



கீர்தான அலாநலா஁஁  
கைத்தொழில் அமைச்சு  
Ministry of Industries



# National Paper Company Limited

## Performance Analysis Report

Planning Division - 2023

# **National Paper Company (NPC)**

## **Introduction**

The National Paper Company Limited, incorporated under the Public Companies Act No. 17 of 1982 is currently operating as a fully state-owned company under the purview of the Ministry of Industries.

The Valachchenai Paper Mill established in 1956 and the Embilipitiya Paper Mill established in 1976 are the major assets of the paper company.

The National Paper Company Limited is re-registered under Company's Act No.07 of 2007 as National Paper Company Limited (NPCL) on 13<sup>th</sup> March 2010.

As per the “Vistas of Prosperity”- the present Government Policy of resumption of closed state-owned enterprises, Cabinet approval was obtained on 18<sup>th</sup> March 2020 for the initiative of production at the Valachchenai Paper Mill of the National Paper Company Limited.

Accordingly, the Valachchenai Paper Mill, which had been closed since 2015, was repaired along with all necessary equipment, including the paper machine, boiler and water treatment plant, and resumed in July 2020. The factory currently manufactures Craft Paper, Manila Papers, Cover Paper and Writing Paper. And also Printing Papers and Wrapping Papers for Packaging Industries (60gsm - 120gsm)

## **Vision**

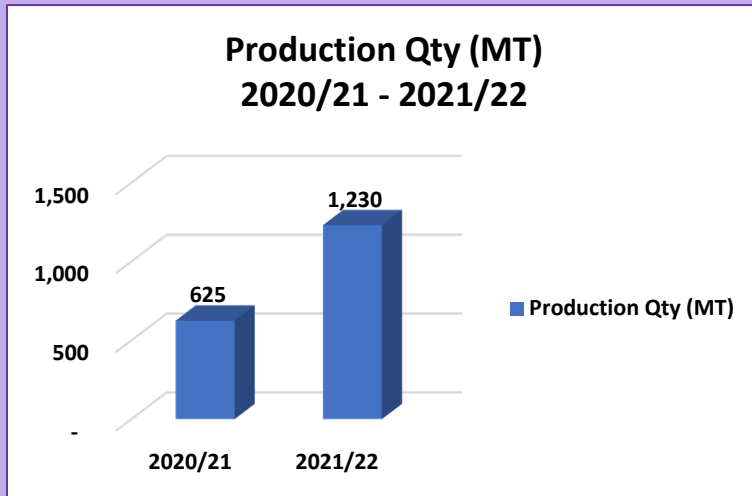
To be the market leader in Sri Lanka in the field of newspaper printing paper, photocopies and computer printing paper products.

## **Mission**

Production and sale of paper in line with customer requirements following eco-friendly and cost-effective methods.

