www.westcoastpaper.com

bigger. better.

How our timely investment in enhanced production capacity has helped create a stronger company

The West Coast Paper Mills Limited | Annual report 2010-11

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 'anticipates', 'estimates', '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 materialise, 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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At West Coast Paper Mills, we did not merely emerged bigger over the last year.

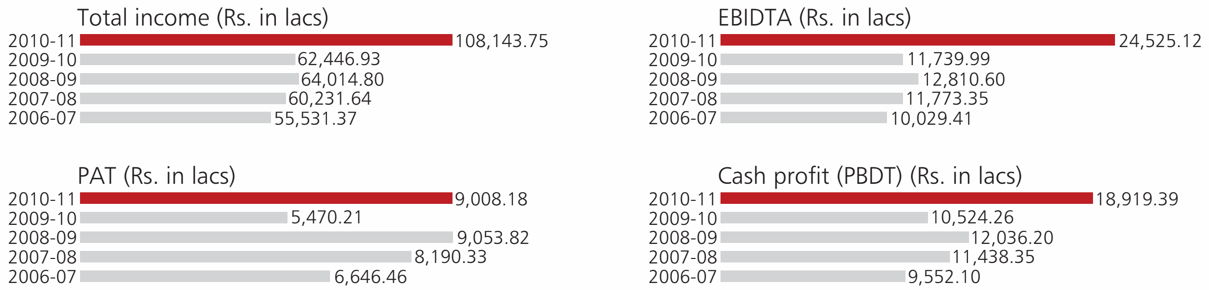
We also achieved a higher productivity.

We also enhanced our product quality.

The result: 71% increase in revenues and a 65% increase in our PAT.

Emerging bigger and better.

Our growth in numbers



West Coast Paper Mills Limited (USD 250 million in revenues, 2010-11) is one of the largest integrated paper and paperboard manufacturing companies in India.

Vision

To excel in serving the growing demands of paper and paper products worldwide and enhance shareholder value with consistent and sustained performance.

Parentage

Established in 1955, a flagship Company of SK Bangur Group. Today, West Coast Paper Mills Limited is a USD 249 million turnover company (2010-11) and one of the largest integrated paper and paperboard manufacturing companies in India.

Presence

- The Company's registered office and paper and paperboard manufacturing unit is in Dandeli, Karnataka.
- Its telecom cable manufacturing unit is in Mysore, Karnataka.
- Its corporate office is in Bangalore and zonal offices in Mumbai (Maharashtra), Kolkata (West Bengal), Chennai (Tamil Nadu) and New Delhi (Delhi)
- It is listed on The National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Portfolio

- Paper and paperboards – comprising uncoated paper, surface size paper, specialty paper, packaging paper and copier paper
- Optical fibre cable – comprising duct cable, Ariel fig 8 cable, ADSS cable, armoured cable, CATV cable and mini cable

Patrons

- Our products are distributed across India (all states), supported by 82 dealers
- We have a global footprint, with our products distributed in various countries
- Major customers:

*India Security Press, Government Of India
*All Security Printers
* State Bank of India
* Central Bank of India
* Indian Bank
* Bank of Baroda
* Housing Development Finance Corporation Bank
* Standard Chartered Bank
* The Hongkong & Shanghai Banking Corporation
* Indian Aluminium Co. Ltd
* Macmillan India Press Ltd
* Macmillan Publishers India Ltd
* Navneet Publications India Ltd
* Orient Press Ltd
* Repro India Ltd
* Print House (India) Pvt. Ltd
* Multivista Global Ltd

Gross block (Rs. in lacs)

2010-11	1,85,036.64
2009-10	1,03,198.05
2008-09	41,138.98
2007-08	40,494.44
2006-07	38,193.34

EPS (Diluted) (%)

2010-11	14.36
2009-10	8.80
2008-09	15.74
2007-08	16.42
2006-07	14.87

EBIDTA margin (%)

2010-11	22.68
2009-10	18.80
2008-09	20.01
2007-08	19.54
2006-07	18.06

PAT margin (%)

2010-11	8.33
2009-10	8.76
2008-09	14.14
2007-08	13.59
2006-07	11.96

18,000 TPA → 50 years → 180,000 TPA → 3 years → 320,000 TPA →

Highlights 2010-11

Operational highlights

- Paper production increased from 173,638 tonnes in 2009-10 to 267,005 tonnes
- Commenced and stabilised the new paper manufacturing machine within three months
- Improved the existing B2B copier paper quality

Financial highlights

- Revenue increased 70.51% from Rs. 650.50 crore in 2009-10 to Rs.1,109.14 crore
- EBIDTA increased 108.90% from Rs. 117.40 crore in 2009-10 to Rs. 245.25 crore
- Post-tax profit improved 64.68% from Rs. 54.70 crore in 2009-10 to Rs. 90.08 crore
- Cash profit (PBDT) increased 79.78% from Rs. 105.24 crore in 2009-10 to Rs. 189.19 crore

Marketing highlights

- Introduced two copier paper brands (Copy Plus and Copy Gold)
- Exported to the Middle East, Africa and South East Asia
- Preferred supplier to major corporates

Chairman's overview

The financial year under review represents an inflection point as we commissioned the largest capacity expansion in our existence, resulting in record revenues and profits in 2010-11.

This expansion resulted in some distinctive positives for the Company:

- For a number of decades, we were largely an India-focused paper company; we are now a relatively global company, reflected in our superior quality that matches some of the best product standards in the world and a growing global exposure in terms of our marketing presence
- For a number of years, we made incremental improvements in our steam and power consumption. Following the expansion, our consumption ratios declined attractively, making us globally competitive.

The result is reflected in our numbers: increase in average realisations in the writing and printing segment. Additionally, our copier product earned a premium and accounted for an attractive share in a competitive segment without any meaningful advertising budget within only two months of its launch.

"The Company's investment in first-rate machines will benefit it for decades"

As a company that committed significant investments in capacity building in the last few years, our primary objective will be to maximise asset utilisation, to reduce operating costs and enrich our product mix.

Industry outlook

I see optimistic times ahead for the Indian paper industry for some good reasons:

One, although India is growing, and paper consumption should increase in the normal run of things, a growing investment in the country's education sector will catalyse the offtake of writing and printing paper faster than the global average.

Two, the next incremental major production capacity within the Indian industry is two to three years down the road even as paper consumption is growing, which should strengthen realisations and enable manufacturers to generate a reasonable return on their investment.

Three, a growing dearth of waste paper is likely to affect the asset utilisation of a segment of the paper industry, resulting in probable decline in availability from that industry segment and increased realisations on the overall.

Four, there is a growing shift in consumption from plastic-based products to paper products, benefiting the paper industry.

Our response

As a company that committed significant investments in capacity building in the last few years, our primary objective will be to maximise asset utilisation, to reduce operating costs and enrich our product mix.

During the current financial year, we expect to sweat our assets to rated capacity and report an even better performance. For instance, we intend to raise our operational benchmark machine speed from 1,000 meters per minute to 1,200 metres per minute with corresponding productivity implications, among the highest such benchmarks in India.

This will also be a time when we freeze our next round of expansion. The management is inclined to consider buying a second-hand international plant that will enable us to significantly increase production capacity at a relatively lower capex. The management will also seek to expand at a non-Dandeli location, following a review of available infrastructure.

Overview

West Coast Paper Mills stands to benefit for decades, following significant investments already made in its capacity.

The Company is attractively placed to derive sustainable benefits into the long-term on account of its utilities consumption being well below the prevailing national norms stipulated for the paper industry. This reinforced our environmental responsibility, leading to sustainability.

Starting from 2011-12, the Company's social forestry scheme will begin to generate a larger quantum of raw material from within 250 km and from contracted farmers, reducing logistics costs.

In view of these realities, I am optimistic that the Company will enhance value for its shareholders in a sustainable way over the coming years.

S. K. Bangur
Chairman

Review by the Executive Director

"We strengthened our volume-value mix and reported superior results in 2010-11"

How would you appraise the Company's performance in 2010-11?

Let me begin with the positives.

Our new paper machine (PM VI) emerged as the major transformation driver in the Company. The machine, with an annual installed capacity of 1,35,000 tonnes, was commissioned in May 2010. It was not enough to merely commission this machine but also establish a high capacity utilisation in the shortest time to accelerate the payback. In view of this, we did well to achieve a 95% capacity utilisation in our new paper machine in the second half of 2010-11, a creditable achievement for a machine in only its first year of operation. Concurrently, we also strengthened our product mix derived from this new machine; we produced writing and printing paper of a higher bulk with the same grammage and we introduced new grammage copier paper with corresponding brands, which translated into an attractive order book in three weeks. The installation of PM VI helped us enhance volume and value, the results of which are clearly evident in our performance during the year under review.

We also modified the Drive system of PM III, which helped increase production.

We ran our new fibre line (commissioned in February 2010) for the entire year. This pulp of higher viscosity, strength index and brightness helped us produce superior paper grades. Besides, our elemental chlorine free (ECF) pulp had a lower environmental impact. Our new chemical recovery plant enabled us to improve chemical recovery efficiency and stronger steam generation. Consequently, leading to a higher power generation.

It would only be fair to indicate that some items in our agenda remained unfinished in the previous year and are expected to be completed this year. For instance, some production bottlenecks prevented us from achieving our targeted asset utilisation; we need to enhance our pulp-cooking capacity to enjoy full utilisation of our fibre line, leading to increased paper production.

How did the various initiatives translate into your financial performance for 2010-11?

We reported a higher production, widened our product mix and made new paper varieties of superior quality that were well accepted by a discerning market. The cumulative impact of these initiatives is reflected in our 2010-11 numbers below compared to 2009-10:

*Revenues increased 70.51%

The Company Rationalised per unit water consumption; our overall water consumption increased only 20% despite a 78% increase in production capacity

*EBIDTA increased 108.90%

*Post tax profit enhanced 64.68%

*EBIDTA margin rose 388 basis points

*Export revenues increased 162%

However, considering the huge potential for further improvement and the fact that the full impact of our expansion is yet to be reflected in our financial performance, we expect to report a better 2011-12.

What were the highlights of 2010-11?

There were principally two highlights during the year under review – we made more paper and we earned a higher realisation per tonne. This is how the volume-value proposition played out:

* We increased our paper production by 53.77%, following the successful commissioning of the new paper machine VI. In my long experience in the paper industry, the successful start-up of any new machine is always challenging in view of the hundreds of variables that need to be stabilised with the objective to achieve a constant end-paper of the highest quality. We not only went into successful production in 2010-11, but gradually raised our asset utilisation to a peak 96%, – a fair index of our operational competence.

* In doing so, the proportion of value-added grades in our overall product mix increased from 28% in 2009-10 to 40% in 2010-11. This indicated the Company's resolve in escaping the commodity end of the business. In turn, this was reflected in our EBIDTA margin, which strengthened from 18.80% to 22.68% in the last two years.

This volume-value combination translated into incremental revenues of Rs. 458.64 crore in 2010-11, the full benefits of which will accrue during the current financial year.

How did the expansion transform the Company?

We entered the paper industry in 1955 with a production capacity of 18,000 TPA, which gradually increased to 1,80,000 TPA in a little more than 50 years; then within the space of just three years we increased our capacity 78% to 3,20,000 TPA, indicating the management's faith in the long-term viability of this business.

West Coast Paper reported a 53.77% increase in paper production in 2010-11. This was achieved following an increase in paper production capacity from 500 TPD to 900 TPD. We did not just report a linear increase in our production but reinforced our operational edge in the following ways:

*Manufactured paper with higher bulk and smoothness with the same grammage

*Manufactured writing and printing paper from 45 gsm to 90 gsm

*Manufactured ECF bleached pulp with a lower environment impact in our new fibre line

* Reduced emissions to well under defined limits in our new electrostatic precipitator

*Rationalised per unit water consumption; our overall water consumption increased only 20% despite a 78% increase in production capacity

*Enhanced paper brightness across all grades

Besides, we reported the following business initiatives that strengthened our position in a competitive marketplace:

*Introduced two brands in the copier paper segment – 80 gsm Copy Plus and 75 gsm Copy Gold

*Installed autoline, a state-of-the-art quality check equipment, to derive quality test results in less than 10 minutes, resulting in timely quality correction

*Installed in-process hi-speed sheet cutters and auto packaging equipment, resulting in quicker packaging at a lower manpower cost/involvement, benchmarked with international standards

Our exports grew 180% in 2010-11 (in terms of volume) over the previous year.

How are you meeting increased raw material requirements to service your expanded capacity?

We require around 9 lakh tonnes of raw material per annum to feed our enlarged paper production capacity, completely procured from the current market. However, a few years ago, we embarked on contract for farming scheme, wherein we identified fallow/waste land belonging to marginal farmers within a 250 km radius from our manufacturing unit. We provided clonal seedlings to these farmers, encouraging them to raise plantations from a long-term perspective with the safety net of an assured buyback. This proposition will lead to a win-win situation: provide income for wasteland owners and enhance our raw material security.

The time has come for us to reap the benefits of this high-gestation win-win initiative: we expect to derive raw materials from 661 acres (planted in 2006) of our total plantations in 21,916 acres currently. We expect to scale up with speed; our annual plan is to plant 10,000 acres, and based on an average yield of 40 to 60 tonnes per acre, we expect to secure 50% of our annual raw material requirements from these proximate plantations over the foreseeable future. This will not only protect our raw material sourcing from a volume perspective but it will also provide us with robust raw material, leading to superior paper quality.

How is the Company placed to enhance its exports presence?

There is an attractive case for growing our international presence: we produce superior grades today, we have a larger volume to retain a consistent and serious international presence and we are cost-competitive in view of the high wages among paper manufacturers in the developed west. A growing export presence will strengthen our business model: we will reduce our dependence on the Indian market, we will be able to plug into international consumer trends that could influence our product development and allocate a section of our production abroad, that would have otherwise reduced our realisations within India.

Our existing markets of focus are the Middle East, Africa and South East Asia. Our technology upgradation helped us present superior grades in line with the requirements in these geographies. We installed automatic ream-wrapping machines and reel-packing machines to match global packaging standards. Going ahead, our proposed forest management certification under FSC will enhance the acceptability of our products in Europe.

The result – exports grew 180% in 2010-11 (in terms of volume) over the previous year. Going ahead, we expect to increase export volumes.

How will the Company protect its balance sheet integrity in a cash-intensive business?

Our project debt (ECB/FCL) cost is less than 3% p.a., which was mobilised when the global economy was in a state of slowdown. We commenced debt repayment during the year under review and expect to meet all our interest and debt commitments on schedule.

What is the outlook for the industry and the Company?

The country's paper industry is in good health; the copier and packaging paper segments are growing at an annual rate of 15%, even as the other segments are growing at 5-7% per year. The government's thrust on the education sector is likely to catalyse paper demand from a per capita consumption figure of 9.6 kg – considerably lower than the international average. Further, we feel that an increase in disposable incomes and faster rural economic growth will strengthen paper demand – even a one kg per capita consumption increase could enhance annual paper demand by about 1.2 million TPA.

West Coast Paper is attractively positioned to capitalise on this emerging opportunity through a combination of adequate capacity, superior quality, lower cost, growing raw material security and a strong balance sheet.

Strengths

Management vision
The management team intends to grow WCPM into a globally-respected paper company.

Value-addition
The Company manufactures value-added writing and printing products. The Company is capable of manufacturing copier papers with lower grammage, more than compensated by higher bulk and superior, both-sided smoothness. The Company is also the largest Indian manufacturer of MICR cheque paper used in cheques.

Technology
The Company invested in a state-of-the-art new paper manufacturing machine (PM VI) from Voith of Germany and a new fibre line to manufacture elementary chlorine-free (ECF) bleached pulp. These technologies are contemporary, resulting in high operational efficiency, product quality and environment compliance.

Clientele
The Company's products are used by brand-enhancing clients like India Security Press (Government of India), State Bank of India, Bank of Baroda, Central Bank of India, HDFC Bank, HSBC, Navneet Publications, Repro India Ltd and Orient Press, Multinsta, Manipal Printing Press, among others.

Experience
The Company possesses more than 53 years of experience in paper manufacture – providing it with a competitive edge in terms of market knowledge and product acceptance.

Reach
The Company created a strong pan-India distribution channel with 82 dealers across all states. Around 35% of the dealers have been associated with the Company for more than 15 years.

Economies of scale
The Company is one of the largest paper companies in India in terms of production capacity. The Company possesses an installed capacity to manufacture 900 TPD of paper and 725 TPD of pulp, resulting in attractive economies of scale.

Product portfolio
The Company has a strong product portfolio comprising writing and printing paper, copier paper, MICR cheque paper, cup stock board, duplex board and poster paper, among others, making it a one-stop shop for a variety of paper requirements. As a result, the Company's products are used in educational, commercial and industrial applications.

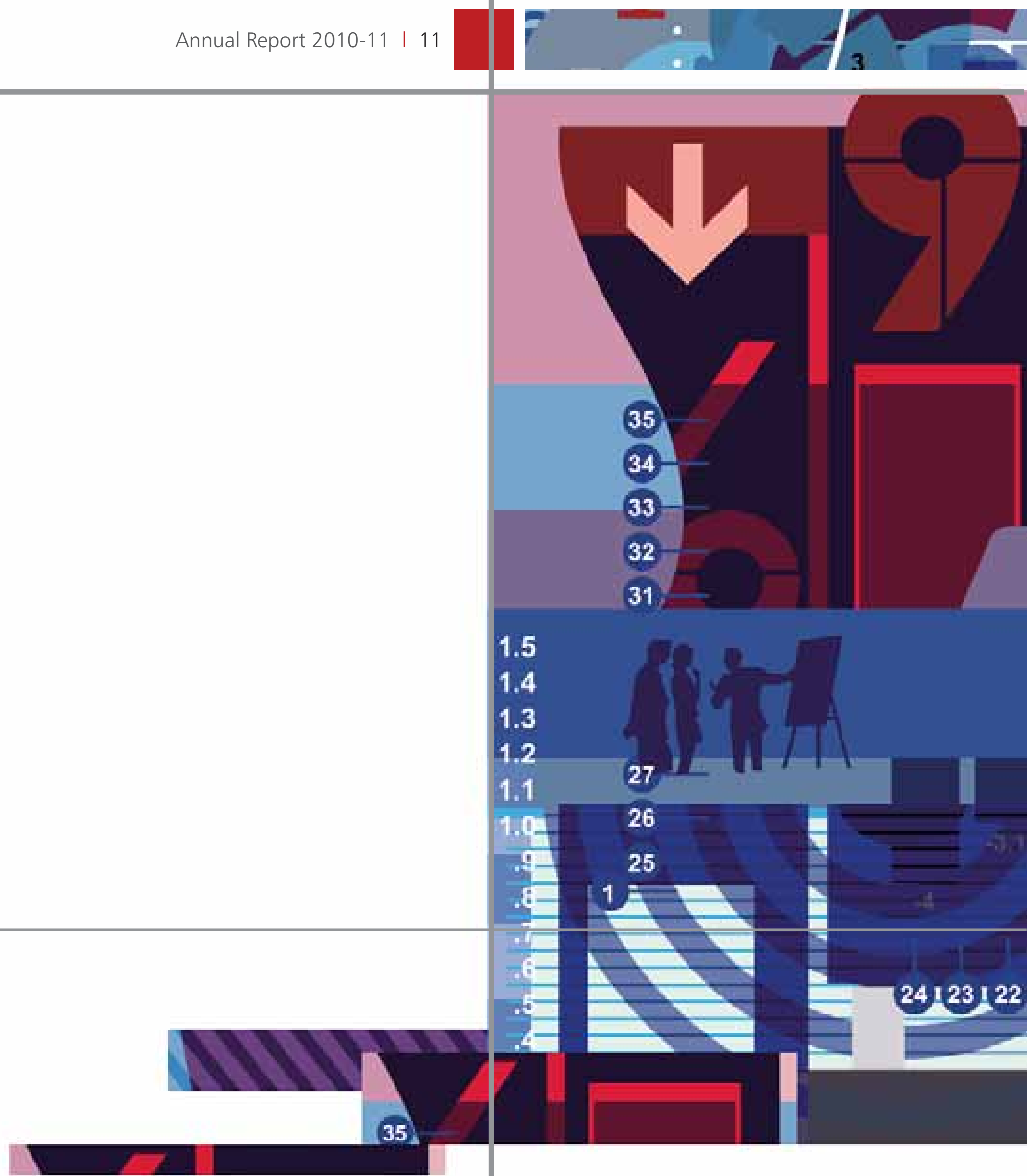
Quality
The Company's full-fledged quality control and sophisticated laboratory have raised quality standards. The Company was the first in India to invest in the cutting-edge autoline equipment that delivers quality test results within 10 minutes, prompting appropriate intervention.

Plantation
The Company entered into a contract for farming in 2006, covering 21,916 acres. It will derive raw materials from 661 acres in 2011 and plans to add 10,000 acres annually. The Company will be able to source 50% of its raw material needs from these captive plantations from 2016.

How we have become a stronger company

paper quality

In an industry marked by a large number of manufacturers, the magic lies in being able to deliver a consistently superior product quality. This is precisely what West Coast Paper has achieved.



*The new paper machine helps improve higher bulk and smoothness within the same grammage.

*The new machine produces papers with higher bendstone smoothness on both sides – 125 ml/min on one side and 140 ml/min on the other, compared with 200 ml/min and 180 ml/min from the old machine, implying better smoothness on both sides resulting in better printability.

paper quality

How we have become a stronger company

pulp quality

In a business where it is essential to generate a part of our intermediate raw material needs, it is imperative to produce superior quality pulp at the lowest cost, with no environment impact. West Coast Paper has a credible record to show in this regard.

pulp quality

* Our new fibre line produced better quality pulp, with increased brightness from 87.1% to 88.1%, viscosity from 6.27 cps to 7.20 cps and strength index from 1404 to 1641. The result – we were able to produce better quality paper.

*Our new fibre line completely dispensed with the use of chlorine as a bleaching agent. Our elementary chlorine-free (ECF) bleaching helped create a cleaner environment.

*Our digesters in the new fibre line of 400 m3 are five times larger than the previous digester, resulting in enhanced economies of scale.

Result: our superior pulp quality provided us with a stronger base, on which to improve our paper quality and reinforce our environmental responsibility.

