



Excelling with Innovation

ASTRON PAPER & BOARD MILL LIMITED

Ahmedabad, Gujarat

BSE Code : 540824, NSE : ASTRON

Q3 & 9M FY19-20 Result Update Press Release- 11thFebruary, 2020

Astron Paper & Board Mill Ltd is one of the largest manufacturers of Kraft paper and board, used in the packaging industry. Since inception waste paper has been used as raw material instead of traditional usage of wood thus promoting the eco-friendly world. The plant is situated near Mundraport giving it locational advantage.

Astron's Kraft paper being pre-approved by clients for paper quality and specifications, is used by its customers to convert into cartons for varied large corporates in sectors like FMCG, Pharmaceuticals, Auto, E-Commerce etc. Current product portfolio High RCT paper and GSM range mainly from 80 GSM to 350 GSM with 16 to 40 BF. Astron Paper & Board has invested a lot of effort on developing new in the Kraft paper segment including import substitute products.

Please find below the highlights of the Q3FY2019-20 financial performance and results:

Q3 FY19-20 VOLUMES DRIVE GROWTH

Revenue: For the 3 months ending Dec.2019 Consolidated Revenues at Rs.91.00crores, and for 9M FY20 at Rs.258.76 crore were declined by 7.96% YoY. Demand remains robust, for the 9M FY20 volumes were higher by 13.20% over the corresponding period in the previous year. Overall growth could have been higher, but was impacted by lower

Average Realizations for Kraft paper by almost 16.50% in last six months, which declined in line with the fall in Raw Material waste paper in global market.

Capacity Utilisation: The Company operated at 103420 MT in 9 months of FY20 comparative production in previous year 9 months were at 90830 MT, being 59.23% capacity utilisation in the 9M of FY20 of its installed capacity of kraft paper of 174,600 MT per annum. And Growth in volume by 13.86%. And Company expects to remain overall utilization at 85% for FY 1920.

Exports: Demand from overseas is strong, especially for the new paper products being developed to cater to the export market. In 3rd quarter exports (including merchant export) accounted for 25.52% of total sales volume of Q3 and In the 9M FY20, exports (including merchant export) accounted for 16.24% of total sales volume near to our target of 20%. Demand from the export market remains strong and should see an increase in contribution to total revenues going forward.

EBIDTA: The EBIDTA for the 9M FY20 at Rs.25.42crores was down by 38.19% YoY. The reduction in average realisations in Kraft paper led to an impact on margins, given the long inventory cycle of imported raw material which has been booked at high prices and also no reduction in cost of power & fuel. But we would also like to inform that from mid of Dec-2019 price has started improving.

Key Financial Ratios for 9M FY20 & FY19

Particulars	9M FY 2019-20	FY 2018-19
EBITDA Margin %	9.74%	14.69%
Net Profit Margin %	2.28%	7.57%
Interest Coverage Ratio x	2.83	4.56

Both EBITDA and Net profit margin reduced due to impact of continuous reduction in selling price in global market and there is also reduction in waste paper price but entire impact of reduction in raw material not reflected in same quarter due to long inventory cycle and also another major cost of power and fuel has also no reduction compare to selling price and the same has resulted in reduction of interest coverage ratio with compare to FY 1819.

Management Comments

Commenting on the results Mr. Kirit Patel, Chairman and Managing Director said “We are happy to share with you that our company recently entered into a strategic partnership with Shandong Zhongui Supply Chain Management Co, China. This agreement is for a period of three years during which ABC Paper will transfer

Technology and technical knowledge. We are confident of gaining immensely from this tie-up both in terms of Improving plant operating efficiency & increasing our exports to China.

We have over the last two years been increasing our manufacturing capacity, currently standing at 174600 mtpa through expansion and also acquisitions. The demand for Kraft paper both in India and export market is strong, with global move to reduce the use of plastics. We remain confident of the prospects for strong growth and improved profitability in the period ahead because in last two quarters our margin has been reduced due to continuous reduction in selling price by almost 16.50% compare to 1st Quarter of FY20 and which is due to global impact and also long inventory cycle in our case and so it is for short term and from mid of December price has improved.

I thank the entire team of for their constant efforts. I would also like to thank all our stakeholders and our valued shareholders, who have reposed faith in our Company and supported us in our growth journey.”

For more details please visit: www.astronpaper.com

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