

Indian Paper Scenario – April 2007

Indian paper companies, which plan to expand capacity by more than 40% in the next five years, are buying wood pulp farms and factories abroad to secure supplies of the key raw material even as they try and increase domestic pulp capacity. The industry is expected to increase production to 10 million tonnes by 2012 from 7 mt now and pulp capacity will match this growth. The companies currently use about 2 mt of wood pulp and 2.5 mt each of waste paper and agricultural residue as inputs. Paper makers have been importing softwood pulp from Canada and Scandinavia. While hardwood pulp has been imported from Brazil and Indonesia, following raw material shortages that are expected to rise to about 2,50,000 tonnes in two-three years, according to president of Indian Paper Manufacturers Association (IPMA).

The cost of corrugated boxes may increase by 15% to 20% due to sharp increase in the major raw material prices mainly kraft paper. Corrugated packaging industry primarily belonging to the small scale sector has been adequately meeting the packaging needs of the nation by successfully substituting wooden boxes and ply wood boxes, thereby contributing to the environmental protection and ecological balance. Prices of kraft paper, the major raw material of corrugated boxes, constituting major cost of the box, have been increased twice during the last five weeks. These unilateral increases by the paper mills have created a panic situation in the corrugated packaging industry, said president of the Federation of Corrugated Box Manufacturers of India. Other inputs such as adhesive, ink, electricity, stitching wire, diesel have also gone up substantially. Industry experts reckon the input costs to have risen nearly three times in the past year. The fact that there have been negligible imports of corrugated boxes speaks well for the capability of the industry in meeting the packaging needs of the nation very effectively and making the nation self reliant.

The Punjab Pollution Control Board (PPCB) has ordered the closure of Rana Paper Mill owned by the family of the Congress MP Rajan Gurjeet Singh under Prevention of Water Pollution Act. The mill was located in Mohali district.. As per the officials of the Pollution Control Board, the paper mill was spewing untreated waste into the Siswan rivulet flowing through Mohali and Ropar districts. The mill was agro based and did not have fully functional effluent treatment plant. People residing in the areas surrounding Siswan had been complaining of pollution being caused due to untreated effluents being released from the mill. They moved Punjab and Haryana High Court. The court in the recent past had appointed amicus curie to look into the alleged pollution being caused by the mill. PPCB officials allegedly did not act against the mill despite numerous complaints and authentic reports due to alleged political pressure exerted by the owners. However, right after the change of government the PPCB officials wasted no time in issuing the closure orders. They have also ordered the disconnection of the power connection to the mill.

BALLARPUR INDUSTRIES LIMITED: This company has posted a net profit of Rs. 640.6 million for the quarter ended March 2007 as against Rs. 525.2 million for the corresponding period last year. The total income of the company was at Rs. 5528 million for the third quarter ended March 2007 while the same was at Rs. 4744.1 million for the year ago period the company informed the BSE.

HINDUSTAN PAPER CORPORATION LIMITED: This leading paper manufacturer is planning to invest close to Rs. 40000 million for setting up a Greenfield project in Uttar

Pradesh and for the expansion and modernisation of its manufacturing facilities in Assam and Kerala over the next couple of years. The PSU, which is awaiting a BIFR clearance for its subsidiary in Nagaland, expects to grow its turnover by over 10% to Rs.12000 million in the current fiscal. The total project outlay of the Greenfield paper mill in UP is around 26000 million. According to source the modernisation and technological up gradation plan in the two mills in Assam will be implemented by 2009. The total project outlay is Rs. 6600 million, of which 50% will be funded from internal accruals and the balance through debt. The two paper units in Assam include Nagaon Paper Mill and Cachar Paper Mill, each with a capacity of 1,00,000 tonne per annum. Hindustan Newsprint Ltd, the wholly owned subsidiary of HPC, will invest Rs. 7190 million to augment its production capacity to 3,000,000 tonnes per annum.

ITC PAPER BOARD LIMITED: This company is on an expansion drive, taking its capacity from 3,80,000 tonnes to 5,80,000 tonnes and pulp capacity from 1,20,000 tonnes to 2,20,000 tonnes. The company meets its raw material requirements through its own plantations spread over about 65,000 hectares.