How we have become a stronger company

sp

In a capital-intensive business, faster production makes it possible to cover fixed costs more effectively and report a higher profitability. West Coast demonstrated precisely this attribute through its PM VI investment in 2010-11.

eed

* Our new paper machine reported a production speed of 1,000 mtr/minute.

* Our machine possessed an advanced stock preparation unit. This translated into the following benefits: lower manual intervention and higher economies of scale.

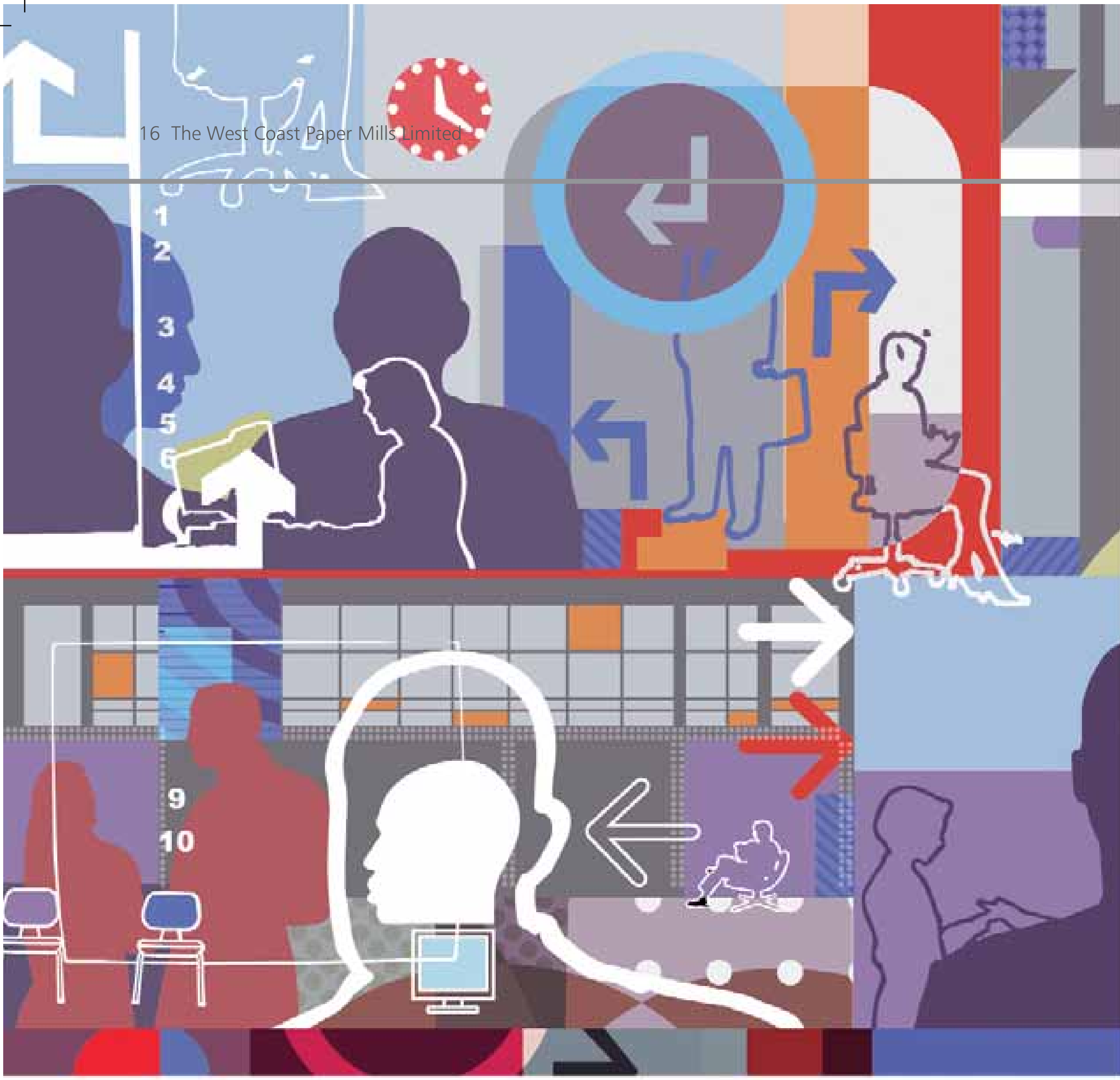
* Our new machine is fully integrated with the distributed control system, making it possible to control the entire machine from a single location compared with our erstwhile practice of manual intervention at each stage.

* Our new machine is equipped with autoline quality control, which delivers results arising out of quality control within ten minutes compared with the conventional system, which takes an hour.

* Our new machine is equipped with automatic sheet cutters and auto-packaging units, resulting in faster packaging, whereas manual intervention in the old machines was time-consuming.

Result: the Company increased its monthly production of copier paper from 500 tonnes to around 6,000 tonnes in 2010-11.

speed



How we have become a stronger company

efficiency

In a business with a number of sub-processes, the magic lies in being able to maximise efficiencies in each. This is where West Coast reported an attractive improvement in 2010-11.

* Our new machine consumes less water for paper production; our investment in ECF pulp production helped rationalise water consumption by 33%. The result – a 78% increase in capacity was accompanied by only a 20% increase in water consumption.

* Our new chemical recovery plant enhanced chemical recovery efficiency from 95% earlier to 97%, besides reducing chemical consumption.

* Our new recovery boiler leverages the use of high pressure steam (63 kg at 470ºC compared with 45 kg at 390ºC).

* Our Company installed a new electrostatic precipitator in the chemical recovery boiler to reduce pollution emission well below stipulated norms.

* Our superior ECF pulp helped us reduce input consumption by 10% while manufacturing the same quantity of paper.

*Our new falling film evaporator resulted in higher spent liquor, leading to enhanced chemical recovery for cooking and steam generation.

efficiency

In a business where product demand is rising all the time and cost increases cannot be easily passed on to consumers, a big insurance is derived from superior economies of scale. West Coast invested in these with a long-term perspective.

How we have become a stronger company

econ

mie

*The Company increased its paper production capacity from 500 TPD to 900 TPD, resulting in a superior coverage of fixed costs.

*The increased size of digesters helped the Company cook more wood chips than before.

Driver of excellence

raw material management

Around

50%

of the Company's raw materal supply will be met from its captive plantation by 2016

Overview

In a business where consistent production can be derived from a larger access to plantation wood, the challenge lies in being able to source raw material through a win-win proposition that benefits the Company and reinforces the region's ecological balance.

The Company consumes a large quantity of wood and a small quantity of bamboo for paper manufacture; more specifically, it uses a blend of eucalyptus, casuarina, acacia and subabul. The Company has an annual requirement of 900,000 tonnes of wood to feed a total annual paper capacity of 3,20,000 tonnes. Besides, water is sourced from Kali River, on the banks of which the factory is located.

Captive plantation initiative

The Company identified fallow and waste land within the 250 km radius of its manufacturing unit. The Company opted for the 'contract for faming' route, in which it assumed plantation rights from owners especially on tracts with no income opportunity. The Company invested these tracts with wood plantations coupled with ongoing maintenance. The Company undertook this plantation initiative across 30,000 acres, coupled with an annual accretion plan of 10,000 acres. This five-year plantation gestation, which commenced in 2006 across 661 acres, is expected to generate raw material from 2011 onwards at the rate of 40-60 tonnes per acre (based on optimal land and rain). Going ahead, this plantation initiative expects to secure the Company to the extent of 50% of its raw material requirement by 2016.

Advantages

The plantation programme comprises the following advantages:

Farmer community

- Employment for farmers equivalent to 450 person-days per acre per annum in nursery, sapling, planting, weeding, watching, warding and harvesting functions. The Company's clonal orchards, nurseries, mist chambers (greenhouses) are within a 10 km radius of its Dandeli facility
- Fodder growth in the plantation area provides free high-protein cattle feed
- Regeneration of groundwater levels in degraded waste lands
- Soil protection from erosion, enhanced land productivity and enriched flora and fauna
- Farmer payments at a predetermined rate, protected them from raw material price volatility
- No farmer investment, helped enhance rural prosperity

Local community

- Permission to farmers and villagers in surrounding localities to use lops and tops as fuel free of cost, enhancing their commitment to the overall agro-forestry initiative; a corresponding reduction in the pressure on naturally grown forest for fuel.
- Declining soil erosion along the contour of the land following soil and

water conservation measures; 100% rainwater harvesting raised groundwater levels in surrounding areas. Pond creation and tank deepening addressed the summer requirements of the cattle population

- Sustainable local ecology comprising flora and fauna

Corporate advantage

- Around 50% of the Company's raw material supply is secured through this initiative by 2016
- Sourcing from within the 250 km radius of the plant will reduce logistic costs
- Captive access to plantations will enhance the Company's raw material security
- The initiative will lead to attractive carbon credit income opportunities

Support provided by West Coast

The Company embarked on a scientific approach for captive plantation to enhance productivity and wood quality. Plantation productivity increased through the widely accepted clonal forestry technology.

Clonal technology: The Company tied up with the State Agricultural University to provide farmers with genetically superior, fast-growing, disease-resistant and quality seedlings to improve plantation returns. This was specifically achieved through the following:

- Selection of Candidate Plus Trees (CPTs)
- Preparation of propagules from stem-cuttings of juvenile shoots
- Fungicide treatment
- Treated cuttings are transplanted in the correct media and transferred to low mist chambers for rooting in a controlled environment

Certification advantages

- Ensures that wood is procured from a responsible forestry initiative following comprehensive legal compliances
- Ensures that products match ecological, environmental, social and statutory norms (international and national)
- The FSC logo (printed on the product) enjoys an acceptance in Europe with premium price

Road ahead

Going ahead, the Company plans to add 10,000 plantation acres per annum to address 50% of its raw material requirements by 2016.

Forest Stewardship Council (FSC) certification

The Company is moving towards obtaining FSC-certification for its farming initiative. This is one of the world's most widely recognised forest management standards and the world's most widely recognised forest certification programme. Products carrying the FSC label are independently certified to assure consumers that their products come from forests that are managed responsibly to address the social, economic and ecological needs of the present and future generations. The Company has already received two certificates (chain of custody and control wood) and is in process of receiving the forest management certification in 2011-12.

Driver of excellence

operations

Pulp manufacturing

* Stabilised the pulp manufacturing line
* Increased pulp manufacture from 300 TPD to around 600 TPD
* Installed high-speed chippers
* Achieved 88.1% brightness with strength property of 1,641 (87.1% brightness with strength property of 1,404 in 2009-10)
* Increased viscosity from 6.27 cps to 7.20 cps
* Installed X filter for green liquor clarification
* Installed compact disc filter for better white liquor clarification
* Installed falling film evaporator with higher capacity of 230 tonnes/hour (earlier 100 tonnes per hour)
* Installed a new high-pressure boiler of 63 kg at 470°C (earlier 45 kg at 390°C) for higher steam and power generation and lower steam and power consumption
* Installed a high-efficiency electrostatic precipitator
* Installed a sophisticated causticising plant for better quality green and white liquor with a clarity of 20 ppm (50-100 ppm in the earlier plant)

Paper manufacturing

* Commenced manufacturing and stabilised the new paper manufacturing machine
* Increased production from 1,73,638 tonnes in 2009-10 to 2,67,005 tonnes
* Started manufacturing a higher segment of copier paper of 75 GSM and 80 GSM
* Manufactured higher bulk paper with same grammage but with increased smoothness on both sides from PM VI
* Increased production of copier paper from 500 tonnes per month to 6,000 tonnes per month after the PM VI was commissioned
* Installed a new rewinder on PM III for better reel quality

Our enhanced capacity

Fibre line

Before expansion
300
TPD

After expansion
725
TPD

Paper production

Before expansion
500
TPD

After expansion
900
TPD

Overview

Pulp manufacture: The Company installed a new pulp mill/fibre line with a designed production capacity of 725 TPD from Metso, Sweden. The super batch cooking system of the new fibre line enabled the Company to increase its yield. The cooking digesters in the system are of a bigger size – 400 m3 compared with 80 m3, enabling the Company to enjoy economies of scale. The Company also installed high-speed chippers for increased capacity. The new fibre line also comprises an oxygen dilignification plant and chlorination-free bleaching process to ensure elementary chlorine-free bleached pulp to reduce water consumption and effluent discharge.

Chemical recovery: The Company invested in a state-of-the-art chemical recovery plant (capacity 1,100 TDS per day). It invested in an installed falling film evaporator in the recovery boiler, resulting in lower steam consumption. It also installed a new boiler for better black liquor firing. The new recovery system enabled the Company to recover 96.53% of chemicals compared with 94.65% in the previous recovery plant.

Paper manufacture: The Company possesses a cumulative paper manufacturing capacity of 3,20,000 TPA across six machines. The product range comprises printing and writing paper and duplex board. In 2010-11, the Company commenced the operation of its sixth machine with an annual capacity of 1,35,000 TPA. The Company is the largest manufacturer of MICR cheque paper and a leading Indian maplitho paper manufacturer. The new equipment is capable of manufacturing 1,000 mtr of paper in a minute.

Road ahead

Going ahead, the Company expects to de-bottleneck its new fibre line and paper manufacturing machine to achieve rated capacity utilisation. It also plans to use four digesters from the old fibre line to enhance pulp availability.

WCPM product differentiators

- Forest Stewardship Council accreditation
- Use of environment-friendly ECF pulp
- Dirt count less than 2 ppm resulting in product cleanliness.
- High bulk
- Excellent formation
- Better MD/CD tensile and strength ratio
- Good dimensional stability
- Low difference between the two sides
- Excellent reel build-up

Our duplex boards business

The Company's PM IV and PM V are dedicated to the manufacture of duplex boards (estimated at 7% of the total manufacturing capacity). The Company manufactures duplex boards with GSM ranging from 220 to 600 and cup stock (170 gsm). The Company's duplex boards are well accepted by users in the pharmaceutical, garment, personal cover, *agarbatti* and liquor carton sectors, among others.

Driver of excellence

quality

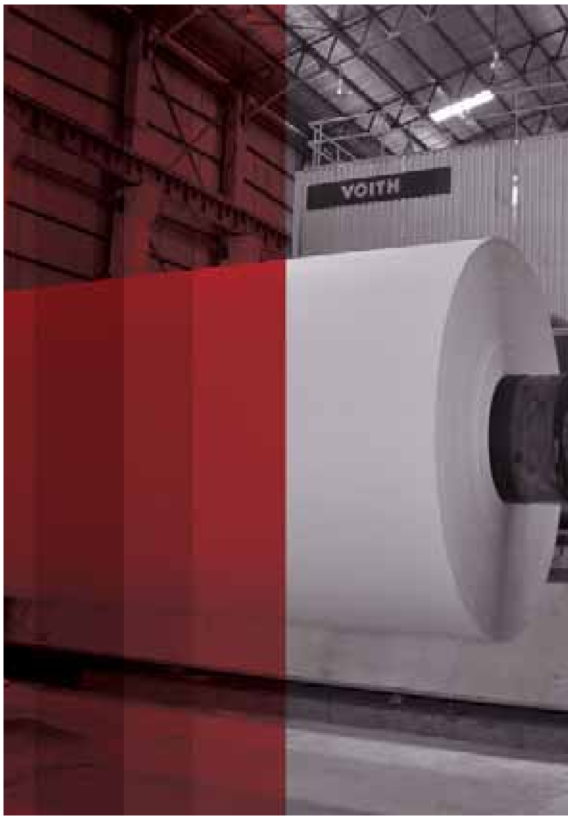
Highlights, 2010-11

- Installed autoline, a quality control equipment in the new paper manufacturing machine, the first such investment by a paper manufacturing company in India
- Installed oxygen delignification plant in the new fibre line which improved pulp colour and reduced pollution load
- Enhanced pulp brightness by 100 basis points from 87.1% in 2009-10 to 88.1%
- Introduced better quality coating chemicals to improve the quality of end products

Overview

In a business where it is imperative to use raw material of differing quality to manufacture a consistent end product across batches and time, it is also imperative to protect quality, brand and market share.

WCPM's full-fledged quality control team ensures strict conformation to quality parameters. The Company invested in a state-of-the-art quality laboratory, leading to stringent checks (calliper test, ash test, bulk test, tear factor test, opacity test and smoothness test, among others) and timely correction. The Company's manufacturing unit was ISO 9001-certified, reinforcing its commitment to world-class quality. The Company is also certified to the ISO 14001:2004 international standard by Det Norske Veritas, the Netherlands, for better environment management and the OHSAS 18001:2007 certification Occupational Health and Safety Assessment Series.



Driver of excellence

marketing

Highlights, 2010-11

- Increased copier production from 500 tonnes to 6,000 tonnes per month within three months of expansion
- Enhanced branded copier 'B2B' visibility across India
- Protected market share in the MICR cheque paper category
- Strengthened distribution to deliver products to dealers
- Expanded global footprint to Dubai, Turkey, Europe, South East Asia and other Gulf countries
- Maintained quality standards, resulting in repeat orders

Overview

In a business where it is imperative to market products around a superior value proposition across grades and geographies, the Company marketed its products more effectively.

The Company widened its reach across all Indian states. The ratio of domestic to exports was 85:15. The Company possessed a distribution base of 88 dealers. Around 35% of the Company's dealers have been associated with the Company for over 15 years.

The Company's revenue was also derived from institutional clients. MICR cheque paper was marketed to institutional clients; the Company catered to the growing needs of most security presses and banks. The Company possessed 70% of the market share in this segment. Some institutional clients comprised India Security Press, Government of India, All Security Printers, State Bank of India, Central Bank of India, Indian Bank, Bank of Baroda, HDFC Bank, Standard Chartered Bank, HSBC, Macmillan and Navneet Publications, Repro India Ltd, Manipal Printing Press and Multinsta.

Road ahead

The Company intends to extend to the manufacture of online coating paper, keeping in mind growing demand from institutional and commercial players. According to reports, there was an 8.4% growth in 2010-11 in coated fine paper grades and a 5.5% growth in uncoated fine paper grades over the previous year.

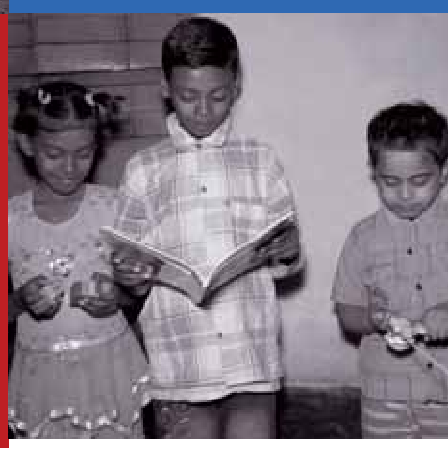
We are restructuring our marketing team, where experienced and qualified personnel will execute targets. Our 2011-12 focus will be on the retail expansion of our 'B2B' copier brand in addition to institutional sales.

Corporate social responsibility

spreading smiles

The Company is a large buyer of plantation wood from more farmers, which helps propel the rural economy.

West Coast is not only engaged in paper manufacture; the Company is also engaged in social uplift in and around its manufacturing unit in Dandeli, Karnataka.



Around **6.89** lac tonne of wood was procured by the Company in 2010-11.

West Coast is not only engaged in paper manufacture; the Company is also engaged in social uplift in and around its manufacturing unit in Dandeli, Karnataka.

Income generation

The Company is a large buyer of plantation wood from more farmers, which helps propel the rural economy. The Company procured 6.89 lac tonne of wood in 2010-11 resulting in a rural income generation of Rs. 281 crore during the year under review.

Spreading education

In line with its conviction that education leads to holistic societal development, the Company formed the Dandeli Education Society in 1963 to provide primary to degree level education to the children of employees and Dandeli residents. The Company built a primary school (Hindi medium), pre-university college and senior college and offered specialised degree courses in industrial chemistry and microbiology. It is among a few in India to offer degree and post-graduation courses in pulp and

paper science, funded by the Company and not subsidised by the government in any way. The Company also provides a functional english training course with an equipped language library. The Company provides scholarships to financially weak but meritorious students under its Vidya Vardhak Student Financial Aid programme.

The major features of the Dandeli Education Society comprise the following:

- A clear vision, goal and plan of action
- Infusion of corporate culture, coupled with values like quality focus, social responsibility, professional management and quality-cum-cost-conscious administration
- Balance between the dissemination of value-based knowledge and the dispensation of skill-based training
- Courses designed to meet industry demands
- Introduction of innovative and employment-oriented courses
- Academy-industry interaction
- Spacious and dispersed campuses
- Qualified, motivated and dedicated faculty with support staff
- Student-centric facilities and services

Spreading care

The Company provided various services to villages in and around Dandeli. Doctors employed by the Company visited these surroundings once a week to provide free medical consultation, medicines and treatment in the Company's 30-bed hospital. The hospital comprises facilities like an operation theatre, X-ray machines, ECG, ultrasonography facilities and physiotherapy units. The Company maintained equipped mobile health units. The Company provided cattle fodder and conducted cattle vaccination programmes for villagers.

Safety initiative

The Company ensured employee safety through investments in pollution-mitigating equipment, the selection of safe processes, periodic safety training and provision of safety equipment. The Company conducted hazard identification and risk assessment across all departments with preventive measures. The Company undertook regular health check-ups for employees, covering audiometry and spirometry, and is pleased to state that no illness could be linked to its manufacturing activities. The Company employed an ambulance supported by a safety officer to manage employee safety issues.

Taking care of employees

The Company maintained a self-contained residential colony for employees comprising facilities like a shopping complex, temple, hospital, theatre, club and cable TV network. Employees' children were also provided education opportunities in its colleges.

management discussion and analysis

Global economy

Real GDP expanded by 3.9% in 2010 led by strong demand in developing countries (46% of global growth in 2010). Global GDP is expected to grow 3.3% in 2011 and 3.6% in 2012. Also, GDP in low- and middle-income countries expanded 7% during 2010 (5.2% excluding India and China) and is projected to increase 6.0 and 6.1% in 2011 and 2012 respectively.

Developing countries regained growth rates close to those observed in the pre-crisis period. On the other hand, high-income countries (Europe and Central Asia) did not make major inroads on account of high unemployment and spare capacity. [Source: World Bank]

Indian economy

India began 2010 on an optimistic note led by strong growth, primarily due to increased internal demand. The growth was led by the country's service industry, helping Indian economy surge to 8.6% GDP growth in 2010-11.

