



**The West Coast Paper Mills Limited**

*Your partner in progress...*

**Annual Report 2011-12**

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## 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.

# Management discussion and analysis



THE INDIAN PAPER INDUSTRY CURRENTLY HAS A TURNOVER OF OVER RS. 30000 CRORES AND CONTRIBUTES OVER RS. 3000 CRORES TO THE NATIONAL EXCHEQUER.

## A) INDUSTRY STRUCTURE & DEVELOPMENT

### Paper Division

There are about 750 - 1000 paper mills (organised & unorganised sector) in the country out of which large integrated units are only 14-15 nos. with a production share of about 28% and balance comprises of medium (Agro-based) and Small (Waste paper based) paper mills with production share of 72%.

The Indian paper industry is an integral part of the Nation's economy and contributes to its growth and development. It is in this spirit that the Indian paper industry has continued to upgrade its capacities and technologies, in spite of huge challenges like shortage of raw material, highly capital intensive nature of the industry, threat of cheaper imports from China, Indonesia etc. From a situation where most paper mills were relatively small and with old technologies, we have now reached

a stage where almost all major paper mills have adopted world class technologies and are fast progressing towards world scale of operations as well.

The Indian paper industry currently has a turnover of over Rs. 30000 crores and contributes over Rs. 3000 crores to the national exchequer. Even more importantly it is providing employment opportunities to over 1.5 million people, mostly in rural areas.

The domestic demand for all varieties of paper in India is estimated at around 11.6 million tonnes per year. Of this, writing & printing paper accounts for approx. 4.2 million tonnes, packaging grades for approx. 5.05 million tonnes and newsprint for about 1.75 million tonnes apart from speciality grade about 0.60 million tonnes.

Even though our domestic paper consumption has been growing






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**TO MEET THE  
DEMAND, THE INDIAN  
PAPER INDUSTRY  
EXPANDED ITS  
CAPACITY RECENTLY  
CLOSE TO 1 MILLION  
TONNES**

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steadily, it is still only 10/11 kg per capita, which is abysmally low when compared to even highly populated and developing economies. For example, per capita consumption in China & Indonesia is estimated at 42 kgs and 23 kgs, respectively.

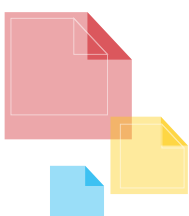
We have no doubt that given India's projected GDP growth, the renewed thrust on universal education through Sarva Shiksha Abhiyan and Right to Education and the consequent changes in lifestyle, paper demand per capita will gradually move to at least 20 kgs per capita or 20 million tonnes by 2020 in our country, requiring more than double quantity of paper that we currently produce and consume.

To meet this demand, the Indian paper industry expanded its capacity recently close to 1 million tonnes, however recession set in 2008 slow down fresh capacity expansion coupled with uncertainty on raw material front particularly for wood based units. The capacity additions initially resulted into over supply situation, which has now been absorbed in the market.

Industry has upgraded process

technologies, installed most modern fibre lines and high-speed paper machines with shoe press to boost the production, conserve energy & water and improve financial performance. Many mills have adopted extended delignification processes, ECF bleaching to modernise the fibre lines. In the area of paper making, adopted alkaline sizing, replacing clay & talk with GCC & PCC fillers and increase the ash content in paper to reduce usage of fibre. Industry has progressed in spite of challenges, improved environmental performance in terms of reduction of effluent volumes, reduction in terms of usage of steam, power, AOX reduction, apart from many other successful achievements in process technologies.

Ministry of New & Renewable Energy, Government of India vide its letter dt. 09.01.2012 has confirmed that Black Liquor Dry Solids (BLDS) is a Renewable Biomass Source which is a byproduct of wood, generated in the Pulp & Paper Industries and accordingly the integrated Pulp & Paper Mills are eligible for Renewable Energy Certificates for power generated by





using steam from recovery boilers wherein, Black Liquor Dry Solids are fired which will generate additional revenue for these Mills.

Further, Ministry of Power, Government of India has notified unit-specific “energy use norms” for the paper industry vide Notification dated 30.03.2012 and the industry has to comply the same by the target year 2014-15. Non-compliance of the same will lead to penalties whereas improvement over the norms will be rewarded by issue of Energy Saving Certificates.

The major challenge for the Indian paper industry is raw material (wood) shortage. While the social forestry model adopted by the industry has helped improve plantations and pulpwood availability to some extent, these are by no means sufficient to meet the growing need for capacity expansions. Indeed lack of stable and viable sources of raw materials is a major impediment to the industry’s survival and growth and wood rates are going out of control apart from availability for sustained production becoming a major concern. Import of pulpwood logs & chips is being explored by the Paper Mills.

