

ASTRON PAPER & BOARD MILL LTD

Issue Details	
Issue Opens	15-Dec-17
Issue Closes	20-Dec-17
Issue Size (Rs. Crore)	70.00
Face value (per equity share)	10
Price Band (Rs.)	45-50
Lot Size (No of Share)	280
No of Shares on Offer (crore)	1.40
QIB (%)	10%
Non-Institutional (%)	55%
Retail (%)	35%
Commencement of Trading	28-Dec-17

Issue Date: 15th Dec – 20th Dec 2017

Price Band (Rs.): 45 - 50

Lot Size (No. of Share): 280

Company Background

Incorporated in 2010, Astron Paper & Board Mill Ltd is Ahmedabad based manufacturer of Kraft paper, also known as paperboard or cardboard. The paper produced by the company is used mainly in packaging industry for manufacturing corrugated boxes and liners, corrugated sacks and composite containers. Astron Paper has manufacturing facility in Halvad, Gujarat. Company uses waste paper as raw material.

Financials

Particulars	For the year/period ended (in Rs. Million)			
	Mar'17	Mar'16	Mar'15	Mar'14
Total Revenue	1846	1579	1521	1062
Total Expenses	1761	1515	1462	1076
Profit After Tax	100	61	41	-30

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	62.6	43.8
Public (incl institutions and employees)	37.4	56.2
Total	100.0	100.0

Concerns

- Dependent on imports for supply of major raw material; i.e. waste paper.
- Exposed to foreign currency exchange rate fluctuations, which may harm results of operations.
- The shortage or non-availability of power and water facilities may adversely affect paper manufacturing process.
- Volatility in the supply and pricing of raw materials may have an adverse effect on business.

Strengths

- Setting up of additional manufacturing facility which is proposed to commence in Jan, 2018 will increase their product range.
- Plan to start manufacturing of corrugated boxes, will further increase the business.
- Company is also in the process of exploring export markets.

Our View

The price band of INR 45-50 per share and FY17 EPS of Rs.2.9, P/E ratio works out to 17x to 21x. Its listed peers Genius Paper is trading at P/E ratio of 36x (Highest) and South India Paper at P/E ratio of 15x (Lowest) and industry average P/E is 22.8x. Hence, Astron Paper is reasonably priced.

Demand for corrugated boxes for packaging is increasing steadily and the company is planning to start manufacturing of these boxes. It is also planning to explore export markets and expand in the domestic markets. Astron paper profits are in increasing mode. Considering all these positive factors, investors can invest in this IPO for medium to long term.

Objects of the Issue

Astron Paper intends to utilize the net proceeds from this public issue towards the following objects:

1. Setting up of additional facility for manufacturing of lower GSM and lower B.F Kraft Paper,
2. Part repayment of unsecured loan,
3. Funding the working capital requirements and
4. General corporate purposes.