

MD	✓	BKC	✓
CS	✓	DFY	✓
TS	✓	DIV	✓
TRA	NA	AC	✓
ACM	✓	SH	✓
SE	✓		✓

Micr Cheque
Paper

Azurelaid
Paper

Super Print
Paper

Wood Free
Paper

Pulp Board

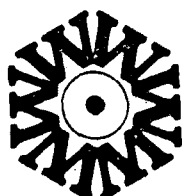
Coating Base White/Colour
Paper

Parchment
Paper

Duplex
Board-LWC

Report  junction.com

42 ND ANNUAL REPORT 1996 - 97

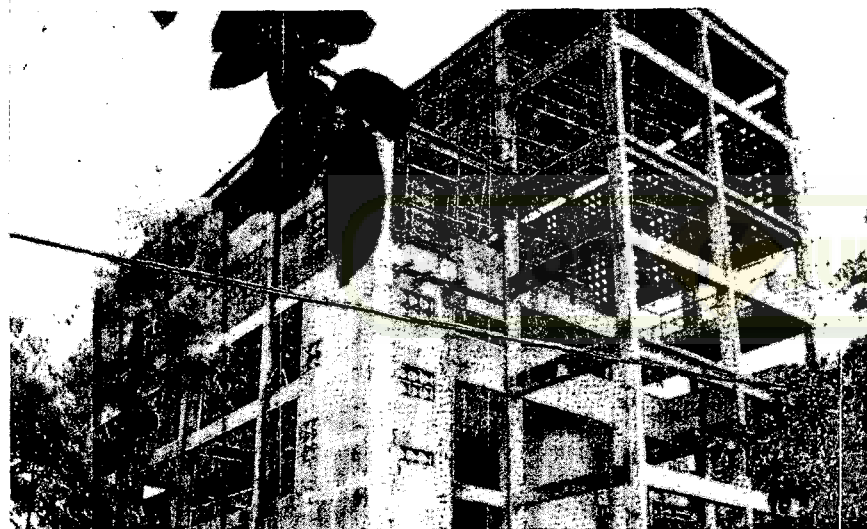


THE WEST COAST PAPER MILLS LTD.

Scientific use of Flyash by raising plantation at the reclaimed land. ➤



New 250 TPD Bleach Plant - Building nearing completion. ➤



Manufacture of Duplex - LWC in full swing. ➤





the west coast paper mills limited

DIRECTORS

SHRI S.K. BANGUR, Chairman
SHRI V.N. SOMANI
SHRI P.N. KAPADIA
LT.GEN. (RETD.) K.S. BRAR
SHRI MADAN MOHAN MOHANKA
SHRI R.N. MODY
SMT. SHASHI DEVI BANGUR
SHRI BODHISHWAR RAI
SHRI M. PUSHPANGADAN
SHRI H.S. SANWAL, Executive Director

SECRETARY

SHRI H.K. VIJAI

REGISTERED OFFICE AND WORKS

BANGUR NAGAR,
DANDELI - 581 325
UTTARA KANNADA DIST.
(KARNATAKA)

ADMINISTRATIVE OFFICE

SHREENIWAS HOUSE,
HAZARIMAL SOMANI MARG,
MUMBAI - 400 001.

BANKERS

CENTRAL BANK OF INDIA
ORIENTAL BANK OF COMMERCE
STATE BANK OF MYSORE
SYNDICATE BANK

AUDITORS

BATLIBOI & PUROHIT
Chartered Accountants

COST AUDITOR

SHRI S. SANKARANARAYANAN
Cost Accountant

LEGAL ADVISERS

KANGA & CO.



