

November 26, 2025

## 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	100.00	[ICRA]AA (Stable); reaffirmed
Long term – unallocated	113.75	0.00	-
Long term/ Short term-unallocated	105.00	250.00	[ICRA]AA (Stable)/ [ICRA]A1+; reaffirmed
Long term – Interchangeable	(106.00)	0.00	-
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-I

### Rationale

The ratings reaffirmation of West Coast Paper Mills Ltd. (WCPL) considers expectation that the company's satisfactory credit profile would continue in FY2026, supported by its robust capacity utilisation level and strong liquidity position. The ratings also factor in the established market position of WCPL and its subsidiary, Andhra Paper Limited (APL), in the domestic writing and printing paper (WPP) industry, WCPL's capabilities in manufacturing a variety of wood-free paper, cupstocks, special grade papers, among others. Besides, its integrated nature of operations with adequate in-house capacity to manufacture virgin pulp, along with their captive power plants provide comfort. The ratings also consider 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 revenues declined by 8.5% on a YoY basis with an operating profit margin (OPM) of 12.4% in FY2025 (against 24.7% in FY2024) owing to a fall in net sales realisation. In H1 FY2026, the top line remained flat compared to H1 FY2025, with the OPM further moderating to 8.9% from 15.8% in H1 FY2025 due to increased raw material costs, especially wood, and continued pressure on net sales realisation owing to influx of cheaper imports. Further, APL witnessed operational challenges like labour strike and undertook annual maintenance shutdown in Q2 FY2026, which significantly impacted its operating margins during the said quarter. Notwithstanding this, WCPL maintained its cash surplus position in FY2025 and H1 FY2026 with cash reserves (net of debt) at over Rs. 1,300 crore as of September 2025. Going forward, a stable demand environment and integrated nature of operations would aid WCPL in sustaining its overall financial profile, though the movement in net sales realisation would be monitored.

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 the susceptibility of profit margins to raw material and fuel prices. Also, with imports accounting for a large portion of domestic demand, local prices are largely determined by global trends in paper prices. While the long-term demand 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 in-principle approval to explore opportunities for setting up a new manufacturing facility for paper board, WPP, and chemical wood pulp mill at an investment of over Rs. 2,000 crore. Given the sizeable capex in relation to the gross block, it is exposed to the project execution risk over the medium term. The phasing of the capex is expected to go beyond FY2027 and is in the nascent stage at present. ICRA will continue to monitor the funding mix and its impact on the

credit profile, going forward, as and when further clarity emerges on the actual capex value as well as timelines, along with the final funding mix.

The ratings also consider the risks related to raw materials 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 been impacted in the current fiscal due to inadequate plantations in the last few years, which in turn is expected to increase 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 products and its strong liquidity level, which will limit its dependence on debt.

## Key rating drivers and their description

### Credit strengths

**Strong market position in the domestic WPP industry** – WCPL has cemented a strong market position in the domestic WPP industry owing to its long industry presence, extensive dealership network across the country and technical capabilities to manufacture a wide variety of writing paper, cupstocks and specialised paper from its 3.2-lakh MTPA paper manufacturing plant at Dandeli, Karnataka, and the 2.6-lakh MTPA paper manufacturing plant under APL.

**Large scale of operations** – Although the company's top line moderated by 8.5% to Rs. 4,076 crore in FY2025, its scale of operations continues to remain large. The decline in revenues is largely due to lower net sales realisation amid pressure from influx of cheap imports into India. However, WCPL's manufacturing capacity utilisation remained healthy at more than 95% in FY2025 and H1 FY2026. Further, the company derives more than 75% of its revenue from the WPP segment, which attracts better realisations compared to the board segment.

**Integrated nature of operations with adequate pulp manufacturing capacity and captive power plants** – WCPL has an integrated manufacturing set-up with adequate in-house capacity for making pulp as well as captive power plants. Moreover, backward-integrated operations help the company recover a substantial portion of chemicals used in the manufacturing process and generate energy from waste, which in turn results in a competitive cost structure vis-à-vis its domestic peers, thus supporting its margin profile.

