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### AARUDHRA FINANCIAL SERVICES

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## Sundaram Multi Pap Ltd (BSE-Rs.18)

*Worth a Look on Fundamentals!*

By Anand



Sundaram Multi Pap Ltd was established in 1985 with the single minded objective of providing quality paper stationery for education and the corporate sector. Hailing from a country where knowledge is considered sacred the company provides the design that makes the process of learning enjoyable. Over the years, this approach backed by a strong infrastructure, has made it one of the leading paper stationery companies in India. After being in the forefront of domestic market, it has extended its reach globally, thus making India's presence felt on the international market. It is because of this the company is enjoying the status of "Government of India Recognized Export House" in exercise books and paper stationery products. Its product range is exported to the USA, Europe, Middle East and Major African Countries.

A superior management system with state-of-the-art technology, accomplished by more than 10000 square meter plant area ensures that it efficiently meets the demand of quality and quantity, all within schedule. Its dedicated and honest efforts have been rewarded in the form of appreciation from consumers as well as the corporate sector. The company has received hosts of awards. The company is actively involved in the Government of India educational projects and supports the cause of various NGOs through donations schemes.

| Sundaram Multi Pap Ltd<br>Data As on October 23, 2006 |   |
|---|---|
| BSE Sensex  | 12623.28  |
| NSE NIFTY   | 3657.30   |
| BSE Code  | 590047  |
| NSE Code  | Not Listed  |
| BSE H/L   | 21.71 / 9.55  |
| NSE H/L   | N.A.  |
| Website   | <a href="http://www.sundarampaper.com">http://www.sundarampaper.com</a> |

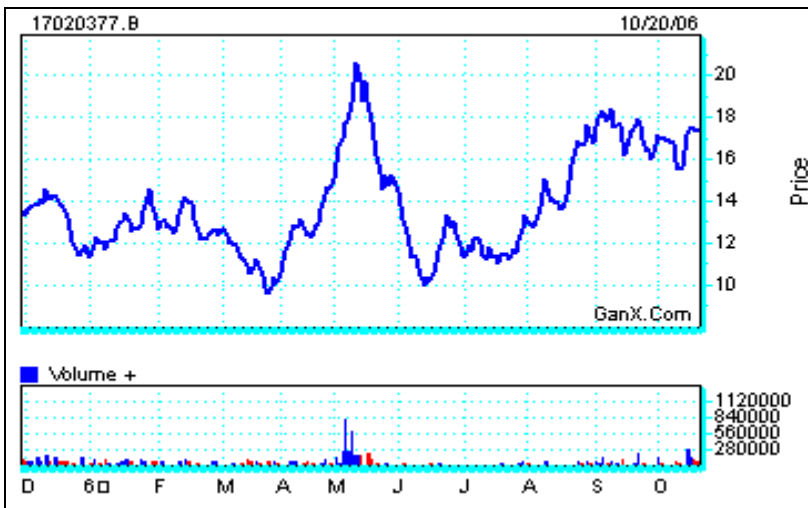
"SUNDARAM" Brand was established in the year 1985 and subsequently was incorporated as a Public Limited Company in the year 1995. The company manufactures exercise books and other paper stationary products for education & corporate sector. Company caters to the need of domestic market with strong presence in the state of Maharashtra & Gujarat. Company also exports its products to Africa & USA Markets.

In the Branded Retail Segment, brand 'Sundaram' has 40% of the market share. The brand "Sundaram Note Books" is valued at Rs.987 million, as per the valuation done by leading Investment Banking Company M/s. First call India Equity Advisors Pvt Ltd. The proportionate value of the brand per Equity Share of face value of Re 1/- each of the Company is Rs.30.37.

The company has increased the dividend payout to 20% this year compared to 10% last year. Recently the company diversified into publication business by releasing its first book “**How to stay ahead in retail**”, authored by Mr.Ashwin Merchant. The book was published in Hindi, Gujarati and Marathi as well.

The Kandla SEZ has allotted two acres of land with one acre of ready constructed industrial shade with all amenities for Sundaram Multi-pap's school paper stationery project in Kachchh district of Gujarat. Commercial production is expected by September 2006.

The manufacturing activity extended in the area of more than 1 Lakh sq. ft. at logistically ideal site i.e. Palghar, the outskirts of Mumbai. Company has a manufacturing capacity of more than 5 Lakh books per day with the help of state of the art automatic German Technology machinery in combination with Indian Technology machinery which makes an ideal mix.



