

Indian Paper Scenario – January 2003

Ballarpur Industries Limited (BILT) manufactures over 60 per cent of India's value added and speciality paper and accounts for nearly 18 per cent of paper production in the country. The company also supports the largest distribution network for paper, with 20 regional offices and more than 30 exclusive distributors. BILT is a player both in the domestic as well as international markets and exports over 50,000 tons of paper per annum (TPA) to 15 countries across the world. For a manufacturing company the size of BILT, one would expect it to be typically slow in moving to a Web-based model which would entail a colossal IT infrastructure and a greater need to safeguard its online transactions. But unlike common perception, the company has proved to be one of the fore-runners among large well established Indian businesses in taking to technology to upgrade operations and explore opportunities that e-business promises. To this end, BILT has initiated a technology drive with a planned investment of about \$10 million, the idea being to adopt the benefits of the Internet, Web and other IT applications, thereby increasing efficiencies and bolstering its bottom line through a Web-based model.

Mysore Paper Mills (MPM) in Bhadravati a public sector undertaking of Karnataka, just a year ago listed for privatization and disinvestment has now turned into a challenge to any other paper unit in the country. Its stock pile-up of newsprint has gone down from 4356 MT in April 2002 to 653 MT in November 2002. In just seven months ending November, MPM had exported 24,994 MT of sugar to Indonesia, Bangladesh and Srilanka and has a committed order for 11,600 MT. Even before its sugar mill could start production in August it had export order on its hand. Its variable cost of newsprint production has come down from Rs. 18,108 per MT in April, 2002 to Rs. 15,311 per MT in November, 2002. The variable cost of writing and printing paper has come down from Rs. 18108 per MT in April 2002 to Rs. 16,311 per MT in November, 2002. The variable cost of writing and printing paper has come down from Rs. 18963 per MT to Rs. 17,296 per MT for the same period. It is all possible because of continuous cost - cutting exercises on all fronts except on employees' welfare. In just seven months MPM has a success story to narrate to the people and has made a turnaround in this age of globalisation and stiff competition from paper manufacturers in and outside the country. In April MPM was confused with the market for indigenous newsprint was sluggish. Availability of imported newsprint was on the high with liberal pricing and credit facilities. State Government too had seriously thought of selling the Mill to private agencies unbearable of its cost. Now the situation is totally different. MPM is one of the favourites in both paper and sugar industries. Earlier MPM used to look at other industries for solutions. Now MPM has become a role model to others. They expect that the variable cost of production of newsprint may go down further from Rs. 15,311 in November since 49 GSM newsprint is preferred now. On the coal front too, MPM reduced the cost by blending the imported and indigenous coal. Also, the coal and steam ratio in fuel is improved to better the cost of production. Captive power generation has also gone up at a lower cost of production. All these helped in improving the variable cost of production.

J K PAPER: This Company has reported a 125 per cent jump in its net profit at Rs. 91.9 million for the second quarter ended December 31, 2002 compared to the corresponding previous year's Rs. 40.9 million. The company's turnover for the quarter stood at Rs. 1647.3 million with a 22 per cent increase in operating profit at Rs. 358.20 million. The cash profit was up by 59 per cent to Rs. 263.20 million.



PAPER PRODUCTS LIMITED: This Company has once again registered a phenomenal increase in its net profits. The first quarter ended March 2002 saw its sales revenue jump 22% to Rs. 832.40 million, the net profit soared 233% to Rs. 58.60 million. In the second quarter June 2002, the sales were higher by 13 % to Rs. 926.20 million the net profit jumped 42% to Rs. 69.50 million. Now, in the third quarter ended September 2002, its sales have increased by 18% to Rs. 1034 million, net profit galloped 105% to Rs. 62.8 million.

WEST COAST PAPER MILLS LIMITED: The Company has improved its financial for the first half ended September 2002. It clocked net sales Rs. 1852.4 million during the first six months of the current financial year. This is up 15.16% compared to Rs. 1608.60 million netted during the April- September 2001 period. This was essentially on account of the commissioning of its duplex board capacity of around 30,000 tpa. Despite a much higher tax provision, the company has managed to show an improvement of 14.57% in its net profit of Rs. 176.1 million for the first half. This is on an equity base of Rs. 89.40 million.