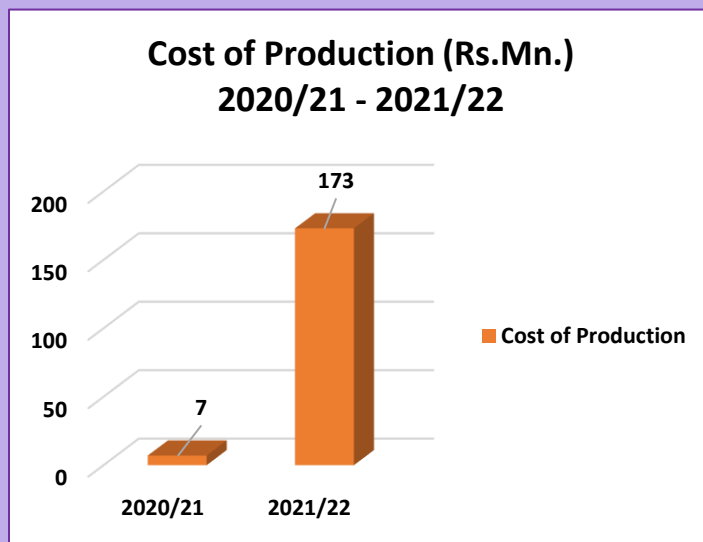
## Performance Analysis

Graph 1



Mean	Median	Standard Deviation
927.57	927.57	428.25

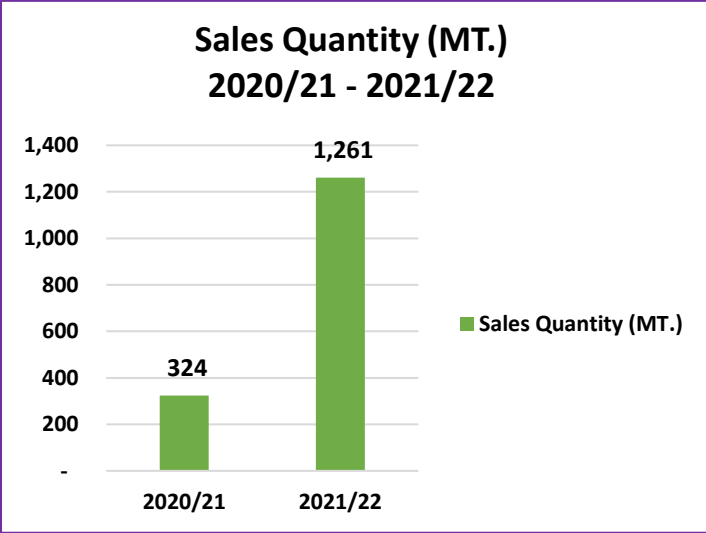
The Graph 1 shows that gradual increase in production within the time period of 2020/21 to 2021/22. The production quantity shows approximately 50% increase in 2021/22 compared to the year 2020/21.



Mean	Median	Standard Deviation
90	90	117.38

Graph 2

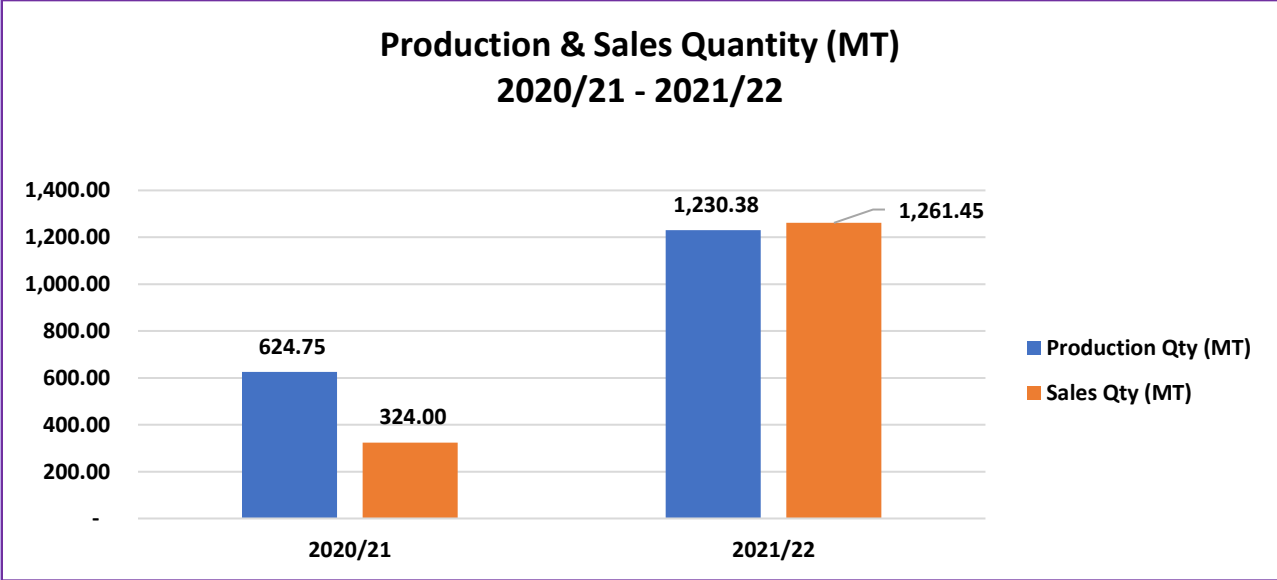
According to the graph 2, total cost of production has increased within the time period of 2020/21 to 2021/22.



