

Paper & Paper Products

Industry Code (as per CMIE Prowess): 0101015001100000'

June 2022

Overall Industry Risk Score: **13/20 | Marginally Favourable**

Sample Size: 7 Companies


Median Rating Value of sample size: BBB

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The demand for paper in packaging applications has remained steady in FY21 although demand for writing, printing paper and newsprint has been impacted in the near term due to the pandemic. As per CMIE data, in FY22, the exports value of the industry has increased by 45% to Rs.77.2 billion (Previous year Rs.53.2 billion). Recovery in the latter segment is expected over the next 1-2 years on revival in the level of activity.

Extent of Competition  **12/20**

Neutral

The industry is partly fragmented but margins have been healthy for the larger players. However, imports from ASEAN due to FTA has been rising and posing a threat to the domestic industry.

Regulatory Risk



16/20

Stable Regulatory environment

Ban of Single use plastic is an advantage for the paper packaging industry. But higher imports allowed under ASEAN FTA has been increasing supply although protection to the domestic industry can be expected over the medium term.

Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

The pandemic has impacted supply and logistics in the near term particularly for scrap paper, a raw material input. However, profitability is likely to see a recovery in the next few quarters with a broader recovery in demand.