



Press Release

Vellum Papers Pvt Ltd

September 24, 2025

Ratings:

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	23.00 (Reduced from 25.34)	IVR BB-/Stable (IVR double B minus with Stable Outlook)	IVR B+/Stable (IVR B Plus with Stable Outlook)	Rating Upgraded	Simple
2.	Short Term Bank Facilities	7.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Rating Reaffirmed	Simple
	Total	30.00	Rupees Thirty crores Only			

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded the long-term rating as IVR BB- with Stable outlook and reaffirmed the short-term rating as IVR A4 for the bank loan facilities of Vellum Papers Pvt Ltd.

The rating continues to draw comfort from experienced promoters and from Stable outlook for paper industry. However, these rating strengths are partially offset by nascent stage of operations, leveraged capital structure and Susceptibility of profitability due to volatility in raw material prices.

For the Stable Outlook, IVR believes VPPL will continue to benefit from experience of promoter and adequate demand of the product.

IVR has principally relied on the audited financial results of LRAPPL up to 31 March 2024 and audited financial results up to 31 March 2025, (i.e. review period from 1st April 2024 to 31st March 2025), and projected financials for FY2026, FY2027 and FY2028 and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Significant improvement in the operating income and profitability resulting in the improvement of the financial risk profile and liquidity profile of the company.
- Improvement in the capital structure with improvement in overall gearing ratio



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Downward Factors

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or deterioration in the financial risk profile.
- Any further significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

- **Experienced Promoters**

Mr. Lakshman Singh, Mr. Muneer Alam and Mr. Mohammad Ajmal are the promoters as well as directors of the company having more than a decade of experience in paper manufacturing industry. The long-standing experience of the management has also resulted in established relationship with customers resulting in repeat orders.

- **Stable outlook for paper industry:**

The kraft papers are mainly used in packaging sector. The kraft paper industry in India is expected to witness a significant growth in future as the government of India has started putting nationwide curbs on use of single use plastic and endorsed many awareness programmes on less usage of plastic, which will indirectly push demand for the kraft paper manufacturing industries. Also, changing consumer preferences towards convenient packaging solutions along with sustainability in mind will diminish the demand for plastic packaging and hence fuel the paper and paperboard industry.

Key Rating Weaknesses

- **Nascent stage of operations:**

VPPL has begun commercial production from March 2023, therefore FY24 was its first full year of operation. Since the company is in its nascent stage of operations, thus going forward, scaling up of operations and profitability will be a key rating monitorable.

- **Leveraged capital structure**

The debt profile of the company comprises term loan taken for funding the capex, working capital limits and unsecured loan from promoters and directors. The company's adjusted tangible net worth stood at Rs. 10.14 crore as on March 31, 2025. The capital structure marked by adjusted overall gearing stood leveraged at 2.39x as on March 31, 2025 (3.00x as on March 31, 2024).

- **Susceptibility of profitability due to volatility in raw material prices:**



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Raw material and power consumption constitutes a major portion of the total operating cost in FY25. The profitability margins of the company remain susceptible to volatility in the raw material prices and power tariff. Any adverse fluctuation in raw material price could impact the profitability of the company. Paper industry is a power intensive industry, and power is one of the major cost components after raw material.

Analytical Approach: IVR has analysed VPPL credit profile by considering the Standalone financial statements of the company.

Applicable Criteria:

- [Rating Methodology for Manufacturing Companies.](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition](#)
- [Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Stretched

The VPPL has earned a gross cash accrual of ~Rs. 1.92 crore in FY25, which is just sufficient to meet its debt repayment obligation of Rs. 1.93 crore of the same period. The cash accruals of the Company are estimated to remain in the range of around Rs. 2.65 crore to Rs.3.55 crore as against debt obligation of Rs2.28 crore to Rs.2.20 crore during FY 2026-28. Bank borrowing utilisation is 80.14% during the past 12 months ended June 2025 indicating some liquidity cushion. The current ratio stood at 1.20x as on March 31st, 2025.

About the Company

Vellum Papers Private Limited incorporated in 2020 specializing in the manufacturing, buying, selling, and exporting of various paper products such as writing paper, printing paper, tissue paper, and more. The company is engaged in manufacturing of wastepaper-based Poster Paper, Tissue Paper, and Light GSM Kraft Paper with installed capacity of 16500 TPA in aggregate. The finished product of the company i.e. Poster Paper, Tissue Paper and Light GSM Kraft Paper is widely demanded having various uses.

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	31.50	42.55
EBITDA	4.66	5.07
PAT	0.58	0.93
Total Debt	27.61	24.21



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For the year ended*/As on	31-03-2024	31-03-2025
Adjusted tangible Net worth	9.21	10.14
EBITDA Margin (%)	14.81	11.92
PAT Margin (%)	1.82	2.18
Adjusted Overall Gearing Ratio (x)	3.00	2.39
Interest Coverage Ratio (x)	1.51	1.68

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: NIL

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (July 11, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based	Long Term	23.00	IVR BB-/Stable	IVR B+/Stable	-	-
2.	Non - Fund based	Short Term	7.00	IVR A4	IVR A4	-	-

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [Formerly Infomerics Valuation and Rating Private Limited] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	Jan 2031	13.60	IVR BB-/Stable
Term Loan	-	-	Dec 2030	3.40	IVR BB-/Stable
Cash Credit	-	-	-	6.00	IVR BB-/Stable
Letter of Credit	-	-	-	7.00	IVR A4

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-vellum-papers-sep25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).