Mean	Median	Standard Deviation
792.73	792.73	662.88

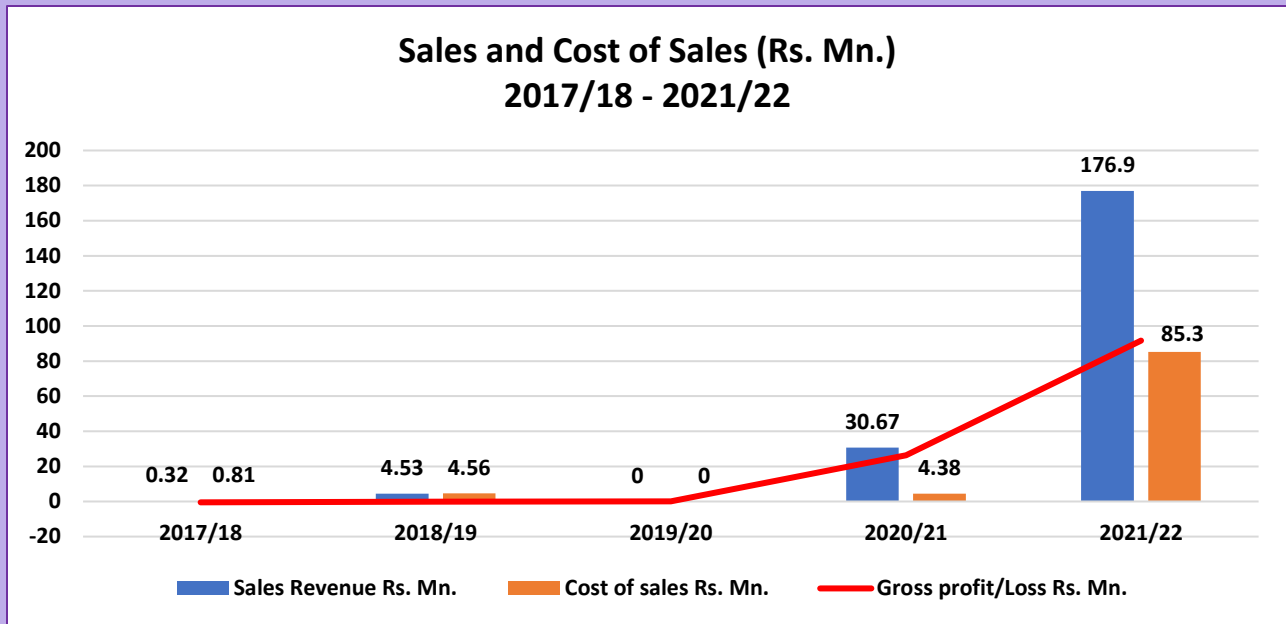
Graph 3

Sales quantity of the National Paper Company (NPC) has increased by fourfold from year 2020/21 to 2021/22 as per the graph 3.



