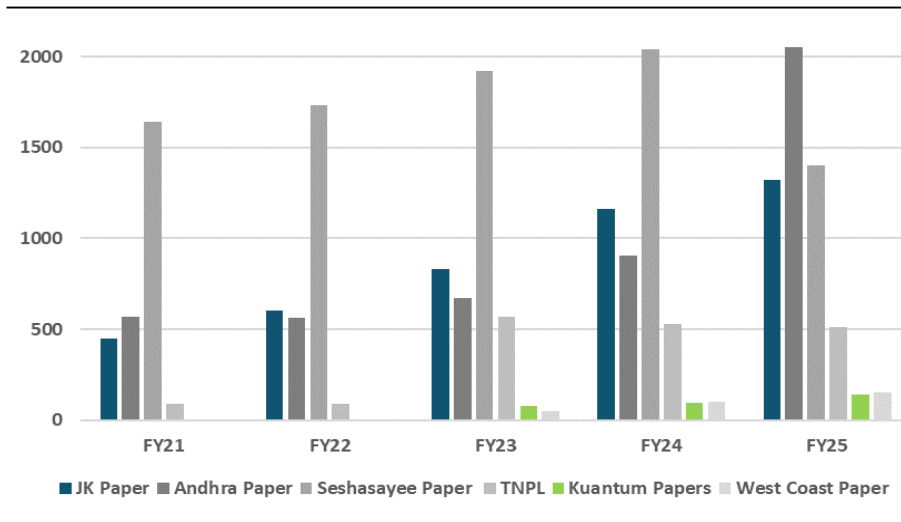
- Recycled fiber is the largest RM source for Indian paper mills, forming ~74% of total consumption.
- India remains import-dependent, sourcing ~35% of its recovered paper requirement from overseas amid fragmented domestic collection and high contamination levels, restricting its use to lower grade paper manufacturing.
- While recycled fiber offers a cost advantage, margins are pressured by volatile wastepaper prices and its limited suitability for premium grades papers.

Elevated domestic wood chip prices expected to stabilize on the back of increased plantation:

- Following over a decade of stable wood chip prices in India and ample availability, the industry experienced tightening wood availability FY24 onwards as:
 - Demand from competing sectors such as MDF increased, and
 - Plantation of wood chip decreased during COVID-19, impact of which was felt post FY23; putting pressure on wood chip supply.
- Due to limited domestic wood chip availability and, paper manufacturers had to rely on imports, often paying a significant premium.
- To counter this issue, Indian paper companies along with MDF players intensified agro forestry initiatives, building on long-running programmes, to strengthen long-term RM security.
- These enhanced plantation efforts undertaken in CY2023 are expected to begin yielding results from H2CY2026 as the plantation cycle starts maturing.

- The focus area has been developing farm forestry within a 200 km radius of manufacturing plants to ensure reduced freight cost, less reliance on costlier imported wood/pulp, & improved wood chip availability at competitive prices.
- KPL's management has indicated a slight reduction in wood chip prices indicating a sign of a turn in the cycle.
- While a return to pre-COVID price levels appears unlikely, we expect a gradual correction in wood chip prices.

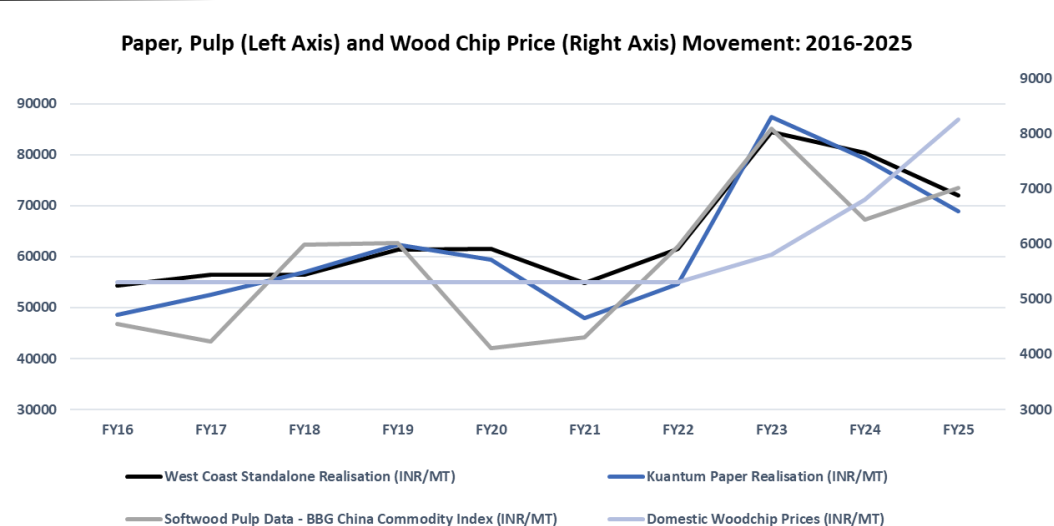
Exhibit 13: Plantation development trends across major companies (in Lakh)



