

April 21, 2026

## Sripathi Paper and Boards Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Cash Credit	246.80	246.80	[ICRA]BBB- (Stable); reaffirmed
Long term – Term Loan	14.69	101.00	[ICRA]BBB- (Stable); reaffirmed
Short term – Non-Fund Based	103.95	103.95	[ICRA]A3; reaffirmed
Short term – Non-Fund Based- BG	1.00	1.00	[ICRA]A3; reaffirmed
Long term – Proposed fund-based limits	133.56	47.25	[ICRA]BBB- (Stable); reaffirmed
<b>Total</b>	<b>500.00</b>	<b>500.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings consider Sripathi Paper and Boards Private Limited's (SPBPL) established presence in the paper industry, which has supported the development of a healthy distribution network and customer base. Moreover, the company has a diversified product mix with the capability to produce kraft paper, duplex boards, writing and printing papers and newsprint, which has aided it in catering to a diverse set of end-user industries including packaging [fast-moving consumer goods (FMCG), pharmaceuticals and e-commerce], corrugated box manufacturers, printing and publishing, education and stationery, media and notebook and textbook publishers. The ratings draw comfort from the regular infusion of funds from Srinidhi Alternative Investment Fund (SAIF), which holds a 76% stake<sup>1</sup> and is expected to continue to provide need-based support, going forward. ICRA notes that interest and principal on unsecured loans are subordinated to the bank loans. Apart from the equity infusion in FY2026, SAIF infused an around Rs. 49.50 crore as of February 28, 2026, which supported the company in meeting its capital expenditure (capex) and working capital requirements.

SPBPL's revenue growth has been impacted by a sharp decline in realisations in FY2024 and FY2025 as intense competition in the industry constrained its pricing flexibility. While realisations contracted further in 9M FY2026, a healthy development in volumes, on the back of new customer additions and higher offtake from existing customers, is estimated to have driven 7–10% revenue growth in FY2026. Continued rise in volumes is likely to support the company's revenue in FY2027, while realisations growth is expected to be limited owing to continued high competition. Its operating margin contracted sharply to 7.8% in FY2025 from 14.5% in FY2023. ICRA had anticipated the company's margins to improve in FY2026 on the back of lower power costs with commencement of non-recyclable solid waste (NRSW) co-generation power plant. However, the delay in commencement of NRSW's operations is likely to result in flat operating margins in FY2026. However, NRSW is anticipated to start operations in April 2026, which is expected to lead to healthy improvements in operating margins over the medium term. Low operating margins resulted in net losses in FY2025 and FY2026; material improvement in operating margin remains critical for it to break even at the net profit level.

The ratings are constrained by the company's moderate scale of operations, vulnerability of profitability to adverse fluctuations in prices of wastepaper as well as pricing trends of final products and foreign exchange (forex) movements. Moreover, intense competition in the duplex/ kraft paper segment owing to many unorganised players in the field results in pricing pressure. Geopolitical developments in West Asia are expected to affect shipping routes and increase freight costs, which are likely to

<sup>1</sup> Stake held through Srinidhi Category II Alternative Investment Fund

result in increased raw material costs. However, the company has scaled up its domestic procurement through reverse logistics and has tied up with vendors in neighbouring countries such as Sri Lanka to reduce its dependence on imports. Its working capital intensity remains elevated owing to its high inventory levels. SPBPL's capitalisation and coverage metrics moderated in FY2025 and FY2026, with estimated adjusted debt (debt excluding promoter loans) to OPBITDA of over 3.0 times as on March 31, 2026 owing to moderation in the operating margins. However, its debt metrics are expected to improve from FY2027 with the anticipated improvement in margins.

The Stable outlook reflects ICRA's expectation that the company's margins will improve, with reduction in power costs supported by commencement of NRSW boiler, leading to an improvement in debt metrics.

## Key rating drivers and their description

### Credit strengths

**Established track record of the company in the paper industry** – Incorporated in 2002, SPBPL is engaged in manufacturing paper products and has developed an established presence and distribution network in the market over the past two decades. Its day-to-day operations are managed by Mr. N. Murali, who has extensive experience in the paper industry. During the last few fiscals, the management has brought together a team of seasoned professionals from the paper industry to manage the business in different verticals.

