



Fortifying our Foundation

The West Coast Paper Mills Limited



REPORT



## Fortifying our Foundation

The year gone by has been a year  
of fortifying our foundation,  
for a reverberant tomorrow.  
The more robust our roots, the taller we stand!

A year of continuity and purpose,  
we pursued excellence for all the right reasons.  
Resilient in the face of spiraling input costs, we made investments in  
backward integration, to fuel our future, strengthening our staying power.

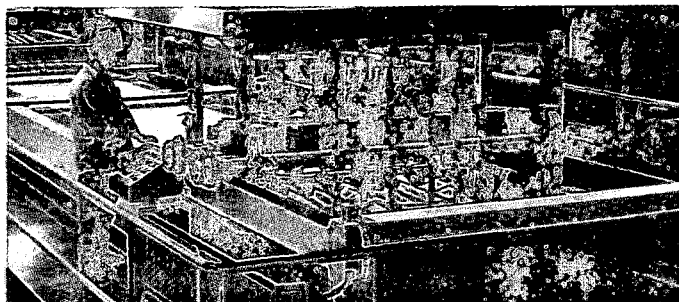
With growing awareness to avert environmental deterioration,  
we took command, in meeting challenges with responsible  
action. We are indeed a part of the environmental solution.

Our pillars of strength, our people and our values,  
have set the pace for our future.

We believe that change is inevitable but growth is intentional,  
as we measure up to the realities that were once our goals.  
Showcasing a proud past, we measure SUCCESS  
through the consistently increasing value we return to our  
shareholders.

We are looking to the future as we gain momentum  
in creating greater earning potential.

## Corporate Information



### Board of Directors

Shri S. K. Bangur, *Chairman & Managing Director*  
 Smt Shashi Devi Bangur  
 Shri V.N.Somani  
 Shri R. N. Mody  
 Shri C. K. Somany  
 Shri P N Kapadia  
 Shri Bodhiswar Rai  
 Shri Saurabh Bangur  
 Shri K. L. Chandak, *Executive Director*

### Management team

#### Paper and Duplex Board Division

Shri J.K.Mandella, *President(Corporate)*  
 Shri Vimal Kishore, *President (Technical)*  
 Shri V. Subbiah, *Vice President (Marketing)*

#### Telecom Cable Division

Shri V. Bangur, *Chief Executive Officer*  
 Shri V. K. Bajaj, *President (Works)*

#### AVP (Finance) & Company Secretary

Shri P.K.Mundra

#### Bankers

Central Bank of India  
 Oriental Bank of Commerce  
 State Bank of Mysore  
 Syndicate Bank  
 Export-Import Bank of India  
 ICICI Bank Ltd.  
 Industrial Development Bank of India Ltd.

#### Auditors

Batliboi & Purohit  
*Chartered Accountants*

#### Cost Auditors

Shri S. Sankaranarayanan  
*Cost Accountant*

#### Legal Advisors

Khaitan & Co.

### Registered Office

Bangur Nagar, Dandeli 581 325  
 District. Uttar Kannada, Karnataka  
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 E-mail : co.sec@westcoastpaper.com

### Corporate Office

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 Bangalore 560 001  
 Ph : 080 - 22231828-835, 22105760  
 Fax : 080 - 22241916, 22231838  
 E-mail : wcpm.sale@westcoastpaper.com

### Zonal Offices

#### North Zone

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 Daryaganj, New Delhi 110 002  
 Ph. : 011-23269806, 23273679, 23246254  
 Fax : 011- 23284913  
 E-mail : wcpm.north@westcoastpaper.com

#### East Zone

31, Chowringhee Road  
 Kolkata 700 016  
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 Fax : 033 22265242  
 E-mail : wcpm.east@westcoastpaper.com

#### West Zone

Shreeniwas House  
 H.Somani Marg, Mumbai  
 Ph. : 022 22070041-44  
 Fax : 022-22070001  
 E-mail : wcpm.west@westcoastpaper.com

#### South Zone

Flat No.7, 12/13, Kanaksari Nagar  
 St. George Cathedral Lane  
 Off Cathedral Road, Chennai-600 086  
 Ph. : 044 28111654, 28111299  
 Fax:044 28117013  
 E-mail : wcpm.south@westcoastpaper.com

#### Telecom Cable Division

Sudarshan Telecom  
 Plot No. 386/387, KIADB, Electronic City  
 Hebbal Industrial Area, Mysore 570 016  
 Ph. : 0821 2404060 \* Fax : 0821 2404061  
 E-mail : vkbajaj@sudarshantelecom.com