According to reports, the service sector continued its buoyancy, growing by 9.6% as compared with the previous year. The major contribution came in from agriculture sector which grew by 5.4% during 2010-11 on a year-on-year basis.

Global industry overview

Global demand for printing and writing papers - the largest consumption segment – grew 6% or 5.4 million tonnes during 2010. The strongest growth was in China and India, where demand increased by more than 1.5 million tonnes. Growth in Asia, excluding Japan, was greater than the total combined growth in North America (3.6%), Western Europe (3.5%) and Latin America (12.4%). [Source: www.asianpapermarkets.com]. Paper demand is unevenly distributed as 72% of the world's paper is consumed by 22% of the world's population – in the US, Europe and Japan (Source: wrm.org.uy). Globally, over 57% of the paper industry uses wood pulp as raw material for paper production, 39% uses waste paper and only about 4% depends on agro residues. World demand for the material is expected to grow by around 3% annually, reaching an estimated 490 million tonnes by 2020, with significant growth coming out of Asia and Eastern Europe (Source: pulpandpaper.net).

Overview

- The dominant theme in the global paper industry is one of consolidation, leading to a concentration of capacity in the hands of fewer companies.
- Countries like China and Indonesia have a per capita consumption estimated at 42kg and 23kg respectively. Developed countries like the US, Canada, Germany and the UK enjoy higher per capita consumption of 300 kg, 243 kg, 233 kg and 202 kg, respectively

Indian industry overview

The Indian paper industry generated a turnover of Rs. 30,000 crores, contributed over Rs. 3,000 crore to the national exchequer and provided employment to over 1.5 million people, mostly in rural India. Domestic demand for all paper varieties was estimated at around 10 millions tonnes in 2010-11 (writing and printing 3.8 millions tonnes, packaging grades 4.5 million tonnes and newsprint about 1.7 million tonnes). The strongest growth was in China and India, where demand increased by more than 1.5 million tonnes due to the rapid post-crisis recovery from beginning of the year. In the last few years, the Indian paper industry added nearly one million tonnes of annual production capacity with an investment of nearly Rs. 8,000 crore. Expansion projects an additional half a million tonnes per year, involving an investment of Rs. 4,000 crore, are in the pipeline. (source: Indian paper manufacturer Association)

http://www.ipma.co.in/Jan-2011.htm

No of large paper mills (capacity in excess of 0.1 mn TPA) Share of large mills in total production	33 (average production 300 TPD) About 32%
No of medium/small units (capacity les that 0.1 mn TPA)	Approximately 623 (Average production ranging between 15-60 TPD)
Share of medium/small units in total production	About 68%

Industry characteristics

Core: The paper industry is considered core to a nation's progress.

Cyclical: The industry has been cyclical in the past, marked by periods of overcapacity, leading to declining realisations, shakeout, gradual increase in demand and increasing realisations.

Global: The industry is advised by global pricing cues related to pulp and paper.

Fragmented: There are about 600 paper mills in India with installed capacities ranging from 1,000 TPA to over 350,000 TPA. The top five manufacturers accounted for more than 15% of the total paper capacity.

Capital-intensive: The capital cost per tonne of installed paper capacity for integrated pulp and paper is estimated at about Rs 1,20,000 per mt/ton p.a , which is considerably higher than the corresponding cost for a steel plant (Rs 40,000 per ton).

Classification: Paper manufacturers are described on the basis of their raw material (wood, waste paper or agricultural source). The majority of wood-based producers are large players while most medium and small players are based on recycled fibre or agro-based raw material.

Environment unfriendly: The misplaced perception is that the paper industry destroys the green cover in its pursuit of raw material, depletes coal reserves to generate power and pollutes natural water resources through the release of harmful chemicals (chlorine and compounds).

Literacy support: The paper industry provides products that support the spread of literacy.

Grades

Based on its use, paper was classified across writing/printing, industrial and speciality grades. The industrial variety accounted for high volumes and held the potential for above-average growth; the writing/printing category provided high margins; specialised grades provided increasing volumes and high realisations.

Writing/printing paper: Classified into creamwove, maplitho ,branded copier and coated varieties.

Industrial paper: Classified into paperboard and kraft; paperboard can be sub-divided into duplex board, grey and white board (based on the bottom layer of board) and MG paper.

Speciality paper: Comprises security and tissue paper.

Speciality paper: comprises security and tissue paper.

Paper segment	Characteristics	Suited for	End use	Demand drivers
Writing And Printing				
Creamwove	Non-surface-sized wood free paper	Writing and printing – one colour	Text books and notebooks	Government accounts for a sizeable share of demand. Government spending and demand for textbooks / notebooks influence demand.
Maplitho	Surface-sized paper	Colour printing	Premium notebooks, writing pads, diaries, calendars and annual reports	Demand is linked to economic growth and national literacy. Corporate literature and books account for a significant share of demand.
Coated paper	Surface coated with a solution facilitating its end-use	High-quality colour printing	Printing publicity material, books, magazines and office stationery, among others	Demand influenced by corporate margins and health of the national economy
Industrial Paper				
Kraft paper	Brown paper	Packaging purposes	Corrugated boxes and carry bags	Driven by industrial growth from horticulture, textile, food and edible oils, consumer durables and FMCG businesses
Duplex board	Two furnishing payers joined together during the manufacturing process	Packaging purposes	Small cartons for the retail market	Driven by the industrial demand as a packaging material from the pharma, cigarettes, hosiery and matchbox demand

Writing and printing segment

Writing and printing paper accounted for 32% of India's paper industry. This segment offers the following advantages: large demand slice, attractive growth, value-addition, scale economies, national visibility and diverse applications.

Over the last decade, growth in this segment has been catalysed by growing literacy, organised retail, rising service sector and general national growth. Writing and printing products have been used in educational books, office stationery and statutory documents among others. Educational books and materials accounted for the highest share (around 37%) of writing and printing paper demand, generally insulated from economic cycles.

Varietywise demand of writing and printing paper

('000 tonnes)	2009-10	2010-11	2011-12	2012-13F	2013-14F	2014-15F	CAGR*
Writing and printing paper	3,113	3,327	3,499	3,766	4,142	4,487	7.6
- Uncoated Paper	2,669	2,885	2973	3,190	3,511	3,795	7.3
Creamwove	,461	1,524	1,524	1,592	1,739	1,817	4.5
Maplitho (inlcuding unbranded copier)	744	787	833	883	936	991	5.9
Branded copier cut size paper	464	534	616	715	836	987	16.3
Coated paper/art board	444	482	526	576	631	692	9.3

E-Estimated, F-Forecast

*Compounded annual growth rate from 2009-10 to 2014-15

Source: CRISIL Research

(Source: CSO)

The writing and printing paper segment is estimated to grow at 7.6% CAGR over five years. Within this segment, the copier paper niche is likely to grow at around 16%, growing its share in W&P demand from an estimated 15% in 2009-10 to 22% by 2014-15.

Paper consumption drivers

- Literacy: India's effective literacy rate touched 74.04% (provisional census data 2011), catalysing paper demand. As literacy rises, annual paper consumption is expected to increase, doubling to 20 million tonnes by 2020.
- Education: In Budget 2011-12, the government allocated Rs. 52,057 crore for education, an increase of 24% over the previous year. The allocation of Rs. 21,000 crore for Sarva Siksha Abhiyaan (the government's programme that secures the right of children to free compulsory education) represented a 40% increase.
- Service industry: The Indian GDP growth was catalysed largely by the growth of the service sector, which is expected to grow at 10.3% in 2011-12, accounting for 58% of the GDP in 2010-11. This will propel the demand for paper industry in the years to come.

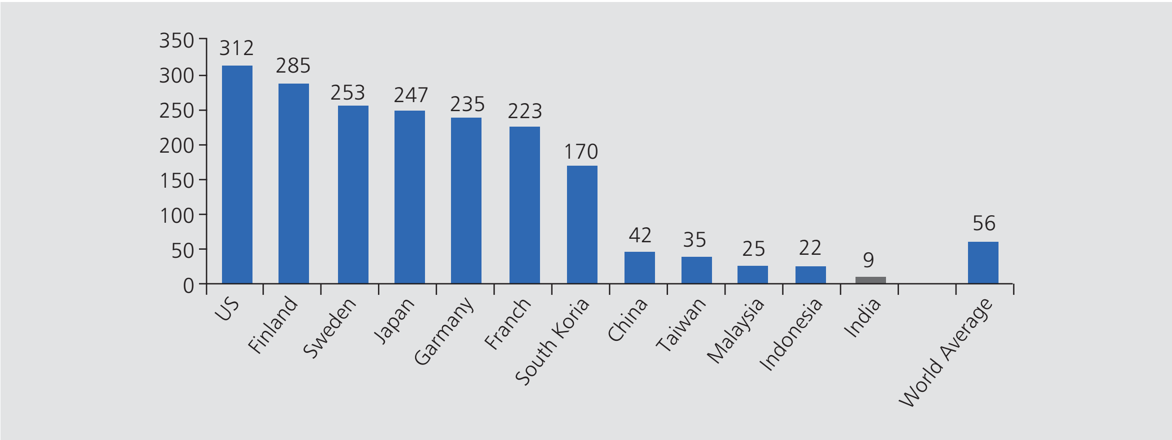
Service sector contribution to our GDP

Year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11AE
Service sector	53.0%	53.8%	54.0%	54.5%	56.2%	57.3%	57.8%

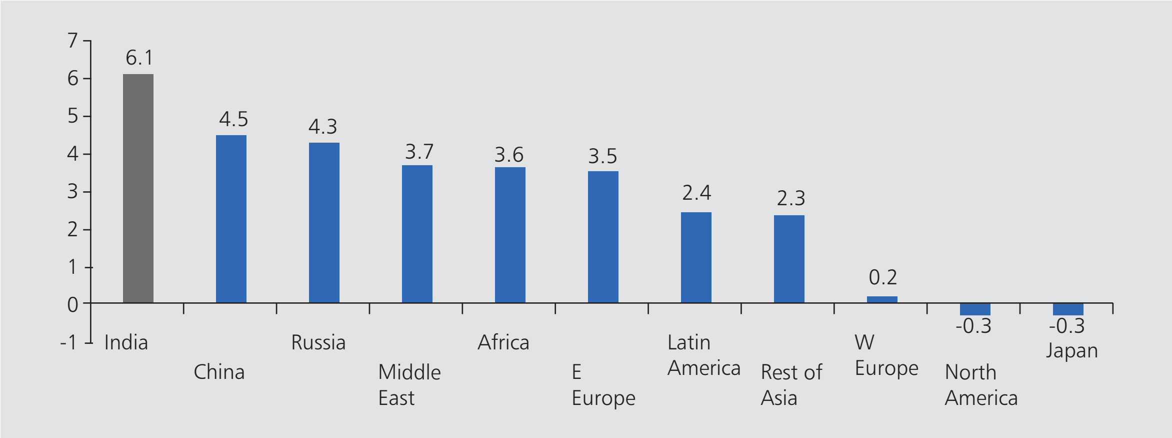
(Source: CSO)

- **Per capita consumption:** India emerged as the fastest growing major global market for writing and printing paper consumption. The strongest growth was seen in China and India, where demand increased by more than 1.5 million tonnes due to rapid post-crisis recovery. However its per capita consumption remained a modest 9 kg compared with 350 kg in some developed countries – a large potential upside. The growth in Asia, excluding Japan, was greater than the total combined growth in North America (3.6%), Western Europe (3.5%) and Latin America (12.4%).
- **Rise in earners:** India is the most populous country in the world of sub-35 years olds, indicating a large proportion of working and economically active individuals. In terms of absolute numbers, the increase in the 15-34 age-group population was from 174.26 million (31.79%) in 1970 to 354.15 million (34.43%) in 2000. The youth segment of the population is projected to peak at 484.86 million in 2030.
- **Economic growth:** India's writing and paper consumption is influenced by national economic growth, reflected in the growth of its service and industrial sectors. Paper demand is expected to grow at a CAGR of 6.7% over FY08-FY20E (Source:Asia Pacific Equity Research).

Paper per-capita consumption (kg)



Expected paper market growth 2008-20E (% CAGR)



Per capita consumption of paper in india

Year	2005	2006	2007	2008	2009	2010
Per kg	7	7.3	7.8	8.3	9.18	9.6

(source: etintelligence)

GDP in India

Year	2005	2006	2007	2008	2009	2010
%age	9.5	9.6	9.3	6.8	8	8.6

Success drivers

In a challenging business, corporate success is derived from the following factors:

- Location: Proximity to raw material (forests and coal pit head) is critical for success. Mills relying on the import of raw material (soft pulp and waste paper) need to be close to a port and well-connected to the internal markets.
- Raw material: Proximity to raw material reduces freight; access to adequate water availability is critical.
- Capacity: Increasing demand and a need for lower costs (arising out of economies of scale) catalyses the need for an adequately high production capacity.
- Product mix: A high proportion of high demand products drives mill profitability.
- Integration: The integration of pulp, paper and power generation is critical.
- Utilisation: High asset utilisation will result in increased productivity and lower operational costs.
- Branding: This helps distinguish superior products in a competitive marketplace, generating a premium.
- Social responsibility: A company is recognised by its social commitment, reflected in environment or social programmes for the benefit of employees and neighbouring community.
- Government support: In Budget 2011-12, the import duty on waste paper and wood pulp was reduced from 5% to 2.5%; the government announced a 24% increase in its education outlay.

Plantations overview

With changing dependency on the regeneration of wood and demand profile, India is likely to face a wood deficit of 20 to 70 million cubic metres by 2020.
(Source: Industry)

This challenge is partly born out of the inequity in India's land use pattern; forest land represents the second-largest land use in India (after agriculture), but contributes only 1% of the country's GDP. Degraded wastelands are estimated at 60 million hectares out of which 33 million hectares constitute degraded forest lands (source: Planning Commission).. This makes the case for institutionalised agro-forestry imperative.

Industry initiative

According to the Planning Commission, the West Bengal project showed that about 2000, people engaged in forest protection committees regenerated more than 300,000 hectares of sal forests with little extra investment, simply on the promise of sharing wood and non-wood products.

The Forest Survey of India's latest biennial report suggests that while the overall green cover in the country increased 2.8% in two years, forest cover was up by only 0.005% and the tree plantation outside the forests grew 22.6%. Over the few years, the Indian paper industry has helped redress the imbalance. According to reports, the social forestry initiative has brought more than 40,000 hectares under pulpwood plantations. Mills registered by Indian Paper Manufactures Association covered 125,000 hectares in the last few years and targeted an additional 70,000 hectares in 2011-12.

Social forestry can dominate carbon trading; a non-timber forest can represent a valuable source for bio-chemicals; the greening of around 10 million hectares of degraded forest land can result in 500 million tonnes of sink in carbon dioxide.

Benefits of social forestry

- Rural employment
- Forest management
- Agro and farm forestry
- Improved fire management
- Development and management for trails and recreation sites
- Expansion of urban green spaces
- Restoring degraded forests

Environment management

A ton of paper needs around 3.5 tonnes of wood, 1500 kWh of power, 1,000 kgs of coal and around 100 cubic metres of water. Consequently, the need for environmental integrity is emphasised.

Chemicals: Paper manufacture has been labeled as 'polluting'. The chemicals used in the manufacturing process include caustic soda, chlorine dioxide, hydrogen paraoxide, dyes and resins, among others. These are considered harmful if discharged. Also the foul odour emitted, is presently eliminated with modernised equipment like super batch digesters. As far as air pollution is concerned, it is in the form of particulate particles released.

Energy: The Indian paper industry is energy-intensive. The entire process of manufacturing paper requires 75-78% of energy consumed.

Cable division

There are 12 manufacturers of optical fibre cables having an installed capacity of 700,000 km. it is envisaged that in the current year, the requirement of BSNL for OFC will be about 50,000 km. besides, RAILTEL Corporation Ltd will come up with a requirement of 2,000 km after a gap of a year. New private players like Aircel, Tulip Telecom, among others, are also coming up with a requirement of 15,000 km and 3,000 km. Other private players like Reliance, Bharti, TATA Teleservices, VSNL and Vodafone among others will also be expanding their infrastructure after successful launch of 3G which will generate additional demand for cables. Considering growing demand for bandwidth in telecom network, the Company is focusing on high fibre count optical fibre cable.

Opportunities and threats

Paper division

Opportunities	Threats
■ Strong economic growth ■ Impetus on education ■ Tremendous growth potential in copier paper segment ■ Increase in export potential ■ Improvement in quality of end-product with state-of-art of equipment	■ Free concessions to large paper mills in other countries – increasing competition through cheap imports ■ Availability of raw material – namely wood and pulp ■ An economic slowdown will impact paper industry growth ■ Increasing competition from unorganised sector ■ Stringent environmental laws as per CREP guidelines ■ Adverse budgetary policies for paper industry ■ Fluctuations in foreign currency

Cable division

The telecom subscriber base is growing rapidly. Besides BSNL and MTNL, the new private players are positioning themselves aggressively and are expanding their infrastructure rapidly. BSNL and MTNL are trying to retain their supremacy. The opportunities in providing triple play services (voice, data and video) and 3G requiring higher bandwidth and e-governance projects are driving the demand for optical cables. OFC has a bright prospect as tele-density continues to grow rapidly. Ministry of Information Technology has also taken up projects at state levels to implement e-governance to be spread up to panchayat levels. However, owing to industry over capacity and continued stiff competition, the margins are under pressure.

There being too many cable manufacturers, it has developed stiff competition in both private and government customers. This has resulted in non-remunerative prices. Emerging new technologies like CDMA based WLL will to some extent outpace conventional cable base business. Private customers like Reliance, Bharti and TATA, among others will generate new requirements only after the successful launch of 3G.

Effects of pollutants

- The unrestricted discharge of VOCs form ozone, which causes health problems
- Untreated air pollutants are suspected to have serious health effects
- Exposure to dioxin and furan can cause skin disorders, cancer and reproductive effects

Water resource: Paper quality parameters such as printability, runability and cross-section variance, among others, depend on competent water management. Water is a primary vehicle for all causes like corrosion, deposition, fouling and failure problems in a paper mill.

Water consumption (per MT of paper)

Particulars	Global paper mills	India paper mills
Wood-based paper mills	50-75	160-200
Waste paper-based mills	10-25	70-100

Outlook

Paper division

The Indian paper industry is estimated to grow at a CAGR of 10.7% from 317 billion 2009-10 to Rs. 526 billion by 2014-15, catalysed by the growth in the country's service sector. The 6,00,000 TPA copier paper market is expected to grow at 14% over the next few years. The printing and publishing industry is expected to grow at CAGR of 15% over the next few years, increasing the demand for overall paper industry.

Cable division

OFC demand is projected to grow by 20% to over 6 million FKM in the current year. The increase in the demand for OFC will be driven by the use of cable TV, roll out of broadband networks using OFC and the use of OFC for laying and expanding national long distance networks. As OFC demand increases and no major capacities are expected, the division's performance is set to improve further. The Company has been successful in making inroads into the export market in Europe, Vietnam, Bangladesh, Egypt and Dominican Republic and focuses its efforts in this direction.

Diversification and new product development

Sudarshan Telecom set up the manufacture of PIJF copper telephone cables in 2002, unfortunately the demand started due to the focus of telecom operators on wireless telephony. The demand shifted towards optical fibre cables and ultimately the PIJF plant operation was suspended during 2007.

During the year under review, the Company took a decision to restart the use of copper telephone cable infrastructure with marginal investments to manufacture control cables, railway signalling and quad cables. Accordingly, all the required balancing equipment was installed and obtained BIS approval for manufacturing control cable and approval from Railways for manufacturing of signalling and quad cables. We have started getting orders for control, signalling and quad cables. Control cable worth Rs. 1.26 crore was manufactured and sold in 2009-10 and the order worth of Rs. 4.10 crore is pending for dispatch as on March 31, 2011.

Company overview

The West Coast Paper Mills Ltd is the flagship company of the SK Bangur Group (incorporated in 1955). The Company is one of the leading integrated paper and paperboard manufacturing companies in India with an installed capacity of 3,20,000 tonnes per annum of paper. The Company manufactures the following:

- Writing and printing paper (uncoated, surface size paper and specialty paper) and industrial paper (packaging paper).
- Within the uncoated paper segment, the Company manufactures maplitho paper (commercial printing), MG poster paper and board, creamwove paper (notebooks), maplitho deluxe (computer stationery), MG (Manila/Bristol board), HL (stiffener paper used by FMCG companies to support wrapping).
- The surface size paper manufactured by the Company comprised copier paper, surface-sized papers with additives, while specialty paper comprised MICR cheque paper, parchment paper and security paper.

Located in Dandeli (North Karnataka), the Company's manufacturing facilities are spread across 240 acres with the river Kali flowing close by. The Company invested in a sophisticated ECF pulp manufacturing capacity in a state-of-the-art, fully-automated and fully-integrated paper manufacturing line. The Company is self-sufficient in power, with thermal power generation capacity of 70.3 MW, apart from 12.84 MW multi-fuel-based power plants; there is a surplus of 20 MW which the Company can export once permission to lay a 110 KVA line is granted by the government

The Company's registered office is in Dandeli, corporate office in Bangalore, and four zonal offices at Mumbai (Maharashtra), Kolkata (West Bengal), Chennai (Tamil Nadu) and New Delhi (Delhi). The Company's well-established market presence comprises a dealership network across 38 cities in 15 states.

Segment-wise or production-wise performance:

The Company operates in various segments – paper/paperboard (including duplex board) at Dandeli and telecommunication cables at Mysore, apart from wind mills (1.75 MW) in Tamil Nadu. The detailed segment-wise performance has been indicated in the Directors' Report.

(Rs. in lakh)

Segment	Turnover 2010-11	Turnover 2009-10	Turnover 2009-10
Paper and paper board	1,079.68	611.81	618.91
Optical fibre cable	29.03	38.20	43.44
Windmill	0.43	0.49	0.35
Total	1,109.14	650.50	662.70

Human resource

The Company recognises the importance of people in its growth and formulated a human resource development strategy comprising need-based training. Employees were encouraged to attend seminars, lectures and training. Key performance indicators by department heads were subjected to a monthly management review meetings.

Risk management

Risk is an expression of the uncertainty regarding events and the possible outcomes that could have a material impact on performance and profitability. Risk management is the process of identifying, assessing and taking proactive measures to minimise or eradicate the potential loss arising due to exposure to particular risks.

