



## WEST COAST PAPER MILLS LTD.,

Registered & Works Office : Post Box No. 5, Bangur Nagar, Dandeli-581 325  
Dist Uttar Kannada (Karnataka) - India

CORPORATE IDENTITY NO : L02101KA1955PLC001936 website : www.westcoastpaper.com  
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GSTIN:29AAACT4179N1Z0



ZZR:CR:SHARE:548:07  
November 26, 2024

To:

BSE Limited  
Corporate Services  
Floor 25, P.J.Towers,  
Dalal Street  
**MUMBAI – 400 001**

To:

National Stock Exchange of India Ltd.  
Listing Department  
Exchange Plaza  
Bandra-Kurla Complex,  
Bandra [East]  
**MUMBAI-400 051**

Dear Sirs,

**SCRIP CODE : BSE- 500444 / NSE - WSTCSTPAPR**

**SUB: Credit Rating**

We would like to inform you that ICRA Limited has reaffirmed, West Coast Paper Mills Limited's (WCPM) Long-Term Issuer Rating to "[ICRA]AA (Stable)" and Short-Term Issuer Rating to "[ICRA]A1+". The rationale of rating attached herewith.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For WEST COAST PAPER MILLS LTD.

**BRAJMOHAN PRASAD  
COMPANY SECRETARY  
M. NO: F7492**

Encl: a.a.



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November 25, 2024

## West Coast Paper Mills Ltd.: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based – Term Loan	131.25	131.25	[ICRA]AA (Stable); reaffirmed
Long term – unallocated	113.75	113.75	[ICRA]AA (Stable); reaffirmed
Long term/ Short term- unallocated	105.00	105.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Long term – Interchangeable	(106.00)	(106.00)	[ICRA]AA (Stable); reaffirmed
Commercial Paper	50.00	50.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>400.00</b>	<b>400.00</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The reaffirmation of the ratings considers the expectation of continued satisfactory credit profile of West Coast Paper Mills Ltd. (WCPL) in FY2025 led by its strong liquidity position and healthy debt coverage indicators. The ratings also factor in the strong market position WCPL and its subsidiary, Andhra Paper Limited (APL), in the domestic writing and printing paper (PWP) industry, WCPL's capabilities in manufacturing a variety of wood-free paper, cupstocks, special grade papers, among others and its integrated nature of operations with adequate in-house capacity to manufacture virgin pulp, along with their captive power plants. The ratings draw comfort from the comfortable financial profile of WCPL marked by low dependence on debt and large cash and liquid investments, translating into continued cash surplus position for the company.

The company's consolidated top-line degrew by 10% on YoY basis with operating profit margins (OPM) of 24.7% in FY2024 (against 33.5% in FY2023) owing to decline in net sales realisation levels, amid dip in raw material prices. In H1 FY2025, the topline further degrew by 14% on YoY basis, with OPM moderating to 15.8% as against 30.2% in H1 FY2024 due to increased raw material costs especially wood and pressure on net sales realisation owing to higher supply from cheap import exerting pressure on the domestic realisation levels. Notwithstanding this, WCPL's net debt remained negative at the consolidated level in FY2024 and H1 FY2025 and the cash reserves (net of debt) stood at over Rs. 1,500 crore as of September 2024. Going forward, a stable demand environment and integrated nature of operations shall aid WCPL in sustaining its overall financial profile.

The ratings, however, remain constrained by the vulnerability of revenues and profit margins to net sales realisation of paper, which has been volatile recently, along with susceptibility of margins to raw material and fuel prices. Also, with imports accounting for a large portion of domestic demand, domestic prices are largely determined by global trends in paper prices. While the long-term demand environment remains favourable because of lower per-capita domestic paper consumption (compared to global standards), rising digitisation remains a key headwind for the sector.

ICRA notes that both WCPL and APL are running at near-full capacity, and expansion in capacities is imminent in the near to medium term. APL has announced a capex plan for setting up a new manufacturing facility for paper boards at an investment of over Rs. 2,000 crore. Given the sizeable capex in relation to the gross block, it is exposed to project execution risk over the

medium term. The phasing of the capex is expected to go beyond FY2026 and is in nascent stages currently. ICRA will continue to monitor the funding mix and its impact on the credit profile, going forward, as and when further clarity emerge on the actual capex value as well as timelines, along with the final funding mix. ICRA also notes that the company had acquired Uniply Décor Limited in September 2023. The ability of the company to turn around the business and profitably scale up in the segment, remains critical from a product and earnings diversification angle.

The ratings also consider the raw material risks in the paper manufacturing business because of the environmental regulations on availability and industrial usages of wood and water, which are two critical inputs in the manufacturing process. ICRA notes that domestic availability of wood has impacted in the current fiscal year due to inadequate plantations in the last few years, which in turn is expected to increase in WCPL's consumption of high-cost imported wood. WCPL's paper manufacturing unit is in proximity to the Kali River (Karnataka) and APL's unit to the Godavari River (Andhra Pradesh), which provide adequate supply of water to the respective plants. Over the years, WCPL has undertaken various technological initiatives, which resulted in a decrease in water consumption per unit of paper produced. Moreover, APL undertakes large and regular plantations, which will continue to provide adequate raw material security to the consolidated entity in the future.

The Stable outlook factors in the expectation that WCPL's credit profile will remain supported by steady demand for its product portfolio and its strong liquidity levels, which will limit its dependence on debt.