**PRODUCT RANGE:**

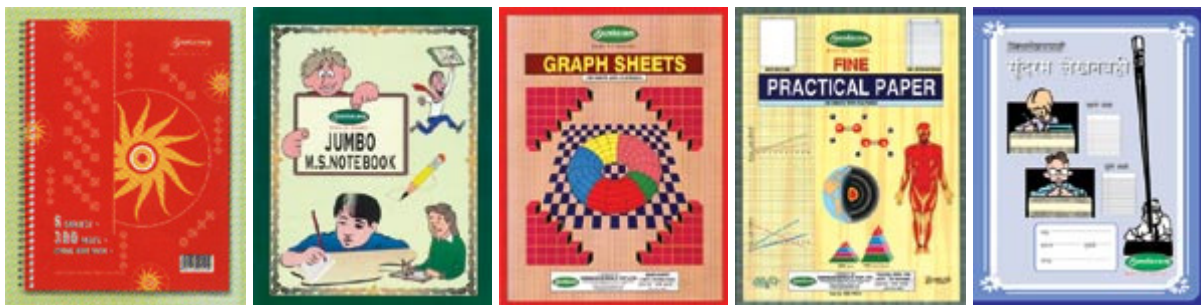
"SUNDARAM" is pioneer in launching innovative & best quality of products with attractive and informative cover, which makes the brand very widely acceptable and a fastest growing brand among the student community and society as well.

"SUNDARAM" is the only company across India with widest range of School Paper Stationery products in its product basket which suits to each and every

class of student in domestic and international market.

The company’s products are targeted at both Domestic and International markets:

**Domestic Products:**



**ALL WRITE** [54 gsm White Paper]  
 Long Books  
 Original Long Books  
 A/4 College Books  
 Note Books

**WINNER** [54 gsm Superior White paper]  
 Long books  
 Original Long Books  
 A/4 College Books  
 A/5 College Books  
 Note books

**MR. CRAZY** [57 gsm High Bright White Paper]

Long Books

Original Long Books

Jumbo Long Books

Big Jumbo Long Books

A/4 College Books

A/5 College Books

Note Books

### **DRAWING BOOKS**

Original T. K. Cartridge

Cartoon Book

### **OTHER PAPER STATIONERY:**

Diagram books - Soft bound

Diagram books - Hard bound

Jumbo note books

Nibandh book

Scrap book

Graph book

Practical book

Big ruled paper

Practical & Graph paper

**NOTE BOOKS** [60 gsm Special White Paper]

Mr. Big - Hard Bound

### **SUBJECT BOOKS**

6 Subject Book - Spiral

### **COLLEGE BOOKS**

A/5 - Euro Plus - Case Hard Bound

A/4 - Euro Plus - Case Hard Bound

## **International Products:**



- Drawing Book
- Copier Paper / Multi Purpose Paper
- Exercise Book
- Typing / Duplicate Paper
- Ruled / Square Paper
- Account Book
- File
- Sales Order
- Purchase Order
- Invoice
- Delivery Receipt
- Sales Book
- Guest Check



## Infrastructure:

Sundaram Multi Pap Ltd. has a very wide demand in the Domestic as well as in the International Market. It has sufficient Plant & Machinery, to cope up with the increasing demand in the export as well as the domestic market.

The company has imported a German plant to fulfill the demand of their customers. Sundaram tries to provide good quality and square back exercise book to its foreign customers.



Sundaram Multi Pap Ltd. has developed its land and building to improve the efficiency of work and quality of product.

The company has very good skilled labor and sufficient Labor force to produce good quality product on time. It always tries to manufacture best product.



The company makes continuous efforts in support of the social cause by helping the society and in turn helping the Nation through its various endeavors. Some of the best products launched by "SUNDARAM" towards above in support of the society and Nation are:

Long Book on Kargil War through which company contributed to "National Fund" during Kargil war.

Honest attempts made to create awareness among the young generation in support of the Wild Life by launching the series of college books with title cover "Save Wild Life" inaugurated and supported by Smt. Menka Gandhi.

Contributed to "The National Association for Blind" through "Mr. Big" note book series.

## **Important Events:**

**25-August-2006**

### **Sundaram Multi Board recommends Dividend**

Sundaram Multi Pap Ltd has informed BSE that the Board of Directors of the Company at its meeting held on August 25, 2006, inter alia, has recommended 20% Dividend on equity shares of the Company.

**25-August-2006**

### **Sundaram Multi - Outcome of Board Meeting**

Sundaram Multi Pap Ltd has informed BSE that the Board of Directors of the Company at its meeting held on August 25, 2006, has also discussed the relative strength of the Company's brand namely 'Sundaram Note Books'. The Board noted that in the Branded Retail Segment, brand 'Sundaram' has 40% of the market share.

As per the valuation done by the leading Investment Banking Company namely M/s. First call India Equity Advisors Pvt Ltd; the brand 'Sundaram Note Books' is valued at Rs.987 million. The Board further noted that the issued, subscribed and paid capital of the Company is Rs.32504000 and accordingly the proportionate value of the brand per Equity Share of face value of Re 1/- each of the Company is Rs.30.37.