At WCPM, a comprehensive and integrated risk management framework is followed, comprising a clear understanding of strategy, policy and initiatives, prudential norms, structured reporting and control. This approach ensures that the risk management discipline is centrally initiated by the senior management, but prudently decentralised across the organisation, percolating to managers at various organisational levels. The consistent implementation of this framework is stringently monitored by the compliance team, supported by audits and ongoing reviews, leading to an accurate understanding of the organisation's position. Consequently, only those business decisions are taken that balance risks and rewards.

INDUSTRY RISK

Industry downturn could impact the offtake of the Company.

Risk mitigation

- The paper demand for both copier and packaging segment is growing annually at the rate of 15% while other segments are growing at 5-7%
- At 9.2 kg per capita consumption, paper consumption in India is lagging behind China (42 kg) and 350 kg in the developed world, which should correct with speed now that the Indian economy is sustaining a high growth rate.
- With government's continuous thrust on education, paper consumption is expected to grow significantly. An increase in one kg of per capita consumption will create an additional demand for 1.2 million tonnes of paper.

COMPETITION RISK

Growing competition could dent profitability.

Risk mitigation

- The Company installed a new fibre line, the latest in India to manufacture elementary chlorine-free bleached pulp.
- The Company's new paper manufacturing machine (PM VI) is capable of manufacturing copier paper with lower grammage but higher bulk without compromising the smoothness on either side.
- The Company is self-sufficient in power generation, enabling it to manage input costs better

TECHNOLOGY RISK

Technology obsolescence could impact operations.

Risk mitigation

- The Company invested in a state-of-the-art new paper manufacturing machine with a speed of manufacturing 1,000 mtr of paper a minute, one of the fastest in the world
- The new paper manufacturing machine also enables, excellent sheet formation with high bulk and smoothness benchmarked with the best global standards
- The Company installed an automatic cutter and packaging line in the new machine to enable faster paper cutting and packaging
- The new fibre line ensures higher chemical recovery, resulting in higher steam generation and less specific steam consumption per tonne of paper

RAW MATERIAL RISK

Unavailability of raw materials could impact operational continuity.

Risk mitigation

- The Company raised plantations across more than 30,000 acres which will start generating wood from 2011-12 onwards
- The Company has targeted 10,000 acres for tree plantation annually, addressing 50% of its raw material requirement
- The Company is expected to receive the forest management certification under forest stewardship certification (FSC) which will enhance the acceptance of its products in Europe

QUALITY RISK

Inconsistent and below-par product quality could affect the revenue growth

Risk mitigation

- The Company has a full-fledged quality team to monitor in-process quality checks, end-products and packaging, among others
- The Company invested in autoline quality control equipment for PM VI (first by any paper manufacturing company in India) to help deliver quality check reports within 8-10 minutes, enabling faster corrective measures.
- The superior and consistent paper provided by the Company resulted in repeat orders from institutional buyers

ENVIRONMENTAL RISK

Non-conformance with environment norms could invite censure and plant closure.

Risk mitigation

- The Company complied with all environment compliance norms laid down by the state and central governments
- The new fibre line manufactured elementary chlorine free pulp, a cleaner process
- The Company's new electrostatic precipitator reduced emissions way below stipulated norms
- The Company's state-of-the-art paper manufacturing machinery increased water consumption marginally in spite of capacity increase by 78%.
- The Company commissioned processes to reduce odour emission compared to the conventional manufacturing process
- The Company targeted fallow land for tree plantation that would enhance tree cover

Internal audit and control

The Company has an adequate system of internal controls to safeguard it from loss, unauthorised use or disposition of its assets. All transactions are properly authorised, recorded and reported to the management. The Company follows all applicable Accounting Standards for proper maintenance of the books of accounts and reporting of financial statements. The Company has an Internal Audit department and has also appointed external auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

Discussion on financial performance with respect to operational performance

This has been dealt with in the Directors' Report.

Human resource management

The Company employed 2,628 people as on March 31, 2011 as against 2,620 people as on March 31, 2010. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels. The tripartite settlement with the Joint Negotiations Committee/Unions was in force from January 1, 2007 to December 31, 2010 and fresh settlement is being negotiated. West Coast Paper Mills in its full-fledged township in Dandeli, has adequate apartments and colonies for accommodating its employees. This township has been built taking into consideration the basic requirements of its employees thereby well-equipped with all the vital utilities like schools, colleges, banks and hospitals, among others.

Cautionary statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. 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.

directors' report

Your Directors are pleased to present the 56th Annual Report of the Company, together with the audited accounts for the year ended March 31, 2011

Financial Results

(Rs. in lacs)

	2010-11	2009-10
Profit before Interest, Depreciation & Tax	24,525.12	11,739.98
Less: Interest	5,605.73	1,215.72
Gross Profit before Depreciation & Tax	**18,919.39**	**10,524.26**
Depreciation	9,610.55	2,377.05
Less Profit before Tax	**9,308.84**	**8,147.21**
Taxation – Current	1,900.00	1,400.00
– MAT Credit Entitlement	(1,809.22)	(1,370.17)
– Deferred	209.88	2,647.17
Profit after Tax	**9,008.18**	**5,470.21**
Add: Balance brought forward	3301.74	493.21
Amount available for Appropriation	12,309.92	5,963.43
Appropriation:		
Capital Redemption Reserve Account	6,500.00	–
General Reserve	900.82	547.02
Dividend on Preference Shares	552.50	552.50
Dividend on Equity Shares	1,254.98	1,254.98
Tax on Dividends	286.23	307.18
Balance carried forward	2,815.39	3,301.74
	12,309.92	**5,963.43**

Dividends

For the year ended March 31, 2011, your Directors declared and paid interim dividend @ 8.5% on 65,00,000 Cumulative Redeemable Preference Shares of Rs.100 each and no further dividend is recommended on the said Preference Shares. Further, your Directors recommend a dividend of Rs.2 per equity share (100%) on 6,27,48,908 Equity Shares of Rs.2 each, subject to members' approval for the accounting year 2010-11.

Performance

The working results of the Company reflect a crystallised narrative of its strong and rapid pace as well as its innate and intrinsic strength for sustained future growth. The Company has been able to register fairly satisfactory working results compared to the previous year due to expanded capacity of paper production. Teething problems associated with the operation of the equipment installed under the said expansion programme have been jointly overcome by the Company and the suppliers. The Company has been able to absorb and adapt to the hike in the costs of inputs: Raw Material, Chemicals, Coal, Furnace Oil, among others. It is to be noted that the results have been achieved in spite of the formidable odds posed by the hike in costs. It is expected that the full harvest of the expansion programme will be reaped in the course of the ensuing year for which indications are positive.

The Company posted gross profit of Rs. 189.19 crores as against Rs. 105.24 crores in the previous year – higher by Rs. 83.95 crores (80%) whereas net profit also increased from Rs. 54.70 crores to Rs. 90.08 crores - by Rs. 35.38 crores (65%).

Division-Wise Performance

A) Paper And Duplex Board Divisions

The production of paper, paperboard and Elemental Chlorine Free (ECF) bleached Hardwood Pulp was 2,67,005 MT (including 95,475 MT on new Paper M/c No.VI) against 1,73,638 MT in the last year, higher by 93,367 MT. The sale of paper, paperboard and ECF bleached Hardwood Pulp was 2,67,994 MT against 1,75,194 MT in the last year, higher by 92,800 MT.

The turnover during the year was Rs. 1079.63 crores as against Rs. 611.81 crores in the previous year (both inclusive of excise duty), higher by Rs.467.82 crores, due to increased production/sale.

Excise duty on paper and paperboard increased from 4% to 5% with effect from March 1,2011, and passed on to the market.

B) Cable Division – Mysore

Production and sales of optical fibre cable in terms of quantity increased during the year under review to 27,951 km and 27,985 km, as against 18,003 km and 17,790 km in the previous year. Sales of optical fibre cable in terms of value, however, reduced to Rs. 27.75 crores as against Rs. 38.13 crores (both inclusive of excise duty) during the previous year on account of lower demand of higher sizes and stiff competition among the private telecom operators which resulted in lower sales realisation.

Part of the facilities of the non-operating PIJF plant were utilised for manufacturing Control Cable. Its production and sale was 248 kms, worth Rs.1.25 crores. Total turnover of the cable division during the year was Rs. 29.00 crores as against Rs. 38.13 crores (both inclusive of excise duty) during the previous year.

Exports

The export of paper, paperboard and duplex board increased from 4,881 MT worth Rs. 17.07 crores (FOB) in 2009-10 to 13.650 MT worth Rs. 53.07 crores (FOB) in 2010-11. 1519 kms of cable worth Rs.1.57 crores were exported in 2010-11 compared to 1,808 kms of cable worth Rs. 3.78 crore in 2009-10.

Raw Materials

The Company has procured 6.89 lakhs MT of wood and bamboo against 4.41 lakhs MT in the previous year. The department is geared to meet the enhanced requirement of 9 lakh MT per annum raw material. Arrangements are in place, including the infrastructure for procurement of above quantity of wood from the states of Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra.

Extended monsoon in parts of Andhra Pradesh and Tamil Nadu has affected the harvesting of pulpwood during September 2010 and November 2010 resulting in drop in stock levels of raw materials among almost all the users. This has created a situation of panic among users, consequent to which the procurement rates have gone up and created a disturbance in supply and demand equilibrium. In addition, logistic costs have gone up due to increase in the labour wages and petroleum products price hike. The availability of labourers for debarking and harvesting work has reached a critical situation and therefore mechanisation is the only option for the future. Necessary steps are being taken to identify suitable equipment, which can suit the prevailing conditions without affecting overall productivity and cost.

The cost of pulpwood has gone up in the year by 11.40% on account of increase in royalty, procurement rates as well as freight charges (rail and road). Procurement rates are also likely to go up further in the current year on account of stiff competition and reduced availability, the main reasons being farmers shifting to agriculture crops owing to high commodity prices and pulpwood being diverted in many areas and used as a bio fuel for electricity generation.

Plantations

The Company is marching forward in its efforts to mitigate climate change and create Rural Economic Development within a radius of 300 kms through a unique popular scheme known as "Contract for Farming", wherein it is envisaged to cover around 10, 000 acres of plantations during the 2011 rains with the best plantation management practices. This proactive scheme enables the Company to impart economic benefits to the communities who have come forward voluntarily and have consented to provide their unproductive, barren or degraded land to cultivate the fast-growing pulpwood tree species. This apart from improving the productivity, will also enhance soil fertility and improve subsoil moisture thereby improving water levels. In this scheme there is no conflict between growing agriculture crops and tree crops as the land in question is degraded and unfit for agriculture crop cultivation.

The Company's popular scheme, has stopped the migration of rural youth to cities, by creating employment opportunities for 450 man-days per acre annually to the local population, enhanced their income and thereby their standard of living and family life. Additionally, another 100 man-days per

hectare employment is being generated annually for harvesting operations. The lops and tops are provided free of cost to the locals as firewood. 1 Ha of hi-tech plantations saves 20 Ha of natural forests as same quantity of firewood is available from the hi-tech plantations. The interspacing nutritious and fertility-enhancing grasses grown in the plantations will act as source of fodder to the village cattle. In this arrangement since the farmers/growers are bound by the contractual agreement there is commitment and guarantee of supply of pulpwood on a sustainable basis.

Our plantation efforts have supplemented soil conservation efforts in the area on account of scientific land management techniques of creation of check bund, planting across the contour, among others, thereby preventing soil erosion/degradation and enhancing water retention.

All these efforts have contributed in improving the pulpwood yield per acre, which in turn enhanced the income of the landowner. Such economic benefits have encouraged more and more landowners to join this popular scheme within the target area.

We have established mosaic plantations in synchronisation with the local vegetation/ farming operations, without converting land use to ensure long-term ecological principles of conservation.

Till now, an area of 21,916 acres of degraded/waste lands has been covered under Core plantations scheme within a radius of 300 Kms of Dandeli. Preparations are in progress to cover an area of about 10,000 acres for the 2011 rains.

The Company has also adopted the farm forestry approach involving local farmers to source a part of its raw material through them. In the financial year 2009-10, 90% of pulpwood was sourced through farm forestry and 10% from government sources. However, in this arrangement, there is no assurance from the farmers regarding the sustained supply of pulpwood with respect to quality and quantity and also rates which are driven by the market forces.

Distribution of seedlings to the farmers and extension services is provided in the States of Karnataka and Tamil Nadu. This also contributes to the overall availability of raw material within the catchment area. The Company has distributed 118.35 lakh seedlings during 2010-11.

In order to improve the productivity of Eucalyptus, Acacia, Casuarina and Leucaena (Subabul), dedicated research is required by all the users and necessary steps are being taken to evolve a strategy for the benefit of all the farming community.

The Government of Karnataka has taken a policy decision on February 8, 2011 to ban raising of Eucalyptus wood on all government lands in Karnataka and instructions have been issued to the forest field force for implementation of this ban. The Industry has represented against the same as it will affect wood availability from State sources.

Forest Stewardship Council (FSC) Certificate:

The Company is certified for FSC Chain of Custody and FSC Controlled Wood, which indicates that the Company is using wood from responsible forests and well-managed plantations and ensures that only legally harvested wood is used for manufacture of paper/paperboard. At present, the Company is in a position to manufacture and use FSC recycled logo on paperboards. The process of getting FSC 100% certification for the plantations is in progress.

Expansion Programme

The Company has completed the expansion programme to increase paper production capacity from 1.80 lakh TPA to 3.20 lakh TPA and thermal power generation capacity from 40.3 MW to 70.3 MW. The operations of the new ECF Fibreline, Chemical Recovery Boiler, Power Plant and Paper M/c No.VI have stabilised during the year under review after resolving the teething problems faced initially.

Preference Shares

The Company has redeemed the 8.5% 65,00,000 Cumulative Redeemable Preference Shares of Rs.100 each, amounting Rs. 65 crores issued to IFCI Ltd., Delhi, today by exercising its option to pre-pay the same as per subscription agreement dated March 30, 2009. Interim/Final Dividend for AY 2010-11 and 2011-12 (for the period from April 1 to May 23, 2011) was also paid along with redemption amount.

Non-Convertible Debentures

The Company has also redeemed the Non-convertible Debentures of Rs. 65 crores issued to Axis Bank Ltd on March 30, 2011, by exercising its option to pre-pay the same as per subscription agreement dated March 26, 2009.

Exchange Rate Variation

The Company has reinstated Foreign Currency Loans/External Commercial Borrowings of USD 159.92 Million at the exchange rate prevailing as on March 31, 2011 and the exchange rate difference of Rs. 9.43 crores has been added to the cost of Fixed Assets, as per Accounting Standard AS-11 issued vide Notification No.G.S.R. 225(E) dated March 31, 2009 by the Ministry of Corporate Affairs.

ISO 9001 (2008) Quality Management System

The Company is certified to the revised ISO 9001 (2008) international standard Quality Management System (QMS) by Det Norske Veritas, the Netherlands. The validity of this certification is up to May 2013. The Company remains fully committed to continually improve upon the implemented QMS for various operational processes and services under the scope of the prevailing change management scenario.

ISO 14001 (2004) Environmental Management System

The Company is certified to ISO 14001 (2004) international standard by Det Norske Veritas, the Netherlands. The validity of this certification is up to January 2012. The Company stands committed to continually improve upon the implemented EMS at its existing site using the best available technology and ensuring full compliance with relevant environmental enactments, which apply to its existing operations and also as a commitment towards corporate responsibility on environmental protection and fulfillment of Corporate Governance as well.

OHSAS 18001 (2007) Occupational Health And Safety Assessment Series

Occupational Health and Safety has been recognised as an integral part of the Company's Business Process. In consequence, the Company continues to maintain its OHSAS 18001(2007) certification from Det Norske Veritas, the Netherlands. The validity of this certification is up to January, 2012. An unstinted compliance of all the required elements of the OHSAS management system further reinforces our commitment to comply with Health and Safety standards and legislations.

Corporate Social Responsibility

The Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes beyond mere cosmetic philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership and mutual

trust for inclusive development. Compliance to Corporate Social Responsibility Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India, in December 2009 and our honouring of these guidelines in letter and spirit, is as under:-

1) Caring for total stakeholders:
The corporate culture of the Company has been continually stakeholder-centric, keeping their well-being and their holistic development as the ultimate goal of its endeavours and creating value for everyone concerned.

The company secretariat has a special cell, which is always alert regarding the concerns as well as the complaints of the shareholders, be it the ones expressed at the Annual General Meeting or those brought to notice through continuous correspondence and feedback. A highly vigilant and responsive Welfare Cell takes care of the welfare needs of the employees and their families with round the year welfare activities such as centrally monitored colony maintenance of roads, lighting, water supply, drainage and sanitation. The safety and security of the colony dwellers is constantly supervised by the respective departments. Civic amenities such as Hi-tech hospital facilities, Temples, Playgrounds, Health Gym, The Shopping Complex, The Employees' and Officers' Clubs, the Employees Credit Co-Operative Society, a 1200-seater Auditorium, the Cable TV, among others, are maintained making the colony a compact, self-contained township for a comfortable, peaceful habitation. The Company has also extended civic facilities in satellite colony areas such as Sudarshan Nagar and Vinayak Nagar bordering the colony, where the employees are provided residential quarters by the Company. Customers' cares and concerns are duly attended by the Marketing Division as well as the Quality Control department. The countrywide chain of Company's paper dealers reaches out to the end-customers to ensure their satisfaction. Paper dealers' conclaves are organised periodically to take care of their problems along with those of the customers. The Company's supply line operates smoothly with adequate transport and communication facilities along with parking and night halt facilities for road transporters.

A significant dimension of the Company caring for its stakeholders is the support extended to the far off poor farmers whom it supports with technology and genetically engineered saplings for the cultivation of trees on dry and fallow lands. As a result of this, hundreds of farmer families in the region are able to take up farming on wasteland as a profitable commercial venture. Caring for the farmers is a cardinal principle of our corporate social responsibility.

The Company is thus constantly in touch with its various stakeholders and its operations are carried out in tandem with them and ensuring their involvement, inclusive development and growth.

2) Ethical Functioning
The Corporate Governance of the Company is primarily based on time–honoured practices of business ethics, accountability, and transparency. The Company opens itself up to public audit during Public Hearings at the time of the launching of new projects. Frequent Press Meets are held to ensure transparency to the public in addition to clarifications to members at Annual General and Extra-ordinary General Meetings.

3) Respect for Workers' Rights and Welfare
The Company has created a good, clean and healthy workplace environment which assures safety and security where the workers can work with dignity.

Freedom of association is guaranteed to the labour force and the Company enters into Agreement with the Joint Negotiations Committee directly elected by the workers in the factory as their representatives through secret ballot conducted in the presence of officials from the Labour Department of Government of Karnataka. Child labour exploitation and discriminatory practices in recruitment and employment are scrupulously avoided.

4) Respect for Human Rights

All care and precautions are taken to avoid any cases of complicity with human rights abuses in workplaces and operational areas.

5) Respect for Environment

Being an ISO 14000 (2004) certified company has increased our commitment to preserve the environment. With the commissioning of the Expansion programme and the installation of the state-of-the-art Effluent Treatment Plant, pollution and waste are being minimised. It is noteworthy that the Company has carried out the expansion programme in its existing premises only without claiming any additional land thereby contributing to the optimal use and preservation of precious natural resources. With the new equipment and environment friendly technologies, particularly Elementary Chlorine Free (ECF) Fibre Line in place, the requirement of water for the mill operations is also reduced proportionately. The Company's commitment to environmental issues and re-greening of the earth can be explicitly seen in its plantation programme, which has covered 21,916 acres of land in surrounding regions of Dandeli. Under this programme, 125 lakh genetically superior seedlings are distributed to farmers in the rural areas along with the technical know-how to grow crops from sowing to harvesting. This has resulted in the greening of large tracts of barren/degraded land.

6) Social and Inclusive Development Activities:

The Company has an impressive track record of social and economic development of the community in whose vicinity it operates. Through Dandeli Education Society, the Company's educational outstretch, quality education has been made available to the students of Dandeli and the surrounding areas right from the nursery to the post graduate level. Thanks to the institutions run by Dandeli Education Society this backward tribal area has produced Doctors, Engineers and other professionals in large numbers. During the year under review the Company continued to support the educational activities of the said Society by creating necessary infrastructural facilities and learning resources. It also supported the educational institutions financially. It is worth mentioning that Bangurnagar Colleges of Dandeli Education Society have introduced job-oriented and skill enhancement courses like Computer Training, Industrial Chemistry, Microbiology and Functional English. The first-of-its-kind four-year B. Sc. Pulp and Paper Science Degree course and M.Sc. (Tech.) programme in Pulp and Paper Science which are basically run on the Company's financial support, produce graduates who are assured of 100% placement in Paper and Allied industries. Running of these courses purely on Company support holds out a vibrant testimony to its passionate commitment towards social development of the region.

The high quality, selfless services rendered by Dandeli Education Society have been highly commended by national quality accreditation agency-NAAC (National Assessment and Accreditation Council).

Dandeli Education Society's Bangur

Nagar Degree College has adopted a unique system of elections to the Students' Union, wherein each Class elects its representative by "opinion poll" and the so elected class representatives from among themselves elect the General Secretary of the Students' Union. This eliminates fierce campaigning and associated untoward incidents, generally seen in Colleges' Students' Union elections.)

The Company's student support programmes include distribution of subsidised exercise Note Books to the students of Dandeli and financial assistance to High School & College Students of Dandeli under Vidya Vardhak Student's Financial Assistance Scheme. During the year under review, subsidised notebooks and financial assistance was distributed to 7500 and 541 student-beneficiaries, respectively.

The Company partnered with The Energy Research Institute (TERI), Panjim, the University of Rhode Island, USA, and Bangurnagar Degree College, Dandeli and carried out long term tests of Riverbank Filtration (RBF) technology to provide good quality drinking water from Kali river to some of the villages situated on the river bank. The RBF filtrated water meets all drinking water standards. This community Operated Water Treatment System has initially been extended to the villagers of Kariampalli and Mynaal villages and in the coming years will be extended to the nearby villages of Harnoda, Sakshalli and Kerwad where at present the Company is supplying drinking water from Dandeli through pipe lines.

