



# INDIAN PAPER MANUFACTURING INDUSTRY

---

**Printing and writing paper segments  
to drive earnings in FY2023**

**FEBRUARY 2023**



*Healthy demand for printing and writing paper and firm realisations are expected to drive growth for paper manufacturing companies in the near term, leading to comfortable credit metrics for the industry.*

*Margin pressure for the packaging paper segment is seen in the current fiscal, given relatively high waste-paper prices (compared to pre-Covid levels) and a high energy cost regime. Kraft paper being relatively commoditised segment in the packaging paper portfolio, it remains particularly exposed to vagaries of pass-on benefits in case of any dips in raw material prices, restricting margin expansion.*



**The paper industry\* can be broadly classified into Newsprint (NP), Printing & Writing (PWP) and Packaging paper (PP), with current capacity of PP at around 45-47%, vis-a-vis NP along with PWP at around 53-55% for the industry on a consolidated basis.**



**The industry saw two consecutive years of revenue contraction in FY2020 and FY2021, owing to slowing demand for the NP/PWP segment, as well as impact of Covid-19. The industry's revenue grew by 47% on aggregate in FY2022 over FY2021, albeit on a much lower base, with revival in demand from the PWP segment, with opening of schools, colleges and offices.**



**The demand continues to remain strong for the PWP segment in the current fiscal, which is likely to fuel the earnings recovery for the sector as a whole. The operating margins continued to remain healthy in 9M FY2023 for the PWP segment with healthy demand and realisation levels. The packaging paper segment has lately seen some softening in demand, with fall in realisations, especially for the kraft paper segment, given competition from imports.**



**Along with demand, the packaging paper sector has witnessed some margin pressure in H1 FY2023 due to escalation in raw material prices as well as energy cost. Though some moderation is seen lately from Q3 FY2023, in waste-paper prices, however, on aggregate basis it is likely to remain higher than last fiscal. The margin is expected to improve from FY2023 levels in FY2024 owing to better economies of scale arising from gradual commercialisation of increased capacity and stable demand for packaging from e-commerce, food and food products, FMCG, textiles and pharmaceutical sectors.**



**The growth in paper manufacturing sector as a whole is expected to be in the range of ~25-28% in FY2023 and ~11-14% in FY2024 aided by commercialisation of increased capacity (especially in the packaging segment) and strong demand in the PWP segment.**

\*Industry refers to consolidation of eight major listed paper companies based out of India



# ICRA Analytical Contact Details



**Shamsher Dewan**

*Group Head &  
Senior Vice President*

**K. Srikumar**

*Co-Group Head &  
Vice President*

**Suprio Banerjee**

*Sector Head &  
Vice President*



shamsherd@icraindia.com

ksrikumar@icraindia.com

supriob@icraindia.com



0124 – 4545 328

044 – 4596 4318

022– 6114 3443





# ICRA Analytical Contact Details



**Karan Gupta**

*Analyst*



karan.gupta@icraindia.com



022 – 6114 3416





ICRA

# Business Development/Media Contact Details



**L. Shivakumar**

*Executive Vice-President*

**Jayanta Chatterjee**

*Executive Vice-President*

**Naznin Prodhani**

*Head Media & Communications*



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022- 6114 3406

080 – 4332 6401

0124 – 4545 860





***© Copyright, 2023 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

**Thank You!**