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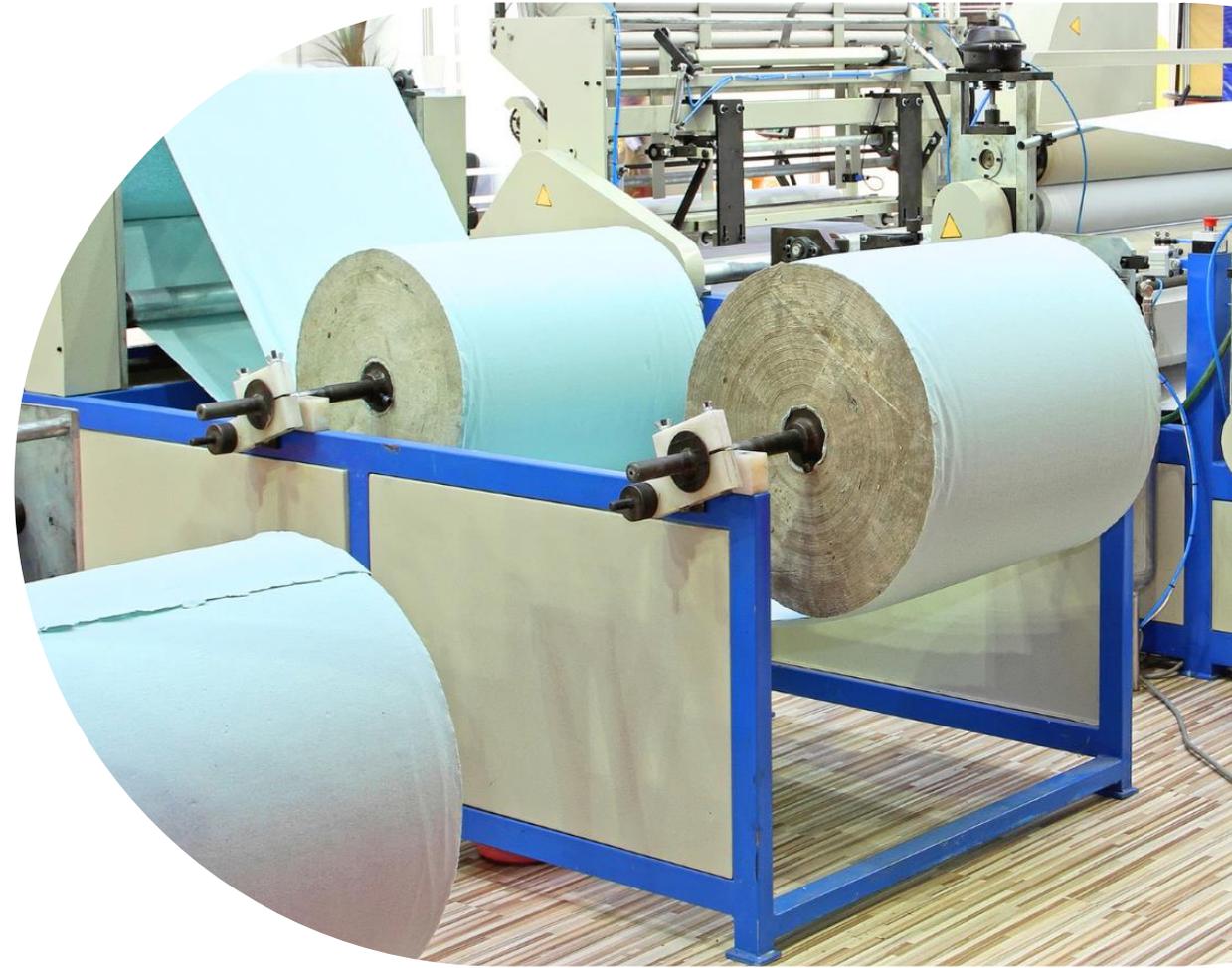


PULP AND PAPER INDUSTRY IN INDIA

BRICKWORK RESEARCH



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Pulp and paper industry in India