In addition to the supply of potable water to these rural areas, the Company has also introduced rural health visits by doctors and medical staff periodically to these surrounding villages as a measure of rural health care.

The city of Dandeli which looks up to the Company as its life line has also drawn much from West Coast for its cleanliness, health, beautification, as well as social and cultural life. The Company has been a major supporter in the developmental activities of Dandeli city networking with the City Municipal Council and NGOs and service organisations such as the Rotary Club, the Lions Club, Indian Medical Association (IMA), the Karnataka Sangha, Kannada Sahitya Parishat, among others. In association with the local Rotary Club the Company felicitates the top rank holders to the city in various public examinations annually. The Company has substantially supported the Medical Camps, Eye Operation Camps organised by Rotary Club, Lions' Club and IMA. It contributes regularly to the Public Library and Reading Room maintained by the local Karnataka Sangha for the benefit of the public and the ex-employees of the Company.

Innumerable socio-cultural and religious programmes organised by the local organisations are inevitably sponsored/supported by the Company. During the year under report the Company has supported the organisation of the Uttara Kannada District Level Sahitya Sammelan held in Dandeli.

The Company has also taken up the maintenance of a public garden of City Municipal Council. Recently an impressive aesthetic Welcome Arch to the city of Dandeli has been erected by the Company on behalf of the City Municipality. Several Social, Cultural, Sports and Spiritual events in Dandeli are supported by the Company by providing Shri Ranganath Auditorium and Deluxe Grounds along with financial and other support.

Contribution to Tribal/Vanvasi's development

Located in a Tribal/Adivasi region, the Company has been, since its inception, contributing to the development of

Tribal/Adivasi communities. As mentioned above, the Company has made arrangements for drinking water supply to some of these villages. To empower them with education, in the course of the year under review, the Company has built a hostel for Tribal/ Vanvasi's girls students.

The West Coast Paper Mills has been the lifeline of the city of Dandeli. Communities around Dandeli are generally dependent on the Company for most of their day to day needs also. The Company is sensitive to the needs of the local community and helps it throughout the year for satisfying the basic needs like water supply as well as in emergencies such as extinguishing fire and medical emergencies. The Company is sensitive to these needs of the local community and helps it round the year. Thanks to these good samaritans, the Company has been able to synthesize its own interests and activities with the general needs of the community and in the process become a part of the dreams and aspirations of the local society.

Conservation Of Energy, Research And Development, Technology Absorption & Foreign Exchange Earning/Outgo

The information required under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of the Directors) Rules, 1988, is annexed hereto and forms a part of this report.

Particulars Of Employees

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956, are given in a separate Annexure to this Report.

Management Discussion And Analysis

A comprehensive Management's Discussion and Analysis Report, forming a part of the Corporate Governance is carried elsewhere in this annual report.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Corporate Governance Report is made a part of this annual report.

A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreements is attached with this report.

The Company is complying with Clause 49 of the Listing Agreements with regard to Corporate Governance and reports to that effect are being regularly filed with the Stock Exchanges. The Company has obtained declaration from the Directors and senior Management members of the Company for compliance of code of conduct and the Certificate from CEO/CFO was placed before the Board of Directors at the meeting held today.

Directors' Responsibility Statement

The Directors' responsibility statement, as required under Section 217(2AA) of the Companies Act, 1956, reporting the compliance with the accounting standards, is attached and forms a part of this report.

Directors

Shri P. N. Kapadia , Shri R. N. Mody and Lt. Genl (Retd.) Utpal Bhattacharyya retire from the office by rotation in terms of Article 143 of the Articles of Association of the Company, but being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships of Board Committees, shareholding, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in the Notice to Members, forming part of this Annual Report.

Shri Mahaveer Prasad Taparia, has been appointed as additional Director by the Board of Directors under the provisions

of Section 260 of the Companies Act, 1956, with effect from November 11, 2010. He holds the office up to the date of ensuing Annual General Meeting of the Company and is eligible for reappointment as Director of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for appointment as Director of the Company, subject to retirement by rotation.

Shri K. L. Chandak, whose term as Executive Director, was re-appointed by the Board at the Meeting held on November 11, 2010 as Executive Director for a period of three years from December 1, 2010 and his reappointment would require the approval of the shareholders as per Schedule XIII of the Companies Act, 1956. He is not liable to retire by rotation.

Shri SK Bangur, whose term as Chairman & Managing Director, was reappointed by the Board at the Meeting held on February 9, 2011 as Chairman & Managing Director for a further period of five years from May 1, 2011 and his reappointment would also require the approval of the shareholders as per Schedule XIII of the Companies Act, 1956. He is not liable to retire by rotation.

Auditors

Messers Batliboi & Purohit, Chartered Accountants, will retire at the end of the 56th Annual General Meeting of the Company and offer themselves for reappointment for the ensuing year.

Cost Audit

The audit of the cost accounts of the Company for the year ended March 31, 2011 is being carried out by Shri Narottam L. Tola, Cost Accountant, Mumbai, and after completion of the audit he will be submitting his report to the Company Law Board.

Rama Newsprint And Papers Ltd

The Company holds 36.32% of the equity share capital of RNPL with an investment of Rs. 45.41 crores (market value Rs. 40.77 crores as on March 31, 2011) whereas other group entities hold 12.83% of the share capital of RNPL and thus the promoter group of the Company holds 49.15% of the Equity.

RNPL had approached ICICI Bank Ltd, for loan of Rs. 90 crores to pre pay the existing Project Term Loans to Banks - guaranteed by the Company and Working Capital Term Loan of Rs. 70 crores to pre pay the said loans to banks apart from augmenting the Working Capital Resources both amounting to Rs. 160 crores which have been sanctioned on May 12, 2011 with moratorium of 27 months. The Company has extended Corporate Guarantee for the said loans.

The Company has extended Inter Corporate Deposits from time to time to RNPL and amount outstanding as on March 31, 2011 was Rs. 14.12 crores including over due interest of Rs. 0.38 crores. However, RNPL has paid the over due interest on May 23, 2011.

Industrial Relations

The Company's industrial relations are cordial. Your Directors acknowledge the support and co-operation from employees at all levels.

Acknowledgement

Your Directors would like to thank the union and state governments, banks, financial institutions, customers, suppliers and shareholders for their continued support.

For And on Behalf of the Board,

S. K. Bangur
Chairman and Managing Director

Place: Mumbai,
Dated: May 24, 2011.

Annexure to directors' report

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report to the members for the year ended March 31, 2011.

A. Conservation Of Energy:

a) Measures taken for Energy Conservation:

- The over size Fan Pump No. 1 & 2 replaced with energy efficient Fan pump at Machine No. 5.
- In Stock preparation Machine I, II, III Usages of liquid alum has been started instead of solid alum.
- Provision of proper wet end starch cooker to all the machines.
- Installation of two numbers higher dia dandy (800mm dia instead of 600mm dandy) in Paper Machine No-1, for more production in case of water marked dandy's.
- Collection and recirculation of Pump sealing water at Chemical recovery plant New Falling Film Evaporator - 2
- Utilising condensate heat exchanger at New Recovery Boiler.
- Paper Machine No I drive changed with Improved version.
- Replacement of syphon of dryer No 11 - 22 and provision of spoiler bars to all dryers of Paper Machine No. III.
- Booster pumps Piping Modification in mill water line at Paper Machine III to avoid water pressure drop.

b) Projects under Installation :

- Grinding of Paper Machine I dryer surface.
- Utilization of Paper Machine I, II, III back water instead of fresh water for centric leaner elutriation.
- Installation of Broke screening arrangement at Paper Machine III.
- Replacement of Top layer chest No. 1, under layer chest No. 5, Filler layer disperser tower and machine chests of under layer & Filler layer 1 & 2 agitators to be replaced with energy efficient ones.
- Replacement of conventional Electromagnetic chokes in phased manner by energy efficient electromagnetic chokes and conventional fluorescent tube light by energy efficient tube light
- Replacing Filament type indicating lamps with LED Lamps in control panels & control desks in the plant.

Power & Fuel Consumption	Year ended March 31, 2011	Year ended March 31, 2010
1. Electricity		
a. Purchased:		
Units (Kwh in lacs)	100	109
Total amount (Rs./lacs)	630	631
Rate/Unit (Rs.)	6.30	5.80
b. Own Generation:		
i) Through Diesel Generators		
Units (Kwh in lacs)	76	100
Units per litre of Diesel/Furnace Oil	3.87	4.21
Cost/Unit (Rs.)	7.17	5.84
ii) Through Steam Turbines (Back Pressure)		
Units (Kwh in lacs)	37	74
Units per litre of Fuel Oil/Gas	–	–
Cost/Unit (Rs.)	0.97	0.79
iii) Through Steam Turbine (Partial Condensing)		
Units (Kwh in lacs)	3455	1926
Units per litre of Fuel Oil/Gas	–	–
Cost/Unit (Rs.)	2.10	2.09
2. Coal (Steam & Slack Coal of Grades 'B' to 'F' used in Boilers)		
Quantity (Tonnes)	335819	243818
Total Cost (Rs in lacs)	11743	7128
Average rate (Rs./tonne)	3497	2924
3. Furnace Oil		
Quantity (KL)	3186	4249
Total Amount (Rs in lacs)	889	1056
Average rate (Rs./KL)	27901	24862
4 Diesel Oil		
Quantity (KL)	5	4
Total Amount (Rs in lacs)	2	1
Average rate (Rs./KL)	33160	33160
Consumption per unit of production: (Net of trial coast of expansion programme)		
Paper / Paper Board & Multi-layer Board (Per tonne)		
Electricity (Kwh)	1366	1193
Furnace Oil (Ltrs.)	12	6
Coal (MT)	1.06	1.31
Diesel Oil (Ltrs.)	0.02	0.02

B. Research & Development

1. Specific areas in which Research & Development is carried out.

Research & Development activities were mainly concentrated in the following areas:

- Introduction of New Sizing Systems i.e. ASA Sizing on Machine I & Binary Sizing on Machine II in place of Acid Sizing and Neutral Sizing.

  Binary Sizing on Machine V in place of Neutral Sizing to improve the quality of the end product and reduce the cost of production.

- Introduction of Liq. Non Ferric Alum in Acid, Neutral & Binary Sizing on Machine I, II & III in place of Solid Non Ferric Alum to improve the quality of the end product and reduce the cost of Sizing.
- Introduction of Cross Linking Agents to enhance surface strength of paper thereby reducing the problems of Dusting and Fluff, resulting in better runnability / productivity of the Paper Machine especially in Non Surface Sized variety of Paper on Machine I & III.
- Introduction of better quality of coating chemicals to improve the quality of the end product on Machine IV & V.
- Development of Cup stock Board on Machine IV.

2. Benefits derived as a result of the above Research & Development.

Improved Productivity, better quality cost reduction and improved customers satisfaction.

3. Future plan of action.

Various Research Projects are taken up :

- Exploration of various fibrous raw materials to meet the growing demand.
- Reduce the cost of production of the Cup stock by introducing BCTMP Pulp or News Print Pulp in the middle layer. This will reduce the consumption of the virgin pulp. But maintain the quality of the product.
- Cationisation of filler to improve filler retention and reduce the dusting during production and printing.
- De-ashing of Paper M/c. Clarifier sludge and utilizing the available useful fibres in the duplex board manufacture.

4. Expenditure on R & D.

(Rs. in lacs)

	2010-11	2009-10
a) Capital	15.45	0.25
b) Recurring	40.36	38.37
c) Total	55.81	38.62
d) Total R&D expenditure as a percentage of total turnover	0.05	0.06

C. Technology Absorption, Adaptation & Innovation:

1. Efforts, in brief, made towards technology adaptation and innovation.	a. Improved Machine runnability, quality & higher productivity. b. Higher Ash Retention and conservation of Fibre. c. Better Duplex board with improved printing qualities.
2. Benefits derived as a result of above efforts e.g. Product improvement, cost reduction, import substitution etc.	These Research & Development activities have enabled the company to increase productivity, improve the product quality and cost savings.
3. Particulars of imported technology (Imported during the last five years).	–

D. Foreign Exchange Earnings and Outgo:

The Foreign Exchange Earnings and outgo were Rs.5464.08 Lacs and Rs.4942.98 Lacs respectively (Rs.2085.41 Lacs and Rs.10130.74 Lacs previous year).

Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report dated May 24, 2011 for the year ended March 31, 2011.

Name	Designation & Nature of Duties	Remuneration (Rs.Lacs)	Qualification	Age	Experi-ence (Years)	Date of Joining	Previous Employment, Designation Name of Employer, Period of Service (Years)
Shri SK Bangur	Chairman & Managing Director	465.24	B.Com.	61	37	01.05.03	Managing Director Jayshree Chemicals Ltd., Ganjam 15 years
Shri KL Chandak	Executive Director Overall management	114.36	B.Com F.C.A.	65	39	18.12.71	–

Notes:

1. Remuneration includes salary, commission, Company's contribution to Provident, Superannuation and Gratuity Funds and prerequisites.
2. All appointments are contractual, other terms and conditions are as per rules of the Company.
3. Shri.S.K.Bangur is related to Smt.Shashi Devi Bangur (Wife) & Shri.Saurabh Bangur (Son) directors of the Company.

Report on corporate governance

The detailed report on Corporate Governance for the financial year 2010-11 as incorporated in Clause 49 of the Listing Agreements is set-out here-below -

1) Company's Philosophy On Corporate Governance

It is the consistent conviction of the company that sound and strong corporate governance standards lead to durable sustenance of business and generate long term value for all stakeholders ensuring the robust health of the corporate entity. In pursuance of this, the company has been passionately pursuing good corporate governance practices based on professional excellence, business ethics, and transparency which operate within the accepted norms of propriety, equity, fair play and a sense of justice. While the company's compliance of legislative and regulatory requirements is total and absolute, the company believes that good corporate governance goes much beyond the mere fulfilling of statutory requirements, but is also a projection towards the sound formulation of a distinct corporate culture. The Company further presumes that corporate governance is more about creating organizational excellence leading to increased customer satisfaction and stakeholder value. The company, therefore, welcomes the recently framed "Corporate Governance Voluntary Guidelines 2009" of the Ministry of Corporate Affairs, Government of India, New Delhi and is firmly committed to the adoption of the guidelines, the essential features of which are already ingrained in the Company's existing corporate governance standards and practices.

The Company's highly professional and responsive Board of Directors is composed of eminent thought-leaders and seasoned stalwarts drawn from diverse fields ensuring extensive deliberation and expertise which have bearing on the process of decision-making. Accountability and transparency are the key drivers behind the Board decision-making which inspires stakeholder confidence.

Openness and transparency of the Company's corporate governance are reflected in the exhaustive disclosures made in the Company's annual report with a view to sharing information with stakeholders, investors, analysts, and competitors.

2) Board Of Directors

i) Composition

The Company's policy is to have an appropriate mix of promoters, executives and independent directors to maintain the independence of the Board. The Board comprises-

- Three promoter Directors, including Chairman & Managing Director
- Seven Independent, Non-Executive directors and
- One Non-Promoter, Executive Director.

ii) Category, Attendance & Other Directorship

The number of other Directorships, memberships of other Board Committees of which he/she is a member/chairperson as on date and attendance in Board Meetings are as follows:

Director	Category	Board Meetings Attended	Number of Directorships*	No. of Membership of other Board Committees*	No. of Board Committees for which chairperson*
Shri S.K.Bangur	Promoter, Chairman & Managing Director	3	10	–	1
Smt. Shashi Devi Bangur	Promoter, Non-Executive	1	4	–	–
Shri Saurabh Bangur	"	3	5	–	–
Shri R.N.Mody	"	–	4	2	1
Shri Chandra Kumar Somany	"	3	9	–	–
Shri Premal N. Kapadia	"	2	4	–	–
Lt. Gen[Retd.] Utpal Bhattacharyya	"	4	–	–	–
Shri Krishna. Kumar Karwa	"	3	5	3	1
Shri Sanjay Kothari	"	4	4	2	1
Shri M.P.Taparia	"	–	6	–	3
Shri K.L.Chandak	Executive Director	4	2	–	–

*excluding private, foreign and companies registered under Section 25 of the Companies Act, 1956.

Shri KL Chandak attended the last Annual General Meeting.

iii) Board Meetings held:

During the year under review, Four Board Meetings were held on May 29, August 11 & November 11, 2010 and February 09, 2011.

3) Audit Committee

i) Brief description of terms of reference

Terms of Reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreements with the Stock Exchanges that inter-alia, include overseeing financial reporting processes, reviewing periodic financial results, financial statements and adequacy of internal control systems with the Management and adequacy of internal audit functions, discussions with the auditors about the scope of audit including the observations of the auditors and discussion with internal auditor on any significant findings.

ii) Composition, names of members and Chairperson

The Audit Committee, comprises five directors, of whom four are independent, Non-Executive Directors, and one is

Executive Director, all of them possessing knowledge of corporate finance, accounts and company law. The chairman of the Committee is an independent Non-executive Director. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as follows :

i)	Shri Krishna Kumar Karwa	Chairman
ii)	Shri PN Kapadia	Member
iii)	Lt. Gen (Retd.) Utpal Bhattacharyya	Member
iv)	Shri Sanjay Kothari	Member
v)	Shri KL Chandak	Member

iii) Meetings and Attendance during the year

During the year ended March 31, 2011, four meetings of the Audit Committee were held on the following dates :-

i) May 29, 2010

ii) August 11, 2010

iii) November 11, 2010

iv) February 09, 2011

The attendance of the Chairman and the members of Audit Committee at the meetings held during the year under review was as under:

Name of the Director	No. of meetings attended
Shri Krishna Kumar Karwa	3
Shri PN Kapadia	2
Lt. Gen (Retd.) Utpal Bhattacharyya	4
Shri Sanjay Kothari	4
Shri KL Chandak	4

4) Remuneration Committee

i) Brief description of terms of reference

To periodically approve the remuneration package of whole-time Directors and ensure appropriate disclosure of the same.

ii) Composition, names of Members and Chairperson

The Remuneration Committee comprises three non-executive independent Directors and the Company Secretary acts as Ex-officio Secretary of the Committee.

The names of the Members & Chairperson of the Remuneration Committee are as under:

i)	Shri CK Somany	Chairman
ii)	Shri PN Kapadia	Member
iii)	Shri Sanjay Kothari	Member

iii) Meetings and attendance during the year

The Remuneration Committee met thrice during the year i.e. on August 11, 2010, to approve annual increment to the Executive Director from 1st December 2009, on November 11, 2010 to fix the remuneration to the Executive Director on his re-appointment for a further period of 3 years w.e.f. December 1, 2010 and on February 9, 2011 to fix the remuneration to the Chairman & Managing Director on his re-appointment for a further period of 5 years w.e.f. May 1, 2011. Attendance of members at Committee Meeting was as follows-

Name of the Director	No. of meetings attended
Shri CK Somany	3
Shri P.N.Kapadia	1
Shri Sanjay Kothari	3

iv) Remuneration Policy

Except Chairman & Managing Director and Executive Director, the remaining directors do not receive any remuneration, other than sitting fees for attending the meetings of the Board of Directors, Audit Committee and Remuneration Committee @ Rs.10,000/- per meeting in terms of the resolution passed by the Board of Directors in its meeting held on June 27, 2005.

v) Details of remuneration

The details of Remuneration package, sitting fees paid etc., to directors during the year ended March 31, 2011, for information of members, are furnished here below:

a) Paid to Non-executive Directors:

Sl. No.	Name of Director	Sitting fees paid (Rs.)	Remarks
1.	Shri S.K.Bangur	–	Except sitting fees for meetings of Board or its Committees, non-executive directors are not paid any salary, benefits, bonuses, stock options, pension etc., There is no contract, Notice period or severance fees applicable. Stock Option details - Not applicable as the same is not given.
2.	Smt. Shashi Devi Bangur	10,000	
3.	Shri Saurabh Bangur	30,000	
4.	Shri R.N.Mody	–	
5.	Shri C.K.Somany	60,000	
6.	Shri P.N.Kapadia	50,000	
7.	Lt.Gen.[Retd.] Utpal Bhattacharyya	80,000	
8.	Shri Krishna Kumar Karwa	60,000	
9.	Shri Sanjay Kothari	1,10,000	
10.	Shri M.P.Taparia	–	
11.	Shri KL Chandak	–	
	Total	4,00,000	

Note: Shri S.K. Bangur is related to Smt. Shashi Devi Bangur (wife) and Shri Saurabh Bangur (son).

b) Paid to Chairman & Managing Director/Executive Director:

Sl. No.	Particulars	Shri S.K.Bangur Chairman & Managing Director	Shri K.L.Chandak Executive Director
i)	Remuneration		
	■ Salary	24,00,000	61,10,592
	■ Contribution to Provident, Gratuity and Superannuation Funds.	5,03,385	48,74,531
	■ Benefits-Allowances/perks	1,647	4,50,588
	■ Commission	4,36,19,000	–
	Total	4,65,24,032	1,14,35,711

b) **Paid to Chairman & Managing Director/Executive Director** (Contd.):

Sl. No.	Particulars	Shri S.K.Bangur Chairman & Managing Director	Shri K.L.Chandak Executive Director
ii)	Details of Fixed Component and performance linked incentives along with the performance criteria:(as approved by members in Annual General Meeting dated September 30, 2006 and 29th September 2007).		
	(a) **Fixed Component :** – Salary – per month – Contribution to Provident Fund (12%) & Superannuation Fund (15%) of salary – Perks and other allowances	(Rs. Per month) 2,00,000 As per Rules As per Rules	(Rs. Per month) 5,09,216 As per Rules As per Rules
	(b) **Performance Linked Incentive :** Commission (Based on Net Profit for the year within the individual/overall ceiling for managerial remuneration from time to time)	Up to 5% of net profit by way of Salary, perks and Commission, all taken together.	–
	(c) **Minimum Remuneration :** In case of inadequacy of profit in any year as calculated under section 198/349 of the Act.	Within the ceiling of Schedule XIII, as amended from time to time.	Within the ceiling of Schedule XIII, as amended from time to time.
iii)	Service Contracts, notice period, severance fees:		
	(a) **Service Contract**	The re-appointment is for a further period of five years i.e., till April 30, 2016.	The re-appointment is for a further period of three years i.e., till November 30, 2013.
	(b) **Notice period**	Not specified	Three months from either side
	(c) **Severance fees**	Not specified	Not specified
iv)	Stock Option details, if any, and whether the same has been issued at discount as well as the period over which accrued and over which exercisable.	No Stock option issued, hence not applicable.	No Stock option issued, hence not applicable.

