

SINDHURA PAPER PRIVATE LIMITED

April 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	90.00	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Sindhura Paper Private Limited (SPPL) are constrained due to delay in commencement of operations, causing delays in revenue generation and market entry, promoters being new entrants to paper industry, high degree of competition along with susceptibility to volatility in prices of raw material and highly fragmented and cyclical nature of industry. However, these constraints can be partly mitigated by the qualified management and resourceful promoters, favourable location of the unit, close proximity to raw material sources and stable industry outlook.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely commencement of operations without further delay.
- Achieving operational profits on a sustained basis.

Negative factors

- Deterioration in leverage or coverage indicators in the future beyond the projected levels.
- Failure to complete the project in the stipulated time which may lead to lower than projected cash accruals.

Analytical approach: Standalone

Outlook: Stable

The stable outlook considers the capability of the promoters which shall compliment with timely installation of machinery made for production and generate a healthy scale of operations and profitability.

Detailed description of key rating drivers:

Key weaknesses

Delay in commencement of operations, causing delays in revenue generation and market entry

The implementation schedule for the project, involving financial closure, civil works, equipment procurement, installation, and commissioning, was originally planned over 12 months. However, delays in loan disbursement from lenders have impacted the timeline. While financial closure is achieved in July 2024, the ongoing erection and refurbishment of machinery will complete in July 2025, with operations commencing from August 1, 2025. The total project cost is Rs. 92.47 crores.

Promoters are new entrants in paper industry:

The promoters are new entrants in paper industry however they have been involved significant ventures depicting strong financial expertise. They are skilled investors, invested in number of business in the fields of education, green energy, IT and real estate. Invested in digital media companies. One of these viz., Saavn (acquired by Jio) and also promoted Trinox Infrastructure and Developers Pvt. Ltd. (TIDPL). TIDPL holds major shareholding in SPPL. The board of SPPL includes K Devi Prasad, R Ramchandra Naik and K Chandra Sekhar Reddy. Since the promoters are new to paper industry, SPPL engaged Shri V Krishna Mohan (40+ years' experience in paper industry) to lead the plant's upgradation and modernisation. He is supported by other technical experts in the industry.

Highly fragmented and cyclical industry:

Indian paper and paper board industry are highly fragmented with stiff competition from a large number of organized as well as unorganized players. This limits the pricing power of the manufacturers in terms of flexibility to pass on the raw material price fluctuation to its customers. The prospects of paper manufacturers using recycling processes are dependent on the wastepaper market trend. Due to the limited availability of wood and agro-based raw materials, wastepaper is generally used as a substitute for manufacturing paper. Wastepaper accounts for around 60%, while wood/Bamboo and agro residues account for around 25% and around 15% respectively. For decades China was the world's largest importer of wastepaper but in July 2017 it announced that it will ban imported waste papers to protect China from becoming the world's dumping ground. It resulted in a drastic effect

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

on wastepaper prices and average prices of mixed wastepaper slumped on account of an oversupply of wastepaper in the global market and they have been declining till the outbreak of the COVID-19 pandemic. Post which same started increasing and are on a high level with an increase in logistic cost due to non-availability of containers, rise in freight and coal costs due to which prices of kraft paper has also increased

Key strengths

Favourable location of the unit

The project is situated on Kovuru GNT Main Road via Nallacherla, in proximity to Gantavari Gudem and Dobicherla Village, within Dwaraka Thirumala Mandal, Eluru District. This location offers a good connectivity through major road networks, facilitating smooth transportation of raw materials like wood pulp, recycled paper, and chemicals, as well as the efficient distribution of finished products. Additionally, Eluru District has access to ample water resources, a critical factor for paper manufacturing. The region's industrial ecosystem and availability of skilled and semi-skilled labour further enhance its suitability. Moreover, being well-connected to key commercial hubs, the unit can efficiently cater to both domestic and export markets, making it an ideal location for sustainable and profitable operations.

Availability of raw materials

The primary raw material required for the plant is wastepaper, which will be sourced from the open market in and around Vijayawada, Chennai, Bangalore, and Hyderabad through dealers, as well as imports via Chennai Port. Other essential raw materials include rosin and alum, which are procured from local markets in Tirupati and Chennai. The fuel required for the power plant, such as husk or coal, is readily available locally, with no restrictions on procurement, ensuring an uninterrupted supply of energy for operations.

Stable Industry Outlook:

The India kraft paper market size reached 11.0 million Tons in 2024. Looking forward the market to reach 21.3 million Tons by 2033, exhibiting a growth rate (CAGR) of 7.23% during 2025-2033. Kraft paper refers to a strong paperboard material that is composed of recycled materials or wood pulp produced in the kraft process. The pulp is bleached with chemicals to enhance the thickness, durability, and strength of the fibers while sustaining lightweight characteristics. Some common varieties of kraft paper include white, printed, colored, black, etc. They can be easily recycled, reused, and decomposed completely. As a result, kraft paper is widely utilized in numerous packaging applications, including envelopes, bags, sacks, composite cans, pouches, cartons, etc.

Liquidity: Adequate

The liquidity position of the company remained adequate. The repayment of term loan is 26 monthly instalments from December 2025. Furthermore, DSRA of 3 months of instalment and interest is to be maintained within 6 months of COD. Hence to meet the above obligation, the company is expected to generate sufficient accruals in projected period.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Paper & Paper Products](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Forest Materials	Paper, Forest & Jute	Paper & Paper Products

M/s Sindhura Paper Mills Pvt. Ltd. (SPPL), incorporated in April 2006, initially manufactured Kraft paper and later expanded in 2017 to produce coated white duplex board along with a biomass-based power plant. Due to COVID-19, financial distress, and other challenges, the company became an NPA and entered the Corporate Insolvency Resolution Process (CIRP). The Hon'ble

NCLT approved the resolution plan submitted by M/s Trinox Infrastructure and Developers Pvt. Ltd. (TIDPL), and SPPL subsequently confirmed compliance with the required deposit.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	0.00	0.00
PBILDT	0.00	0.00	0.00
PAT	0.00	0.00	0.00
Overall gearing (times)	0.00	0.00	0.00
Interest coverage (times)	0.00	0.00	0.00

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	52.30	CARE BB-; Stable
Fund-based - LT-Term Loan	-	-	-	10/05/2032	37.70	CARE BB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	37.70	CARE BB-; Stable				
2	Fund-based - LT-Cash Credit	LT	52.30	CARE BB-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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