Source: SKP Research

Global pulp prices have impacted domestic paper realisations & EBITDA Margins...even as wood prices remained stable (except current cycle)

Exhibit 14: Impact of global pulp prices on domestic realisations



Source: Company, Bloomberg, SKP Research

Industry landscape

Exhibit 15: Capacity comparison of major domestic companies

Company	Current Capacity (in MTPA)	Raw Material Source	Product(s) (W&P/Tissue/PB) (in %)	Capex Plans (in INR)	Pulp Integration Levels	Captive Power	Major RM constraint
ITC	993000	Wood, bamboo, bagasse, waste paper	NA – Primarily boards	~₹70 bn capex over 5 yrs(ann. Jul '24); ₹35 bn spent on CPP acquisition*	Partial integrated	Yes	No constraint
ABRL/CPP*	481000	NA	44/16/40	Nil.	Partial integrated	No	No constraint
West Coast Paper	330000	100% wood chips	100/0/0	Can go up to 350k MTPA post env clearance	Fully Integrated	Yes	No constraint
Andhra Paper	255000	Hard wood (84%) and waste paper	100/0/0	Capex of ₹2.7 bn on 35k MTPA tissue plant and ₹1.8 bn on 21.6k MTPA paper capacity to be commissioned in FY27 and Q2FY27 respectively.	Fully Integrated	Yes	Labour
JK Paper	761000	Wood chips, waste paper (20%)	62/0/38	Nil.	Integrated	Yes	No constraint
Orient Paper	100000	Wood and bamboo	45/55/0	₹1.25 bn capex to raise capacity to 108.5k MTPA to be commissioned by FY27	Integrated	Yes	Water
Kuantum Papers	164250	Wheat straw, woodchip, bamboo	100/0/0	₹7.35 bn capex to raise capacity by ~225 TPD and 75TPD for paper and pulp respectively.	Integrated	Yes	No constraint
Seshasayee Paper	255,000+ 75000	Bagasse and waste paper	NA/NA/NA	₹ 4.05 bn capex to add 12.5K TPA paper, 35K TPA pulp, and raise black liquor capacity to 1,500 TPD by Apr'26	Integrated	Yes	Water
TNPL	600000	Wood, bagasse, waste paper	67/0/33	₹6 - ₹6.5 bn capex (ann. Jan 25') for upgrading power infra, 100 TPD tissue machine, maintenance	Integrated	Yes	Water

Source: Company, SKP Research

Recent industry updates

Imposition of Anti-Dumping Duty and Impact:

- On August 22, 2025, GOI imposed a Minimum Import Price (MIP) of INR 67,220 per MT (CIF value) for import of Virgin Multi-layer Paper Board (VPB), which will remain in force until 31st March 2026.
- Imposition of MIP provides a strong support to paper board prices, which was facing the most import pressure.
- Our channel feedback indicates that import prices of certain lower paper board grades had come down to ~ ₹52,000/MT – ₹60,000/ MT, which will be positively impacted from MIP imposition.

GST anomalies post September GST rates revision has affected the paper and board value chain:

- GST on Paper & Boards increased from 12% to 18%, while GST on converted products reduced to 5%, creating an inverted duty structure.
- Notebooks now attract 0% GST, leading to loss of input tax credit for notebook manufacturers.
- These changes are causing value-chain disruption, like higher input cost, working capital blockage, increased cheap imports, which doesn't bears domestic taxes.

Company Overview

Kuantum Papers Ltd (KPL), promoted by Mr. Pavan Khaitan (Vice Chairman & Managing Director), is amongst India's leading manufacturer of paper and paper products at its backward integrated plant at Hoshiarpur, Punjab with an installed paper manufacturing capacity of 450 TPD and pulp capacity of 365 TPD as of FY25. KPL utilises a mix of agri-residue (wheat straw), veneer, wood logs and wood chip as its raw materials (RM) for making pulp. The company's product portfolio is in the writing and printing (W&P) segment and includes maplitho, creamwove, copier, and specialty papers.

