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Issue Offer

Fresh Issue of 64,94,400 Equity shares aggregating up to INR 675.42 Mn

Issue Summary

Price Band INR	95-104
Face Value INR	10
Implied Market Cap INR Mn.	2,565.5
Market Lot	1,200
Issue Opens on	May 27, 2025
Issue Close on	May 29, 2025
No. of share pre-issue	1,81,73,500
No. of share post issue	2,46,67,900
Listing	NSE SME

Issue Break-up %

QIB Portion	≥ 50%
Retail Portion	≤ 35%
NII Portion	≤ 15%

Registrar

Skyline Financial Services Pvt. Ltd.

Book Running Lead Managers

Fast Track Finsec Pvt. Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	80.38%	59.22%
Public & Others	19.62%	40.78%

Objects of the issue

- Capital Expenditure towards setting up of Power Plant
- Working Capital Requirement
- General corporate purposes

Nikita Papers Limited, established in 1992, is engaged in the manufacturing of kraft paper using 100% recycled waste paper. With a current installed capacity of 180,000 TPA at its Muzaffarnagar facility in Uttar Pradesh, the company produces a wide range of kraft paper used primarily in the packaging industry. Nikita Papers exports to over 15 countries and holds certifications such as FSC and ISO 14001:2015, reflecting its commitment to sustainable and eco-friendly production practices.

Investment Rationale

Environmentally Responsible Business Model: The company operates with a strong focus on sustainability, sourcing wastepaper as its primary raw material and maintaining a zero-liquid discharge facility. This not only aligns with global ESG mandates but also positions the business favorably amid tightening environmental regulations. The sustainable model contributes to lower water usage, reduced pollution, and long-term operational cost savings. Moreover, its eco-friendly credentials offer a competitive edge in export markets increasingly prioritizing green sourcing and sustainable supply chains.

Technologically Upgraded Manufacturing Base: Significant investments in state-of-the-art infrastructure, including two high-performance paper machines (PM1 and PM2), have enabled the company to produce a wide range of high-strength, lightweight kraft paper. An integrated in-house effluent treatment and recycling system enhances resource utilization and operational resilience. These technological upgrades have improved productivity, lowered per-ton production costs, and allowed customization of products to meet evolving customer specifications—particularly beneficial in export markets demanding consistent quality and sustainability.

Rising Global Demand for Kraft Paper: The global shift towards sustainable packaging solutions, driven by increasing bans on single-use plastics, is fueling robust demand for kraft paper across developed and emerging markets. The company's diverse kraft paper portfolio, coupled with its scalable manufacturing and export capabilities, positions it to capture incremental demand, particularly from regions with stringent environmental packaging norms.

Experienced Promoters with Long Track Record: With over 30 years of industry experience, the promoters have demonstrated strong leadership in navigating cyclical industry challenges while maintaining financial discipline. This experienced stewardship has also fostered longstanding relationships with customers and suppliers, supported robust exports, and built an operational framework resilient to raw material price fluctuations and regulatory shifts.

Valuation and View: The company is strategically positioned to capitalize on rising global sustainability trends, operating a zero-liquid discharge facility and utilizing wastepaper as its primary raw material—ensuring both regulatory compliance and long-term cost efficiency. Investments in modern manufacturing infrastructure, including high-efficiency paper machines and in-house recycling systems, support the production of high-strength, lightweight kraft paper tailored to meet growing global demand amid tightening restrictions on single-use plastics. Backed by experienced promoters with a prudent approach to scaling and financial discipline, the company is well-placed to capture export opportunities and sustain operational efficiency in a structurally expanding market. At the upper band of INR 104, the issue is valued at a P/E ratio of 12.27x, based on PAT of FY25 EPS of INR 8.48. We are recommending a “Subscribe” for this issue currently.

Abhishek Jain
abhishek.jain@arihantcapital.com
022-42254871

Natasha Singh
natasha.singh@arihantcapital.com
022-42254876

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
 Building No. 10, 1st Floor
 Andheri Ghatkopar Link Road
 Chakala, Andheri (E)
 Mumbai – 400093
 Tel: (91-22) 42254800

Registered Office

6 Lad Colony,
 Y.N. Road,
 Indore - 452003, (M.P.)
 Tel: (91-731) 4217100/101
 CIN: L66120MP1992PLC007182

Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

**Research Analyst
Registration No.****Contact****Website****Email Id**

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.cominstresearch@arihantcapital.com**Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
 Andheri Ghatkopar Link Road, Chakala, Andheri (E)
 Tel. 022-42254800

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Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800