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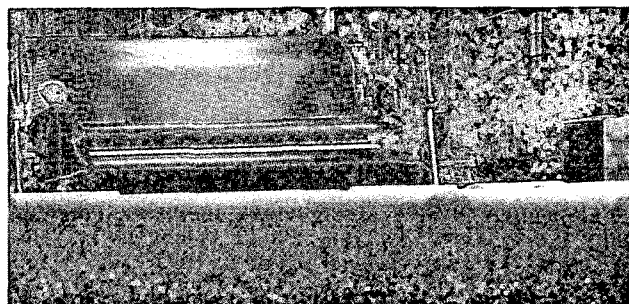
Annual Report 2006-07

## Forward Looking Statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## About Us



The West Coast Paper Mill Limited was established in 1955, contributing to making India self-sufficient for its paper requirements. Today, the Company is one of the premier paper companies in India, manufacturing writing, printing, wrapping and packing papers, as per the specification of the end users, including industrial users. Listed on the Bombay Stock Exchange and the National Stock Exchange, it is part of the S. K. Bangur Group, with 54% stake in the Company being held by the promoters. Located at Dandeli in Karnataka, the mill is situated in the midst of thick forests on the bank of river Kali.

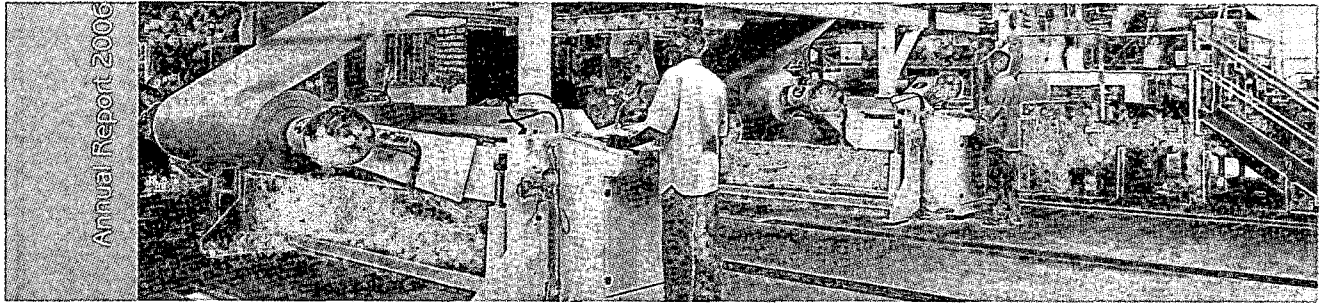
Having grown in strength over 5 decades, today, West Coast has an installed capacity of 1,63,750 TPA. Producing at capacities over 100%, the total production in the FY 2006-07 was 1,78,871 TPA. The Company has ventured on an ambitious expansion-cum-modernisation plan for an increased production facility in the existing mill at Dandeli. An investment of around Rs 1,100 crore, is being deployed to enhance production capacity to 3,20,000 TPA. These investments are expected to enhance returns and margins across the foreseeable future. At par with international quality standards, its products are exported to various countries.

West Coast also has a telecom manufacturing plant in Mysore. The Telecommunication Cable segment produces armoured and aerial types of optical fibre cables and JFTC cables for use in telecommunication network.

# Paper is Timeless



## Our Frontline Initiatives

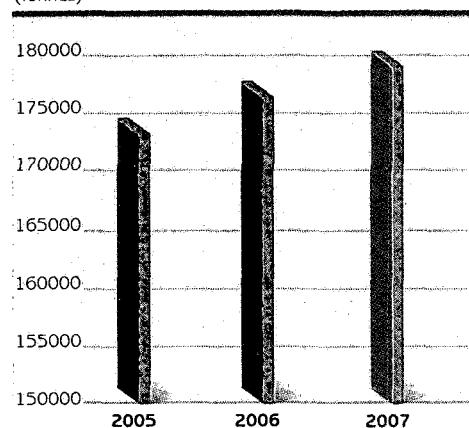


- First in Asia to install twin-wire Papriformer paper machine.
- First in India to use synthetic wire on paper machine.
- First in India to install Drum Chipper (supplied by Pallmann, Germany), Disk Refiners, Rotary Limekiln to reburn limesludge, 330 TPD Sids Chemical Recovery Boiler and FBCCoal-fired Boiler.
- First in India to establish and use sulphuric acid as a protective agent in conventional bleaching.
- First in India to use 100% hardwood in place of 100% bamboo.
- First to have well equipped Research Centre attached with a paper mill.
- First to have captive plantation.
- First to have Chemical Recovery Boiler of 500 Solids per day capacity.