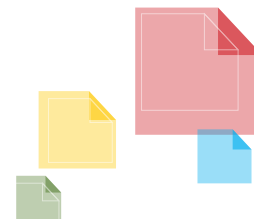
Major paper producing countries of Latin America, Europe and Asia, including China, Indonesia, Malaysia etc., have adopted a policy of granting forest concessions to large paper mills to plant, protect and harvest pulpwood in a cost effective manner. In absence of similar enabling policies, paper mills in India have to necessarily depend upon small and scattered plantations developed through Industry’s social forestry initiative or Government controlled forests. In the process, the cost of collection and transportation works out to be greater than cost of the pulpwood itself. As a result, cost of raw materials in India has been continuously going up and has become most uncompetitive in

comparison to the major paper producing countries in the world.

In the Union Budget for 2012-13, Excise duty on paper and paperboard has been increased from 5% to 6% with effect from 17.3.2012.

#### Cable Division

There are 12 Manufacturers of Optical Fibre Cables having installed capacity of around 700000 km. BSNL has released total 42000 Cable km of order for supply of 24F optical Fibre cables in the current year. BSNL is expected to release further OFC orders for different circles for their O&M requirement as there was a long gap in the last procurement and the current tender. Besides this, RAILTEL / Railways will come up with a requirement of 4000 kms in this year. Other major private telecom players like Aircel, Reliance Communication, Bharti, Tata Teleservices, VSNL, Vodafone etc., will also expand their network after successful launch of 3G, which will generate additional requirement of cables. Considering growing demand for bandwidth in telecom network, the Company is focussing on high fibre count Optical Fibre cable. The Company has got 2000 Kms of BSNL order after a long gap of nearly 4 years.




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**IN THE UNION  
BUDGET FOR 2012-  
13, EXCISE DUTY  
ON PAPER AND  
PAPERBOARD HAS  
BEEN INCREASED  
FROM 5% TO 6%**

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THE COMPANY HAS FOCUSSED ON CONTRACT FOR FARMING WITHIN A RADIUS OF 300 KM AND IT IS HOPED THAT 50% OF WOOD REQUIREMENT WILL BE MET BY THE SAME.



## B) OPPORTUNITIES AND THREATS

### Paper Division

The low per capita consumption of paper/paperboard in the country is bound to increase with the growth in the GDP, rising income of middle class, increasing demand for computer stationery and spending by Government on education sector and ban on plastic packaging starting with Gutka manufacturing units.

The availability of raw material has always been a matter of concern for the industry and it has been requesting the Government to allot degraded revenue and forest lands so that not only the requirement of raw material is met but also employment for rural unskilled population is generated. However, the government has not considered the request. Nevertheless, the industry in general has taken initiatives by taking up Farm/Social Forestry & Contract for Farming programme whereby plantation is taken in a big way on the unproductive private revenue land and thus generating not only income to the farmers but also providing employment to the rural unskilled population and ensuring fibre security.

The Company has focussed on Contract for Farming within a radius of 300 km and it is hoped that 50% of wood requirement will be met by the same. The Company is also distributing high yielding seedlings to the farmers at concessional rates so that plantations are taken up by them without any commitment for its supply to the Company. However, this is bound to increase the overall availability of raw material for the industry.

### Cable Division

With robust machinery infrastructure with qualified factory manpower, this division is capable of catering to substantial market share. The increase in demand due to slowdown in past years and rolling out 4G networks will result in less competition thus price realisation is expected to be better than past two years.

Recent regulatory developments, which have led to uncertainty, could have significant implications for the future of telecom sector and in turn on demand of OFC.

## C) SEGMENT-WISE PERFORMANCE REVIEW

The Company operates in two business segments – paper/paperboard (including duplex board) at Dandeli and telecommunication cables at Mysore, apart from having wind mills of 1.75 MW capacity in Tamilnadu for power generation. Detailed segment-wise performance has been indicated in the Directors' Report.

## D) OUTLOOK

### Paper Division

The paper industry is understood to be cyclical in nature and its performance depends on the global pulp and paper demand supply situation. The industry has also witnessed cyclical impact from May 2011 to February 2012 and has not been able to revise the prices to pass on part of the cost increase to the market. The Company has well-diversified product base which also insulates it from the cyclical impact. However, given the growth potential, outlook of paper industry is promising.

Over the past few months, the corporate sector is abuzz with news on expansions, acquisitions and fund-raising by Companies in Paper Industry. The M&A activity is catching up in paper industry as well. India is the fastest growing paper market in the world with growth in the range of 8-10%. The acquisition of controlling stake in The Andhra Pradesh Paper Mills Ltd. by International Paper Company, USA, is likely to lead to revamping of paper industry with a positive outlook.

### Cable Division

Reliance Industries is rolling out 4G network in 22 circles utilising high fibre count OFC & their demand

is expected to be approximately 250000 cable kms in next 2-3 years. Apart from Reliance Industries, other players like Bharti has also commenced work on 4G.

Government of India has planned to set up SPV called Bharat Broadband Network Ltd., for implementing Rs. 20000 Cr National Optical Fibre cable Network (NOFN). The Network is expected to be operational by Nov'13. The demand of OFC will be 2500000 cable km for next 3-4 years.

## E) RISKS AND CONCERNS

The Company is deriving 97% of its revenue from paper/paperboard and duplex board business and 3% from cable business. Not only the availability of conventional raw material is a matter of concern but also increasing rates of wood due to competition among the paper mills per se and other user industries.