**Diversified product profile** – SPBPL has four manufacturing units at Sivakasi and one in Sathyamangalam (Tamil Nadu) with a total production capacity of 2,76,500 MT. Its product portfolio is well diversified with capacities to manufacture duplex board, kraft paper, newsprint and writing and printing paper (WPP). It produces categories of coated duplex board, which is extensively used in the printing, match box, fireworks, textiles and packaging industries. SPBPL is also involved in manufacturing kraft paper and WPP, although around 69% of the total sales were derived from duplex board in FY2025, a value-added product that generates relatively greater margins than other products. Over the years, the company has launched margin-accretive products such as eco folding box board, specialised white back products for wedding card segment, uncoated high bulk product for match industry, cup stock, odour-free kraft paper and coated white kraft liner in the duplex board segment, which are direct competition to virgin boards. It also continues to work on developing new value-added products, in collaboration with customers that will aid the margins, going forward. Over 85% of its revenues are derived from the domestic market, with Tamil Nadu and Karnataka being the major end-markets. Its customer base is moderately diversified with its top five customers generating around 62% of its total sales in FY2025.

**Regular fund infusions from Srinidhi Investment Advisors Private Limited** – SAIF has cumulatively infused Rs. 402.6 crore, apart from equity infusions in various forms up to March 2025 and remains committed to meeting SPBPL's funding requirements, if any. In 11M FY2026, SAIF further infused Rs. 49.5 crore to support the company's capex and working capital requirements. SAIF plays a significant supervisory role in its operations and has placed industry experts in critical functions. ICRA notes that the interest and the principal on unsecured loans extended are subordinated to bank loans.

### Credit challenges

**Vulnerability of profitability to adverse fluctuations in prices of raw material and forex movements** – SPBPL's profitability is exposed to any sharp fluctuation in raw material prices, primarily wastepaper. A large portion of the wastepaper is imported, and the prices remain exposed to global demand-supply dynamics. The company's pricing flexibility is limited by competition in the market, which can impact its revenues and profitability, as witnessed in FY2025 and FY2026. Further, it imports 50-55% of the raw material requirement, making it vulnerable to movement in forex rates.

**Highly competitive nature of the industry** – SPBPL operates in a highly fragmented industry and faces intense competition, which limits its pricing flexibility and bargaining power with customers, thereby putting pressure on its revenues and margins. Nonetheless, its presence in multiple segments (kraft, duplex, newsprint and WPP) and its established relationships with major players in the fireworks, matchsticks, printing and FMCG sectors are key mitigating factors for the company.

**Modest capitalisation and coverage metrics** – SPBPL’s debt protection metrics remain modest, with estimated adjusted debt/OPBITDA (debt excluding promoter loans) of 4.3-4.6 times and adjusted interest coverage of 1.6-1.8 times in FY2026. Limited improvement in margins and debt-funded capex constrained its coverage metrics in FY2026. However, with expected improvement in operating margin in FY2027 on the back of lower power costs following the stabilisation of the NRSW boiler plant, debt metrics are anticipated to improve. ICRA also notes that the company does not have any major capex plans going forward, and hence, the leverage and coverage metrics are expected to improve gradually, supported by moderation in overall debt levels with scheduled debt repayments.

### Liquidity position: Adequate

SPBPL’s liquidity is Adequate, with estimated retained cash flows of Rs. 60-70 crore in FY2027 and unutilised working capital limits of Rs. 45–50 crore against repayment obligations of Rs. 7–10 crore. The company has incurred a sizeable capex towards the NRSW boiler in FY2026. Capex spends would be largely towards regular maintenance and are estimated to be low in the near term.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if the company further grows its revenues while improving its profitability materially and sustainably (drawing from, among other things, lower energy costs associated with the newly set-up NRSW cogeneration plant), contributing to an improvement in the credit metrics.

