

**Tamil Nadu Newsprint & Papers Limited.**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs333	Rs224	Rs450	35%	BUY	Rs23.07

**About the Company:**

Tamil Nadu Newsprint and Papers Limited (TNPL) were promoted by the Government of Tamil Nadu in the year 1979 to produce Newsprint and Printing & Writing Paper (PWP) using bagasse as the primary raw material. The factory is located at Pugalur in Karur District. The plant was commissioned in 1984 with an initial capacity of 90,000 tons per annum. Since then, the company has enhanced the capacity to 4,00,000 tonnes per annum in four phases. In tandem, the pulping capacity has been increased from 300 tonnes per day (tpd) in 1984 to 1,180 tonnes per day as of date. The governor of Tamil Nadu holds 35.32% i.e. the promoter holding of the company. The company is chaired by MR. Thiru C V Sankar IAS.

**Results Declared:**

- The net sales for the quarter came in at Rs5,360mn as compared to Rs6,790mn, drop of 21.1% on comparative basis.
- The Ebitda margins for the quarter stood at 12.5%
- The net loss for the quarter stood at Rs132mnas compared to a profit of Rs706mn in the same quarter last year.
- During the quarter, the company suffered production loss of 12836Mts (Previous quarter June 2017: 43054Mts) in paper due to water shortage. This has adversely impacted the results. The normal production has been resumed from 27.07.2017 as per the result release.
- On the segmental front, the Paper& Paper board segment recorded a drop of 21%; the energy segment dropped by 25% and the cement segment reported a drop of 15%

**Financials (Standalone):**

Result Update (Q2FY2018)									
Q2FY18 Result (Rsmn)	Sept-17	Sept-16	y-o-y	Jun-17	q-o-q	FY16	FY17	y-o-y	FY18E
Total Income	5360	6790	21.1%	5,635	(4.9%)	24,175	30,940	28.0%	30,886
EBITDA	672	1763	61.9%	309	119.8%	5,792	7,290	25.9%	24.5%
Other Income	75	74	1.2%	69	3.6%	168	370	120.0%	375
Interest	582	513	13.4%	632	(7.8%)	1,393	2,520	80.9%	2,395
Depreciation	547	529	3.4%	544	0.6%	1,395	2,077	48.9%	2,684
Tax	(250)	89	-	94	-	633	416	(34.2%)	515
Net Profit	(132)	706	-	(891)	(85.2%)	2,539	2,646	4.2%	2,348

**Outlook and Recommendations:**

The impact of water shortage continues for the second consecutive quarter reflected in the production numbers of the company. However, the company has indicated of normalcy in production from the month of July. We continue to remain positive on the company and maintain our target of Rs450 over a 12months horizon.

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