**15-April-2006**

### **Sundaram Multi Pap - Outcome of Board Meeting**

Sundaram Multi Pap Ltd has informed BSE that the Board of Directors of the Company at its meeting held on April 15, 2006, inter alia, has transacted the following business:

- 1. Approved setting up manufacturing division in SEZ.**
- 2. Decided in principal to venture in to Publication Business.**

**13-April-2006**

Sundaram Multi Pap Ltd has informed BSE that the Board of Directors of the Company shall consider setting up a printing and publishing facility in SEZ situated at Surat, Gujarat.

**November 17, 2005 is the record date for stock-split.**

**Sundaram Multi Pap declares 10% dividend for year ended March 31, 2005.**

**Sub-division of equity shares of the Company from face value of Rs.10/- each to face value of Re 1/- each and consequential amendment in the Memorandum of Association of the Company.**

## Quarterly Results:

| Sundaram Multi Pap Ltd            |                    |           |           |
|-----------------------------------|--------------------|-----------|-----------|
| Type                              | UnAudited          | UnAudited | UnAudited |
| Date Begin                        | 1-Jul-06           | 1-Apr-06  | 1-Jul-05  |
| Date End                          | 30-Sep-06          | 30-Jun-06 | 30-Sep-05 |
| Description                       | Value(Rs. million) |           |           |
| Net Sales                         | 161.4              | 284.87    | 133.2     |
| Other Income                      | 0.27               | 0.28      | 0.12      |
| Total Income                      | 161.67             | 285.15    | 133.32    |
| Expenditure                       | -140.97            | -247.22   | -122.01   |
| Operating Profit                  | 20.71              | 37.93     | 11.32     |
| Interest                          | -2.82              | -3.18     | -1.05     |
| Gross Profit                      | 17.89              | 34.75     | 10.27     |
| Depreciation                      | -1.3               | -1.4      | -1.2      |
| Profit before Tax                 | 16.59              | 33.35     | 9.07      |
| Tax                               | -6                 | -2.54     | -1.5      |
| Profit after Tax                  | 10.59              | 30.81     | 7.57      |
| Net Profit                        | 10.59              | 30.81     | 7.57      |
| Equity Capital                    | 32.5               | 32.5      | 32.5      |
| EPS                               | -                  | 0.95      | -         |
| Nos. of Shares - Non Promoters    | 15490000           | 15489000  | 1549000   |
| Percent of Shares - Non Promoters | 47.67              | 47.65     | 47.65     |

## Annual Results:

| Sundaram Multi Pap Ltd            |                    |           |
|-----------------------------------|--------------------|-----------|
| Type                              | UnAudited          | UnAudited |
| Date Begin                        | 1-Apr-05           | 1-Apr-04  |
| Date End                          | 31-Mar-06          | 31-Mar-05 |
| Description                       | Value(Rs. million) |           |
| Net Sales                         | 695.02             | 554.62    |
| Other Income                      | 1.11               | 1.06      |
| Total Income                      | 696.12             | 555.68    |
| Expenditure                       | -631.37            | -523.57   |
| Operating Profit                  | 64.75              | 32.11     |
| Interest                          | -8.42              | -14.97    |
| Gross Profit                      | 56.33              | 17.14     |
| Depreciation                      | -4.97              | -4.22     |
| Profit before Tax                 | 51.36              | 12.92     |
| Tax                               | -18.5              | -5.5      |
| Profit after Tax                  | 32.86              | 7.42      |
| Net Profit                        | 32.86              | 7.42      |
| Equity Capital                    | 32.5               | 32.5      |
| Reserves                          | 87.91              | -         |
| EPS                               | 1.01               | 2.28      |
| Nos. of Shares - Non Promoters    | 15490000           | 1710000   |
| Percent of Shares - Non Promoters | 47.65              | 52.61     |

*The company has reported an EPS of Rs.1.01 (Face Value of Rs.1) for the year ended March 31, 2006. The company has reported excellent working for the first-half of 2006-2007 with an EPS of Rs.1.27 (Not Annualized). The annualized EPS on the basis of first-half result works out to Rs.2.54 and the stock is currently trading at a PE of 7.08. The company's products are well accepted and have very good potential in both domestic and international markets. The promoters have a substantial 52.35% stake in the company. Prime Securities Ltd holds a 1.81% stake in the company. The floating stock of the company is less and the company's shares have the potential to reward investors well in the coming years.*

*Note: Another interesting point is the promoters of this company have announced an open-offer for acquiring the shares of "Suryamukhi Trading and Finance Ltd".*

**Disclosure: The author of this report has no position in this stock while writing the report.**

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