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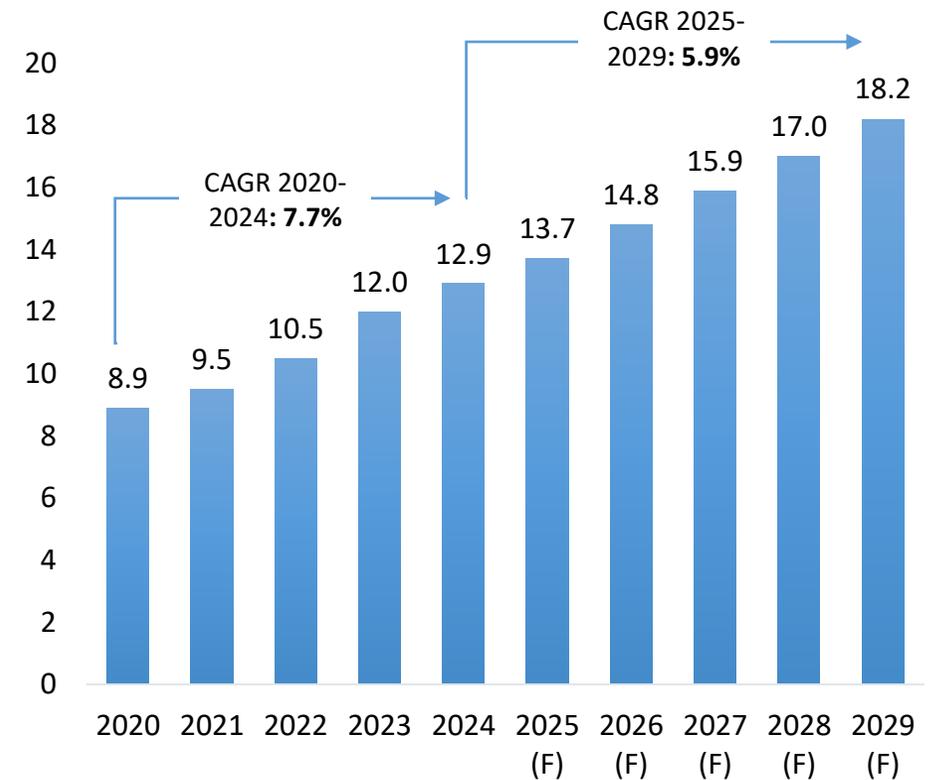
Executive summary

India produces 5% of global paper, ranking 15th, with rising demand from packaging, e-commerce, and education. Despite low per capita use, growth potential exists, though rising imports threaten competitiveness, jobs, and investment.

- **Market size:** The market size of India's paper industry is projected to reach USD 19.1 billion by 2033.
- **Fastest-growing globally:** India's paper industry is one of the fastest growing globally. India produces 5% of the world's total paper and is currently the 15th largest paper producer globally.
- **Domestic consumption:** Paper consumption in India is expected to touch 30 million tonnes by 2027, driven by rising demand in packaging, e-commerce, FMCG, and the education sector.
- The industry comprises a mix of around 80 large integrated mills producing 60% of total output, along with numerous small-scale units.
- **Per capita consumption:** India's per capita paper consumption is just 16 kgs, compared to a much higher global average of 57 kgs*, indicating significant growth potential.
- However, increasing paper imports are eroding competitiveness, threatening jobs, discouraging investment, and weakening the sector's long-term sustainability.
- **Demand Drivers:** Rising literacy and student enrollment, surge in online retail and organized packaging and ban on single-use plastics and eco-conscious consumers
- **Challenges:** Faces challenges like raw material availability, import dependence on pulp and paper products (notably from China and ASEAN), and environmental concerns such as deforestation

*Source: Indian Paper Manufacturers Association (IPMA)

India's paper market size (USD billion)



Sources: CMIE, Pulp and Paper Times, PrintWeek, Statista, Mordor Intelligence

Market overview

The Indian paper industry is growing steadily, driven by e-commerce, FMCG, education reforms, and rising hygiene awareness. Sustainability efforts and foreign investment add momentum, though raw material costs and competition pose challenges.

- The Indian paper industry is set for steady growth supported by demographics, regulations, and modernization.
- Wood pulp and recycled fibre remain the primary raw materials.
- Industry outlook is positive, driven by population growth, urbanization, and rising incomes.
- E-commerce growth boosts packaging demand, while sustainability needs drive innovation.
- Despite challenges like raw material volatility and alternative substitutes, strategic investments and green initiatives can strengthen global competitiveness.



5% - India's contribution to world's paper market



5,00,000 people are employed in the paper industry



Paper industry's sales rose at 5.7% CAGR from FY20 to FY24

Market segments of paper industry

India's paper industry is dominated by the packaging and paperboard category, followed by printing and writing paper. Specialty papers (particularly tissue) segment is emerging as the fastest growing category.

- Packaging and paperboard is the largest and fastest-growing segment, driven by FMCG, textiles, pharma, e-commerce, and the ban on single-use plastics.
- Printing and writing paper holds a significant share, supported by rising literacy, education initiatives, and government spending; copier paper is a key growth driver.
- Specialty papers, especially tissue, are growing rapidly due to higher hygiene awareness, urbanization, and demand from healthcare and hospitality.
- Newsprint is steadily declining as digital media reduces newspaper and magazine consumption.

Segment	Share of industry	Key products	Growth drivers
Packaging and paperboard	47-55%	Corrugated boxes, cartons, specialty packaging	FMCG, pharmaceuticals, e-commerce, sustainability
Printing and writing	29-31%	Copier, notepads, textbooks, office stationery	Literacy, government policy, education
Specialty (tissue)	5-10%	Tissue, décor, thermal, cigarette, fine papers	Healthcare, hygiene, retail, urbanisation
Newsprint	8-15%	Newspapers, periodicals, magazines	Print media demand

India's edge in paper industry

India's paper industry is set for steady growth, driven by FDI inflows, government support, and technology adoption. Rising packaging demand from urbanization, e-commerce, and plastic ban, along with regulatory and infrastructure support, boosts global competitiveness.

