

Paper & Newsprint

Industry Code (as per CMIE Prowess): 0101015001050000'

June 2022

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

Sample Size: 32 Companies


Median Rating Value of sample size: A-

Individual Parameters Contributing to the Score

Demand & Supply Balance  **12/20**

DS Equilibrium

The demand for packaging paper has remained resilient in the pandemic scenario although demand for writing and printing paper has been significantly impacted in FY21 due to lockdowns resulting in working from home and closure of schools & Institutions. In FY22, the industry witnessed a recovery in demand on the back of gradual revival in economic activity and unwinding of the lockdowns across the country. As per CMIE data, the industry reported 28.9% y-o-y growth in sales value from Rs.78.4 billion for March 2021 quarter to Rs.101 billion for March 2022 quarter. In FY22, the exports value of paper increased by 77% to Rs.159.2 billion (Previous Year Rs.89.9 billion). The demand prospects are expected to grow in the near to medium term.

Extent of Competition  **12/20**

Neutral

The industry is partly fragmented but margins have been healthy for the larger players. However, imports from ASEAN 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. The adherence to environmental regulations in view of the nature of the industry and the manufacturing process.

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 waste paper, a key raw material input. Besides waste paper, other key input is power costs.