Paper industry has been removed from Core Sector for supply of coal by subsidiaries of Coal India Ltd. This may increase rates of coal substantially. However, power plants are covered under core sector for supply of coal to them.

The paper industry is one of the 18 highly polluting categories of industries and the executives of the industry, Central and State Government Agencies, Pollution Control Boards and others have prepared a Charter on Corporate Responsibility for Environmental Protection (CREP), which was launched in a National Seminar on 12-13 March 2003. The Charter enlists time-bound action points to be implemented by the paper industry for progressive up-gradation of technologies and in-plant practices for reduction in effluents and emissions as well as improvement in waste management systems.

The Company has state-of-the-art Effluent Treatment Plant and has gone for 100% ECF bleaching from 14.02.2010. It is also meeting all the norms as prescribed under

Environment Protection Act, 1986 and other environmental laws as well as CREP requirements consistently.

## F) INTERNAL CONTROL SYSTEM & TECHNOLOGY

The Company has adequate system of internal control to safeguard and protect from loss, unauthorised use or disposition of its assets. All the transactions are properly authorised, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Company has a full-fledged Internal Audit department. The audit reports are reviewed by the Management and the Audit Committee of the Board from time to time. Implementation of Oracle ERP has also strengthened the internal control systems of the Company.

## G) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This has been dealt with in the Directors' Report.

## H) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company has entered into Tripartite long term wage revision settlement with Joint Negotiation committee of unions on 29.03.2012 for the period from 01.01.2011 to 31.12.2014. The Company's industrial relations are cordial. Your Directors acknowledge the support and co-operation from employees at all levels.

The Company has drawn specific programme to improve the skills of the workers so as to rationalise the manpower. Further, it is providing necessary training to the manpower both locally and abroad with suppliers. There is

continuous interaction between the Management, Unions and Labour for improving the knowledge and training of the workers.

The Company employs 2442 people as on 31.3.2012 as against 2628 people employed as on 31.3.2011.

## I) 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

THE COMPANY  
POSTED GROSS  
PROFIT OF RS. 158.66  
CRORES AS AGAINST  
RS. 189.18 CRORES IN  
THE PREVIOUS YEAR  
DESPITE ADVERSE  
MARKET CONDITION  
AND ALL ROUND  
COST PUSH

Your Directors are pleased to present the 57th Annual Report of the Company, together with the audited accounts for the year ended 31st March 2012

## FINANCIAL RESULTS:

Gross Profit  
Balance brought forward

## ALLOCATIONS:

Finance Cost  
Depreciation  
Exceptional items  
Taxation - Current  
              - MAT Credit Entitlement  
              - Deferred  
Capital Redemption Reserve  
General Reserve  
Proposed Dividends - Preference Shares  
                              - Equity Shares  
Tax on Dividends  
Balance carried forward

(Rs. in Lacs)

	2011-12	2010-11
Gross Profit	23015.14	24523.62
Balance brought forward	2815.39	3301.74
	<b>25830.53</b>	<b>27825.36</b>
Finance Cost	7149.57	5605.73
Depreciation	14315.46	9610.55
Exceptional items	6219.78	-
Taxation - Current	-	1898.50
- MAT Credit Entitlement		(1809.22)
- Deferred	(1313.84)	209.88
Capital Redemption Reserve	-	6500.00
General Reserve		900.82
Proposed Dividends - Preference Shares	80.23	552.50
- Equity Shares	125.50	1254.98
Tax on Dividends	33.37	286.23
Balance carried forward	(779.54)	2815.39
	<b>25830.53</b>	<b>27825.36</b>

## DIVIDENDS

Preference Shares were redeemed on 24th May 2011 and Interim Dividend @ 8.5% for the period 01.04.2011 to 23.05.2011 on 65,00,000 Cumulative Redeemable Preference Shares of Rs.100 each was declared and paid along with redemption amount. Further, your Directors recommend a dividend of Rs. 0.20 per equity share (10%) on 6,27,48,908 Equity Shares of Rs. 2/- each, subject to members' approval for the accounting year 2011-12. Payment of dividend is made out of balance in Profit & Loss Account as on 31.03.2011.