the west coast paper mills limited

highlights

		1997	1996	1995	1994	1993
PRODUCTION						
Paper/Paper Board	Tonnes	91,715	88,255	82,309	70,966	67,197
Duplex Board	"	2,932	—	—	—	—
Optical Fibre Cables	Km.	408	—	—	—	—
Power Sales	Kwh.	1,146,429	63,934	—	—	—
SALES						
Paper/Paper Board	Tonnes	89,471	86,087	85,994	68,725	68,839
Duplex Board	"	1,199	—	—	—	—
Optical Fibre Cables	Km.	308	—	—	—	—
Power Sales	Kwh.	1,146,429	63,934	—	—	—
OPERATING RESULTS :						
Turnover	Rs./Lacs	26,380.17	26,434.58	20,718.43	14,883.07	14,070.60
Gross Profit	"	1,806.87	3,466.32	922.67	452.28	435.04
Depreciation	"	793.00	286.85	31.02	177.75	141.35
Taxation	"	135.00	185.00	330.00	22.00	—
Dividend	"	286.10	286.10	223.52	134.11	89.41
FINANCIAL POSITION :						
Gross Block	"	13,438.93	11,941.41	5,313.84	4,914.92	4,623.10
Depreciation	"	4,189.54	3,547.69	3,319.62	3,295.57	3,169.72
Net Block	"	9,249.39	8,393.72	1,994.22	1,619.35	1,453.38
Paid up Capital including share premium	"	1,077.79	1,077.79	1,077.79	1,077.74	1,077.71
Retained Earnings	"	4,875.48	4,311.32	1,602.95	1,264.83	1,146.41
Net Worth	"	5,953.27	5,389.11	2,680.74	2,342.57	2,224.12
Borrowings	"	5,335.74	4,755.23	1,126.31	1,103.16	1,203.67
Capital Employed	"	11,289.01	10,144.34	3,807.05	3,445.73	3,427.79
Equity per Share	Rs.	67	60	30	26	25
Dividend (Equity)	%	32	32	25	15	10
Debt/Equity Ratio		47:53	47:53	30:70	32:68	35:65



the west coast paper mills limited

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of THE WEST COAST PAPER MILLS LIMITED will be held at the Registered Office of the Company at BANGUR NAGAR, DANDELI-581 325, UTTARA KANNADA DISTRICT, KARNATAKA on Monday the 29th day of SEPTEMBER, 1997 at 4.00 P.M. to transact the following business:

1. To receive, consider and adopt the Directors' Report, the audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date.
2. To declare dividend on Equity Shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Shri S. K. Bangur, who retires by rotation under Article 143 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Shashi Devi Bangur, who retires by rotation under Article 143 of the Articles of Association of the Company and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Shri R. N. Mody, who retires by rotation under Article 143 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the current year and fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging and or/ hypothecation of the equipments and other movables purchased out of loan of IREDA and Company's own fund under the scheme and land and other immovable properties of the Company, both present and future, at Chellianallur (Seliyanallur) Village, Tirunelveli Taluk, Ganagaikondan Sub-Registrar's Jurisdiction, Tirunelveli Registration District, Kattabomman District, Tamil Nadu and /or conferring power to enter upon and take possession of the said assets of the Company in certain events, to or in favour of INDIAN RENEWABLE ENERGY DEVELOPMENT



the west coast paper mills limited

AGENCY LIMITED ("IREDA") in connection with Rupee Loan not exceeding Rs. 132.00 Lacs (Rupees One Hundred Thirty Two lacs Only) lent and advanced/ agreed to be lent and advanced by the "IREDA" to the Company.

FURTHER RESOLVED THAT the mortgage/ charge created/to be created and/or all agreements/documents executed / to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"Resolved that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the company(hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board

to acquire/purchase/buy back any of its own fully paid Shares on such terms and conditions and up to such limits as may be prescribed by law from time to time and that the Board be and is hereby authorised to do all such acts, deeds matters and things as may be necessary or proper to implement this Resolution"

9. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered as under :

The existing Article 18 be deleted and the following Article be substituted in place thereof:

Power to purchase own shares'

18) The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase/buy back any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchases."

BY ORDER OF THE BOARD.

Mumbai :

H.K. VIJAI

Dated : 8th August, 1997

SECRETARY



the west coast paper mills limited

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 23rd day of September, 1997 to Monday, the 29th day of September, 1997 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item Nos. 7, 8 and 9 of the Notice is annexed herewith.
4. The equity dividend when sanctioned will be payable on and after 5th November, 1997 to those equity Shareholders whose names stand on the Company's Register of Members as on 23rd September, 1997 to whom dividend warrants will be posted in due course.
5. The Shareholders are requested to intimate immediately any change in their registered address to the Company.
6. MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT, AS COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AGAIN AT THE MEETING.
7. Those members who have so far not encashed their dividend warrants for the years ended 31st March, 1994, 1995 and 1996 may immediately approach the Company with their dividend warrants for revalidation.
8. The amount of unclaimed dividend for the Financial Year ended 31st March, 1994 will be transferred on or before 17th November, 1997 to the General Revenue Account of The Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those who do not claim their dividend for the said financial year before that date may claim their dividend from the Registrar of Companies, Karnataka, Bangalore.