01

High demand

- India continues to dominate paper market growth, driven by an 8.2% rise in packaging paper and paperboard consumption in 2023-24
- Expanding manufacturing, food services, and logistics sectors require large volumes of corrugated boxes, labels, and industrial paper products



02

Innovation and technology adoption

- Manufacturers are investing in next-gen technologies to optimize processes, reduce water and energy consumption, and improve printability.
- Lightweight, high-strength boards and smart packaging solutions (QR codes, traceability features) are gaining traction across sectors.



03

Increasing investment

- India received INR 15,121 crore (USD 1.74 billion) in FDI in the paper and pulp sector from April 2000 to September 2024.



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Policy support

- Government support through infrastructure upgrades, environmental clearances, and ease of doing business has improved industry attractiveness.
- Regulatory moves such as plastic bans have created strong demand for paper-based alternatives.



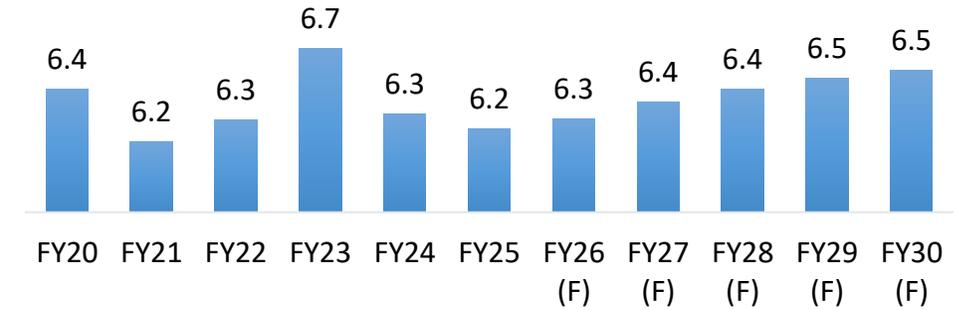
Paper production is forecasted to grow modestly

India's paper production is set to grow, led by packaging demand from FMCG, pharma, and e-commerce. Education reforms, sustainability efforts, and major capacity investments are creating long-term growth opportunities. Geopolitical uncertainties and rapid digitalization may dampen some of these growth.

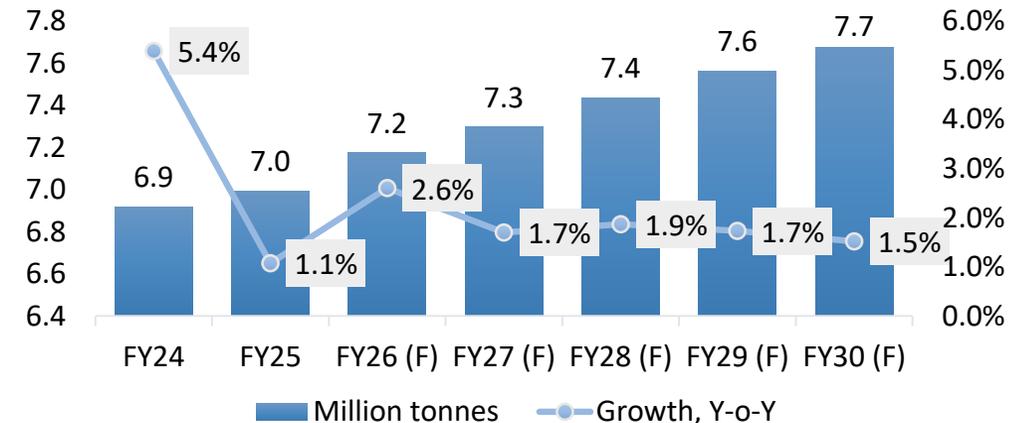
- India's paper production is set to rise modestly, led by strong growth in packaging segments.
- Per capita paper consumption (16 kgs) is far below the global average (57 kgs)*, highlighting large growth potential.
- Implementation of India's National Education Policy (NEP) 2020, literacy growth, and education drives are fueling demand for printing paper.
- Major players are investing in capacity expansion, backward integration, sustainability, and diversification.
- Rising need for sustainable, high-quality packaging in FMCG, pharma, textiles, and healthcare is driving paperboard growth.
- E-commerce expansion, eco-friendly packaging shifts, and recycling initiatives are further boosting packaging demand.
- In spite of strong sectoral expansion, constraints such as reliance on imported wood pulp and competition from ASEAN markets are moderating the pace of production growth. Geopolitical uncertainties may dampen exports growth.
- Digitalization in India has reduced demand for writing and printing paper through digital alternatives

*Source: Indian Paper Manufacturers Association (IPMA)