**Favourable outlook for local paper demand because of lower per-capita domestic consumption than global standards** – Long-term demand outlook for paper in the domestic market remains favourable because of its low per-capita usage as on date, compared to global standards and increasing usage of packaging products. However, rising digitisation remains a threat for the growth of the WPP segment on a long-term basis.

### Credit challenges

**Earnings remain vulnerable to volatility in demand and fluctuations in input prices** – The earnings of the company remain vulnerable to cyclical in the paper business (in term of realisations), availability of water and raw materials, and volatility in pulp, chemicals and international coal prices, as seen in the last three years. In FY2025, the company's operating margins declined to 12.4% from 24.7% in FY2024 owing to decline in net sales realisation. The operating margins further declined to 8.9% in H1 FY2026 (15.8% in H1 FY2025) owing to increase in raw material prices coupled with further decline in realisation amid pressure from cheap imports into India. Further, APL witnessed operational challenges like labour strike and undertook annual maintenance shutdown in Q2 FY2026, which significantly impacted its operating margins during the said quarter.

**Susceptibility of cash flows to cyclical in the paper industry** – WCPL's cash flows are exposed to the cyclical in the paper industry. The domestic paper industry is small compared to the global industry and prices in India are largely determined by

international trends. Hence, the global demand-supply balance impacts the health of the domestic industry. Accordingly, its profit margins remain vulnerable to the cyclical nature in the global paper demand-supply scenario. However, an integrated nature of operations keeps WCPL well placed in absorbing any price shock relative to other players in the industry.

**Large proposed capex under subsidiary exposes WCPL to project execution risk over medium term at consolidated level –** APL has in-principle approval to explore opportunities for setting up a new manufacturing facility for paper board, WPP, chemical wood pulp mill at an investment of over Rs. 2,000 crore. The phasing of the capex is expected to go beyond FY2027 and is in its nascent stage at present. Through this capacity expansion, WCPL intends to enhance its production capacity by 1.5-2.0 lakh MTPA, which will enable it to cater to the growing domestic demand and increase its market share in the paper industry. Given the sizeable capex in relation to the gross block, it is exposed to project execution risk over the medium term. The company's ability to achieve financial closure at favourable terms to keep its capital structure and coverage indicators under check, will remain a key rating sensitivity, going forward.

## Environmental and Social Risks

**Environmental considerations:** The paper manufacturing industry is exposed to environmental risks related to air, water and land pollution, with discarded paper and paperboard making up a sizeable portion of solid municipal waste in landfills. Manufacturing paper requires a lot of resources such as water and power, creating a lot of wastewater and solid waste in the process. As a result, environment management is highly critical to continue sustainable business operations for the company. Also, water treatment is extremely important because the pulping and bleaching process can release complex organic and inorganic pollutants, which need to be properly treated. Any disruption in measures taken for appropriate treatment of wastewater could result in significant penalties while also causing prolonged adverse impact to operations in case the authorities take any strict action.

**Social considerations:** The entities operating in the paper industry are exposed to the risk of disruption due to inability to properly manage human capital in terms of their safety and overall well-being. Further, any significant increase in wage rates adversely impacts the cost structure of paper manufacturing companies, impacting their margins.

## Liquidity position: Strong

WCPL's liquidity is strong, as reflected by healthy cash flow from operations, robust cash and liquid balances of around Rs. 1,300 crore (deployed largely in bonds, commercial papers, non-convertible debentures and mutual funds) as of September 30, 2025, and low utilisation of working capital limit (around 12% in the last 12 months ending in September 2025 with a buffer of Rs. 342 crore as on September 30, 2025). Overall, ICRA expects WCPL to comfortably meet its near-term commitments through internal accruals and yet be left with sufficient cash surpluses. The company has a repayment obligation of around Rs. 132 crore in FY2026, Rs. 119 crore in FY2027 and capex plans of Rs. 350-450 crore in FY2026 on a consolidated basis towards new tissue plant, upgradation of plant and machinery, and regular maintenance capex, which are expected to sufficiently met by undrawn term loans of ~Rs. 260 crore, internal accruals and cash and liquid investments.