Exhibit 16: Key business facts

Key Facts (as of FY25)	
Current Paper Capacity	~164,250 MTPA (450TPD)
Pulp Integration	Agro Based: 60,225 MTPA (165 TPD), Wood Based : 73,000 MTPA (200TPD)
Captive Cogeneration Plant	38 MW (Coal), ~30–35% biomass-based (rice husk, wheat-straw dust, wood dust).
Paper Products	Maplitho, creamwove, copier, and specialty papers
Plant Location	Hoshiarpur, Punjab
Primary Raw Materials	Wheat straw, wood Chip, bamboo, veneer, wood logs, & imported softwood
Raw Material Sourcing	97-98% Domestic, 2-3% Imports
Water Source	Groundwater & ~30% surface water (Govt. approved)
Distribution	100+ Distributors across north India
Credit Rating	India Rating and Research: IND A/ Stable

Source: Company, SKP Research

Exhibit 17: KPL's Hoshiarpur plant



Source: Company, SKP Research

Exhibit 18: Key company milestones

Year	Event
1980	Mill established in Hoshiarpur (Punjab) with ~30 TPD capacity using agro-residues.
1988	Installed Paper Machine-3 (PM-3) with 100 TPD capacity.
2000	Achieved 40% increase in output efficiency by debottlenecking operations
2005	Installed a 9 MW captive power plant at the paper division.
2006	Agro Pulp Mill upgraded to 150 TPD
2007	Secured regulatory approvals for restructuring/demerger into ABC Paper Ltd.
2008	Equity shares of ABC Paper Ltd. listed on BSE. Expanded into wood-based pulp; commissioned PM-4 with a capacity of 200 TPD, Chemical Recovery Plant, and 10 MW Co-generation Power Plant.
2012	Name changed from ABC Paper Ltd to Kuantum Papers Ltd.
2013	Precipitated Calcium Carbonate (PCC) Plant established used to improve brightness, opacity, bulk, and smoothness Annual production crossed 1,00,000 TPA
2015	Agro Pulp Mill of 200 TPD installed along with Oxygen Delignification (ODL) Plant
2017	Specialty Paper segment launched
2019	Shares listed on NSE
2021	Completion of ₹440cr. backward integration project. Paper, pulp and chemical recovery capacities enhanced; operations running at 450 TPD.
2022	Production capacity crossed 1,50,000 TPA. Undertook water conservation measures, reducing fresh water consumption
2023	Launched cup-stock & straw-base paper. Delivered record revenue ₹1,313cr and EBITDA margin of ~29%.
2024	Commenced Mill Upgradation and Expansion Project with an outlay of ₹735cr.
2025	Surface water approval received from Punjab Govt. Commissioned Twin Roll Presses at Agro & Hardwood Pulp Mills

Source: Company, SKP Research

Channel check on the company:

We met with paper dealers who trade KPL products. Key takeaways:

- KPL has a strong reputation across distributors and end customers (convertors), led by experienced management is run professionally with a good corporate culture.
- Product quality is relatively strong with strong acceptance across northern markets.
- Product portfolio includes both agro-based and virgin-grade paper, ensuring wider market coverage.

Company Leadership:

- Mr. Jagesh Kumar Khaitan – Chairman
- Mr. Pavan Khaitan – Vice Chairman and MD
- Mr. Vikram Kumar Khaitan – CFO
- Mr. Jagdeep Hira– CEO Operations