the west coast paper mills limited

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Re : Item No. 7 :

Indian Renewable Energy Development Agency Ltd. ("IREDA") has sanctioned to the Company a loan of Rs. 132 Lakhs under the Equipment Finance Scheme (Wind Energy) for setting up of 0.55 MW Wind Farm Project at Chellianallur (Seliyanallur) in Tamil Nadu. The financial assistance from IREDA has to be secured by first Mortgage of immovable property and Hypothecation of movable properties pertaining to the Wind Mill Project.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company.

Since the mortgaging/charging/hypothecation by the Company of its immovable and movable properties as aforesaid in favour of "IREDA" may be regarded as disposal of the Company's properties, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Agreements between the "IREDA" and the Company are open for inspection at the Registered Office of the Company during normal working hours, upto the date of the meeting.

None of the Directors is, in any way, concerned or interested in this Resolution.

Re : Item No. 8 :

The Companies Act, 1956, presently restricts the purchase of own shares by the Company unless the same is done with a view to reduce its capital which is subject to the controls as stipulated in Sections 100 to 104 and 402 of the Companies Act, 1956.

In order to meet the requirements of protecting interest of creditors it becomes essential to maintain a proper capital adequacy requirement which is

also considered necessary in globally competitive environment. Altogether it helps in judicious deployment of surplus investible funds of the company by making investment in its own shares which clearly indicates the strength of the Company's share in the market. In several countries it is now possible for a company to buy back its shares if such an action is considered desirable by the Board of Directors.

Therefore, the Directors feel that it would be desirable to have an enabling power from the members for the purpose and recommend to the members for their approval resolution set out at item No. 8.

None of the Directors is, in any way, concerned or interested in the proposed resolution.

Re: Item No. 9 :

It is proposed to substitute the existing Article 18 by a new Article as set out at Item no. 9 of the Notice, to enable the Company to purchase any of its own shares, in accordance with law as may be then prevailing. In the event that it is permitted by law to purchase by a Company its own shares, the resolution confers authority to the Board for the purpose.

As per provisions of Section 31 of the Companies Act, 1956, a Company may by Special Resolution alter its Articles of Association.

Accordingly the Directors recommend the resolution for approval of the members.

A copy of the existing Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company during office hours on all working days up to the date of the Annual General Meeting.

None of the Directors is, in any way, concerned or interested in the proposed resolution.

BY ORDER OF THE BOARD,

Mumbai :

H.K. VIJAI

Dated: 8th August, 1997

SECRETARY



the west coast paper mills limited

DIRECTORS' REPORT TO THE MEMBERS :

Your Directors have pleasure in presenting the 42nd Annual Report of the Company together with the audited accounts for the year ended on 31st March, 1997 :

FINANCIAL RESULTS :

	1996-97 Rupees	1995-96 Rupees
Gross Profit	18,06,86,563	34,66,31,948
Balance brought forward	3,11,32,346	1,02,95,815
	<u>21,18,18,909</u>	<u>35,69,27,763</u>

ALLOCATIONS:

Depreciation	7,92,99,612	2,86,85,241
Taxation	1,35,00,000	1,85,00,000
Proposed Dividend	2,86,10,176	2,86,10,176
Provision for Corporate		
Dividend tax	28,61,018	--
Transfer to General Reserve	5,00,00,000	25,00,00,000
Balance Carried Forward	<u>3,75,48,103</u>	<u>3,11,32,346</u>
	<u>21,18,18,909</u>	<u>35,69,27,763</u>

DIVIDEND:

The Directors recommend payment of a Dividend of Rs. 3.20 (Rupees Three and Paise Twenty Only) per equity share. No deduction of tax at source will be made in respect of Dividend payment.

PERFORMANCE :

The Company had produced 91, 715 MT paper and paper board during the year under review as against 88,255 MT in the previous year - registering an increase in the production by 3460 MT - 4%.

The Duplex Board Machine was commissioned on 15th September, 1996 and 2932 MT was produced during the year under review. The level of production and quality of Duplex Board - LWC - have stabilised and the product is accepted well in the market.

The sale of paper and Duplex Board during the year was 90,670 MT valued at Rs. 272.05 Crores as against 86,087 MT, valued at Rs. 264.33 Crores in the previous year, both inclusive of Excise duty.