Paper production (in million tonnes)



Paper consumption (volume and y-o-y growth)



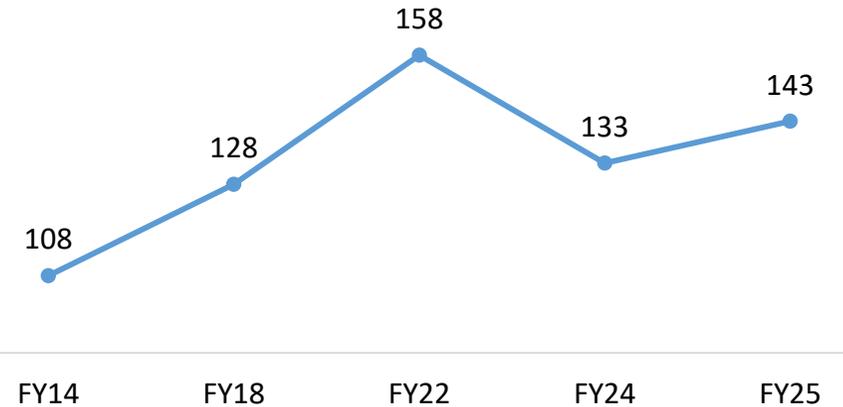
Source: CMIE

Price trends in paper industry

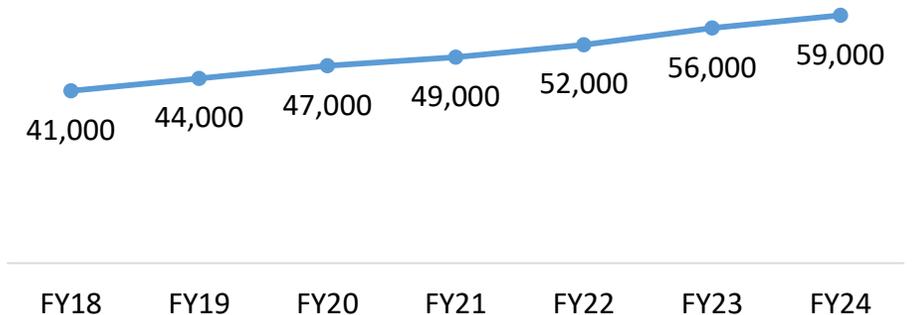
India's paper industry is facing raw material price volatility, with wastepaper prices declining due to weak demand, while wood pulp costs have surged because of supply disruptions and geopolitical issues. Few manufacturers have implemented price hikes in 2025 to manage costs.

- India's paper industry saw volatility and cost inflation in its raw material price trends.
 - Wood Pulp (around 28% of input): Prices surged amid supply chain disruptions and geopolitical tensions; both domestic and global rates kept rising in Mar 2025 quarter.
 - Agro-residues (around 20% of input): Cost-effective source (bagasse, wheat straw) but subject to seasonal availability causing fluctuations.
- Major manufacturers like BGPPL, Emami Paper Mills, and Khanna Paper Mill announced multiple price hikes in 2025 to offset rising input costs.
- Rising demand for paper and packaging will continue, but raw material cost pressures and import competition are expected to shape future price trends.

Wholesale price index (WPI) of kraft paper



Average wood pulp price (INR per metric ton)