Q2FY26 KPL's Result Highlights

Figures in Rs Million

Particulars	Q2FY26	Q2FY25	YoY %	Q1FY26	QoQ %	H1FY26	H1FY25
Total Income	2,797.0	2,788.6	0.3%	2,229.2	25.5%	5,026.2	5,596.1
Expenditure	2,453.6	2,181.0	12.5%	1,825.2	34.4%	4,278.8	4,272.8
Material Consumed	1,076.1	909.3	18.3%	672.0	60.1%	1,748.1	1,737.4
(as a % of Total Income)	38.5%	32.6%	587 Bps	30.1%	833 Bps	34.8%	31.0%
Power and Fuel	364.0	362.0	0.6%	289.7	25.6%	653.7	682.2
(as a % of Total Income)	13.0%	13.0%	3 Bps	13.0%	2 Bps	13.01%	12.19%
Chemicals Consumed	555.5	460.5	20.6%	420.5	-100.0%	976.0	930.6
(as a % of Total Income)	19.9%	16.5%	335 Bps	18.9%	100 Bps	19.4%	16.63%
Employees Cost	225.1	204.5	10.1%	230.5	-2.3%	455.6	417.7
(as a % of Total Income)	8.0%	7.3%	72 Bps	10.3%	(229)Bps	9.1%	7.5%
Other Expenses	232.9	244.8	-4.9%	212.5	9.6%	445.4	504.9
(as a % of Total Income)	8.3%	8.8%	(45)Bps	9.5%	(121)Bps	8.9%	9.0%
EBITDA	343.4	607.6	-43.5%	404.0	-15.0%	747.4	1,323.3
EBITDA Margin (%)	12.3%	21.8%	(951)Bps	18.1%	(585)Bps	14.9%	23.6%
Depreciation	163.0	130.0	25.4%	152.0	7.2%	315.0	255.2
EBIT	180.4	477.6	-62.2%	252.0	-28.4%	432.4	1,068.1
Other Income	22.1	17.4	27.0%	14.3	54.5%	36.4	26.0
Interest Expense	119.0	94.1	26.4%	103.9	14.5%	222.9	183.7
Income Tax	25.8	101.8	-74.7%	41.8	-38.3%	67.6	229.5
Effective Tax Rate (%)	30.9%	25.4%		25.7%		27.5%	25.2%
Minority Interest	0.0	0.0		0.0		0.0	0.0
Profit After Tax (PAT)	57.7	299.0	-80.7%	120.60	-52.2%	178.3	680.9
PAT Margins (%)	2.06%	10.72%	(866)Bps	5.41%	(335)Bps	3.55%	12.17%
Diluted EPS	0.7	3.4	-80.8%	1.4	-52.2%	2.0	7.8

Source: Company Data, SKP Research

Valuation

We believe that the KPL's significant paper capacity expansion, set to come into full effect from FY27, along with its continued shift into speciality grades segment, will drive stronger volumes and improved realisations, while margins remain supported by strong backward integration and favourable raw material positioning. We have valued the stock 5x FY28E EV/EBITDA multiple, backed by rising paper demand and stabilising raw material prices, we recommend a Buy, with an upside potential of 59%.

KEY CONCERNS

- 1. Competition from unorganised players:** As mentioned earlier, that Indian paper industry is highly fragmented with ~825 small to large mills. Any increase in the competitive intensity from unorganized segment, although unlikely, may be detrimental for the company.
- 2. Scarcity of wood pulp:** Availability of wood pulp is a matter of concern not only for KPL but to the whole industry for past many years, though its availability has improved significantly, which has led to the drop in the prices of wood chips. Of late, wood prices have started inching up led by capacity addition by industry and emerging competition from MDF players.
- 3. Threat of imports from China and Indonesia:** Due to ongoing geopolitical conflicts, Chinese and Indonesian cheap imports have moved to India, dumping their capacity on to an already weak domestic market. Continued import of these products can negatively impact profitability of Indian paper companies due to excess competition.
- 4. Getting environmental clearances (EC):** The company has EC for paper capacity up to 540 TPD and has applied for expansion to 675 TPD, along with pulp capacity increase from 365 TPD to 440 TPD. The approval is still pending, and there is no assurance on the timing or outcome of the clearance. Any forward-looking statements regarding capacity increase remain subject to regulatory approvals.

Consolidated Financials:

Exhibit: Income Statement

Figures in Rs Million

Particulars	FY25	FY26E	FY27E	FY28E
Total Income	11,070.4	11,001.9	15,105.1	15,407.2
Growth (%)	-9%	-1%	37%	2%
Expenditure	8,644.5	9,137.1	11,567.7	11,678.5
Material Cost	3,595.5	3,704.2	4,875.3	4,875.3
Employee Cost	806.3	905.5	930.7	930.7
Power & Fuel Cost	1,340.1	1,399.4	1,883.6	1,994.4
Chemical Cost	1,935.4	2,140.2	2,659.2	2,659.2
Other Exp.	967.2	987.8	1,218.8	1,218.8
EBITDA	2,425.9	1,864.7	3,537.4	3,728.7
Depreciation	540.0	659.6	758.2	770.6
EBIT	1,885.9	1,205.1	2,779.2	2,958.1
Other Income	60.9	61.0	61.0	61.0
Interest Expense	393.0	551.6	686.9	570.9
Profit Before Tax (PBT)	1,553.8	714.5	2,153.3	2,448.2
Income Tax	402.0	185.8	559.9	636.5
Profit After Tax (PAT)	1,151.8	528.7	1,593.5	1,811.7
Diluted EPS	13.2	6.1	18.3	20.8