## PERFORMANCE

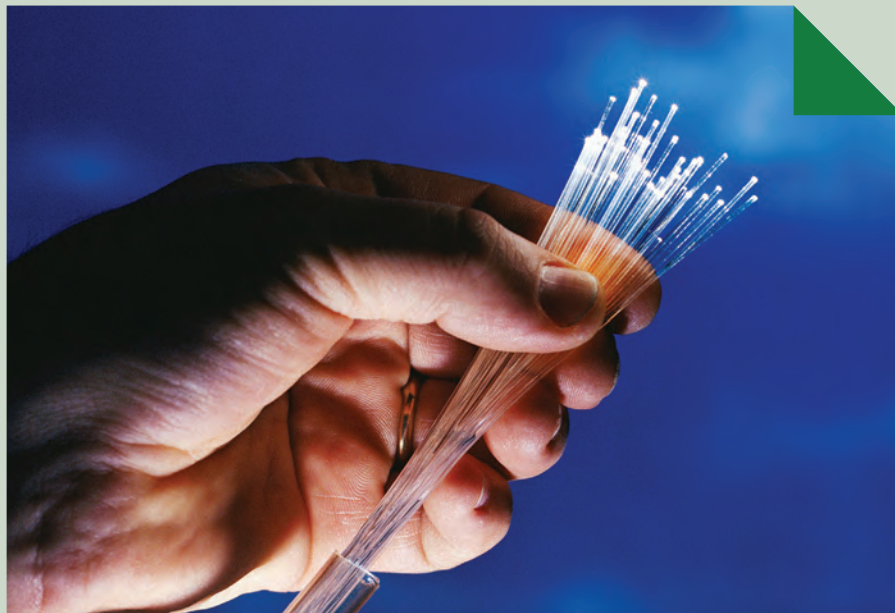
The working results of the Company is a meta-narrative saga of a strong and solid performance in the physical parameters of expanded capacity of production of Pulp & Paper Board subverted by adverse conditions. The full fruitioning of the capacity in terms of the achievement of production of Pulp and Paper & Paper Board is significantly witnessed. However, the working results of the Company were adversely affected by the overriding

sluggish market conditions coupled with a steep hike in the cost of raw materials, chemicals, coal, furnace oil, finance charges etc., and the incidence of the settlement with unions for the period of 15 months i.e., from 01.01.2011 to 31.03.2012. This was compounded by the breakdown of 34.5 MW Turbine for a period of about two months as well as trippings during the year not only affected the production but also resulted in higher power and fuel cost. Remedial measures and corrective actions have been initiated by the company to avoid such technical snags in consultation with machinery suppliers.

However, Paper market has taken positive turn from February 2012 and Company expects that results for the current year should improve, barring unforeseen circumstances due to higher sales realisation and increased production of Paper & Paperboard.

The Company posted gross profit of Rs. 158.66 Crores as against Rs. 189.18 Crores in the previous year - lower by Rs. 30.52 Crores (16%) whereas there was a net loss of Rs. 33.56 Crores as





**TOTAL TURNOVER  
OF CABLE DIVISION  
DURING THE YEAR  
WAS RS. 33 CRORES  
AS AGAINST  
RS. 29 CRORES  
DURING THE  
PREVIOUS YEAR.**

against profit of Rs. 90.08 Crores in the previous year due to change in method of calculation of depreciation on new fibre line & chemical recovery island of Paper & Paperboard division resulting in higher depreciation/exceptional item by Rs. 104.42 Crores.

#### **DIVISION-WISE PERFORMANCE**

##### **A) PAPER AND DUPLEX BOARD DIVISIONS**

The production of paper, paperboard and hardwood pulp was 3,08,230 MT (96.32% capacity utilisation) (including 1,43,990 MT on new Paper M/c No.VI) against 2,67,005 MT in the last year (83.44% capacity utilisation) (including 95,475 MT on new Paper Machine No.VI) i.e., higher by 41,225 MT. The sale of paper, paperboard and hardwood pulp was 3,05,818 MT against 2,67,992 MT in the last year i.e., higher by 37,826 MT.

The turnover during the year was Rs. 1,322.77 Crores as against Rs. 1,079.41 Crores in the previous year (both inclusive of excise duty), i.e., higher by Rs. 243.36 Crores, due to increased production/sale.

Excise duty on paper and paperboard has been increased from 5% to 6% with effect from 17.3.2012, which was passed on to the market.

##### **B) CABLE DIVISION – MYSORE**

Production and sales of optical fibre cable in terms of quantity has reduced during the year under review to 20184 km and 20308 km, as against 27951 km and 27985 km in the previous year, respectively. Sale of optical fibre cable in terms of value, was of Rs. 28.82 crores as against Rs. 27.78 crores (both inclusive of excise duty) during the previous year. During 2011-12, the production was lower on account of manufacture of more high fibre count which however, increased realisation compared to previous year.

Part of the facilities of the non-operating PIJF plant were utilised for manufacturing Control Cable and its production and sale was 341 kms and 337 kms respectively as against both production & sale being 248 km in the last year. Total turnover of cable division during year was Rs. 33.46 Crores as against Rs. 29.03 Crores (both inclusive of excise duty) during the previous year.

#### **EXPORTS**

Export of paper, paperboard and duplex board increased from 13650 MT worth Rs.53.07 Crores (FOB) in 2010-

11 to 23404 MT worth Rs.98.07 Crores (FOB) in 2011-12. Further, 876 km of Cable worth Rs.2.12 Cr was exported in 2011-12 compared to 1519 km of Cable worth Rs.1.57 Cr in 2010-11.

#### **RAW MATERIALS**

The Company has procured 10.31 lakhs MT of wood and bamboo as against 6.89 lakhs MT in the previous year, with the Company geared to source more than 10 Lakhs MT of raw material per annum on sustained basis for ensuring smooth operations for expanded capacity.