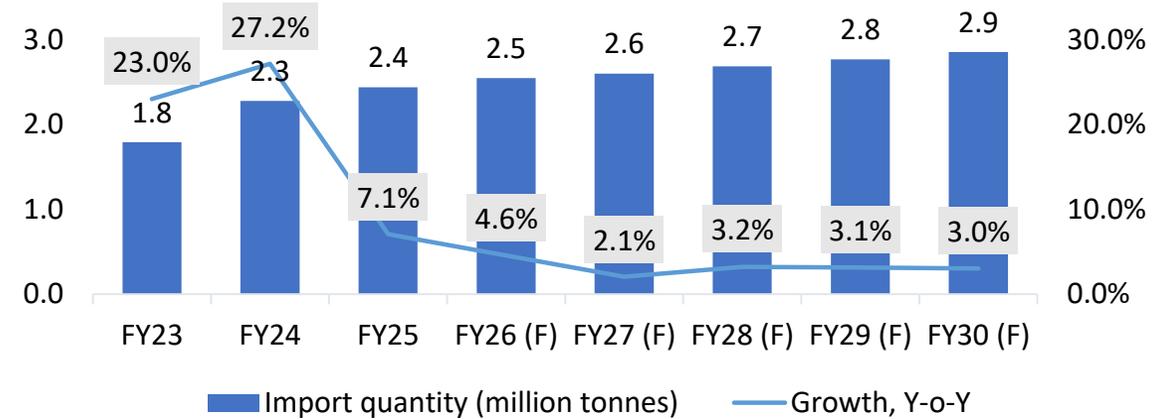
Source: CMIE, imarcgroup, statista

India's paper imports to continue upward trajectory

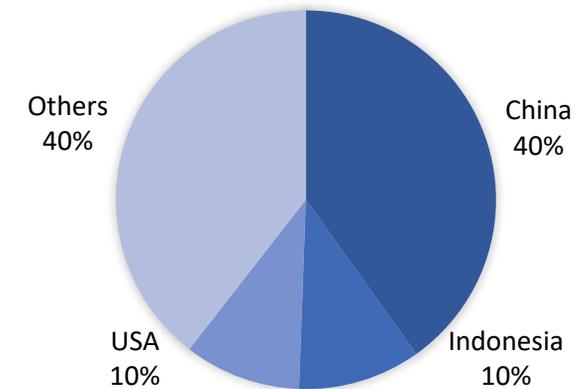
India's paper imports have surged due to cheaper supplies from ASEAN nations. Low-priced imports from China, Chile, and Indonesia, alongside favorable trade agreements, lower costs abroad, and alleged dumping, have rendered many Indian mills unviable.

- India's paper and paperboard imports have risen sharply in recent years.
- Imports grew 7.1% in FY25, driven by cheaper supplies from ASEAN nations with lower production costs.
- India's dependence on imported raw materials raises domestic production costs.
- Rising imports, particularly low-cost paperboard from China, Chile, and Indonesia, have forced many Indian mills to shut; only around 550 of 850-900 mills remain operational.
- Trade agreements providing duty-free/low-duty access further encourage imports over local sourcing.
- Imported paper is often cheaper than Indian paper due to lower input costs abroad, favorable trade policies, and alleged dumping practices.

India's paper imports (volume and Y-o-Y growth)



Share of imports by country - FY25



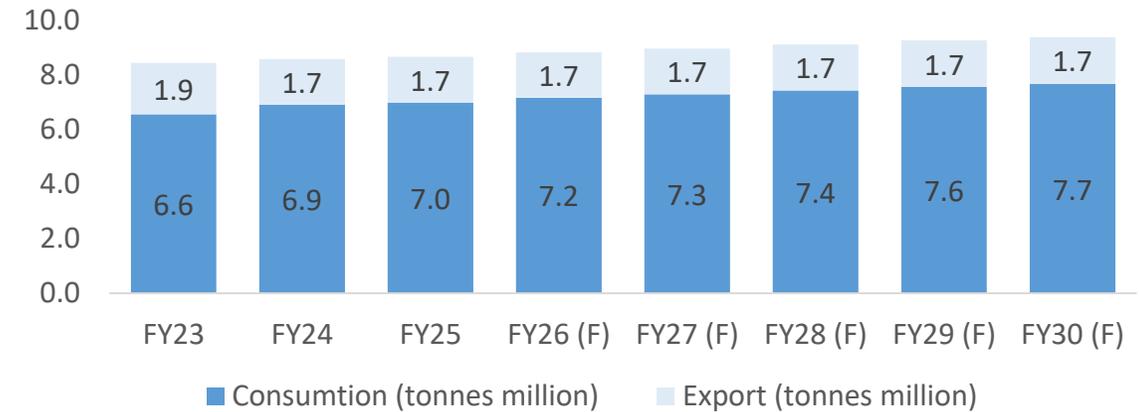
Source: CMIE

Exports in India's paper industry to remain flat in coming years

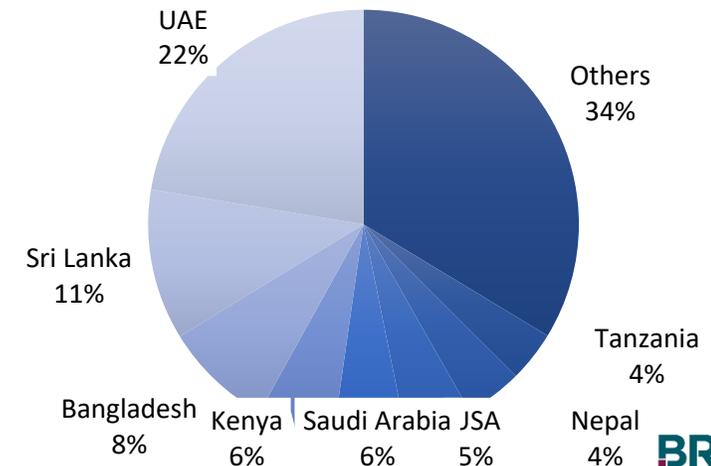
India's paper exports are expected to remain flat in the coming years due to global economic uncertainties, weaker demand, and new trade barriers such as tariffs. While export growth has slowed following a previous boom, domestic demand for paper continues to rise, offsetting export challenges.

- India's paper industry outlook is shadowed by global economic uncertainties and shifting trade policies.
- Export volume are expected to remain flat mainly due to tariff risks, global demand slowdown, and stringent trade agreement conditions, particularly following recent US tariff measures and reduced intra-Asia trade.
- Domestic demand, however, will remain strong led by increased literacy rates, expansion in packaging needs, and growth in household consumption.

