

THE WEST COAST PAPER MILLS LIMITED
ANNUAL REPORT 2007-08



THINK AHEAD
BEYOND
PAPER **!**

Report  Junction.com

Forward looking statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



Contents

About Us	2	Management's	
Financial Highlights	4	Discussion and	
Chairman's Message	6	Analysis	40
Executive		Directors' Report	50
Director's Review	8	Report on Corporate	
Think Ahead	14	Governance	60
Think Beyond	28	Financial Section	70
Think Paper	34	Corporate Information	96



**"What we think,
we become."**

- Gautam Buddha

ABOUT US

VISION

"TO EXCEL IN SERVING THE GROWING DEMANDS OF PAPER AND PAPER PRODUCTS WORLDWIDE AND ENHANCE SHAREHOLDER VALUE WITH CONSISTENT AND SUSTAINED PERFORMANCE."

History and parentage

The West Coast Paper Mills Limited is the flagship Company of S.K. Bangur Group and was established in the year 1955.

Presence



- * Zonal Office
- ** Registered Office and Paper & Duplex Board Division
- # Telecom Cable Division
- @ Corporate Office

THE COMPANY'S SHARES ARE LISTED ON THE NATIONAL STOCK EXCHANGE (SCRIP CODE – WSTCSTPAPR) AND THE BOMBAY STOCK EXCHANGE (SCRIP CODE – 500444) IN INDIA

Products and Capacities

- Paper and paperboards – 180,000 TPA.
- Optical fibres and JFTC cables – 83,500 kms.
- Power – 1.75 MW (6 windmills).

People

As on 31st March, 2008, the Company employed 2,526 people across India.

Dealer network

The Company has a network of 89 dealers spanning 38 cities in 15 states.

Listings

The Company's shares are listed on the National Stock Exchange (scrip code – WSTCSTPAPR) and the Bombay Stock Exchange (scrip code – 500444) in India. The Company's GDRs are also listed at Singapore Exchange Limited.

As on 31st March, 2008, West Coast Paper Mills had a market capitalisation of Rs. 373.52 crores.

Report  junction.com

FINANCIAL HIGHLIGHTS

PERFORMANCE IN 2007-08

Total revenues up by

5.36% to Rs. **652.66** crores

EBIDTA increased by

12.74% to Rs. **120.29** crores

PAT increased by

23.23% to Rs. **81.90** crores

EBIDTA margin increased by

138 bps to **20.62%**

PAT margin increased by

206 bps to **14.04%**

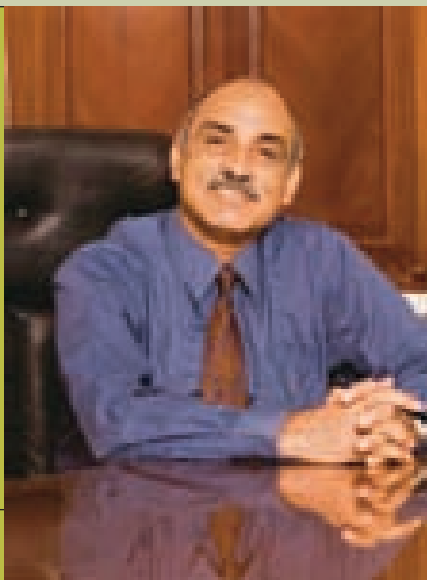
Basic EPS increased by

14.73% to Rs. **17.06**

10 YEAR HIGHLIGHTS

		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
PRODUCTION											
PAPER/PAPER BOARD &											
MULTILAYER BOARD	Tonnes	169891	178871	176221	173070	163714	151477	120293	120210	112521	116644
OPTICAL FIBRE CABLE	Km	22829	7060	6303	8090	6230	3889	4283	629	5650	2388
JFTC	Ckm	-	165407	512170	275846	81971	18239	356048	7087	-	-
SALES											
PAPER/PAPER BOARD &											
MULTILAYER BOARD	Tonnes	170193	179915	180397	168315	162642	152046	124941	113864	116072	114765
OPTICAL FIBRE CABLE	Km	22836	7105	6593	7774	6319	4236	3997	648	5522	2321
JFTC	Ckm	119	165288	525502	264438	87542	26345	347534	-	-	-
OPERATING RESULTS											
TURNOVER	Rs./lacs	65266	61944	60684	53335	49184	52236	48719	39820	37062	33495
GROSS PROFIT	Rs./lacs	11438	9552	6922	5649	6057	6224	4934	4826	2853	2240
DEPRECIATION	Rs./lacs	2043	2098	3695	1893	1689	1823	1209	1028	973	1012
TAXATION.	Rs./lacs	1095	862	300	295	315	400	295	950	360	180
DEFERRED TAX	Rs./lacs	110	(54)	(276)	395	1209	397	244	-	-	-
NET PROFIT	Rs./lacs	8190	6646	3203	3066	2844	3604	3186	2848	1520	1048
DIVIDEND	Rs./lacs	1721	1341	1341	1341	894	760	581	447	358	250
FINANCIAL POSITION											
GROSS BLOCK	Rs./lacs	80141	48467	46514	46074	44504	39336	31499	18454	16337	14977
(Including assets on lease)											
DEPRECIATION	Rs./lacs	27022	25309	22584	19863	17614	15241	13204	7928	6944	6056
(Including assets on lease)											
NET BLOCK	Rs./lacs	53119	23158	23930	26211	26890	24095	18295	10526	9393	8921
PAID UP CAPITAL	Rs./lacs	1425	894	894	894	894	894	894	894	894	894
RESERVES & SURPLUS	Rs./lacs	38771	22324	17246	15573	14036	12935	10188	9716	7360	6252
NET WORTH	Rs./lacs	40196	23218	18140	16467	14930	13829	11082	10610	8254	7146
BORROWINGS	Rs./lacs	40618	17407	16588	22922	20106	17553	17842	11876	8541	7282
CAPITAL EMPLOYED	Rs./lacs	80814	40625	34728	39389	35036	31382	28924	22486	16795	14428
SOME SELECTED RATIOS											
EARNINGS PER SHARE	Rs.	17	15	7	7	6	8	7	6	3	2
(Rs. 2) (BASIC)											
BOOK VALUE PER SHARE	Rs.	70	52	41	37	33	31	25	24	18	16
DIVIDEND [EQUITY SHARES]	%	150	150	150	150	100	85	65	50	40	28
DEBT EQUITY RATIO		50:50	43:57	48:52	58:42	57:43	56:44	62:38	53:47	51:49	51:49