Note: Shri S.K. Bangur is related to Smt. Shashi Devi Bangur (wife) and Shri Saurabh Bangur (son).

5) Shareholders/Investors Grievances Committee

The "Shareholders/Investors Grievances Committee" deals with approval of share transfer/transmission, issue of duplicate share certificates, split and consolidation requests, rematerialization of shares and other matters relating to transfer and registration of shares.

Composition

The composition of the Shareholders'/Investors' Grievances Committee is as under:-

i)	Smt Shashi Devi Bangur	Chairperson
ii)	Shri Saurabh Bangur	Member
iii)	Shri KL Chandak	Member

Shri PK Mundra, Company Secretary is the Compliance Officer.

Meetings and Attendance during the year

During the year, four meetings were held on April 15, September 27, November 27 and December 10, 2010. Details of attendance are as follows :

Name of the Director	No. of Meetings attended
Smt.Shashi Devi Bangur	4
Shri Saurabh Bangur	4
Shri KL Chandak	–

Complaints Status

The Share Department of the Company and Link Intime India Pvt. Ltd., the RTA of the Company attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, etc. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the satisfaction of the investors.

During the year under review, the Company has received 15 complaints from shareholders/investors, which inter-alia included non-receipt of dividend, annual report and transfer of shares and all the complaints were resolved.

No complaint was pending as on March 31, 2011.

6) General Body Meetings

a) **The details of General Body Meetings held in the last three years are as under:**

i) **Annual General Meetings**

AGM	Day	Date	Time	Location
53rd	Saturday	30.08.2008	4:00 P.M	Bangur Nagar, Dandeli
54th	Monday	31.08.2009	4:00 P.M	Bangur Nagar, Dandeli
55th	Saturday	31.07.2010	4:00 P.M	Bangur Nagar, Dandeli

ii) **Special Resolutions passed in the previous 3 AGMs:**

1) No special resolution was passed in the 55th Annual General Meeting held on July 31, 2010.

2) No special resolution was passed in the 54th Annual General Meeting held on August 31, 2009.

3) At the 53rd Annual General Meeting held on 30th August 2008, the following special resolutions were passed by the shareholders:-

a) For increasing the limit of investment by Foreign Institutional Investors (FIIs) and their sub-accounts in the equity share capital of the Company by purchase or otherwise by acquiring from the market or subscribing to the offer and /or private placement of the Company under the Portfolio Investment Scheme on repatriation basis or otherwise, from 24% up to 40% of the paid up share capital of the Company, in accordance with the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulation, 2000 or any other applicable law and subject to any other statutory approvals, if required,

b) To issue, offer and allot in one or more tranches, securities in the course of domestic/international offerings to various categories of investors, not exceeding Rs.646 Million in accordance with and subject to the provisions of Section 81(1A) and all other provisions, if any, of the Companies Act, 1956, the SEBI (Disclosure and Investor Protection) Guidelines, 2000, etc.

c) To issue, offer and allot Cumulative Redeemable Preference Shares, not exceeding Rs.650 Million, in one or more tranches, through a preferential issue through an offer document and/or prospectus and/or offer letter and/or offering circular, etc subject to the provisions of Section 80 and 81(1A) all other provisions, if any, of the Companies Act, 1956, the SEBI (Disclosure & Investor Protection) Guidelines, 2000, enabling provisions of Memorandum and Articles of Association of the Company and the Listing Agreements entered with the Stock Exchanges, etc.

d) To substitute the existing Article 6 of the Articles of Association of the Company by the following as new Article 6:

"The Authorised Capital of the Company is Rs.95,00,00,000 divided into 15,00,00,000 Equity Shares of Rs.2/- each and 65,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each,"

iii) Special Resolution passed last year through postal ballot (under Section 192A) and details of voting pattern:

No special resolutions were passed through postal ballot last year.

iv) Special Resolution proposed to be passed through Postal Ballot during this year.

At present, no Special Resolution is proposed to be passed through Postal Ballot during the current year.

7) Disclosures

a) Related Party Transactions

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc that may have any potential conflict with the interests of the Company.

b) Compliance of various legal requirements by the Company

The Company has complied with the various requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and no penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

c) The Company has mostly complied with all the mandatory requirements prescribed under Clause 49 of the Listing Agreement. Regarding non-mandatory requirements:

- The Company is maintaining office for the Non-Executive Chairman.
- Remuneration Committee has been constituted to approve remuneration of Executive Director.
- The Company is publishing unaudited/audited financial results without any qualifications.
- The Board members are having adequate experience and expertise to deal with business matters.
- The Company has not established whistle blower policy.

d) The Company has not set up any mechanism for evaluating Non-executive Board members.

8) Means Of Communication

i) The Board of Directors of the Company approves the quarterly and half-yearly unaudited financial results in the proforma prescribed by Clause 41 of the Listing Agreements within Forty Five days of the close of the respective periods (except audited results for the year/last quarter within Sixty days of the end of the accounting year).

ii) The approved financial results are faxed immediately after the Board Meeting to the Stock Exchanges where the Company's shares are listed and are published in Business Standard (English) and Karavali Munjavu (Kannada), within twenty-four hours of approval thereof by the Board of Directors.

iii) The Company's financial results, official news releases and presentations are displayed on the Company's website - www.westcoastpaper.com.

iv) Management Discussion and Analysis forms part of the Annual Report, to the shareholders of the Company.

9) General Shareholder Information

56th Annual General Meeting

Date	July 30, 2011
Time	4.00 PM
Venue	Shree Rangnath Auditorium Bangur Nagar DANDELI -581 325

Tentative Financial Calendar 2011-12

Adoption of Quarterly Results of the quarter ending 1st/2nd week of -

June 30, 2011	August 2011
September 30, 2011	November 2011
December 31, 2011	February 2012
March 31, 2012(year ending)	2nd/3rd week of May 2012

Book Closure date	July 16 to July 30, 2011 (Both days inclusive)
Dividend payment date	August 3, 2011 onwards

Listing Of Equity Shares On Stock Exchanges

The Company's equity shares are listed on the following Stock Exchanges, having nationwide trading terminals

a) Bombay Stock Exchange Limited
Corporate Services
Floor 25, P.J.Towers
Dalal Street
Mumbai -400 001

b) National Stock Exchange of India Ltd
Listing Department
Exchange Plaza
Bandra-Kurla Complex, Bandra(E)
Mumbai -400 051

Listing Fees

Listing fee for the year 2010-11 has been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

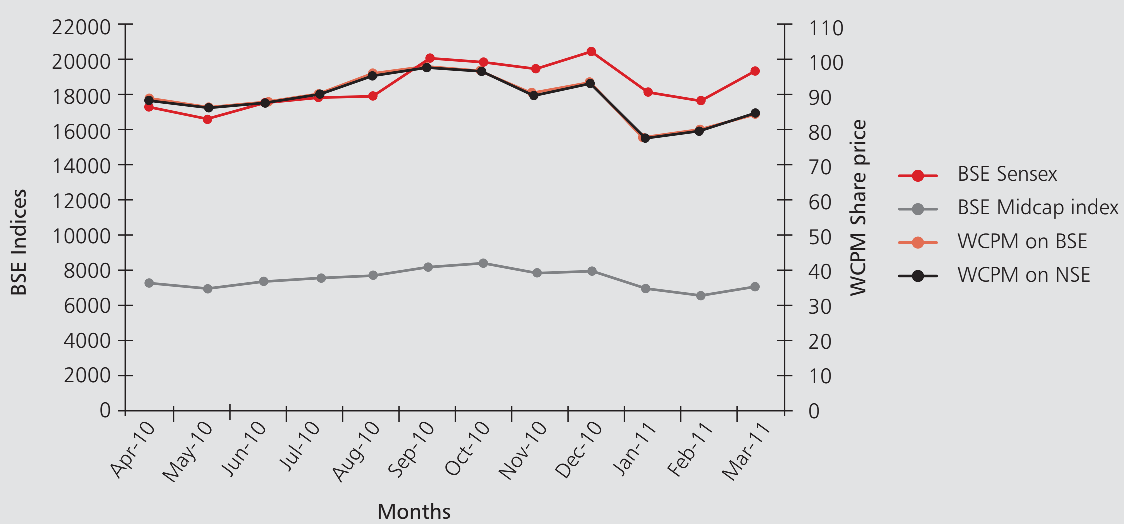
Stock Code

1)	Bombay Stock Exchange Limited	500444
2)	The National Stock Exchange of India Ltd	WSTCSTPAPR
3)	ISIN NO.	INE976A01021

Market Price Data (Rs.)

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April10	91.80	61.35	91.70	61.25
May 10	99.90	78.75	99.95	77.10
June 10	94.20	83.50	94.00	82.55
July 10	98.50	87.10	99.90	87.50
August 10	104.40	88.90	104.70	89.60
September 10	111.85	96.00	111.90	95.50
October 10	104.00	92.15	104.40	93.00
November 10	108.00	83.05	108.00	83.00
December 10	94.50	79.50	94.90	72.60
January 11	94.70	76.00	95.45	76.50
February 11	83.85	63.00	84.70	63.50
March 11	94.40	75.25	94.35	75.05

WCPM share price performance



Registrar And Transfer Agents

For Shares held in physical mode as well as in dematerialized form -

Link Intime India Pvt.Ltd.,
C-13, Kantilal Maganlal Estate
Pannalal Silk Mills Compound
LBS Road, Bhandup (W)
MUMBAI-400 078.
Ph: (022) 2596 3838;
Fax: (022) 2596 2691; E-mail: mumbai@linkintime.co.in

Share Transfer System

The Company's Registrar and Transfer Agent (RTA) has been entrusted with handling of Physical transfer of shares also, as per the directions of SEBI, w.e.f. February, 2003, apart from dematerialisation of shares. The Board of Directors of the Company has delegated the power of approval of share transfers executed/processed by the RTA to the Shareholders/Investors Grievances Committee comprising of two Directors, Executive Director and Company Secretary of the Company. The RTA does the physical share transfers once in a fortnight and sends the statement to the Company for approval purpose.

Shareholding Pattern As On March 31, 2011

Category	No. of shares held	% of shareholding
Promoters	32594864	51.94
Mutual Funds & UTI	1373310	2.19
Banks, Financial Institutions, Insurance Companies & FII	3133900	4.99
Private Corporate Bodies	8925536	14.23
Indian Public	16310987	25.99
NRIs/OCBs	398261	0.64
Foreign Nationals	12050	0.02
ADRs/GDRs	–	–
Total	**62748908**	**100%**

Distribution of Shareholding as on March 31, 2011

From	To	No. of shareholders		No. of shares	
		Number	%	Number	%
Upto	5000	16070	93.32	6494819	10.35
5001	10000	536	3.11	1977252	3.15
10001	20000	286	1.66	2129077	3.39
20001	30000	104	0.61	1318225	2.10
30001	40000	47	0.27	832724	1.33
40001	50000	27	0.16	630688	1.01
50001	100000	62	0.36	2198553	3.50
100001 &	Above	88	0.51	47167570	75.17
Total		**17220**	**100%**	**62748908**	**100%**

Dematerialisation Of Shares

The shares of the Company are in compulsory demat segment w.e.f. July 2000. The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2011, 95.92% of the shares of the Company were held in dematerialized form and rest in physical form.

Plant Location Of The Company

Paper & Paperboard and Duplex Board

Bangur Nagar, Dandeli -581 325
Uttara Kannada Dist. (Karnataka)

Optical Fibre Cable Unit :

Sudarshan Telecom
Plot No.386/387, KIADB, Electronic City
Hebbal Industrial Area, Mysore -570 016

Address for Correspondence

The shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Company's RTA at the following address -

Link Intime India Pvt. Ltd.,
C-13, Kantilal Maganlal Estate
Pannalal Silk Mills Compound
LBS Road, Bhandup (W)
MUMBAI -400 078
Phone : (022) 25963838; Fax : (022) 25962691;
E-mail : mumbai@linkintime.co.in

10) CEO/CFO Certification

As required by the revised clause 49 (V) of the Listing Agreements, the Certificate from CEO and CFO was placed before the Board of Directors at the meeting held on May 24, 2011.

11) Compliance Certificate Of The Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges and the same forms part of the Annual Report.

The Certificate from the Statutory Auditors will be sent to the Stock Exchanges along with the Annual Report of the Company.

declaration

As provided under clause 49 (I) (D) of the Listing Agreements with the Stock Exchanges, all Board members and Senior Management personnel have affirmed compliance with Code of Conduct adopted by the Board in its meeting held on February 9, 2011.

For **The West Coast Paper Mills Ltd,**

Place: Mumbai.
Date : May 24, 2011.

SK Bangur
Chairman & Managing Director

directors' responsibility statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that-

i) in the preparation of the accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii) the Directors have selected such accounting policies which have been applied consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) the accounts for the financial year ended on March 31, 2011 have been prepared on a 'going concern' basis.

On behalf of the Board

Place : Mumbai
Date : 24th May 2011.

S. K. Bangur
Chairman & Managing Director

auditors' certificate on corporate governance

On Compliance with the conditions of corporate governance under clause 49 of the listing agreement.

To The members of

The **West Coast Paper Mills Limited**

We have examined the compliance of conditions of Corporate Governance by The West Coast Paper Mills Limited ("The Company") for the year ended on March 31, 2011, as stipulated in clause 49 of the listing agreements of the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreements, subject to non attendance of the Annual General Meeting by the Chairman of Audit Committee.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended, pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Batliboi & Purohit**
Chartered Accountant
F.R. No.101048W

R. D. Hangekar
Partner
Membership No. 30615

Place: Mumbai
Date : May 24, 2011

secretarial compliance certificate

To Whomsoever It May Concern

This is to certify that The West Coast Paper Mills Limited, having its Registered Office at Bangur Nagar, Dandeli -581 325, Karnataka, has complied with all the statutory requirements and maintained all books/records as required under the Companies Act, 1956 and all other applicable statutes and rules there under.

For **The West Coast Paper Mills Limited**

Place: Mumbai

Date : May 24, 2011

P K Mundra

VP(Fin.) & Company Secretary

ten year highlights

Particulars		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
PRODUCTION											
Paper/Paper Board & Multilayer Board	Tonnes	267005	173638	173682	169891	178871	176221	173070	163714	151477	120293
Optical Fibre Cable	Km	27951	18003	16787	22829	7060	6303	8090	6230	3889	4283
Jftc	Ckm	78	–	–	–	165407	512170	275846	81971	18239	356048
Control Cable	Ckm	251	14	–	–	–	–	–	–	–	–
SALES											
Paper/Paper Board & Multilayer Board	Tonnes	267992	175194	170686	170193	179915	180397	168315	162642	152046	124941
Optical Fibre Cable	Km	27985	17790	16762	22836	7105	6593	7774	6319	4236	3997
Jftc	Ckm	78	–	–	119	165288	525502	264438	87542	26345	347534
Control Cable	Ckm	248	14	–	–	–	–	–	–	–	–
OPERATING RESULTS:											
Turnover	Rs./Lakhs	110914	65050	66271	65352	61944	60684	53335	49184	52236	48719
Gross Profit	Rs./Lakhs	18919	10524	12036	11438	9552	6922	5649	6057	6224	4934
Depreciation	Rs./Lakhs	9610	2377	1990	2043	2098	3695	1893	1689	1823	1209
Taxation	Rs./Lakhs	1900	1400	1149	1095	862	300	295	315	400	295
Mat Credit Entitlement	Rs./Lakhs	(1809)	(1370)	–	–	–	–	–	–	–	–
Deferred Tax	Rs./Lakhs	210	2647	(157)	110	(54)	(276)	395	1209	397	244
Net Profit	Rs./Lakhs	9008	5470	9054	8190	6646	3203	3066	2844	3604	3186
Dividend	Rs./Lakhs	1807	1807	1258	1721	1341	1341	1341	894	760	581
FINANCIAL POSITION:											
Gross Block (Including Assets On Lease)	Rs./Lakhs	193700	186542	161798	80141	48467	46514	46074	44504	39336	31499
Depreciation (Including Assets On Lease)	Rs./Lakhs	40860	31290	29112	27022	25309	22584	19863	17614	15241	13204
Net Block	Rs./Lakhs	152840	155252	132686	53119	23158	23930	26211	26890	24095	18295
Paid Up Capital	Rs./Lakhs	7755	7755	7708	1425	894	894	894	894	894	894
Reserves & Surplus	Rs./Lakhs	59293	52378	49070	38771	22324	17246	15573	14036	12935	10188
Net Worth	Rs./Lakhs	67048	60133	56778	40196	23218	18140	16467	14930	13829	11082
Borrowings	Rs./Lakhs	121246	123471	117365	40616	17407	16588	22922	20106	17553	17842
Capital Employed	Rs./Lakhs	188294	183604	174143	80812	40625	34728	39389	35036	31382	28924
SOME SELECTED RATIOS											
Earnings Per Share(Rs.2) (Basic)	Rs.	14	9	16	17	15	7	7	6	8	7
Book Value Per Share	Rs.	107	96	94	70	52	41	37	33	31	25
Dividend [Equity Shares]	%	100	100	100	150	150	150	150	100	85	65
Debt Equity Ratio		64:36	67:33	67:33	50:50	43:57	48:52	58:42	57:43	56:44	62:38

Auditors' Report

To the Members of
The West Coast Paper Mills Limited

1. We have audited the attached Balance Sheet of The West Coast Paper Mills Limited ('the Company') as at 31st March, 2011, the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (the Order), as amended, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of the written representations received by the Company from the Directors at on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2011 from being appointed as a director in terms of Section 274 (i) (g) of the Companies Act, 1956;

   f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Batliboi & Purohit**
Chartered Accountants
F.R. No.101048W

Place: Mumbai
Dated: 24th May, 2011

R. D. Hangekar
Partner
Membership No. 30615

Annexure to the Auditors' Report

With reference to the Annexure referred to in paragraph 3 of the Auditors' Report to the Members of The West Coast Paper Mills Ltd. on the financial statements for the year ended on 31st March, 2011, we report that:

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, the fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable and no material discrepancies have been noticed on such verification.

c) The Company has not disposed off substantial part of its fixed assets during the year, accordingly, the assumption of the going concern being affected, does not arise.

ii) a) Inventories have been physically verified during the year by management at reasonable intervals.

b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.

iii) a) During the year, the Company has granted unsecured loan to a body corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year of such loan aggregates to Rs.1411.67 Lacs and the year-end balance is Rs.1411.67 Lacs.

b) In our Opinion, the rate of interest and other terms and conditions of the loan were not prima facie prejudicial to the interest of the Company.

c) *In respect of the aforesaid loan, the party has not been regular in the payment of interest.*

d) The principal amount is not overdue. *In our opinion the Company should take additional efforts for the recovery of the overdue interest of Rs. 37.67 Lacs.*

e) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (f) and (g) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.

v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

b) The transactions made in pursuance of such contracts or arrangements aggregating during the year to Rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods or materials have been made with other parties.

vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Therefore the provisions of clause (vi) of the Order are not applicable to the company.

vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.

viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determining whether they are accurate or complete.

ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, we are of the opinion that the company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax/VAT, Wealth tax, Customs Duty, Excise Duty, Service tax, Cess and other material statutory dues with the appropriate authorities and there are no outstanding unpaid amounts as at the balance sheet date for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the dues in respect of Sales tax and Income tax, which have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below:

Name of the Statute	Nature of the dues	Amount (Rs. In lacs)	Forum where dispute is pending
The Tamilnadu General Sales Tax Act	Sales Tax	30.66	Madras High Court
Income Tax Act, 1961	Income Tax	162.49	Bombay High Court / Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	198.86	Income Tax Appellate Tribunal
Income tax Act, 1961	Income Tax	5157.30	Commissioner of Income Tax (Appeals)

x) The Company does not have accumulated losses as at the balance sheet date and has not incurred cash losses in the current or in the immediately preceding financial year.

xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to any financial institutions, banks or debenture holders.

xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of any special statute apply; accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.

xv) The Company has given guarantees amounting to Rs. 12,068 lacs (Previous year Rs. 12,132 lacs) for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.

xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans were applied for the purpose for which they were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that prima facie there are no funds raised on short-term basis that have been used for long term investment.

xviii) During the year under consideration, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

xix) The Company has not issued any debentures during the year under audit. Therefore the provision of clause (xix) of the order is not applicable to the company.

xx) The Company has not raised any money by way of public issue during the year. Therefore, the provision of clause (xx) of the order is not applicable to the Company.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of the audit.

For **Batliboi & Purohit**
Chartered Accountants
F.R. No.101048W

Place: Mumbai
Dated: 24th May, 2011

R. D. Hangekar
Partner
Membership No. 30615

Balance Sheet as at 31st March, 2011

(Amount in Rs Lacs)

	Schedules	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	7,754.98	7,754.98
Reserves & Surplus	2	59,292.75	52,378.28
		67,047.73	**60,133.26**
Loan Funds			
Secured Loans	3	86,070.99	93,958.30
Unsecured Loans	4	35,175.39	29,513.14
		121,246.38	**123,471.44**
Deferred Tax Liability		6,858.97	6,649.09
Total		**195,153.08**	**190,253.79**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		185,036.64	103,198.05
Depreciation		32,204.92	22,635.49
Net Block		152,831.72	80,562.56
Capital work-in-progress		8.65	74,689.80
		152,840.37	**155,252.36**
Investments	7	4,671.20	4,671.20
Current Assets, Loans and Advances	8		
Inventories		20,095.07	17,905.54
Sundry Debtors		7,315.95	3,424.17
Cash and Bank Balances		7,578.81	11,659.09
Loans and Advances		22,746.73	18,331.21
		57,736.56	**51,320.01**
Less: Current Liabilities & Provisions	5	20,095.05	20,989.78
Net Current Assets		**37,641.51**	**30,330.23**
Total		**195,153.08**	**190,253.79**
Notes on Balance Sheet	17		
Accounting Policies	18		

The attached Schedules and notes form an integral part of these accounts.
This is the Balance Sheet referred to in our report of even date.