India's paper exports and consumption



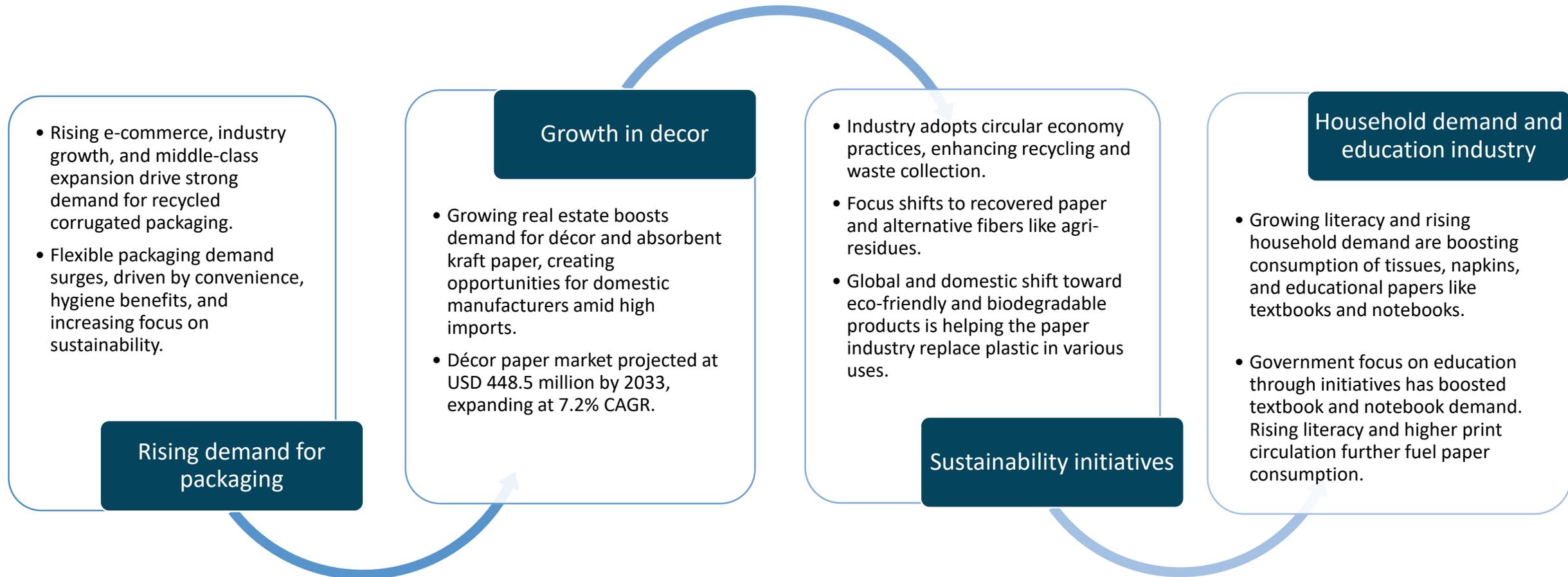
Share of exports from India by country - FY25



Source: CMIE

Opportunities and growth drivers in India's paper industry

Growing e-commerce industry, and middle-class demand boost packaging needs, real estate drives décor papers, and rising literacy increases tissue, napkin, and educational paper demand, supported by circular economy practices and alternative fiber adoption.



Key risks in paper industry

The Indian paper industry struggles with high raw material costs, rising imports, and supply chain issues, while outdated technology, poor fiber quality, and strict environmental norms further pressure profitability and sustainability.

01



High raw material costs

High costs of raw materials like wastepaper, imported pulp, and wood chips threaten profitability and sustainability, forcing price hikes that risk weaker acceptance in India's highly price-sensitive market.

04



Outdated technology and inefficient operations

Many Indian paper mills use outdated machinery with limited automation, causing low productivity, high costs, and environmental inefficiency. Technology upgrades demand heavy investment, posing major challenges for smaller mills.

02



Rise in imports & market competition

Paper imports rose 7.1% in FY25, with duty-free supplies from China and ASEAN. Lower prices and superior quality of imports are making domestic production less competitive for Indian manufacturers.

05



Poor availability and quality of domestic fiber

India faces fiber deficiency due to restrictions on industrial plantations and an inefficient wastepaper collection system, leading to greater dependence on imports and reduced industry profitability.

03



Supply chain disruptions

The sector remains volatile due to global conflicts, shipping disruptions like the Red Sea crisis, and port strikes, which raise freight costs and disrupt supply chains, affecting efficiency, costs, and timely delivery.

06



Environmental concerns and regulatory pressure

The paper industry faces major environmental challenges from deforestation, water and air pollution, and waste. Chemical use, including chlorine compounds, contributes to water contamination and poses serious health risks.