CHAIRMAN'S MESSAGE



Mr. S.K. Bangur *Chairman and Managing Director*

Putting plans on paper is a time honoured means of formalising intent.

In this process, thinking leads to analysis and culminates in the firming up of plans. The Indian paper and paperboard industry presents us with a challenging set of circumstances. Scarcity of raw material is firming up prices. The runaway increase in fuel price is pushing up

costs of production. Moreover, environmental and regulatory concerns require the industry to invest in eco friendly technology, adding significant costs to the throughput. But on the bright side, the demand for paper in the Indian market is increasing at a steady clip, thanks to the expansion in economic activity and sustained growth. The dynamics of the market have also shifted from a price led

realisation to a cost efficiency based model.

These circumstances make the need to think ahead and plan for the sustained viability of the enterprise imperative.

Our line of thinking centres around improving realisation by using innovative technology, scaling up production to leverage economies, intelligent procurement of raw materials, product innovations and

**THE COMPANY HAS INVESTED
IN TECHNOLOGY TO ENSURE
COMPLIANCE WITH REGULATORY
GUIDELINES, AS WELL AS TO IMPROVE
THE QUALITY OF OUR THROUGHPUT**

people initiatives.

On the production front, we are in the process of ramping up our paper and paperboard production capacity from 1,80,000 TPA to 3,20,000 TPA.

We have initiated/proposed an innovative partnership program of contract farming to afforest degraded and fallow land in a 250 km vicinity of our plant. The Company has invested in technology to ensure compliance with

regulatory guidelines, as well as to improve the quality of our throughput.

West Coast Paper Mills is a good corporate citizen and we consistently contribute to social causes via our Corporate Social Responsibility programs.

In the coming years, West Coast Paper Mills will emerge as a large scale, environmentally conscious manufacturer of paper that leverages scale and technology

to offer customers high quality paper at competitive prices.

This will be the result of putting plans on paper and having the team that achieves it.

S.K. Bangur

*Chairman and
Managing Director*

EXECUTIVE DIRECTOR'S REVIEW



Mr. K. L. Chandak

Executive Director of the Company, reviews the performance in 2007-08

Are you satisfied with the performance of the Company in 2007-08?

Yes. Even though our total production of paper and paperboard division decreased by 5%, our revenues increased by 5.36% from Rs. 619.44 crores in 2006-07 to Rs. 652.66 crores in 2007-08. Our EBITDA increased by 12.74% from Rs. 106.70 crores in 2006-07 to Rs. 120.29 crores in 2007-08. Our net profits increased by 23.23% from Rs. 66.46 crores in 2006-07 to Rs. 81.90 crores in 2007-08. This financial growth was backed by improved margins, reflecting the effectiveness of the Company's cost control initiatives and its efforts towards higher realisations and improved working of cable division.

What were the major challenges faced by the Company during the year?

During the year under review, we faced challenges relating to the industry (external) and those relating to operations (internal).

External challenges: these are industry-wide challenges being faced by all the major players in the industry today. Raw material cost has emerged as one of the major concerns in the industry. The cost of wood has increased considerably, both on account of lower availability, higher royalty, freight rate, etc. Furnace oil costs have shown a northward trend as an effect of rising crude prices. Though companies including ours have successfully passed the increase in the costs to customers, the

greater challenge for the industry will be to contain such rise through concrete and sustainable long term initiatives.

Internal challenges: the internal challenges were essentially on two fronts – those related to the existing operations and those related to the expansion activity. In 2007-08, our paper and paperboard division recorded a lower production on account of 30 days maintenance shutdown of one of the machines and pulp sheet production. The challenges also included the expansion of our plantation programme and those related to cost and quality controls. Timely inception of our capacity expansion and modernisation programme at Dandeli unit was a major challenge and we successfully