

06 February 2013

CMP: Rs.31.15

Industry: Newsprint

BSE group: B

Promoters

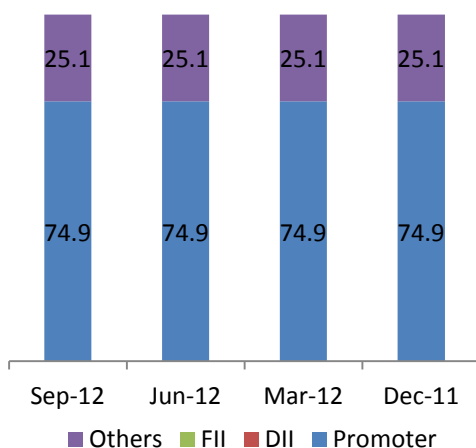
Emami Group

Key Data (as on 16 Jan' 13)

BSE	533208
ISIN	INE830C01026
Face Value (Rs.)	2.0
Mkt Cap (Rs. mn)	1884.5
Current P/E	negative
Current P/BV	1.1
52 week low-high	23.05-42.95
30 days avg daily trading volume	812
Equity capital (Rs mn)	121.0
Net worth (Rs mn)	1,729.9

Note - The current P/E is negative on account of an overall negative EPS for the trailing twelve months (TTM).

Shareholding Pattern (%)



Initiation Report:

[Emami Paper Mills Limited](#)

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Company business

Emami Paper Mills Limited ('EPML') is an India based newsprint manufacturer. Its paper mills, located in Balasore (Odisha) and Kolkata (West Bengal), produce paper and newsprint from recycled fibre. The company possesses an installed capacity to manufacture 145,000 tonnes of newsprint, printing and writing paper per annum. EPML (established in 1981) is part of the diversified Emami conglomerate, and is headed by RS Goenka, who is one of the promoters of the Emami group.

Recent developments

In August 2012, Pakistan started expressing interest in importing paper and paper products from India due to twin benefits of better quality and cost-effectiveness. Currently paper is on the negative list and hence Pakistan is not permitted to import paper and other related products. Should such a proposal materialize, Indian paper manufacturers may be able to realize better sales through their exports.

Financials

Particulars (Rs in mn)	Jul '12 to Sep '12	Jul '11 to Sep '11	% Change ¹	Apr'12 to Jun '12	% Change ²
Total income	1246.1	1279.5	(2.6%)	1162.4	7.2%
Total expenditure	1037.1	1110.8	(6.6%)	971.5	6.8%
EBIDTA	209.0	168.7	23.9%	190.9	9.5%
EBIDTA margin	16.8%	13.2%	27.2%	16.4%	2.1%
PBT	34.4	45.9	(25.1%)	9.8	251.0%
PAT	27.9	39.5	(29.4%)	6.9	304.3%
PAT margin	2.2%	3.1%	(27.5%)	0.6%	277.2%
Cash accruals	101.7	107.1	(5.0%)	79.6	27.8%
EPS	0.5	0.7	(29.2%)	0.1	318.2%

¹ compared to corresponding quarter in the previous year

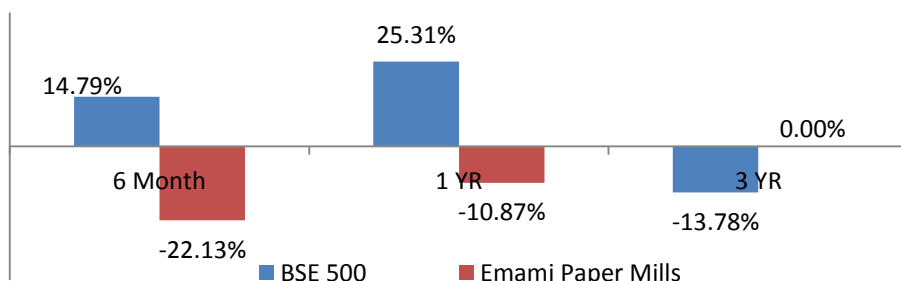
² sequential comparisons

Source: Moneycontrol, Company

Financials

Even though the EBIDTA margins have improved from 13.18% in Q2FY12 to 16.77%, the net profits of the company have reduced by almost 30% to Rs.27.9 mn. This is mainly due to the higher interest rates which prevailed throughout the year. However, the q-o-q performance has been strong. Interest expenses have come down by almost 8% during the quarter, which has consequently resulted in a surge in the EPS.

Share Price Performance



Financials

P&L (Rs. mn)	FY10	FY11	FY12
Total income	3,999	4,333	4,956
EBITDA	659	669	694
Depreciation	302	272	272
EBIT	357	397	423
Interest	239	216	307
PBT	118	181	116
Tax	48	42	33
PAT	70	139	83

Valuation ratios	FY10	FY11	FY12
P/E	29.4	14.9	24.9
P/BV	1.4	1.3	1.2

Balance Sheet (Rs. mn)	FY10	FY11	FY12
Share Capital	121	121	121
Reserves & Surplus	1,484	1,574	1,609
Net worth	1,605	1,695	1,730
Borrowings	4,217	3,850	5,098
Deferred tax liability	304	346	369
Current Liabilities (excluding borrowing)	203	201	228
Total liabilities	6,328	6,091	7,425
Net fixed assets	4,112	4,062	5,114
Other non-current assets	30	6	6
Loans and Advances	671	506	281
Current Assets	1,516	1,518	2,025
Total assets	6,328	6,091	7,425

Cash Flow (Rs.mn)	FY10	FY11	FY12
PBT	118	181	116
CF from Operation	559	591	577
CF from Investment	43	(203)	(1,090)
CF from Financing	(569)	(409)	703
Inc/(dec) Cash	32	(22)	175
Closing Balance	63	41	216

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