## Rating sensitivities

**Positive factors –** ICRA could upgrade WCPL's long-term rating if it demonstrates a sustained growth in its top line and margins, supported by a healthy ramp-up in capacity in new value-added business lines, limiting its exposure to cyclical nature in realisations and improving its debt coverage metrics while maintaining a healthy liquidity position.

**Negative factors –** Pressure on WCPL's ratings could arise if the company witnesses a significant fall in its top line or margins, weakening its gross debt/OPBITDA to more than 1.5 times on a sustained basis in conjunction with depletion of cash reserves. Any large, debt-funded capex at the consolidated level, or any operational challenges like inadequate supply of raw materials /water availability, impacting its credit profile, or materially moderating its liquidity at the consolidated level will also be negative rating triggers.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company. As on March 31, 2025, the company had four operating subsidiaries, which are enlisted in Annexure 2.

## About the company

Incorporated in 1955, West Coast Paper Mills Limited (WCPL) is the flagship entity of the S K Bangur Group, based out of Kolkata. WCPL produces writing and printing papers, cupstocks etc. from its 3.2-lakh-metric-tonne-per-annum (MTPA) paper manufacturing plant located in Dandeli, Karnataka. The company is backward integrated with 2.65-lakh MTPA of in-house pulp production capacity and 75-MW captive power plants. WCPL sells its products across India through its dealer network. The company, under its cable division, West Coast Optilinks, operates a state-of-the-art manufacturing facility in hi-tech electronics zone in Mysuru and Hyderabad. The products under this segment include optical fibre cables, FRP ROD cables and glass roving. The cable division contributed around 10% to the total sales in FY2025.

WCPL acquired a 72% stake in International Paper APPM Limited in FY2020 and subsequently changed the name of the company to Andhra Paper Mills Limited. Post completion of the acquisition, WCPL has one of the largest consolidated writing and printing paper manufacturing capacity in India. APL has a manufacturing capacity of 2,59,400 MTPA and is involved in manufacturing writing, printing and cut-size papers for foreign and domestic markets.

### Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	4,453.5	4,076.4	1,997.7
PAT	786.1	335.6	72.2
OPBDIT/OI	24.7%	12.4%	8.9%
PAT/OI	17.7%	8.2%	3.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.4	0.4
Total debt/OPBDIT (times)	0.3	0.9	1.3
Interest coverage (times)	46.1	13.3	8.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \*Limited review  
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Current ratings (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025			FY2024		FY2023	
			Nov 26, 2025	Date	Ratings	Date	Ratings	Date	Ratings
<b>Fund based- Term Loan</b>	Long Term	100.00	[ICRA]AA (Stable)	Nov 27, 2024	[ICRA]AA (Stable)	Jan 12, 2024	[ICRA]AA (Stable)	-	-
<b>Unallocated</b>	Long Term	0.00	-	Nov 27, 2024	[ICRA]AA (Stable)	Jan 12, 2024 Nov 24, 2023	[ICRA]AA (Stable)	Nov 23, 2022	[ICRA]AA (Stable)
<b>Unallocated</b>	Long Term and Short Term	250.00	[ICRA]AA (Stable)/ [ICRA]A1+	Nov 27, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Jan 12, 2024 Nov 24, 2023	[ICRA]AA (Stable)/ [ICRA]A1+	Nov 23, 2022	[ICRA]AA (Stable)/ [ICRA]A1+
<b>Commercial Paper*</b>	Short Term	50.00	[ICRA]A1+	Nov 27, 2024	[ICRA]A1+	Jan 12, 2024 Nov 24, 2023	[ICRA]A1+	Nov 23, 2022	[ICRA]A1+
<b>Interchangeable</b>	Long Term	0.00	-	Nov 27, 2024	[ICRA]AA (Stable)	Jan 12, 2024	[ICRA]AA (Stable)	-	-