The financial results of the Company can be considered satisfactory in view of general

recession in the Indian Economy, sluggish paper market conditions, coupled with increasing inflation and resultant hike in the cost of input viz., chemicals, dyes, coal, oil, electricity and interest charges, all culminating into unabating pressure on sale prices and margins.

CURRENT YEAR'S PERFORMANCE:

The production of paper and paper board in the first 4 months of the current year was 30,356 MT as against 29,985 MT during the corresponding period of previous year. The production of Duplex Board during the above period of current year was 3937 MT and it is expected that the overall production will further improve in the coming months.

While the pace of production is consistently being stepped up as per the plans, the lack-luster paper market conditions and spiralling hike in the cost of production without any corresponding increase in the sale prices are having their impact on the working of the Company. It is expected that as a result of increase in the international prices of pulp and paper, of late, the domestic paper market situation would improve in the near future which will revive the paper industry.



the west coast paper mills limited

OPTICAL FIBRE CABLE DIVISION

AT MYSORE (Sudarshan Telecom) :

The excess capacity in the Industry compared to offtake by the Department of Telecommunications (DoT) and other major buyers, coupled with severe competition among the manufacturers, had its impact on the working of the OFC unit of the Company. The unit has received an order from DoT for a small quantity of 281 Cable Kms of 6 Fibre cables during the year under review which was executed. The quality of the cable has been approved by the DoT. During the current year, the DoT has placed another order for supply of 1100 Cable Kms of 12 Fibre Cables the production of which has since been taken up.

The anticipated demand from the private operators of basic services has not materialised so far because of delay in the commencement of their operations. It is expected that they would be able to start their services from 1998 onwards, thus opening up a new vista of outlet for Optical Fibre Cables.

The unit has expanded its product range to meet the private operators, Railways and other users' demand for Armoured and Aerial type Optical Fibre Cables by successfully installing the Armouring and Aerial cable manufacturing equipments.

WINDMILLS IN TAMILNADU :

The power generated during the year from Wind Power Mills of 1.05 MW installed in Tamilnadu by the Company was 11.46 lacs Kwh which was sold to TNEB and a company for Rs. 25.23 lacs as against 63,934 units worth Rs. 1.24 lacs produced and sold to the said Board/Company in the previous year.

RAW MATERIALS :

The Company continues to depend on the purchases from the market sources in Karnataka as well as from the adjoining States for meeting its requirement of main raw material - Wood - by incurring extra cost, as the State Government discontinued supplying the same from the reserved forest for the last over 8 years. With the fierce competition among buyers and consequent dwindling

availability, the rates of wood are continuously on the rise. The Company was able to meet its requirement for increased level of production from the present sources.

After the completion of gauge conversion of railway line from Markapur to Guntakal, the Company was in a position to transport wood by rail from Andhra Pradesh area with effect from July 1997 which, in turn, would reduce the pressure on road transportation of the material.

The Company has gone ahead with the project for distribution of various species of good quality seedlings. During the year under review, 20 lacs seedlings were distributed to the farmers by setting up 5 nurseries in Uttara Kannada and Dharwar districts, covering 1600 acres under plantations. It is proposed to increase the distribution to 35 lacs seedlings in the current year as the farmers are showing keen interest in growing the plantations required by the Company.

COAL :

The movement of coal by rail was less in the previous year as the railway lines were closed for gauge conversion. However with the completion of gauge conversion, the movement of coal by rail during the year has been the maximum - 82% - as against 23% in the previous year. During the year, the Company could get allotment of a few rakes from Singareni Collieries Company Ltd and about 9500 MT was moved by rail from this source. The higher transportation of coal by rail, coupled with its movement from the nearby collieries had its favourable impact on procurement cost of coal.

However, the quality of coal received by rail remains to be inferior, being slushy and in powdered form, causing problems during the feeding of coal in boilers besides increasing the consumption. We are also exploring possibility of using the imported coal which will be blended with the indigenous coal to improve the fuel efficiency.

POWER :

The Karnataka Electricity Board (KEB) had steeply hiked the power tariff by as much as 47% with effect from 1st July 1996, which had its impact on the Company's cost of production. To combat with this situation, the Company has increased its captive power generation by installing 4 DG.Sets of 1 MW each during the year which helped in reducing the incidence of hike in the power tariff.