

Paper stocks race on bumper June quarter

DILIP KUMAR JHA
Mumbai, 20 August

The share prices of paper companies have risen by up to 89 per cent over the past month, after stronger than expected earnings were reported by primary producers for the quarter ended June.

Leading branded copier maker JK Paper's share price rose 89 per cent on the BSE to trade currently at ₹188. That of International Paper APPM has risen 49 per cent to ₹465. Significant rises have also been seen in the shares of Ballarpur Industries, Seshasayee Paper, West Coast Paper and Tamil Nadu Newsprint, among others.

For a start, cost improvement measures over the past several years have started yielding results. And, a depreciating rupee has made paper import from Southeast Asian countries (the Asean bloc) costlier, with local producers raising their product prices to match the former's landed cost. Paper stocks are likely to remain firm in the medium term as long as the rupee continues to hold at the current level of around 70 against the dollar or depreciates further.

"While there has been no fresh capacity addition over the past few years, paper demand continues to rise at the normal rate. Also, the depreciating rupee has resulted in demand turning towards local players," said V Kumaraswamy, finance head at JK Paper.

Saurabh Bangur, vice-chairman at West Coast Paper Mills, said the prices of all varieties of paper had risen so far this year by five to seven per cent, reflecting the surge in demand. Prices in international markets have also risen across varieties, by \$100-150 a tonne to \$750-800 a tonne currently, on rising demand from China.

JK Paper's net profit rose a little over 50 per cent to ₹95.1 million for the June quarter 2018 from the corresponding period last year. Emami Paper's rose nearly seven-fold to ₹20.6 mn.

Company shares also got support from rising demand for the packaging variety in states like Maharashtra which had imposed a partial ban on use of plastics.

ON A ROLL

(Paper stock movement)

	Price in ₹		
	Jul 19, '18	Aug 20, '18	% change
JK Paper	99.4	187.8	89.0
Internat. Paper	311.7	465.2	49.2
Emami Paper	187.2	263.3	40.7
Shreyans Inids.	123.5	172.0	39.2
West Coast Paper	261.1	345.8	32.4
Seshasayee Paper	841.0	1088.7	29.5
Star Paper Mills	147.4	190.2	29.0
Shree Rama News.	24.2	29.3	20.9
Ballarpur Inds.	8.4	10.1	20.1
T N Newsprint	255.7	300.1	17.4

Filtered for top paper companies, Compiled by BS Research Bureau

Source: Exchange