**Negative factors** – The ratings could be downgraded if the profitability metrics come under pressure because of industry-related factors or on account of challenges faced in ramping up of the NRSW co-generation power plant, affecting the debt protection metrics. A specific credit metric that would be a negative rating trigger is Adjusted Debt /OPBITDA of more than 3.0 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

### About the company

Sripathi Paper and Boards Private Limited (SPBPL) was set up in 2002 with a capacity of 30 MT per day for kraft paper. Over the years, the company has expanded its production capacity to 790 TPD with machinery to manufacture products such as kraft paper, duplex board, writing and printing paper and newsprint. In FY2022, Srinidhi Alternative Investment Fund acquired a 76% stake in SPBPL and is expected to increase its stake to 100%, and the erstwhile promoters are likely to exit in the near term. The management has brought together a team of seasoned professionals from the paper industry to manage the business in different verticals. It uses recycled fibre, i.e. wastepaper, as raw material for paper manufacturing. Headquartered in Coimbatore, the company operates out of its five plants across Sivakasi (four) and Sathyamangalam (one) in Tamil Nadu. The plants are spread over 77 acres of land at Sivakasi and 20 acres at Sathyamangalam. SPBPL has a 6-MW co-generation power plant and a 1.45-MW capacity windmill to ensure continuous power supply. In addition, the company has commissioned a 60 TPD (tonnes per day) NRSW boiler with 10 MW Turbine in April 2026, which is expected to meet a significant portion of its power and steam requirements.

### Key financial indicators (audited)

SPBPL (standalone)	FY2024	FY2025
Operating income (OI)	576.2	590.7
PAT	1.3	-23.3
OPBDIT/OI	14.5%	7.8%
PAT/OI	0.2%	-3.9%
Total outside liabilities/Tangible net worth (times)	1.6	1.7
Total debt/OPBDIT (times)	5.3	9.1
Interest coverage (times)	1.6	0.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore ; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. Crore)	Apr 21, 2026	Date	Rating	Date	Rating	Date	Rating
Long term-proposed-fund-based	Long term	47.25	[ICRA]BBB-(Stable)	-	-	Jan-17-2025	[ICRA]BBB-(Stable)	06-Oct-2023	[ICRA]BBB-(Stable)
Long term-proposed-fund-based	Long term	-		-	-	17-Jan-2025	[ICRA]BBB-(Stable); Withdrawn	06-Oct-2023	[ICRA]BBB-(Stable)
Short term-letter of credit-non-fund based	Short term	103.95	[ICRA]A3	-	-	17-Jan-2025	[ICRA]A3	06-Oct-2023	[ICRA]A3
Short term-bank guarantee-non-fund based	Short term	1.00	[ICRA]A3	-	-	17-Jan-2025	[ICRA]A3	06-Oct-2023	[ICRA]A3
Short term-proposed-non-fund based	Short term	-		-	-	17-Jan-2025	[ICRA]A3; Withdrawn	06-Oct-2023	[ICRA]A3
Long term-cash credit-fund-based	Long term	246.80	[ICRA]BBB-(Stable)	-	-	17-Jan-2025	[ICRA]BBB-(Stable)	06-Oct-2023	[ICRA]BBB-(Stable)
Long term-cash credit-fund-based	Long term	39.00		-	-	17-Jan-2025	[ICRA]BBB-(Stable); Withdrawn	06-Oct-2023	[ICRA]BBB-(Stable)
Long term-term loan-fund-based	Long term	101.00	[ICRA]BBB-(Stable)	-	-	17-Jan-2025	[ICRA]BBB-(Stable)	06-Oct-2023	[ICRA]BBB-(Stable)
Long term-term loan-fund-based	Long term	-		-	-	17-Jan-2025	[ICRA]BBB-(Stable); Withdrawn	06-Oct-2023	[ICRA]BBB-(Stable)

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$)

Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – fund-based – Cash Credit	Simple
Long-term – fund-based – Term Loan	Simple
Short term - Non-Fund Based	Simple
Short term - Non-Fund Based BG	Simple
Long term/ - Proposed fund-based limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

### Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash Credit	-	-	-	246.80	[ICRA]BBB- (Stable)
NA	Term Loan	FY2026	-	FY2032	101.00	[ICRA]BBB- (Stable)
NA	Long term - Proposed	NA	NA	NA	47.25	[ICRA]BBB- (Stable)
NA	Letter of Credit / Buyer's Credit	-	-	-	103.95	[ICRA]A3
NA	Bank Guarantee	-	-	-	1.00	[ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure III: List of entities considered for consolidated analysis - Not applicable

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