\*yet to be placed

## Complexity level of the rated instrument

Instrument	Complexity indicator
<b>Long term – Fund based – Term Loan</b>	Simple
<b>Long-term/ Short-term, Unallocated</b>	Not Applicable
<b>Commercial Paper</b>	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based – Term Loan I	FY2023	-	FY2029	69.00	[ICRA]AA(Stable)
NA	Fund based – Term Loan II	FY2024	-	FY2029	31.00	[ICRA]AA(Stable)
NA	Unallocated	-	-	-	250.00	[ICRA]AA(Stable)/[ICRA]A1+
NA	Commercial Paper*	-	-	-	50.00	[ICRA]A1+

Source: Company, \* yet to be placed

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**Annexure II: List of entities considered for consolidated analysis**

Company Name	Ownership*	Consolidation Approach
West Coast Opticable Limited	100.00%	Full Consolidation
Andhra Paper Limited	72.45%	Full Consolidation
Uniply Décor Ltd.	100.00%	Full Consolidation
Wesco Defence Systems Ltd.	100.00%	Full Consolidation

Source: Annual report, \*As on March 31, 2025

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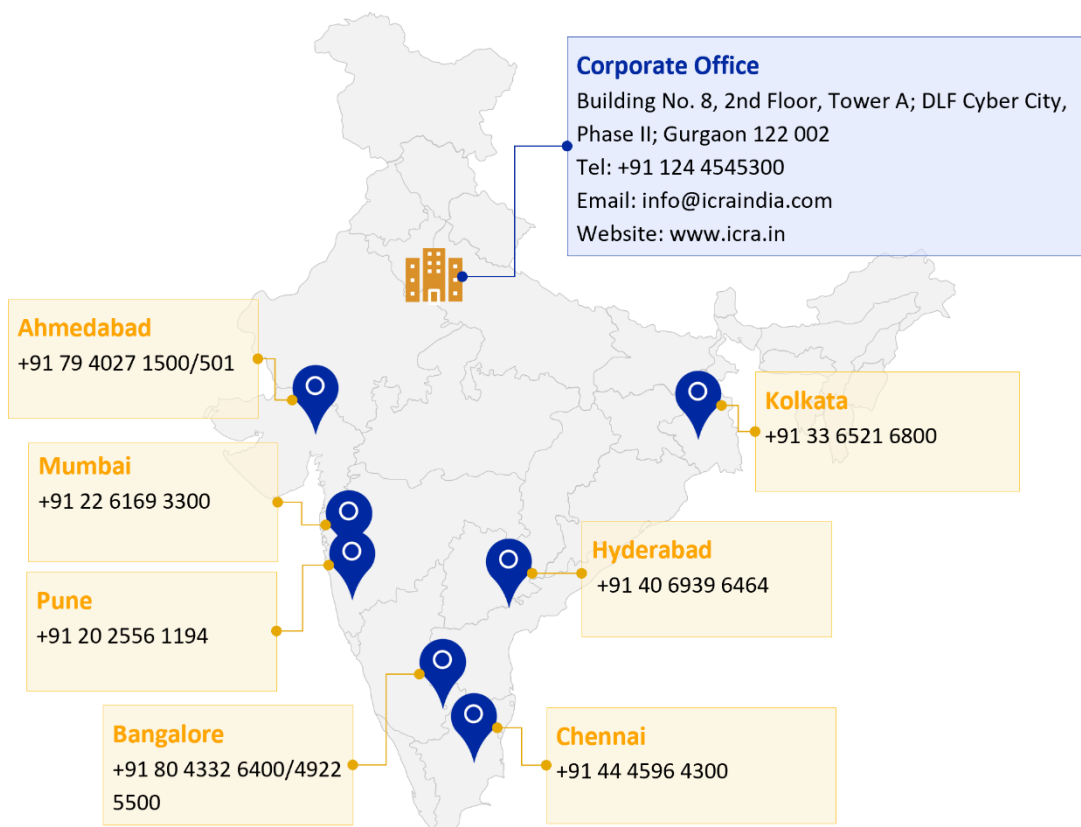
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### Branches



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