Exhibit: Cash Flow Statement

Figures in Rs Million

Particulars	FY25	FY26E	FY27E	FY28E
Operating Cash flow (1)	1,769.6	1,886.0	2,712.2	3,276.0
- PBT	1,553.8	714.5	2,153.3	2,448.2
- Dep	540.0	659.6	758.2	770.6
- Tax	323.4	100.8	559.9	636.5
- WC changes	-403.0	61.1	-326.4	122.8
- Other	402.2	551.6	686.9	570.9
Investing Cash flow (2)	-3,146.0	-4,071.6	-400.0	-400.0
- Capex	-3,129.5	-4,071.6	-400.0	-400.0
- Other	-16.5	-	-	-
Financing Cash flow (3)	762.9	2,023.9	-2,348.7	-2,332.7
- Share issuance	-	-	-	-
- Debt changes	1,411.4	2,750.0	-1,400.0	-1,500.0
- Dividends	-260.4	-174.5	-261.8	-261.8
- Others	-388.1	-551.6	-686.9	-570.9
Total Cash flow (1+2+3)	-613.5	-161.6	-36.5	543.3
Opening Cash Balance	827.9	214.4	52.8	16.2
Closing Cash	214.4	52.8	16.2	559.5

Source: Company Data, SKP Research

Exhibit: Balance Sheet

Figures in Rs Million

Particulars	FY25	FY26E	FY27E	FY28E
Share Capital	87.3	87.3	87.3	87.3
Reserve & Surplus	12,039.8	12,394.0	13,725.7	15,275.6
Total Debt	6,536.4	9,286.4	7,886.4	6,386.4
Current Liabilities & Prov	758.9	827.6	981.6	981.6
Non-Current Liability	1,705.0	1,790.0	1,790.0	1,790.0
Total Liabilities	21,127.5	24,385.3	24,471.0	24,520.9
Net Block inc. Capital WIP	17,565.3	20,977.2	20,619.0	20,248.4
Non-Current Asset	849.7	849.7	849.7	849.7
Current Assets	2,712.6	2,558.5	3,002.3	3,422.8
Inventories	1,262.0	1,268.6	1,602.8	1,469.3
Sundry Debtors	390.9	391.8	538.0	548.7
Cash & Bank Balance	214.4	52.8	16.2	559.5
Other Current Assets	845.3	845.3	845.3	845.3
Total Assets	21,127.5	24,385.3	24,471.0	24,520.9

Exhibit: Ratio Analysis

Particulars	FY25	FY26E	FY27E	FY28E
Earning Ratios (%)				
EBITDA Margin (%)	21.9%	16.9%	23.4%	24.2%
PAT Margins (%)	10.4%	4.8%	10.5%	11.8%
ROCE (%)	10.1%	5.5%	12.8%	13.6%
ROE (%)	9.5%	4.2%	11.5%	11.8%
Per Share Data (INR)				
Diluted EPS	13.2	6.1	18.3	20.8
BVPS	139.0	143.0	158.3	176.1
Valuation Ratios (x)				
P/E	7.0	15.2	5.0	4.4
Price/BVPS	0.7	0.6	0.6	0.5
EV/Sales	1.3	1.6	1.1	0.9
EV/EBITDA	5.9	9.3	4.5	3.7
Balance Sheet Ratios				
Debt - Equity	0.5	0.7	0.6	0.4
Current Ratio	0.8	0.8	0.9	1.0

Notes:

The above analysis and data are based on last available prices and not official closing rates. SKP Research is also available on Bloomberg and Thomson First Call.

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Name of Compliance Officer & Grievance Officer: Gaurav Agarwal

Email: gaurav.agarwal@skpsecurities.com

Telephone: (033) 66777029

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SKP Securities Ltd

CIN: L74140WB1990PLC049032S

Registered Office: 1702-03 BioWonder, 789 Anandapur, E.M. Bypass, Kolkata 700 107

	RESEARCH		DEALING	
	MUMBAI	KOLKATA	MUMBAI	KOLKATA
PHONE	+91 22 4922 6014	+91 33 6677 7003	+91 22 4922 6000	+91 33 6677 7060
EMAIL	ird@skpsecurities.com		skp.sec@bloomberg.net	

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NSE & BSE – INZ000199335 | NSDL& CDSL – IN-DP-155-2015 | Research Analyst - INH300002902,

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