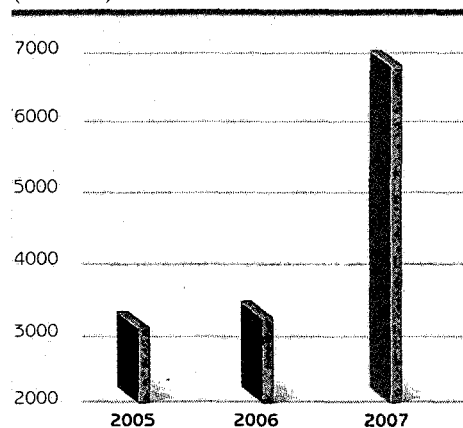
Paper is **Everywhere**

## Financial Highlights

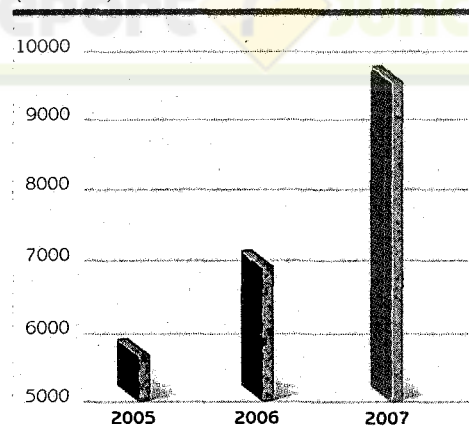
**Production of Paper  
Paper Board & Multilayer Board**  
(Tonnes)



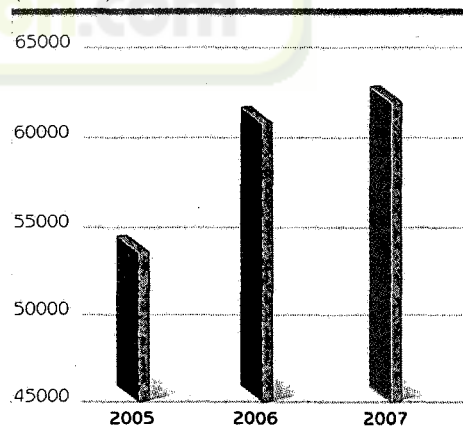
**Net Profit**  
(Rs. in Lacs)



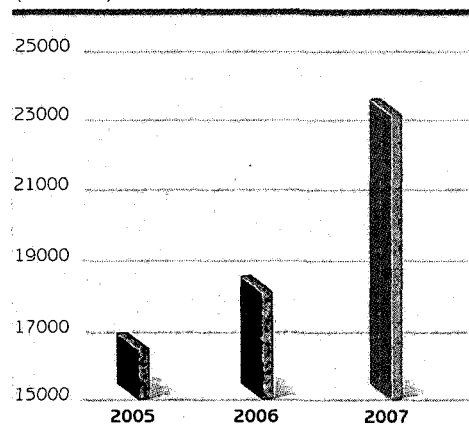
**Gross Profit**  
(Rs. in Lacs)



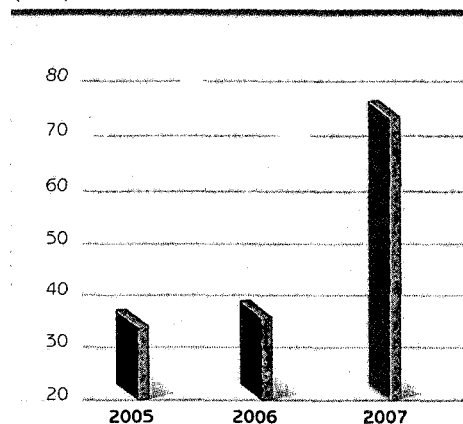
**Turnover**  
(Rs. in Lacs)



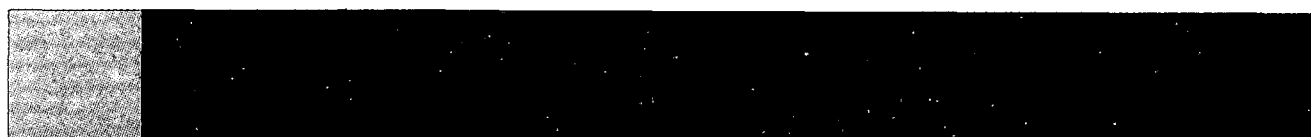
**Net Worth**  
(Rs. in Lacs)



