

RECOMMENDATION SNAPSHOT					
*CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs348	Rs240	Rs400	15%	Buy	23.0

*as on 03rd June, 2022

About the Company:

West Coast Paper Mills Limited (WCPM); flagship company of S.K. Bangur group, is one of the oldest and the largest producers of paper for printing, writing and packaging in India. The global quality paper produced by the company serves the need of innumerable industries in printing, writing, publishing, stationary, notebooks and packaging sectors in India. The company operates in two major business segments namely Paper/Paperboard (including Duplex Board) at Dandeli and Telecommunication cables at Mysore, besides having wind mills of 1.75MW capacity in Tamil Nadu for power generation. WCPM sells its products across India through its dealer network. Mr. S.K. Bangur is the Chairman and Managing Director of the company.

Results: Quick Glance:

- The total revenue for the quarter grew by 13.9%; Rs10,674mn as compared to Rs9,370mn in the same quarter last year
- The EBITDA margin for the quarter under review stood at 21.6% as against 17.4% in the corresponding quarter of last year
- The company reported a net profit of Rs1,405mn as against Rs873mn in the comparative quarter
- The EPS for the quarter under review stood at Rs18.8
- On the segmental, Paper and Paper Board segment clocked growth of 14.5% while the Telecom Cables de-grew by 6%
- The board has recommended dividend of Rs6 per share on equity shares of FV of Rs2 subject to approvals

Financials:

Performance (Q4&FY22)									
Q4&FY22 Result (Rs mn)	Mar-22	Mar-21	y-o-y	Dec-21	q-o-q	FY22	FY21	y-o-y	FY23E
Total Revenue	10674	9370	13.9%	8722	22.4%	33777	22445	50.5%	37154
EBITDA	2310	1628	41.9%	1603	44.2%	6334	2526	-	7022
Other Income	218	76	-	109	-	582	247	-	582
Interest	174	101	71.9%	116	50.2%	587	701	(16.3%)	469
Depreciation	526	615	(14.4%)	537	(2.1%)	2125	2294	(7.3%)	2197
Exceptional Items	0	0	-	0	-	0	40	-	0
Tax	423	115	-	174	-	745	(218)	-	840
Net Profit	1405	873	61.0%	884	58.9%	3459	(44)	-	4099

Outlook and Recommendations: After the gloomy phase that the paper sector had been witnessing for quarters now, finally there was some spark seen on the back of shortages which led to the price hikes. One of the beneficiaries of the same was WCPM. There was acute shortage that was witnessed as the prices for the waste paper, critical raw material for recycled paper, had shot up as many offices, courts, and schools remained shut for almost two years on account of the pandemic, leading to lower collections. On the flip, with the opening up offices and schools, demand shot up which led to shortage of paper. WCPM benefitted as it has in-house supply of raw materials and use wood pulp as a key input. The price increases of wood pulp have been moderate. This has given the much needed uptick to demand which was catered through the price hikes. The quarter numbers reflect this well for the company. Also the input costs are met through the increase in paper prices. With the demand getting back to pre-covid levels/reopening of the economy there should be spurt in the requirement going forward as well. Also the capacity utilization of domestic paper mills is inching towards pre-pandemic levels. The sector is expected to continue to operate at near full capacity for the next three years due to limited capex in the printing and writing (P&W) paper segment, and healthy demand growth rate seen in packaging board and tissue paper segment. Improving industry fundamentals, they say, is likely to result in improved pricing discipline for the sector in future. We feel that the prospects remain to be positive for the industry and the company as well. We maintain Buy on the stock for a target of Rs400.

DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report:-

- PSBPL or its associates financial interest in the subject company: NO
- Research Analyst (s) or his/her relative's financial interest in the subject company: NO
- PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.
- PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.
- The research analyst has served as officer, director or employee of the subject company: NO

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and its at the discretion of the clients to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai—400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Mr. Shyam Agrawal,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500.