

Management Discussion Analysis

Industry Outlook and Development

India first machine -made paper was manufactured in 1812. During this time there were 15 Mills with a total production of lakh tones. Indian paper industry is a vast industry comprising more than 157 paper producing divisions all over india.

Indian Paper Industry account for about 1.6% of the world's production of paper and paperboard. The estimated turnover of the industry is Rs 25,000 crore (USD 5.95 billion) and its contribution to the exchequer is around Rs.2918 crore. The industry was delicensed effective from July 1997 by the government of India & foreign participation is permissible. Most of the paper mills are in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. Paper in India is made from 40% of hardwood and bamboo fibre, 30% from agro waste and 30% from recycled fibre. News print and publication paper consumption account for 2 million tonnes, of which 1.2 million tonnes of news print paper is manufactured in India and the remaining 0.8 million tonnes is imported.

Indian paper industry is one of the under estimated industries for quite some time because India's per capita consumption of paper is just about 5 Kg. whereas it is 337 kg in North America. Compared to this scenario India per capita consumption is lowest in the world but now 22000 crore paper industry in India, rated 15th largest in world engages about 1.5 million people with the help of Rs. 2500 Crore government subsidy. Domestic consumption moved up by 6.40 Lakh tonnes to 9.70 Lakh tonnes, a CAGR 14.9%, while import went up by 12.50 Lakh tonnes to 16.75 lakh tonnes, a CAGR of 10.3%. Indian handsome paper industry is a vast industry comprising more than 157 handsome paper- producing divisions all over India.

The Company had the opportunity to increase the sales as there was growing demand coupled with price rise of the products. The Company seeks lots of opportunities in the paper and packaging market in future. The Company anticipates the increasing demand of paper and packaging products because of development of retail selling in the country. However a price fluctuation in the raw material prices is a concern.