

Indian Paper Scenario – March 2005

Following the footsteps of manufacturers of writing and printing paper, domestic newsprint makers have decided to raise standard newsprint process by at least Rs.1000 a tonne from April 2005. The move to revise prices has been ratified by the Indian Newsprint Manufacturers Association (INMA). An INMA source said that the average revision should have been Rs. 2000 a tonne if the entire escalation of input costs were to be neutralised. But the manufacturers had been advised not to increase prices at one go. Prices may be increased further after examining the impact of VAT on newsprint, to be effective also from April 1. Contrary to the expectation that the implementation of VAT on newsprint may bring down prices, it is feared that consumers may not get the desired benefit in the event of prices being revised further. It is pointed out that the newsprint manufacturing has become capital intensive because domestic manufacturers depend heavily on imported raw materials, de-inking chemicals, machinery and spare parts, and to some extent, coal.

There has been a 30 per cent increase in the price of all input in the international market during the last three months. The source said that pulp prices in the international market rose by \$50-60 a tonne, while prices of waste paper moved up from \$125 to \$160 a tonne. This apart, shipping freight had increased between \$30 and \$50 a tonne from European ports. Since almost all domestic producers use imported waste paper sourced from European countries, depreciation of the dollar against euro had made the situation difficult. However, the source said that domestic newsprint would remain less costly vis-à-vis imported varieties even after the revision of prices because international operators are also revising newsprint prices by \$20-30 a tonne from April. The landed cost of newsprint at port cities would then be about Rs.30,000 a tonne and the cost at non-port cities would be about Rs. 32000 a tonne against the average ex-mill price of domestic standard newsprint of about Rs. 26000 a tonne

The National Manufacturing Competitiveness Council will be coming out with a comprehensive strategy for the growth of manufacturing sector in two weeks. Speaking at a conference on Tamil Nadu at a manufacturer hub organised here by the confederation for Indian Industry, Tamil Nadu State Council, Dr. Krishnamurthy said the strategy paper would focus on job creation. He said that while eight million job seekers were being added to the employment market each year, employment creation was only about half the number.

Andhra Pradesh Paper Mills has informed stock exchanges that its board of Directors has approved the issue of equity shares to IL&FS Trust Company and IVC Employees Welfare Trust for an amount not exceeding Rs. 10.1 million. An increase in authorised capital of the company from Rs. 237.5 million to Rs. 350 million and the issue of 11.8 million equity shares of Rs.10 each for cash at a premium of Rs.85 per share to the equity shareholders of the company on rights basis in the ratio of 1:1 had also been approved by the board. These decisions were subject to the approval of share holders at the extraordinary general meeting to be held on April 11, 2005

TITAGARH INDUSTRIES LIMITED: This company has decided to demerge their 2 units located at Titagarh and Kankinara. This has assumed great significance following the good showing of the peer industries in last couple of quarters. It has booked a loss of Rs. 5,00, 000/- in the third quarter of the current financial year over a turnover of Rs. 158



million. It has booked a loss for Rs. 67 million in 2003-04 over a turnover of around Rs. 320 million.

ANDHRA PRADESH PAPER MILLS LIMITED: This company is considering issue of equity shares on preferential basis to IL&FS and trustees of IVC Employees Welfare Trust. It will also consider an increase in authorised share capital from Rs. 237.5 million to Rs.350 million and consequential amendments to Memorandum and Articles of Association of the company. The issue of further equity shares on rights basis would also be taken up at the meeting subject to share holders approval