JANUARY 20, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF WEST COAST PAPER MILLS LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facilities	627.46	**CARE BBB (Triple B)**	Revised from CARE BBB+ (Triple B Plus)
Short term Bank Facilities	235.00	**CARE A3 (A Three)**	Revised from CARE A3+ (A Three Plus)
Total Facilities	**862.46**		

Rating Rationale

The revision in rating of the bank facilities of West Coast Paper Mills Limited (WCPM) factors in the weak debt coverage indicators and moderate liquidity profile due to high repayment obligations in the medium term, relatively high exposure towards the group company, Shree Rama News Prints Limited (SRNP) which continues to post losses. Moreover, the ratings also factor in weak operational performance in FY14 (refers to period April 01 to March 31). The ratings are further constrained due to company's high financial leverage and cyclicality of the paper industry.

The ratings, however, continue to build in the experience of WCPM's promoters in the paper industry and strategic location of its plant. The ability of the company to improve its capital structure and reduction in exposure to group company remain the key rating sensitivities.

Background

Incorporated in 1955, WCPM is the flagship company of the SK Bangur group and is engaged in the manufacturing and marketing of paper and telecom cables and owns six windmills. WCPM's integrated paper plant is located at Dandeli, Karnataka and telecom cable manufacturing plant at Mysore, Karnataka. In order to foray into the newspaper segment, WCPL acquired a 36.32% stake in SRNP in 2004. Located in Gujarat, SRNP has an installed capacity of 0.132 million tonnes per annum (MTPA) and is the largest newsprint manufacturer in India.

During FY14, WCPML reported total income of Rs 1,563.9 crore up 7.2% y-o-y as compared to Rs. 1,459.4 crore in FY13. In FY14, company reported PAT of Rs. 6.63 crore down 63.39%. During H1FY15, the company reported total income of Rs.826.5 crore up 8.6% y-o-y. H1FY15 PAT stood at Rs.15.13 crore as compared to loss of Rs.11.79 crore in H1FY14.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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