Government push for literacy is boosting India's paper demand

Government education support via increased funding, policy reforms and targeted initiatives directly fuels the country's paper demand by expanding access to education, increasing enrollment and ensuring the continued use of printed learning materials alongside digital content

Government education support plays an important role in boosting India's paper demand, particularly via increased investment in educational infrastructure, policy-driven expansion of access and the promotion of literacy and research

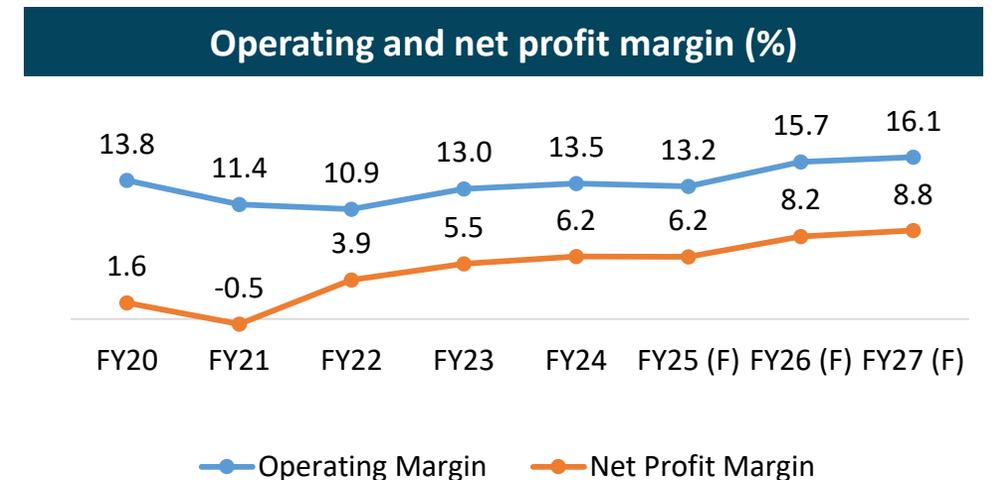
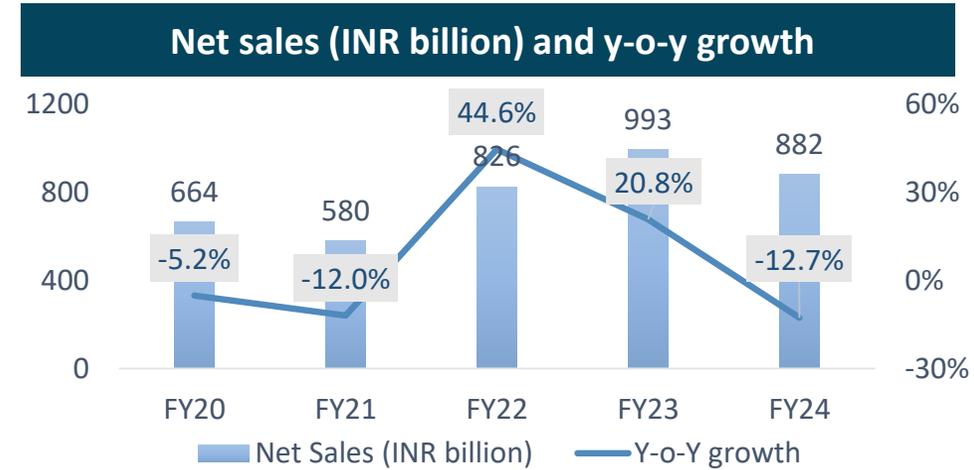
- **Increased budget allocation:** The Union Budget 2024-25 allocated INR 1.48 trillion* to education, skilling, and employment, boosting demand for textbooks, notebooks, and exam materials
- **Policy initiatives:** Implementation of NEP 2020 is driving school and higher education enrollment, increasing the need for printed educational resources
- **Digital and hybrid learning:** Digital learning platforms are expanding, but printed materials remain vital in areas with limited digital access
- **Research and higher education:** Initiatives like One Nation One Subscription (ONOS) enhance research accessibility while also creating demand for printed academic resources

Profitability margins have narrowed due to higher input costs and competition

Revenue and profitability are expected to improve, driven by product mix diversification, operational efficiencies, government support, modernization investments, easing input costs, and policy measures.

Margins under pressure: Recovery on the horizon, going ahead with evolving demand and policy support

- The industry's margins and profitability are expected to improve in the coming years as cost pressures ease and demand remains strong
- The industry's financial performance was impacted in FY24, mainly due to rising input costs and competitive pricing
- Most companies reported Y-o-Y revenue decline in FY24 due to cost inflation and cheap imports
- Low-cost imports from ASEAN and other regions depressed domestic prices, adding to pricing pressures
- Companies also faced higher finance costs from increased borrowings for working capital and capex
- The industry's net sales are expected to improve in the coming years on account of high demand, led by e-commerce, sustainable packaging, education sector spending, and government policies
- The industry's margins are likely to improve as raw material costs are expected to stabilize