For **BATLIBOI & PUROHIT**
Chartered Accountants

R. D. Hangekar
Partner
Membership No.30615
F.R. No.101048W
Place: Mumbai
Date: 24th May, 2011

S. K. Bangur
Chairman & Managing Director

P. K. Mundra
Company Secretary

C. K. Somany
Director

Lt.Gen.(Retd.) Utpal Bhattacharyya
Director

M. P. Taparia
Director

P. N. Kapadia
Director

Krishna Kumar Karwa
Director

K. L. Chandak
Executive Director

Profit and Loss Account for the year ended 31st March, 2011

(Amount in Rs Lacs)

	Schedules	2011	2010
INCOME			
Turnover	9	110,913.75	65,050.27
Less: Excise Duty		4,440.75	2,659.56
Net turnover		106,473.00	62,390.71
Other Income	10	1,248.48	632.24
Variation in Stock of Finished Goods	11	422.27	(576.02)
Total		**108,143.75**	**62,446.93**
EXPENDITURE			
Raw Materials Cost	12	37,491.28	22,302.90
Manufacturing Expenses	13	35,926.11	19,972.66
Payments to Employees	14	6,165.72	5,517.61
Administrative Expenses	15	4,035.52	2,913.77
Interest & Financing Charges	16	5,605.73	1,215.73
Depreciation		9,610.55	2,377.05
Total		**98,834.91**	**54,299.72**
Profit before Taxation		**9,308.84**	**8,147.21**
Provision for Current Tax		1,900.00	1,400.00
Less: Mat Credit Entitlement [Ref. Note No.14 of Schedule 17]		(1,809.22)	(1,370.17)
Provision for Deferred Tax		209.88	2,647.17
Profit after taxation		**9,008.18**	**5,470.21**
Balance as per last Balance Sheet		3,301.74	493.21
Available for Appropriation		**12,309.92**	**5,963.42**
Appropriation			
Interim Dividends on Preference Shares		552.50	552.50
Proposed Dividend on Equity Shares		1,254.98	1,254.98
Tax on Proposed Dividends		286.23	307.18
Capital Redemption Reserve Account		6,500.00	–
General Reserve		900.82	547.02
Balance Carried Over		2,815.39	3,301.74
		12,309.92	**5,963.42**
Earnings per Share of Rs.2 Each(Rs.) - Basic & Diluted		14.36	8.80
(Refer Note No.11 of Notes on Accounts)			
Notes on Profit and Loss Account	17		
Accounting Policies	18		

The attached Schedules and notes form an integral part of these accounts.
This is the Profit and Loss Account referred to in our report of even date.

For **BATLIBOI & PUROHIT**
Chartered Accountants

S. K. Bangur
Chairman & Managing Director

C. K. Somany
Director

P.N. Kapadia
Director

R.D. Hangekar
Partner
Membership No.30615
F.R. No.101048W
Place: Mumbai
Date: 24th May, 2011

P. K. Mundra
Company Secretary

Lt.Gen.(Retd.) Utpal Bhattacharyya
Director

Krishna Kumar Karwa
Director

M. P. Taparia
Director

K.L. Chandak
Executive Director

Cash Flow Statement for the year ended 31st March, 2011

(Amount in Rs Lacs)

	2011	2010
(A) Cash Flow From Operating Activities		
Net Profit before tax and extraordinary items	9,308.84	8,147.21
Add : Adjustments for:		
Depreciation	9,610.55	2,377.05
Interest expenses	5,605.73	1,215.73
Financial Lease rentals	–	–
Assets discarded	2.25	28.63
Loss on Sale of Fixed Assets	5.16	0.77
	24,532.53	11,769.39
Less: Adjustment for:		
Profit on sale of Fixed Assets	–	–
Profit on Sale of Investments	3.89	24.96
Interest & dividend received	507.15	105.58
Operating profit before working capital changes	24,021.49	11,638.85
Add : Decrease in Working capital:		
Trade Payables	–	–
	24,021.49	11,638.85
Less: Increase in Working capital:		
Trade Payables	873.78	276.82
Inventories	2,189.53	3,537.26
Trade & Other Receivables	6,245.94	2,138.10
Cash generated from operations	14,712.24	5,686.67
Less: Interest paid	5,605.73	1,215.73
Direct taxes paid	2,152.14	981.19
Cash Flow before Extraordinary items	6,954.37	3,489.75
Extraordinary items	–	–
Net Cash Flow in operating activities	**6,954.37**	**3,489.75**
(B) Cash Flow from Investing Activities		
Add : Inflow:		
Sale of Fixed assets	2.54	7.37
Sale of Investments	–	–
Interest received	505.98	101.19
Dividend received	1.17	4.39
Profit on Investment	3.89	24.96
	513.58	137.91
Less: Outflow:		
Purchase of fixed assets	7,208.51	24,979.95
Purchase of investment	–	66.56
	7,208.51	25,046.51
Net cash used in investing activities	**(6,694.93)**	**(24,908.60)**

Cash Flow Statement (Contd.) for the year ended 31st March, 2011

(Amount in Rs Lacs)

	2011	2011	2010	2010
(C) Cash Flow from Financing Activities				
Add: Proceeds from borrowings		16,562.25		6,687.74
Equity/Preference Share Capital & Share Warrants including premium		–		(0.01)
		16,562.25		6,687.73
Less: Repayment of loans	18,787.31		581.36	
Repayment of Finance lease liabilities	–		–	
Dividend and Dividend Tax paid	2,114.66		1,471.81	
		20,901.97		2,053.17
Net Cash Used in financing acitivities		**(4,339.72)**		**4,634.56**
Net Increase/(Decrease) in Cash and Cash equivalents during the year		(4,080.28)		(16,784.29)
Cash & Cash equivalents at the beginning of the year		11,659.09		28,443.38
Cash & Cash equivalents at the end of the year		7,578.81		11,659.09

This is the Cash Flow Statement referred to in our report of even date.

For **BATLIBOI & PUROHIT** *Chartered Accountants*	S. K. Bangur *Chairman & Managing Director*	C. K. Somany *Director*	P. N. Kapadia *Director*
R. D. Hangekar *Partner* Membership No.30615 F.R. No.101048W Place: Mumbai Date: 24th May, 2011	P. K. Mundra *Company Secretary*	Lt.Gen.(Retd.) Utpal Bhattacharyya *Director* M. P. Taparia *Director*	Krishna Kumar Karwa *Director* K. L. Chandak *Executive Director*

Schedules

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in Rs Lacs)

				2011		2010
1 SHARE CAPITAL						
Authorised						
15,00,00,000	Equity Shares of Rs.2 each			3,000.00		3,000.00
65,00,000	Cumulative Redeemable Non-convertible					
	Preference Shares of Rs.100 each			6,500.00		6,500.00
				9,500.00		9,500.00
Issued & Subscribed						
62748908	Equity Shares of Rs.2 each Fully paid-up			1,254.98		1,254.98
6500000	8.5% Cumulative Redeemable Non-Convertible					
	Preference Shares of Rs.100 each Fully paid up			6,500.00		6,500.00
Total				7,754.98		7,754.98

Note:

1. Out of the above Equity shares - 75,00,000 shares of Rs.2 each fully paid were allotted as Bonus Shares by Capitalisation of General Reserve.
2. Cumulative Redeemable Non-convertible Preference Shares are redeemable at the end of 5 years from the date of allottment i.e. 30.03.2009, however, the Company can redeem at anytime at its option after one year from the date of allotment.

2 RESERVES AND SURPLUS		2011		2010
Share Premium Account		12,846.64		12,846.64
Equity Share Warrant Forfeiture Account		277.50		277.50
Debenture Redemption Reserve		6,500.00		6,500.00
Capital Redemption Reserve Account		6,500.00		–
General Reserve				
Balance at commencement of the year	29,452.40		28,905.38	
Transferred from Profit & Loss Account	900.82		547.02	
		30,353.22		29,452.40
Balance as per Profit & Loss Account		2,815.39		3,301.74
Total		59,292.75		52,378.28

3 SECURED LOANS	2011	2010
(i) 650 Nos. of 12.5% Non-Convertible Secured	–	6,500.00
Redeemable Debentures of Rs.10 lacs each		
(ii) Working Capital Facilities from Banks	1,691.13	2,619.26
(iii) Term Loans		
a) International Finance Corporation (IFC), Washington, DC	17,832.00	17,956.00
b) Barclays Bank Plc. Mauritius	6,687.00	8,978.00
c) ICICI Bank Ltd., Singapore - Led Syndicate	48,960.86	47,905.04
d) Central Bank of India	–	10,000.00
e) State Bank of Mysore	10,900.00	–
Total	86,070.99	93,958.30

Note:

1. The Working Capital facilities from banks are secured by joint hypothecation of stores, spares, raw materials, stock-in-process, finished goods, book debts etc., ranking pari-passu inter-se.
2. Term loans from IFC, Washington, Barclays Bank Plc & ICICI Bank Ltd., are secured by way of hypothecation on all movable assets both present and future and are secured by equitable mortgage of immovable assets , both present and future on pari-passu basis.
3. 12.5% Secured Redeemable Non-convertible Debentures and loan from Central Bank of India were secured by second charge by way of hypothecation on all movable assets, plant and machinery acquired / to be acquired under the project on pari-passu basis.
4. Loans from State Bank of Mysore are secured by second charge on plant and machinery acquired / to be acquired under the project whereas part of the loan amounting to Rs.4400 Lacs is also secured by hypothecation of Cenvat receivables.

Schedules (Contd.)

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in Rs Lacs)

	2011	2010
4 UNSECURED LOANS		
Loan from Banks	24,775.00	20,500.00
Interest-free Loan under Sales-tax Deferral Scheme	10,400.39	9,013.14
Total	**35,175.39**	**29,513.14**

	2011	2011	2010	2010
5 CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors:				
Dues of Micro, Small & Medium Enterprises (See Note 6 of Schedule 17)	68.92		72.44	
Others	17,050.77		17,920.61	
		17,119.69		17,993.05
Unclaimed Dividends		71.26		67.73
Interest accrued but not due on loans		570.55		550.74
Provisions				
Interim / Proposed Dividends		1,807.48		1,807.48
Tax on Proposed Dividends		286.23		307.18
Leave Encashment		238.10		263.08
Superannuation		1.74		0.52
Total		**20,095.05**		**20,989.78**

6 FIXED ASSETS

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET DEPRECIATED BLOCK	
	As at 1.4.2010	Additions	Sales/ Adjustments	As at 31.3.2011	As at 1.4.2010	For the year	Deductions/ Adjustments	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
Land – Leasehold	156.11	–	–	156.11	–	–	–	–	156.11	156.11
– Freehold	61.61	–	–	61.61	–	–	–	–	61.61	61.61
Factory Buildings	8,783.85	9,207.67	–	17,991.52	2,273.50	1,474.44	–	3,747.94	14,243.58	6,510.35
Non-Factory Buildings	1,011.73	156.34	–	1,168.07	553.85	23.26	–	577.11	590.96	457.88
Roads and Drainage	163.54	313.22	–	476.76	26.97	4.71	–	31.68	445.08	136.57
Railway Siding	226.99	71.82	–	298.81	3.98	41.01	–	44.99	253.82	223.01
Effluent Treatment Plant	1,035.58	789.40	–	1,824.98	399.56	86.28	–	485.84	1,339.14	636.02
Construction Machinery and Equipments	4.49	–	–	4.49	3.55	0.13	–	3.68	0.81	0.94
Water Treatment Plant	46.29	–	–	46.29	46.16	0.02	–	46.18	0.11	0.13
Electric Installations	37.89	4.21	19.82	22.28	28.41	1.94	18.69	11.66	10.62	9.48
Fire Fighting Equipments	6.78	–	–	6.78	6.59	0.03	–	6.62	0.16	0.19
Furniture, Fittings and Airconditioners	296.49	65.60	9.64	352.45	172.10	26.53	7.96	190.67	161.78	124.39
Office Equipments	589.52	50.13	6.14	633.51	453.62	60.49	5.66	508.45	125.06	135.90
Trucks & Vehicles	199.21	98.25	–	297.46	130.45	20.88	–	151.33	146.13	68.76
Plant and Machinery	89,933.56	71,133.02	15.47	161,051.11	17,892.34	7,870.83	8.81	25,754.36	135,296.75	72,041.22
Plant and Machinery (Leased)	644.41	–	–	644.41	644.41	–	–	644.41	–	–
Total	**103,198.05**	**81,889.66**	**51.07**	**185,036.64**	**22,635.49**	**9,610.55**	**41.12**	**32,204.92**	**152,831.72**	**80,562.56**
Capital work-in-progress									8.65	74,689.80
Total									**152,840.37**	**155,252.36**
Previous Year	41,138.98	62,294.67	235.60	103,198.05	20,457.27	2,377.05	198.83	22,635.49	155,252.36	132,686.23

Note:

1) Buildings at Paper & Paper Board Unit at Dandeli are constructed on Leasehold land.

2) Leasehold Land represents the amount paid to Karnataka Industrial Area Development Board (KIADB), Bangalore against allotment of land at Kesarolli village, Haliyal on Lease-cum-sale basis.

3) Capital work in progress includes Nil (Previous Year Rs.6,370.39 lacs) for Project Expenses and Nil (Previous Year Rs.678.98 lacs) for advances to suppliers/contractors.

Schedules (Contd.)

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in Rs Lacs)

	2011		2010	
	No. of Shares	Value (Rs. in Lacs)	No. of Shares	Value (Rs. in Lacs)
7 INVESTMENTS				
[1] TRADE INVESTMENTS		NIL		NIL
[2] NON TRADE INVESTMENTS				
Long Term Investments				
(A) In Government Securities:				
6 Year National Savings Certificate	–	0.10	–	0.10
Total [A]		0.10		0.10
(B) In Equity Shares				
(a) Listed & Quoted:				
Jayshree Chemicals Ltd.,	542,399	94.96	542,399	94.96
Rama Newsprint & Papers Ltd.,	21,124,791	4,540.86	21,124,791	4,540.86
Total (a)		4,635.82		4,635.82
(b) Listed But not Quoted:				
The Kilkotagiri Tea & Coffee Estate Co.Ltd.,	55,545	28.23	55,545	28.23
The Thirumbadi Rubber Co.Ltd.,	14,000	7.04	14,000	7.04
Fort Gloster Industries Ltd.,	4,016,680	–	4,016,680	–
Total (b)		35.27		35.27
(c) Unquoted:				
Speciality Coatings & Lamination Ltd.,	1,850,130	–	1,850,130	–
Digvijay Investments Ltd.,	7	0.01	7	0.01
Total (c)		0.01		0.01
Grand Total		4,671.20		4,671.20

Investments	As at 31.03.2011		As at 31.03.2010	
	Book Value (Rs. in Lacs)	Market Value (Rs. in Lacs)	Book Value (Rs. in Lacs)	Market Value (Rs. in Lacs)
(A) Long Term Investment				
Investment in shares				
Listed (Quoted & Unquoted)	4,671.09	4,141.25	4,671.09	4,708.85
(B) Unlisted				
Shares/Securities	0.11	–	0.11	–

Mutual Fund Units Purchased and Sold during the year

SL. No.	Mutual Funds Units	No. of Units	Cost (Rs. in Lacs)
1.	LIC MF - Liquid Fund	4,040,735	500.00
2.	LIC MF - Liquid Fund	4,039,496	500.00
	Total	8,080,231	1,000.00

Schedules (Contd.)

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in Rs Lacs)

	2011	2010
8 CURRENT ASSETS, LOANS AND ADVANCES		
(a) Inventories (As certified by Management):		
Stores, spares, machinery/machinery parts, Building materials etc.	8,039.19	6,271.02
Loose Tools	121.70	86.20
Finished Goods	3,216.22	2,719.30
Raw Materials	8,390.22	8,345.04
Work-in-Process	258.13	198.07
Stock of Scrap	69.61	285.91
	20,095.07	**17,905.54**
(b) Sundry Debtors (Unsecured)		
Considered good		
Over Six months	238.26	144.74
Others	7,077.69	3,279.43
	7,315.95	**3,424.17**
(c) Cash & Bank Balances		
Cash on hand	39.41	44.78
Bank Balances with Scheduled Banks:		
In Current Accounts including remittance in transit	913.41	579.76
In Fixed Deposit Accounts	6,513.53	10,929.87
In Unpaid Dividends Accounts	71.26	67.73
In Fixed Deposit (Employees' Security Deposits)	41.20	36.95
	7,578.81	**11,659.09**
(d) Loans and Advances (Unsecured)		
(Considered good except stated otherwise)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	3,177.38	1,973.16
Balance with Customs,Excise,Port Trust and other Authorities	13,385.72	13,694.03
Advance tax/tax paid at source [Net of provision]	1,347.99	1,095.85
MAT Credit Entitlement	3,179.39	1,370.17
Intercorporate Deposit	1,411.67	–
Deposits:		
– With Electricity supply companies	84.92	104.47
– With others	159.66	93.53
	22,746.73	**18,331.21**
Total	**57,736.56**	**51,320.01**

Schedules

Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2011

(Amount in Rs Lacs)

	2011	2010
9 TURNOVER		
Sale of Paper and Board	107,941.06	61,188.19
Sale of Cables	2,903.25	3,819.92
Sale of Power	42.88	49.01
Exchange Rate Difference	26.56	(6.85)
Total	**110,913.75**	**65,050.27**

Schedules (Contd.)

Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2011

(Amount in Rs Lacs)

		2011		2010
10 OTHER INCOME				
Dividend (Non-trade)		1.17		4.39
Interest (Gross)				
Banks		38.36		20.97
Others		467.62		80.22
[Income Tax deducted at source Rs.51.27 lacs (Rs.46.64 lacs)]				
Excess Provision Written back		1.10		6.63
Profit on sale of Investments		3.89		24.96
Miscellaneous Income		736.34		495.07
Total		**1,248.48**		**632.24**
11 VARIATION IN STOCK OF FINISHED GOODS				
Closing Stock:				
Paper and Board	3,194.38		2,676.73	
Cables	21.84		42.56	
		3,216.22		2,719.29
Less: Opening Stock:				
Paper and Board	2,676.73		3,367.89	
Cables	42.56		4.15	
		2,719.29		3,372.04
		496.93		(652.75)
Add/Less				
Variation in Excise duty on opening and closing stock of Finished goods				
Paper and Board	(76.79)		80.77	
Cables	2.13		(4.04)	
		(74.66)		76.73
Total		**422.27**		**(576.02)**
12 RAW MATERIALS COST				
Opening Stock		8,345.04		5,465.10
Add: Purchases including expenses thereon		37,596.51		25,087.10
		45,941.55		30,552.20
Less:Closing Stock		8,390.21		8,345.04
		37,551.34		22,207.16
Accretion / Decretion to Stocks:				
Add: Opening Stock of work-in-process		198.07		293.81
Less: Closing Stock of work-in-process		258.13		198.07
Total		**37,491.28**		**22,302.90**
13 MANUFACTURING EXPENSES				
Stores & Spareparts etc.consumed		21,065.16		11,650.81
Coal and Oil consumed		12,641.25		6,733.72
Electricity Charges		798.83		491.37
Repairs and Maintenance:				
– Buildings		624.03		533.81
– Plant and Machinery		563.83		382.08
– Other Assets		166.14		120.98
Water Charges/Cess		66.87		59.89
Total		**35,926.11**		**19,972.66**

Schedules (Contd.)

Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2011

(Amount in Rs Lacs)

		2011		2010
14 PAYMENTS TO EMPLOYEES				
Salaries, Wages and Bonus		5,040.02		4,529.41
Contribution to:				
– Provident and Family Pension Funds		368.59		350.43
– Employees' State Insurance		142.09		97.07
– Gratuity Fund		150.52		46.31
– Superannuation Fund		93.32		50.89
– Employees' Group Insurance Scheme		9.06		9.96
– Leave Encashment		(24.97)		15.42
Employees' Welfare Expenses		387.09		418.12
Total		**6,165.72**		**5,517.61**

15 ADMINISTRATIVE EXPENSES				
Insurance Charges		152.98		112.81
Rent		88.46		76.37
Rates and Taxes		26.15		25.27
Vehicles Maintenance		223.56		163.70
Miscellaneous Expenses		849.30		781.29
Payment to Auditors:				
– Audit Fees	7.00		7.00	
– Tax Audit Fees	0.75		0.75	
– Company Law Matters	0.20		0.20	
– Other Services	1.72		3.22	
– Out of pocket Expenses	2.05		2.34	
		11.72		13.51
Cost Auditors' Remuneration and Expenses		0.41		0.40
Forwarding Charges on Sales		1,364.60		778.04
Commission on Sales		823.58		496.18
Commission to Director		436.19		376.00
Directors' Fees and Expenses				
– Sitting Fees	4.00		4.30	
– Travelling Expenses	11.16		14.53	
[including Executive Director's Rs.4.03 Lacs (Rs.4.15 lacs)]		15.16		18.83
Charity and Donation		36.00		41.97
Obsolete Assets written off		2.25		28.63
Loss on sale of Fixed Assets (Net)		5.16		0.77
Total		**4,035.52**		**2,913.77**

16 INTEREST AND FINANCING CHARGES				
Interest :				
Term Loans		4,345.90		181.27
Debentures		760.75		46.61
Others (Net)		360.08		949.88
Bank Charges		144.64		175.79
Exchange rate difference (Net)		(5.64)		(137.82)
Total		**5,605.73**		**1,215.73**

Schedules (Contd.)

Notes Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

17 NOTES ON ACCOUNTS

(1) Contingent liabilities not provided for in respect of :

(a) Bank Guarantees outstanding : Rs. 3599.66 lacs (Rs. 1958.10 lacs).

(b) Letters of Credit outstanding : Rs. 2685.24 lacs (Rs. 4144.43 lacs).

(c) Corporate Guarantees given by the Company to the Banks & Institution : Rs.12067.54 lacs (Rs. 12132.42 lacs).

(d) Demand raised by the Income Tax department and Sales Tax department disputed by the Company : Rs. 5518.65 lacs (Rs. 6322.69 lacs) and Rs. 30.66 lacs (Rs. 30.66 lacs) respectively.

(e) Various demands of employees pending for adjudication : amounts not ascertainable.

(f) Claims against the Company, not acknowledged as debts : Rs. 2100 lacs

(2) (a) The Income tax assessments of the Company have been completed upto Assessment Year 2008-09.