Enhanced costs of procurement by 13% compared to previous year was influenced by various factors including diversion of pulp wood as commercial poles & as bio fuel; redefining of tariff parameters by railways resulting in an upward revision of freight by almost 21.5% in 2011-12, continued inadequacy of harvesting & debarking labour, Logistics issues (transport) on account of Petroleum prices revisions as well as single axle trucks fading from operations causing cost additions for haulage of harvested wood from plantation sites to motorable roads, upward revisions of royalty by forest departments, forest corporations and procurement rates by APMCs, caused strain on the sourcing of pulpwod.

The “Thane” cyclone which hit coasts of Tamilnadu and Pondicherry in December 2011 has had its own share of strains on the supply side. The adverse impact of “Thane” is likely to spill over for another harvesting rotation.

Import of wood is also being explored by the Company. Internationally wood for pulping is in the process of being traded in chip form. Our ports are yet to be equipped for handling chips, so also the process equipments in the works of different pulping units. Large corporations have taken up high tech pulpwood plantations in south East Asia, Australia, South America & African continents to offer chips as a product. Like the pulpwood marketing India has taken a Pan India status the pulpwood in chip form would be ‘Product’ of coming years.

Notwithstanding all these constraints, procurement of pulpwood has been consistent and commensurate to the process and stocking requirements at optimum costs on par with market standards.

The Company, having envisaged this situation many years earlier had taken up Contract for Farming in the local region of within 300 Kms radius of our works at Dandeli. The fruits of this endeavour have realised in as much as the first rotation harvesting have contributed around 13,000 MT within the two months of beginning of harvesting. The tempo has gathered

momentum. The land owners are happy and are renewing the contracts for farming.

## PLANTATIONS

The Company’s long term vision of harnessing the degraded, unproductive and barren lands within the vicinity of 300 Kms of Dandeli for augmentation of raw material and for the benefits for all stake holders have proven to be a boon to the communities in this region. They have the fruits in their hands now of the consistent & sustained perseverance of the company in this unique Contract for Farming model. The faith of the communities has multiplied and expressed in the form of renewed contracts and farmers vision has changed from poverty to prosperity under the Contract for Farming Project.

As of now, 30,375 acres are under Contract for Farming with crop of different ages and year to year 10,000 acres are being added.

This proactive scheme of the Company, tailor made for the specific situations of this region, with an understanding of the socio-economic conditions of the land owning families, their resources, their regional culture, geographical conditions - be it steep slopes of degraded lands in south western Maharashtra or barren abandoned lands of Koppal areas of Karnataka - and agricultural practices has synergised with their life in such a way that they own the scheme.

The land owning families were constrained on account of their economic weakness to grow and sustain with their own finance the multi year gestation crops. The alternate vocation/ commercial crop to engage them was a challenge too. Our scheme has mitigated all these issues to their fulfilment.

The national forest policy’s vision of wood based industries sourcing their raw material from encouraging agro forestry amongst the farming community and phasing out of sourcing the raw material from the forests are rightfully achieved from this scheme.

## FARMERS VISION HAS CHANGED FROM POVERTY TO PROSPERITY UNDER THE CONTRACT FOR FARMING PROJECT.





Our model scheme is being replicated by other pulpwood based industries in our adjacent region. Other wood based industries are adopting this scheme by modifications to their local conditions.

Fibre security is assured not only on account of the contractual arrangement but also on account of ethical and best plantations management practices. The contributions to reduction of global warming in so far as drastic reduction in long distance haulage of wood through trucks; apart from saving the precious foreign exchange of petroleum imports is considerable.

#### The scheme has the following other salient features

- ▶ Rural employment for 250 person-days per hectare annually
- ▶ Another 100 person-days / per hectare employment in harvesting operations
- ▶ Prevention of migration of rural youth to cities for jobs
- ▶ Women get employment in their neighbourhood during lean period
- ▶ Enhanced family income and standard of living
- ▶ Enhance sub soil moisture
- ▶ Raising of ground water table
- ▶ Improved productivity
- ▶ Lops & tops provided free of costs to the land owners/ locals, thereby reducing pressure on natural forests
- ▶ 1 Ha of plantations saves 20 Ha of natural forests
- ▶ Prevents soil erosion
- ▶ Enhanced net income to the land owners
- ▶ Debt free operations for the land owners

The overall increase in green cover and sustained basis has its own contribution for carbon sequestration. As only the growing trees enable carbon sequestration.

Apart from action on this front, the Company is also engaged in social forestry / extension services in Karnataka & Tamilnadu to enhance the overall

availability of raw material within the catchment area. The company has distributed 267.10 Lakhs seedlings during 2011-12.

#### EXCHANGE RATE VARIATION

The Company has reinstated Foreign Currency Loans/External Commercial Borrowings of USD 141.49 Million at the exchange rate prevailing as on 31st March 2012 and the exchange rate difference of Rs. 100.49 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 31.03.2009 (as last amended vide Notification No. GSR 913 (E) dated 29.12.2011) by the Ministry of Corporate Affairs.

#### FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

The company supported Society for Afforestation Research & Allied works (SARA) has been certified by Forest Stewardship Council (FSC) for "Well managed Group Plantation Certification" for an area of 10,643 Hectares of plantations raised in Karnataka, Maharashtra and Andhra Pradesh between 2000 & 2010. Further the 3255 Ha of 2011 are in the process of being certified and thereafter every year fresh 4,000 Ha will be certified enabling the Company to perpetually source

substantial quantity of FSC 100% Pure wood through SARA. The FSC Chain of Custody and FSC Controlled Wood certifications already obtained by company further supplement increased quantum of FSC certified paper being floated in the niche markets.

#### 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 upto May 2013. The company remains fully committed to continually improve upon the implemented QMS for the 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 2015. The company stands committed to continually improve upon the implemented EMS at its existing site using the best available technology and ensure full compliance with relevant environmental enactments, which






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**ENSURING FODDER  
SECURITY FOR LIVE  
STOCK TOGETHER  
WITH FIBRE  
SECURITY. CARING  
FOR THE FARMERS  
IS A CARDINAL  
PRINCIPLE OF OUR  
CORPORATE SOCIAL  
RESPONSIBILITY**

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apply to its existing operations and also as a commitment towards corporate responsibility on environmental protection and fulfilment 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 2015. 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 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 all concerned.

The Company Secretariat has a special cell, which is ever alive to 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 West Coast Paper Mill Employee's Souhardha Credit Co-operative Ltd., a 1200-seater Auditorium, the Cable TV etc., 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 stake holders is the support extended to the far off poor farmers whom it supports with technology and genetically superior 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 apart from ensuring fodder security for live stock together with fibre security. 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 human 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 preservation of 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 equipments 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 29,824 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




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WHOSE VICINITY IT  
OPERATES.**

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resulted in the greening of large tracts of barren / degraded land.

**6) Social and Inclusive Development Activities**

The Company has a very 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 Nursery level to Post Graduate level. Dandeli Education Society, through various institutions run by it in 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 unique and the first of its kind four-year B.A.Sc. Pulp and Paper Science Degree course and M.Sc. (Tech.) programme in Pulp & Paper Science which are basically run on company's financial support, produce graduates who are assured of 100% placement in Paper & 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).

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 note books and financial assistance was distributed to 13000 and 700 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, etc. 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 supported substantially the Medical Camps, Eye Operation Camps organized 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 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 is 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. Community around Dandeli is 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 samaritan activities, the Company has been able to synthesise 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 & 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.

### **THE WEST COAST PAPER MILLS HAS BEEN THE LIFELINE OF THE CITY OF DANDELI.**



#### **MANAGEMENT'S 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 C.K. Somany, Director of the Company liable to retire in the Annual General Meeting to be held on 31.07.2012 has informed that he is not seeking re-appointment. Hence, he will be director till 31.07.2012.

Further, Shri Haigreave Khaitan, was appointed as additional Director of the Company from 29.05.2012.

Shri Saurabh Bangur, Shri Krishna Kumar Karwa and Shri Sanjay Kothari 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 re-appointment 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.

#### AUDITORS

Messrs Batliboi & Purohit, Chartered Accountants, will retire at the end of the 57th Annual General Meeting of the Company and offer themselves for re-appointment for the ensuing year.

#### COST AUDIT

The audit of the cost accounts of the Company for the year ended 31st March 2012 is being carried out by Shri Umesh N. Kini, Management Consultants, Sirsi, and after completion of the audit he will be submitting his report to the Company Law Board.

#### RAMA NEWSPRINT & PAPERS LTD.

The Company holds 36.32 per cent of the equity share capital of RNPL with an investment of Rs.45.41 Crores (market value Rs.16.46 Crores as on 31.3.2012) 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. The Company has executed Corporate Guarantees of Rs.197.21 Crores in favour of lenders of RNPL.

The Company has extended Inter Corporate Deposits from time to time to RNPL and amount outstanding as on 31.03.2012 was Rs.11.50 Crores.

#### INDUSTRIAL RELATIONS

The Company has entered into Tripartite long term wage revision settlement with Joint Negotiation committee of unions on 29.03.2012 for the period from 01.01.2011 to 31.12.2014. The Company's industrial relations are cordial. Your Directors acknowledge the support and co-operation from employees at all levels.

#### ACKNOWLEDGEMENT

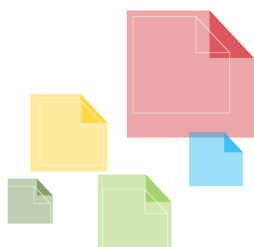
Your Directors would like to thank the Union and State Governments, banks, financial institutions, customers, suppliers and shareholders for their continued support.

FOR AND ON BEHALF OF THE BOARD,

KL CHANDAK	MP TAPARIA
Executive Director	Director

Place: Mumbai,

Dated: 29th May 2012.