**EPS of Rs. 10**  
(in Rs.)

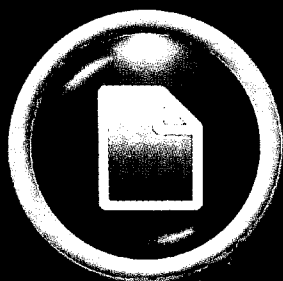


## 10 Year Highlights



		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>PRODUCTION</b>											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	<b>178871</b>	176221	173070	163714	151477	120293	120210	112521	116644	111375
OPTICAL FIBRE CABLE	Km	<b>7060</b>	6303	8090	6230	3889	4283	629	5650	2388	1385
JFTC	CKm	<b>165407</b>	512170	275846	81971	18239	356048	7087	-	-	-
<b>SALES</b>											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	<b>179915</b>	180397	168315	162642	152046	124941	113864	116072	114765	110870
OPTICAL FIBRE CABLE	Km	<b>7105</b>	6593	7774	6319	4236	3997	648	5522	2321	1437
JFTC	CKm	<b>165288</b>	525502	264438	87542	26345	347534	-	-	-	-
<b>OPERATING RESULTS</b>											
TURNOVER	Rs./Lacs	<b>61944</b>	60684	53335	49184	52236	48719	39820	37062	33495	32616
GROSS PROFIT	Rs./Lacs	<b>9552</b>	6922	5649	6057	6224	4934	4826	2853	2240	1645
DEPRECIATION	Rs./Lacs	<b>2098</b>	3695	1893	1689	1823	1209	1028	973	1012	906
TAXATION	Rs./Lacs	<b>862</b>	300	295	315	400	295	950	360	180	120
DEFERRED TAX	Rs./Lacs	<b>(54)</b>	(276)	395	1209	397	244	-	-	-	-
NET PROFIT	Rs./Lacs	<b>6646</b>	3203	3066	2844	3604	3186	2848	1520	1048	619
DIVIDEND	Rs./Lacs	<b>1341</b>	1341	1341	894	760	581	447	358	250	179
<b>FINANCIAL POSITION</b>											
GROSS BLOCK (Including assets on lease)	Rs./Lacs	<b>48467</b>	46514	46074	44504	39336	31499	18454	16337	14977	14607
DEPRECIATION (Including assets on lease)	Rs./Lacs	<b>25309</b>	22584	19863	17614	15241	13204	7928	6944	6056	5060
NET BLOCK	Rs./Lacs	<b>23158</b>	23930	26211	26890	24095	18295	10526	9393	8921	9547
PAID UP CAPITAL	Rs./Lacs	<b>894</b>	894	894	894	894	894	894	894	894	894
RESERVES & SURPLUS	Rs./Lacs	<b>22324</b>	17246	15573	14036	12935	10188	9716	7360	6252	5481
NET WORTH	Rs./Lacs	<b>23218</b>	18140	16467	14930	13829	11082	10610	8254	7146	6375
BORROWINGS	Rs./Lacs	<b>17407</b>	16588	22922	20106	17553	17842	11876	8541	7282	7317
CAPITAL EMPLOYED	Rs./Lacs	<b>40625</b>	34728	39389	35036	31382	28924	22486	16795	14428	13692
<b>SOME SELECTED RATIOS</b>											
EARNINGS PER SHARE(Rs.10)	Rs.	<b>74</b>	36	34	32	40	36	32	17	12	7
BOOK VALUE PER SHARE	Rs.	<b>260</b>	203	184	167	155	124	119	92	80	71
DIVIDEND [EQUITY SHARES]	%	<b>150</b>	150	150	100	85	65	50	40	28	20
DEBT EQUITY RATIO		<b>43:57</b>	48:52	58:42	57:43	56:44	62:38	53:47	51:49	51:49	53:47

## Chairman's Letter



**We have taken noteworthy steps in our business that has set the stage for our sustained growth, for the years ahead.**

### Dear Shareholders,

West Coast strides into the future with confidence. As we enter the current year with momentum, our cogent strategic combination of leveraging technology and scale to realign the way we deliver will show remarkable results. We are very clear about the way forward and our actions manifest our commitment.

### In the limelight

Feeling the pulse of the market, we have always tried to stay ahead in the race, with successive capacity expansions. Today, our focused strategy over the past few years is on its way to position us better than most, in the Indian paper industry. It took marked discipline, focus and inventive spirit, to put into action our ambitious capex plan to kindle our long-term viability and market development. Our low historical capacity costs are expected to even out the current outlay, to give us a competitive cost of capacity creation. These expansions will further strengthen West Coast's cost competitiveness, helping us to achieve enhanced productivity on a par with international standards.

### An Electrifying Era

We live in exciting times, in a country that is taking off, to become one of the largest economies in the world. With several growth triggers now in place, the Indian paper market, directly linked with the growth in GDP, is today growing twice the rate of the global average at about 3%. India's low per capita consumption at 7kgs presents a tremendous growth opportunity, with every increase in consumption per capita by 1 kg raising the demand by 1 million tons. Growth in this industry is at an inflexion point, with long-term opportunities to increase capacity and restructure the industry. We saw the opportunities and grabbed it.

### Falling into Place

From a broad financial perspective of our expansion plans, our funding plans that included debt of Rs. 725 crore, equity of Rs. 200 crore and internal accruals of

