

ITC, JK Paper among potential suitors for Sirpur Paper Mills

West Coast Paper, Kohinoor Group also submit expressions of interest for the firm

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MUMBAI

Telangana-based Sirpur Paper Mills Ltd, which is in the middle of insolvency proceedings at the Hyderabad bench of the National Company Law Tribunal (NCLT), has received initial expressions of interest from several potential suitors including ITC Group, JK Paper Ltd, West Coast Paper Mills Ltd and the Kolkata-based Kohinoor Group, according to two people briefed on the matter.

The deadline for submitting the expressions of interest ended in the third week of December, following which binding bids are expected in January, the people cited above said on condition of anonymity.

Emails sent to ITC Group, JK Paper, West Coast Paper Mills, Kohinoor Group and Ram Kanoongo, the interim resolution professional (IRP) for Sirpur Paper Mills, remained unanswered until press time on Monday.

Sirpur Paper Mills is one of India's largest manufacturers of pulp, paper board and a variety of papers sold in both domestic and export markets. It employs close to 3,000 workers. Founded in 1938 by the erstwhile provincial government of Hyderabad, Sirpur is one of the oldest paper mills in the country. The mill was bought by the C.K. Birla Group, which later sold it to the Poddar family led by Ranjan and Devashish Poddar.

The mill shut operations in September 2014 following successive quarterly losses, which the management attributed to rising raw material costs making continued operations untenable.



A file photo of a paper mill. Telangana-based Sirpur, one of the oldest paper mills in the country, shut operations in September 2014 following successive quarterly losses.

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In October 2016, IDBI Bank took possession of the mill on behalf of lenders to recover collective dues of Rs422 crore and put the assets up for sale. In October 2017, NCLT admitted a petition by one of Sirpur Paper's operational creditors to initiate insolvency proceedings against the company and appointed an IRP.

"The revival of SPML has become a contentious issue given the issue of livelihood of thousands of employees," said one of the two people cited earlier.

"The Telangana government has assured that all necessary efforts to revive the ailing company would be made," the person added.

The Hindu Business Line, citing Telangana industries minister K.T. Rama Rao, reported in March that some of the concessions extended to new industries will also be offered to Sirpur Paper Mills to

Final binding bids expected this month for the paper maker in the middle of insolvency proceedings

ensure its revival. Alongside, the state government also began looking for a strategic partner to revive the mill and held talks with at least two potential strategic partners including JK Paper and ITC to revive the mill, the report added.

Sirpur Paper Mills is among several paper manufacturers facing operational headwinds. *Mint* reported in January that Bilt

Graphic Paper Products Ltd (BGPPPL), a unit of Ballarpur Industries Ltd (BILT), was facing a working capital shortage and was in talks with potential lenders to raise additional funding over and above its existing debt of more than Rs6,000 crore.

Sirpur Paper Mills has been looking to raise additional debt after talks to sell two paper factories in Maharashtra to JK Paper broke down in November because of disagreements over valuation. A large portion of BGPPPL's debt was later acquired by Edelweiss Asset Reconstruction Company, which has since restructured the company's loans.

Mint reported in August that the paper business of Nagpur-based Murli Industries Ltd, which is under corporate insolvency, had received bids from West Coast Paper Mills Ltd and JK Paper.