# 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 31st March, 2012.

## A. CONSERVATION OF ENERGY:

### a) Measures taken for Energy Conservation:

- ☐ Grinding of Paper Machine I dryer surface.
- ☐ Utilisation of Paper Machine I, II & III back water instead of fresh water.
- ☐ Grinding of Paper Machine II M G cylinder.
- ☐ Paper machine I, 4 nos Vacuum pumps (Pump no. 2, 5, 8 & 9) overhauled.
- ☐ Paper Machine I, Vacuum pump no. 3 and Pump no. 4 replaced.
- ☐ Paper Machine II, Vacuum pump no. 4 replaced.
- ☐ Motion sensor to Lighting circuit fixed at 14 Locations (MCC and PCC rooms).
- ☐ Installation of VFD control at white water feed pump to disc filter at Paper Machine no. VI.
- ☐ Replacement of DM water (To filtration compressor) by Process water by up gradation of capacity of existing sealing water pumps at Re causticsizer section of Chemical Recovery plant.
- ☐ Modification in Jack well fresh water pumping system to conserve water and Energy.
- ☐ Reduction in RPM of Paper Machine no.5 MG Blower no. I by Changing pulley.
- ☐ Replacement of Conventional Electromagnetic chokes in phased manner by Energy efficient Electromagnetic chokes and conventional florescent tube light by efficient tube light (85% area completed, 6375 Nos chokes replaced).
- ☐ Installation of one additional 400m3 capacity hot water tank (S S tanks) to save Hot water and Steam in Bleach Section.
- ☐ Hydraulic unit cooling water, diverted to CLO2 11TPD cooling tower to save water.
- ☐ Bypassing arrangement for broke chest in Stock Preparation No. I, for power saving.
- ☐ Correction of Steam and condensate system of Paper M/c II.
- ☐ Replacement of Pre-separator and Vacuum pump no. I, X & XI of Paper M/c #II.
- ☐ Replacement of Pre-separator and Vacuum pump VIII & X of Paper M/c #III.
- ☐ Usage of Main tank exhaust for preparation of Hot water for dye for steam saving.
- ☐ Replacement of Top Layer chest No. I, Under Layer chest no. 5, filler layer disperser tower and machine chest of under layer and filler layer 1 & 2 agitator, to be replaced with energy efficient ones.
- ☐ Replacement of Existing filler layers Turbo 600 at Stock Preparation V and Filler Layer chest no. 1 pump to be replaced with efficient ones.
- ☐ Motion sensor to Lighting circuit are to be fixed at 10 Nos additional Locations (MCC & PCC rooms)at different section of plant.
- ☐ Multiple Rewound motors (20 Nos) to be replaced by new efficient motors.

### b) Projects under Installation :

- ☐ Installation of Broke screening arrangement at Paper M/c III.
- ☐ Replacement of Conventional Electromagnetic chokes in phased manner by Energy efficient Electromagnetic chokes and conventional florescent tube light by efficient tube light (Balance 1175 Nos)
- ☐ Bypassing arrangement for cycling chest in Stock Preparation No. II, for power saving.

Sr. No.	Power & Fuel Consumption	Year ended 31st March 2012	Year ended 31st March 2011
1	<b>Electricity</b>		
a.	<b>Purchased:</b>		
	Units (Kwh in lacs)	122.42	99.93
	Total amount (Rs./lacs)	802	630
	Rate/Unit (Rs.)	6.55	6.30
b.	<b>Own Generation :</b>		
i)	Through Diesel Generators		
	Units (Kwh in lacs)	132	76
	Units per litre of Diesel/Furnace Oil	4.06	3.87
	Cost/Unit (Rs.)	9.15	7.17
ii)	Through Steam Turbines (Back Pressure)		
	Units (Kwh in lacs)	52	37
	Units per litre of Fuel Oil/Gas	--	--
	Cost/Unit (Rs.)	0.96	0.97
iii)	Through Steam Turbine (Partial Condensing)		
	Units (Kwh in lacs)	3613	3455
	Units per litre of Fuel Oil/Gas	--	--
	Cost/Unit (Rs.)	2.25	2.10
2	<b>Coal (Steam &amp; Slack Coal of Grades 'B' to 'F' used in Boilers)</b>		
	Quantity (Tonnes)	313150	335819
	Total Cost (Rs in lacs)	12315	7128
	Average rate (Rs./tonne)	3933	3497
3	<b>Furnace Oil</b>		
	Quantity (KL)	4249	3186
	Total Amount (Rs in lacs)	1588	889
	Average rate (Rs./KL)	37376	27901
4	<b>Diesel Oil</b>		
	Quantity (KL)	--	5
	Total Amount (Rs in lacs)	--	2
	Average rate (Rs./KL)	--	33160
	<b>Consumption per unit of production: (Net of trial cost of expansion programme)</b>		
	Paper / Paper Board & Multi-layer Board (Per tonne)		
	Electricity (Kwh)	1272	1366
	Furnace Oil (Ltrs.)	14	12
	Coal (MT)	1.02	1.06
	Diesel Oil (Ltrs.)	--	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 Ground Calcium Carbonate [GCC] and Precipitated Calcium Carbonate [PCC] Paper M/c No. III by replacing regularly used High Brightness Talcum resulting into Higher Ash in paper and improved Quality of Paper.
- Introduction of Dual Retention Aid System on Paper M/c III, which lead to improvement in overall retention during the use of GCC and /or PCC on Paper M/c III which was low during the use of single retention aid system.
- Introduction of Maxtreat 5009, a Hydrogen Peroxide Stabilizer in Eop Stage. This lead for the reduction of Hydrogen Peroxide consumption, reducing the cost of Bleaching Chemicals maintaining the bleached pulp quality.
- Utilisation of Pin Chips for pulping. The Pulp quality is similar to that of regular pulp produced in NFL.
- Introduction of Maxtreat 2010 WX in production of Non SS papers in order to reduce the fluff problem.
- Manufacture of Higher Bulk Cup-stock board on Commercial Scale using BCTMP Pulp along with regular furnishes.