Graph 4

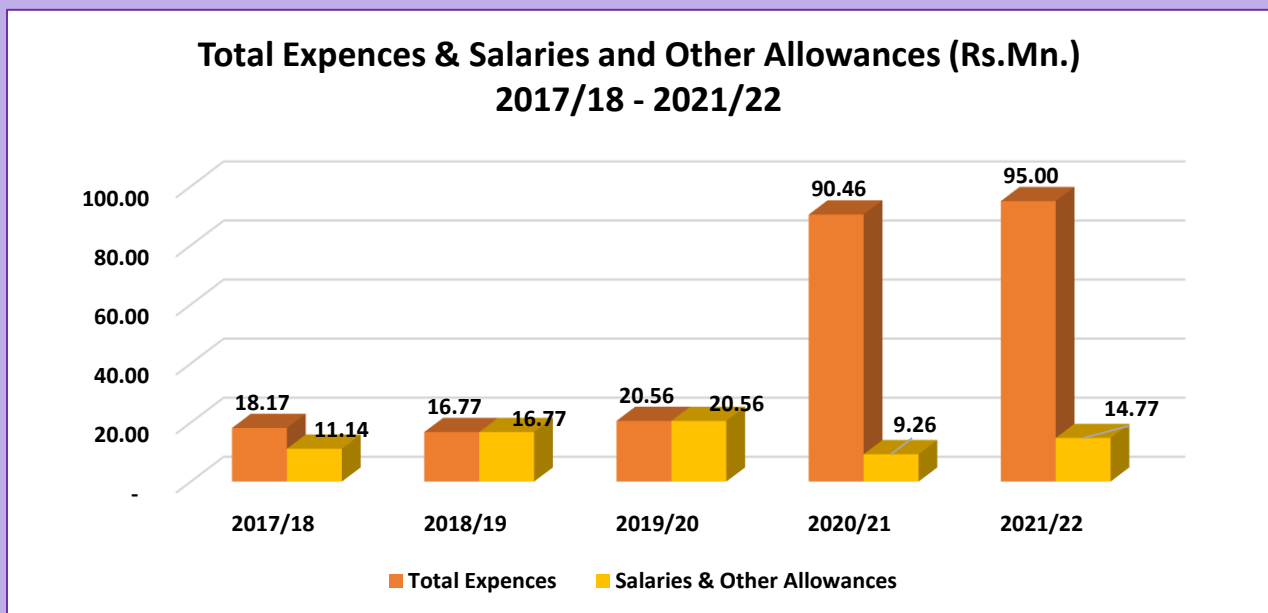
The company has increased their production as well as sales quantity in the year 2020/21 – 2021/22. The Graph 4 shows that sales quantity has increased more than production quantity in the year 2021/22.



Graph 5

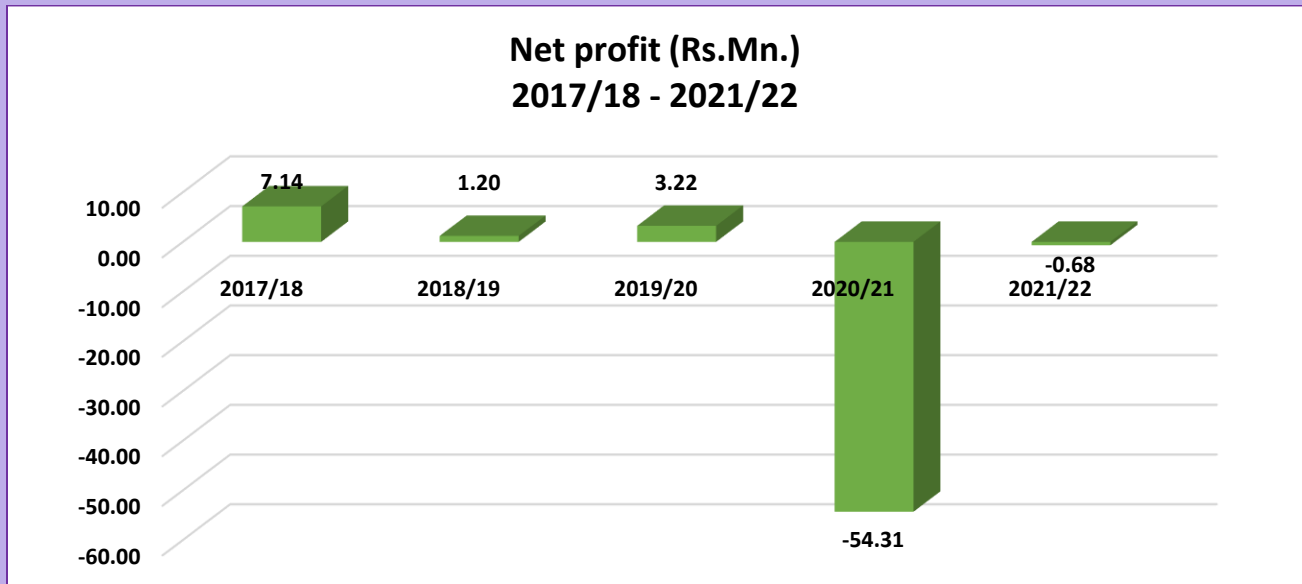
Year	2017/18	2018/19	2019/20	2020/21	2021/2022
Sales Revenue Rs. Mn.	0.32	4.53	-	30.67	176.9
Cost of sales Rs. Mn.	0.81	4.56	-	4.38	85.3
Gross profit/Loss Rs. Mn.	-0.49	-0.03	-	26.29	91.67
Other Income Rs. Mn.	25.8	18.0	17.3	9.8	2.6

