



THE WEST COAST PAPER MILLS LTD.,

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ZZI:Share:08: 6896
October 29, 2015

Regd. A.D

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

Dear Sirs,

Sub : Rating Rationale
Ref : Our letter No.ZZI:Share:08:6861 dt.27.10.2015

We extract herewith 'Rating Rationale' received from Credit Analysis & Research Ltd.,[CARE].

"The revision in ratings assigned to company takes into account disinvestment of entire stake in its loss making associate company SRNP and consequent release of considerable corporate guarantee extended and marked improvement in financial performance during FY15 and Q1FY16 with strong recovery in profitability. The rating also takes note of company availing corporate loan which was used to retire some early maturing debt and help improve its liquidity position. The rating continues to derive strength from the experience of company's promoters in the paper industry, fully integrated nature of its manufacturing facility, strategic location of its plant, stable operational performance of the paper division and improved operational performance in cable division during FY15.

The ratings, however, continues to be constrained by moderate debt coverage indicators, leveraged capital structure, concern on adequate domestic availability of raw material (wood) notwithstanding company's effort to address the issue through captive plantation initiatives, and imports, exposure of margins to volatility in input costs and forex rates particularly arising from significant import of materials and cyclicity of paper industry.

The ability of the company to sustain the improvement in profitability amid volatile material cost and forex fluctuations and any new debt funded capex impacting its leverage would be the key rating sensitivities."

Kindly take the same on record.

Thanking you,

Yours faithfully,

For THE WEST COAST PAPER MILLS LTD.,

P.K.Mundra

President [Finance] & Company Secretary