(b) The Total demand outstanding as on 31.03.2011 on account of income tax dues for various assessment years is Rs.5518.65 lacs (Rs. 6322.69 lacs). The Company and the Income Tax Department are in appeal before the Appellate authorities for various assessment years. Since most of the issues raised in these years are already covered by the decisions of Hon'ble Income Tax Appellate Tribunal and CIT(A) in Company's favour, the Company is of the opinion that the demands are likely to be either deleted or substantially reduced in appeal before appellate authorities and in view of this, the Company has decided to adjust the short/excess provision, if any, after the appeals are disposed off.

(c) The Company and the Income Tax Department are in appeal before the High Court of Bombay on various grounds decided by the Income Tax Appellate Tribunal. The Company has therefore not recorded adjustment of Taxes in the books.

(3) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.1,520.36 lacs (Rs. 3,806.22 lacs).

(4) Additional information pursuant to the provisions of paragraphs 3,4C and 4D of part II of Schedule VI of the Companies Act, 1956.

(Amount in Rs. lacs)

(a) Imports during the year (CIF) value		
[i] Raw Materials	1,865.41	(1,980.74)
[ii] Components and Spare parts	1,917.47	(956.03)
[iii] Capital goods	1,152.52	(6,574.92)
(b) Expenditure in Foreign Currencies during the year		
[i] Travelling	7.19	(6.05)
[ii] Others	0.39	(613.00)

(c) Value of Raw Materials, Components and Spare Parts etc. consumed during the year:

	Raw Materials				Components & Spare Parts			
	(Rs in lacs)	(Rs in lacs)	%	%	(Rs in lacs)	(Rs in lacs)	%	%
Indigenous	35,393.39	(19,561.80)	94	(88)	18,493.42	(11,123.68)	88	(95)
Imported(including Duty, Freight and Clearing Expenses etc.)	2,157.95	(2,645.36)	6	(12)	2,571.74	(527.13)	12	(5)
	37,551.34	(22,207.16)	100	(100)	21,065.16	(11,650.81)	100	(100)

(d) Details of Raw Materials consumed

	Unit	Quantity		(Rs. in lacs)	
Wood	(M.T)	740,968	(384,587)	29,672.63	(13,908.67)
Pulp/Waste paper	(M.T)	46,484	(55,144)	5,906.41	(5,809.50)
Optical Fibre	(Kms)	207,674	(247,131)	673.60	(962.10)
Nylon	(M.T)	–	(18.46)	–	(72.80)
Steel Tape	(M.T)	73.30	(193.67)	138.10	(355.57)
Copper	(M.T)	26.74	(5.12)	100.23	(19.00)
Other allied inputs		–	(–)	1,060.37	(1,079.52)
				37,551.34	**(22,207.16)**

Notes Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

17 NOTES ON ACCOUNTS (Contd.)

(e) Earnings in Foreign Exchange during the year:

	(Rs. in lacs)	
Export of Paper, Paper Board, Duplex Board & Optical Fibre Cable (F.O.B. Value)	5,464.08	(2,085.41)

(f) Amount remitted in Foreign Currencies towards dividend to non-resident shareholders during the year:

No. of Non-resident Shareholders		No. of Shares held		Net Dividend remitted: Rs. in lacs	
180	(151)	297,630	(244,805)	5.95	(4.90)

The above payment was made in India to the mandatees of non- resident shareholders in rupees.

(g) Particulars in respect of Capacities & Production:

Class of goods	Unit	Installed Capacity per annum		Production/ Generation	
Paper/Paper Board & Multilayer Board	M.T.	320,000	(180,000)	267,005	(173,638)
Optical Fibre Cables	km.	83,500	(83,500)	27,951	(18,003)
JFTC	Ckm.	1,542,000	(1,542,000)	78	–
Control Cable	Ckm.	3,000	(3,000)	251	(14)
Signal Cable	Ckm.	5,184	(5,184)	–	–
Quad Cable	Ckm.	3,456	(3,456)	–	–
Wind Mills	M.W/Kwh.	1.75	(1.75)	1,456,700	(1,785,133)

(h) Particulars in respect of Sales and Stock:

	Opening Stock (1st April, 2010)		Sales		Closing Stock (31st March, 2011)	
	Quantity (M.T.)	Value (Rs. in lacs)	Quantity (M.T.)	Value (Rs. in lacs)	Quantity (M.T.)	Value (Rs. in lacs)
Paper/Paper Board & Multilayer Board	9,556	2,676.73	267,992	107,967.62	8,569	3,194.38
	(11,112)	(3,367.89)	(175,194)	(61,181.34)	(9,556)	(2,676.73)
Optical Fibre Cables	286 (Km)	42.56	27,985.00 (Km)	2,777.74	252.00 (Km)	20.70
	(73) (Km)	(4.15)	(17,790) (Km)	(3,813.10)	(286) (Km)	(42.56)
JFTC	– (CKm)	–	78 (CKm)	2.60	– (CKm)	–
	(–) (CKm)	(–)	(–) (CKm)	(–)	(–) (CKm)	(–)
Control Cable	– (CKm)	–	248 (CKm)	122.91	3.00 (CKm)	1.14
	(–) (CKm)	(–)	(14) (CKm)	(6.82)	(–) (CKm)	(–)
Sale of Power	–	–	1,456,700 (Kwh)	42.88	–	–
	(–)	(–)	(1,785,133) (Kwh)	(49.01)	(–)	(–)

N.B.: [i] Pulp plant is an integrated part of the Paper plant and therefore the capacity and actual production of pulp are not separately ascertained.

[ii] Paper Industry, Cable Industry & Wind Power Generation are delicensed.

[iii] The Installed Capacities are certified by Executive Director.

[iv] Sale of paper as shown above includes Rs. 12.79 Lacs (27 MT) [Rs.23.66 Lacs (56 MT)] for internal consumption .

Schedules (Contd.)

Notes Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

17 NOTES ON ACCOUNTS (Contd.)

(5) Managerial Remuneration

(Amount in Rs. lacs)

	Year ended 31-3-2011	Year ended 31-3-2010
Salary (including leave encashment)	85.11	63.06
Commission	436.19	376.00
Contribution to Provident, Gratuity and Superannuation Funds	53.78	19.17
Reimbursement of Medical & LTC Expenses	–	0.10
Other perquisites	4.52	2.87
	579.60	461.20

Remuneration to Chairman & Managing Director :

Computation of Net Profit in accordance with section 198 / 349 of the Companies Act, 1956

Profit before Taxation	9,308.84	
Less: Profit on sale of Investments	3.89	
	9,304.95	
Remuneration to CMD		
1. Commission	436.19	
2. Salary	29.05	
Total	**465.24**	
Percentage of Profit as per Section 349 of Companies Act, 1956	5	

(6) Disclosure pertaining to Micro, Small and Medium Enterprises Development Act, 2006 (as per information available with the Company) :

Principal amount due outstanding as at 31st March, 2011 is Rs.68.92 Lacs and interest paid or payable is Rs.NIL.

(7) The Company has been advised that its activity of investing surplus funds in Shares / Mutual Funds does not constitute trading activities, as such the details of purchases, opening and closing stocks and turnover in respect of aforesaid activities are not required to be furnished.

(8) The Company used to adjust the foreign currency exchange rate differences on amounts borrowed for acquisition of fixed assets, to the carrying cost of fixed assets in compliance with Schedule VI to the Companies Act, 1956 as per legal advice, which was at variance to the treatment prescribed as per Accounting Standard 11.

The Ministry of Corporate Affairs, G.O.I. vide Notification No.G.S.R. 225 (E) dated 31st March 2009, notified the Companies (Accounting Standards) Amendment Rules, 2009 (the said Rules) wherein option is given for adding or deducting the exchange rate variation from the cost of depreciable capital assets in respect of long term foreign currency loans upto 31.03.2011. The Company has, therefore, opted for adjusting the foreign currency exchange rate difference to the carrying cost of fixed assets as per the said Rules and the exchange loss of Rs. 942.90 lacs has been included in the Fixed Assets / Capital work in progress (exchange gain of Rs. 546.77 lacs reduced from capital work in progress in the previous year), due to which the depreciation for the current financial year is increased by Rs. 48.84 lacs (last year depreciation lowered by Rs.3.94 lacs).

(9) The Company had paid an amount of Rs. 362.22 lacs towards the invocation of Bank Guarantee given to a Bank on behalf of Speciality Coatings and Laminations Ltd (SPCL). The Company has also to recover Rs. 24.91 lacs against supplies made to SPCL. The Company is hopeful of recovering the said amount out of disposal of the assets of SPCL and hence, no provision has been made in the books of accounts.

(10) As per the Accounting Standard on 'Related Party Disclosures' (AS 18), issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

A] Associate Company
1) Fort Gloster Industries Ltd., Kolkata (FGI)
2) Rama Newsprint & Papers Limited (RNPL)

B] Key Management Personnel
1) Shri.S.K.Bangur
Chairman & Managing Director
2) Shri.K.L.Chandak
Executive Director

Schedules (Contd.)

Notes Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

17 NOTES ON ACCOUNTS (Contd.)

The following transactions were carried out with related parties during the year in the ordinary course of business.

(a) Subsidiary and Associated Companies :

(Amount in Rs. lacs)

Particulars	2010–11 Associate Companies		2009–2010 Associate Companies	
	F.G.I.	R.N.P.L.	F.G.I.	R.N.P.L.
Income				
Rent	–	1.20	–	1.50
Interest	–	96.41	–	43.40
Expenditure				
Rent	3.33	–	1.08	–
Salary	–	14.31	–	–
Assets				
Loans & Advances [at the end of the year outstanding Rs. 1,411.67]	–	1,411.67	–	500.00
Corporate Guarantees	–	12,067.54	–	12,132.42

(b) Key Managerial Personnel

Managerial Remuneration Rs. 579.60 lacs (Rs. 461.20 lacs)

(11) Earnings per share ["EPS"] computed in accordance with Accounting Standard 20: "Earnings per Share".

Basic: (Amount in Rs. lacs)

Particulars	2010–11	2009–10
Net Profit after tax as per P & L Account	9,008.18	5,470.21
	Nos.	Nos.
Number of shares issued (Rs. 2 each)	62,748,908	62,748,908
Basic EPS (Rupees) / Face Value of Rs. 2 each	14.36	8.80
Diluted EPS (Rupees)	14.36	8.80

(12) Segment Reporting:

Information about Business Segments (Information provided in respect of revenue items for the year ended 31.03.2011 and in respect of assets / liabilities as at 31.03.2011

(Amount in Rs. lacs)

Particulars	Paper		Cables		Others		Unallocable		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment Revenue										
Gross Turnover	1,07,967.62	61,181.34	2,903.25	3,819.92	42.88	49.01			1,10,913.75	65,050.27
Less : Excise Duty	4,188.32	2,389.62	252.43	269.94	–	–			4,440.75	2,659.56
Net Turnover	**1,03,779.30**	**58,791.72**	**2,650.82**	**3,549.98**	**42.88**	**49.01**			**1,06,473.00**	**62,390.71**
Segment result before Interest and Taxes	**14,565.05**	**9,126.58**	**(156.31)**	**129.70**	**(0.15)**	**5.47**			**14,408.59**	**9,261.75**
Less : Interest Expenses							5,605.73	1,215.73	5,605.73	1,215.73
Add : Interest Income							505.98	101.19	505.98	101.19
Less : Exceptional Items							–	–	–	–
Profit before Tax	14,565.05	9,126.58	(156.31)	129.70	(0.15)	5.47	(5,099.75)	(1,114.54)	9,308.84	8,147.21
Current Tax							90.78	29.83	90.78	29.83
Deferred Tax							209.88	2,647.17	209.88	2,647.17
Profit After Tax	14,565.05	9,126.58	(156.31)	129.70	(0.15)	5.47	(5,400.41)	(3,791.54)	9,008.18	5,470.21
Other Informations										
Segment Assets	1,98,745.36	1,91,886.88	2,339.79	2,407.61	163.17	193.83	13,999.81	16,755.26	2,15,248.13	2,11,243.58
Segment Liabilities	19,805.13	20,759.48	218.66	162.57	–	–	71.26	67.73	20,095.05	20,989.78
Capital Expenditure	7,142.63	24,594.93	14.81	149.42	–	–	–	–	7,157.44	24,744.35
Depreciation	9,382.53	2,162.91	197.36	183.48	30.66	30.66	–	–	9,610.55	2,377.05
Non Cash Expenses other than depreciation	–	–	–	–	–	–	–	–	–	–

Schedules (Contd.)

Notes Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

17 NOTES ON ACCOUNTS (Contd.)

(13) The Deferred Tax Liability Rs.209.88 Lacs (Rs.2,647.17 Lacs Liability) for the current year has been recognised in Profit & Loss A/c.

(Amount in Rs. lacs)

Particulars	As at 31-3-2011	As at 31-3-2010
Deferred Tax		
a) Deferred Tax Liability on account of Depreciation	7,063.35	6,832.77
	7,063.35	**6,832.77**
b) Deferred Tax Asset on account of Disallowances under section 43B of Income Tax Act	204.38	183.68
	204.38	183.68
Net Deferred Tax Liability	**6,858.97**	**6,649.09**

(14) Provision for Income Tax has been made in accordance with Section 115JB of Income Tax Act,1961.However, Management expects that it would be in a position to pay normal tax within the period specified under the Income Tax Act,1961 and hence MAT credit has been recognised.

(15) The year end shortfall, as there may be, pertaining to certain sundry debtors, loans and advances is not currently ascertainable and accordingly not provided for.

(16) As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expenses for the year are as under :

(Amount in Rs. lacs)

	2010–11	2009–10
Employer's Contribution to Provident Fund/Pension Fund	417.75	395.29
Employer's Contribution to Superannuation Fund	93.32	50.89

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulates that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

(Amount in Rs. lacs)

	Gratuity (Funded)	
	2010–11	2009–10
1) Components of Employer Expenses		
Service Cost	123.94	120.86
Interest Cost	133.05	123.98
Expected Return on Plan Assets	(129.02)	(124.94)
Actuarial (gain)/Loss	22.55	(37.15)
Net expense / (gain) recognised in the Profit and Loss account	**150.52**	**82.75**
2) Changes in Benefit Obligations		
Present value of Obligation	1,612.69	1,630.09
Service Cost	123.94	120.86
Interest Cost	133.05	123.98
Actuarial(gain)/Loss	29.13	40.07
Benefits paid	(264.39)	(302.31)
Present value of Obligation	1,634.42	1,612.69

Schedules (Contd.)

Notes Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

17 NOTES ON ACCOUNTS (Contd.)

(Amount in Rs. lacs)

	Gratuity (Funded)	
	2010–11	2009–10
3) Changes in Plan Assets		
Fair value of Plan Assets	1,612.69	1,666.54
Expected return on Plan Assets	129.02	124.94
Employer's contributions	150.52	46.30
Benefit Paid	(264.39)	(302.31)
Actuarial(gain)/Loss	6.58	77.22
Fair value of Plan Assets	1,634.42	1,612.69
Category of Plan Assets		
GOI Securities	0.46	0.46
Special Deposit	–	59.48
LIC	57.68	–
PSU/State Government Securities	6.42	6.61
ICICI Prudential Life Insurance	35.44	33.45
Others	–	–
Actuarial Assumptions		
Discount Rate (per annum)	8.27%	8.25%
Expected Rate of Return on Assets (per annum)	8.00%	8.00%
Salary Escalation over & above highest of salary in the grade	1.00%	1.00%

(17) Previous year's figures have been regrouped and reclassified wherever necessary and disclosed within brackets.

Schedules

Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

18 SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of preparation of financial statements:**
   The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and comply in all material aspects in respect with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (As amended).

2. **Use of Estimates:**
   The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

3. **Fixed Assets:**
   a) Fixed Assets are stated at cost of acquisition (net of Cenvat and VAT wherever applicable) or construction less accumulated depreciation and impairment loss, if any. Cost includes any directly attributable cost of bringing each asset to its working condition for intended use.

   b) Assets under installation or under construction as at balance sheet date are shown as Capital work in progress together with project expenses and advances to suppliers/contractors.

   c) Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of Modvat / Cenvat.

Schedules (Contd.)

Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

18 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

4. Depreciation:
   a) On the fixed assets, is provided at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 on the written down value method, other than on plant and machinery, effluent treatment plant, roads and drainage on which depreciation is provided on Straight Line Method.
   b) On the Plant & Machinery of JFTC/ Control Cable at Mysore Division and Duplex Board Plant at Paper Division at Dandeli is provided at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 on written down value method.

5. Impairment of Assets:

   The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. The impairment loss recognized in the prior accounting years is reversed if there has been a change in the estimate of recoverable amount.

6. Investments:

   Current investments are carried at the lower of cost or quoted/ fair value, computed category-wise. Long term investments are stated at cost and provision is made for any diminution in such value, which is not temporary in nature.

7. Valuation of Inventories:
   a) Inventories of raw materials, stores, spares, machinery parts, building materials, loose tools etc. are valued at weighted average cost, after providing for obsolescence, if any.
   b) Work in process is valued at cost.
   c) Finished goods are valued at lower of cost or net realizable value.
   d) Stock of scrap is valued at realizable value.
   e) Standing crops intended for captive use are valued at the total amount of expenditure incurred comprising of material, labour, interest & overheads, less any incidental revenue realised.

8. Revenue recognition:
   a) Turnover is recognized when goods are dispatched to customers and are adjusted for Discounts (net), Sales Tax/ VAT and foreign exchange differences. Turnover is inclusive of Excise Duty.
   b) DEPB income is recognized on accrual basis for the licences to be received.
   c) Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

9. Research and Development Expenditure:

   Revenue expenditure on research & development is charged to Profit & Loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

10. Employee Benefits:
    a) Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous' Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Profit and Loss account.
    b) Company's defined contributions made to Pension Fund of Government and Superannuation Scheme of Life Insurance Corporation of India are charged to the Profit and Loss account on accrual basis.
    c) Contribution to Gratuity Fund and provision for Leave Encashment is based on actuarial valuation carried out as on the Balance Sheet date as per Projected Unit Credit Method.

11. Foreign Currency Transactions:

    Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Foreign currency current assets and current liabilities outstanding at the Balance Sheet date are translated at the exchange rate prevailing on that date and the resultant gain or loss is recognized in the Profit & Loss account. In cases where they relate to the acquisition/construction of fixed assets, they are adjusted to the carrying cost of fixed assets.

Schedules (Contd.)

Annexed to and Forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date

18 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

12 Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets upto the date when they are ready for their intended use and other borrowing costs are charged to Profit & Loss account.

13. Taxation

Provision for Taxation is made on the basis of the Taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961.

Deferred Tax resulting from "timing difference" between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a certainty that the asset will be adjusted in future. Deferred tax on timing differences which reverse during the tax holiday is not recognised.

14. Contingent Liabilities

Claims against the Company not acknowledged as debts are treated as Contingent Liabilities. Provision in respect of contingent liabilities if any, is made when it is probable that a liability may be incurred and the amount can be reasonably estimated.

Signature to Schedules from 1 to 18

For **BATLIBOI & PUROHIT** *Chartered Accountants*	S. K. Bangur *Chairman & Managing Director*	C. K. Somany *Director*	P.N. Kapadia *Director*
R.D. Hangekar *Partner* Membership No.30615 F.R. No.101048W Place: Mumbai Date: 24th May, 2011	P. K. Mundra *Company Secretary*	Lt.Gen.(Retd.) Utpal Bhattacharyya *Director* M. P. Taparia *Director*	Krishna Kumar Karwa *Director* K.L. Chandak *Executive Director*

Balance Sheet Abstract

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No. 0 1 9 3 6 State Code 0 8

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)

II. Capital Raised during the year: (Amount in Rs. thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

III. Position of Mobilisation & Deployment of Funds: (Amount in Rs. thousands)

Total Liabilities	Total Assets
19515308	19515308

Sources of Funds:

Paid-up Capital	Reserves and Surplus
775498	5929275
Secured Loans	Unsecured Loans
8607099	3517539
	Deferred Tax Liability
	685897

Application of Funds:

Net Fixed Assets	Investments
15284037	467120
Net Current Assets	Miscellaneous Expenditure
3764151	NIL
Accumulated Losses	
NIL	

IV. Performance of the Company: (Amount in Rs. thousands)

Turnover including other Income	Total Expenditure
10814375	9883491
+ – Profit/Loss Before Tax	+ – Profit/Loss After Tax
+ 930884	+ 900818
Earning Per Share in Rs.	Dividend Rate (%)
14	100

V. Generic Names of three Principal Products/Services of the Company: (as per monetary terms)

Item Code No. (ITC Code)	480200 00
Product Description	UNCOATED PAPER AND PAPER BOARDS USED FOR WRITING AND PRINTING
Item Code No. (ITC Code)	480500 00
Product Description	OTHER UNCOATED PAPER AND PAPER BOARDS IN SHEETS OR ROLLS
Item Code No. (ITC Code)	900100 00
Product Description	OPTICAL FIBRE CABLES

Corporate Information

Board of Directors
Shri S. K. Bangur, *Chairman & Managing Director*
Smt Shashi Devi Bangur
Shri R. N. Mody
Shri C. K. Somany
Shri P N Kapadia
Shri Saurabh Bangur
Lt. Gen.[Retd.] Utpal Bhattacharyya
Shri Krishna Kumar Karwa
Shri Sanjay Kothari
Shri M.P.Taparia
Shri K. L. Chandak, *Executive Director*

Management Team
Paper and Duplex Board Division

Corporate Office
Shri J.K.Mandelia, *President (Corporate)*
Shri V. Subbiah, *Vice-President (Marketing)*
Shri V.V.Bhatt, *Vice-President (Marketing)*

Works
Shri S.S.Pal, *President (Technical)*
Shri A.Bhaskar Reddy, *President (Commercial)*
Shri B.K Bhuyan, *Vice-President (Operations)*
Shri B.H Rathi, *Vice-President (Operations)*

Telecom Cable Division
Shri V. Bangur, *Chief Executive Officer*
Shri P.D.Kulkarni, *Vice-President [Operations]*

VP (Finance) & Company Secretary
Shri P.K.Mundra

Bankers
Central Bank of India
State Bank of Mysore
Syndicate Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Barclays Bank Plc

Auditors
Batliboi & Purohit
Chartered Accountants

Cost Auditors
Shri Narottam L. Tola
Cost Accountant

Legal Advisors
Khaitan & Co.

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