Graph 5 shows that sales revenue of National Paper Company (NPC) has increased continuously from the year 2016/17 to 2021/22. The cost of sales also has increased in the year 2021/22. From the year 2016/17 to 2019/20 no production at any Mill. However, with the restoration of Valachchenai Paper Mill the production of papers are restarted with a gross profit.



Graph 6

According to graph 6, the salaries, overtime payments and other allowances has also fluctuated within the year 2017/18 and 2020/2021, 2021/22, especially the other incomes (except production) are found only for during the year 2018/19and 2019/2020.



Graph 7

Graph 7 shows that net profit before tax has dropped continuously since 2017/18 – 2021/22 except the year 2019/20. From the year 2021 onwards, the company has slightly increased net profit before tax gradually compared to the gross profit purely out of the production.

### Observation and Recommendations

- ❖ National Paper Company Limited (NPCL) was the main paper manufacturer in Sri Lanka before reduction of import duty.
- ❖ NPCL was the only local manufacturer for Duplicating, Duplo Colour, U.B. Printing, Cream Laid, Cover Paper, Test Liner, Manila board, Bristol board, Box board.
- ❖ The NPCL is the oldest industry of the Country. The country's first paper factory which was established in 1955 was commissioned for commercial operation in 1956 at Valaichchenai. Valaichchenai Paper Mills was renamed as Eastern Paper Mills Corporation in 1958 and the Board Machine was commissioned in 1972. With the expansion programme, 2<sup>nd</sup> Paper Mills was built up at Embilipitiya in 1976 as Embilipitiya Paper Mills. (Later it was privatized in 2011).

National Paper Corporation was converted into a liability limited Company from 01.07.1992 and incorporated under Public Company's Act 17 of 1982 and later registered under Company's Act No.07 of 2007 as National Paper Company Limited (NPCL) on 13<sup>th</sup> March 2010.

- ❖ NPCL was the market leader and having the 100% of the market shares until the implementation of the open market policy and waving off the 35% tariff on the importation of paper and the board in 1994 it became bad to worse and the profit started to drop. One more reason for waving off the tariff was the Paper Mill was in the war zone. However, it's time to rethink and change the policies for the up-liftment of the local industry and save nearly 300 families who are directly employed and some 200 indirectly employed and the Mill could contribute a larger portion to the GDP as well.
- ❖ National Paper Company Limited (NPCL) starts the production as a diversification restoration project in July 2020 followed by a cabinet approval and continues the production as at today. Presently Embilipitiya Paper Mills handed over to Korean SPA(Pvt) Ltd on Public Private Partnership (PPP) for commence the production of papers.
- ❖ The Total expenses for the year 2020 and 2021 trial, trial and error method and since 2022 proceeding with production. When the restoration projects start it has to bear reconnection of electricity and water to the factory, Capital expenses for the Machines repairs, laying of cables to panel boards and water motors, Cleaning, food and accommodation for local and foreign staff came for repairs of machines, repair of two quarters etc.
- ❖ Presently this National Paper Company Limited performing in better way by manufacturing Craft Paper, Manila Papers, Cover Paper and Writing Paper. And also Printing Papers and Wrapping Papers for Packaging Industries (60gsm - 120gsm).