Source: CMIE

Consolidation to play a critical role in shaping India's paper market

Consolidation will substantially improve India's competitiveness in global markets by enabling scale, efficiency and quality upgrades that fragmented small mills cannot achieve alone

Strategic advantages of consolidation in the global marketplace are as follows:

- **Adoption of advanced technologies:** Larger, merged entities can invest in updated machinery, automation and digitalization, increasing production and enabling the production of higher-quality and internationally competitive products
- **Quality and standards:** Consolidated companies can implement sophisticated Quality Control Systems (QCS) and Distribution Control Systems (DCS), ensuring products meet global standards and customer requirements
- **Resource optimization:** Combining operations allows for better utilization of raw materials, improved supply chain management, and the development of structured wastepaper collection systems, reducing costs and dependency on imports
- **Financial strength:** Bigger, financially stable firms can withstand market fluctuations, invest in research and development (R&D), and pursue export opportunities more aggressively as compared to fragmented small players
- **Sustainability investments:** Bigger players are better positioned to invest in pollution prevention and sustainable practices, which are increasingly demanded in international markets

Consolidation will transform India's paper industry into a globally competitive force from a fragmented sector, capable of meeting international quality, scale, and sustainability benchmarks while expanding its global market share.

Outlook

Set for continued growth

The surge in online shopping and organized retail is expected to drive the demand for containerboard, carton board, and other packaging papers

Sustainability

The industry is experiencing a shift toward sustainable and recycled paper products, with increased investment in recycling technologies and eco-friendly alternatives

Educational and hygiene sectors

Rising literacy and educational spending are driving demand for writing and printing papers, while growing hygiene product consumption further boosts overall growth in India's paper industry

Low per capita consumption to boost growth

India's per capita paper consumption remains well below the global average, providing substantial room for market expansion. This indicates strong growth potential

Technological innovations

Innovations in paper manufacturing, like improved recycling processes, barrier coatings, and lightweight materials, are likely to enhance product quality and expand the range of applications

Key risks

Continued import competition, fluctuations in raw material prices, and the need for further modernization remain important factors to watch

Government initiatives

Government initiatives are supporting wastepaper recycling and circular economy practices, further boosting industry growth

Appendix

Paper industry – Key financials indicators

S. No.	Ratios	Unit	FY20	FY21	FY22	FY23	FY24
1	Debt to equity ratio	Times	1.20	1.20	0.93	0.67	0.58
2	Interest coverage ratio	Times	1.68	0.98	2.95	4.78	4.65
3	Debt service coverage ratio (DSCR)	Times	0.60	0.43	0.70	0.93	0.95
4	Net working capital	INR million	-29,665	-26,821	21,265	47,480	69,328
5	Current ratio	Times	0.87	0.88	1.10	1.20	1.30
6	EBDITA as % of total income	%	12.85	11.60	12.04	15.85	15.04
7	PAT as a % of total income	%	-0.97	-1.51	4.23	7.87	6.62
8	Debtors turnover	Times	47.17	55.86	41.35	35.39	37.73
9	Creditors turnover	Times	73.05	81.43	57.19	51.24	58.92
10	PAT as a % of capital employed	%	-0.36	-0.75	5.99	12.17	8.28

Source: CMIE.

Paper industry – Financial performance and rating of key industry players

S. No.	Company	Net sales (INR million) (FY25)	Net profit (INR million) (FY25)	Operating profit (INR million) (FY25)	Debt-to-equity (FY25)	Credit rating (2025)	Agency
1	J K Paper Ltd.	57,316	3,653	8,585	0.32	AA	CRISIL
2	Emami Paper Mills Ltd.	19,280	260	901	1.14	A 2+	IND-RA
3	West Coast Paper Mills Ltd.	25,113	2,847	4,997	0.06	A 1+	IND-RA
4	Tamil Nadu Newsprint & Papers	44,427	37	1,240	0.76	A+	ICRA
5	Seshasayee Paper & Boards Ltd	17,541	1046	1815	0.04	AA-	CRISIL
6	Orient Paper & Inds. Ltd.	8,958	-547	-889	0.26	A	CARE
7	Andhra Paper Ltd.	15,412	842	1,395	0.06	AA	IND-RA
8	Pudumjee Paper Products Ltd.	8,091	963	1,450	0.02	A 1	CRISIL
9	Kvantum Papers Ltd.	11,070	1,152	2,426	0.52	A	IND-RA
10	Satia Industries Ltd.	15,120	1,186	2,703	0.14	A+	IND-RA

*Note: Data as of FY25.

Source: CMIE, Company Reports.

Note: None of these companies have been rated by Brickwork Ratings

Authors:

Abhishek Das
Girish Basantani
Manasvi Joshi

Editor:

Vikrant Chaturvedi

Managing Editor:

Rajeev Sharan

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Brickwork Ratings India Pvt. Ltd.

Telephone +91 80 4040 9940

Email research@brickworkratings.com

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