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

Improved Productivity, better quality, cost reduction and improved customer's satisfaction.

- 3 Future plan of action.

Various Research Projects are taken up :

- Exploration of various fibrous raw materials to meet the growing demand and optimization of the pulping parameters in order to reduce the consumption of Cooking Chemicals, improving the overall quality of the pulp.
- Utilisation of Screw Press Reject to produce unbleached pulp of better quality.
- Cationisation of filler to improve filler retention and reduce the dusting during production and printing.
- Pulping of 100% Dust & its viability after blending with mill pulp in various proportions.
- Briquetting of wood dust for commercial exploitation

- 4 Expenditure on R & D.

	2011 – 2012 (Rs in Lakhs)	2010 – 2011 (Rs in Lakhs)
[a] Capital	Nil	15.45
[b] Recurring	40.15	40.36
[c] Total	40.15	55.81
[d] Total R&D expenditure as a percentage of total turnover	0.03	0.05

**C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

- 1 Efforts, in brief, made towards technology adaptation and innovation.
  - Improved Machine Runnability, Quality & Higher Productivity.
  - Use of GCC & PCC and Higher Ash Retention leading to Conservation of Fibrous Raw Materials and Improved Quality of Paper.
  - 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. 10018.91 Lacs and Rs. 9124.48 Lacs respectively (Rs. 5464.08 Lacs and Rs. 6688.66 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 29TH MAY, 2012 FOR THE YEAR ENDED 31ST MARCH, 2012.**

Name	Designation & Nature of Duties	Remuneration (Rs. Lacs)	Qualification	Age	Experience (Years)	Date of Joining	Previous Employment, Designation Name of Employer, Period of Service (Years)
Shri SK Bangur	Chairman & Managing Director	89.23	B.Com.	62	38	01.05.03	Managing Director Jayshree Chemicals Ltd., Ganjam 15 years
Shri KL Chandak	Executive Director Overall management	79.63	B.Com. F.C.A.	66	40	18.12.71	---

**Notes:**

1. Remuneration includes salary, Company's contribution to Provident, Superannuation and Gratuity Funds.
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 2011-12 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	08	-	1
Smt. Shashi Devi Bangur	Promoter, Non-Executive	2	4	-	-
Shri Saurabh Bangur	"	2	5	-	-
Shri R.N.Mody	Non-Executive Independent	1	4	2	1
Shri Chandra Kumar Somany	"	3	10	-	-
Shri Premal N. Kapadia	"	2	4	-	-
Lt. Gen[Retd.] Utpal Bhattacharyya	"	4	-	-	-
Shri Krishna Kumar Karwa	"	3	5	3	1
Shri Sanjay Kothari	"	3	5	2	-
Shri M.P. Taparia	"	2	4	-	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 24, August 11 & November 10, 2011 and February 14, 2012.

**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:-

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

**iii) Meetings and Attendance during the year**

During the year ended March 31, 2012, four meetings of the Audit Committee were held on the following dates :-

- (i) May 24, 2011
- (ii) August 11, 2011
- (iii) November 10, 2011
- (iv) February 14, 2012

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	3
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

**v) Details of remuneration**

The details of Remuneration package, sitting fees paid etc., to directors during the year ended March 31, 2012, for information of members, are furnished here below:-

**(a) Paid to Non-executive Directors :**

Name of Director	Sitting fees paid (Rs.)	Remarks
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.,
Smt. Shashi Devi Bangur	20,000	
Shri Saurabh Bangur	20,000	
Shri R.N.Mody	10,000	
Shri C.K.Somany	30,000	
Shri P.N.Kapadia	40,000	There is no contract, Notice period or severance fees applicable.
Lt.Gen.[Retd.] Utpal Bhattacharyya	80,000	
Shri Krishna Kumar Karwa	60,000	
Shri Sanjay Kothari	60,000	Stock Option details - Not applicable as the same is not given.
Shri M.P.Taparia	20,000	
Shri KL Chandak	--	
<b>Total</b>	<b>3,40,000</b>	

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

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:-

Shri CK Somany	Chairman
Shri PN Kapadia	Member
Shri Sanjay Kothari	Member

**iii) Meetings and attendance during the year**

The Remuneration Committee has not met during the year ended 31st March 2012.

**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.

## (b) Paid to Chairman &amp; Managing Director/Executive Director :

Sl. No.	Particulars	Shri S.K.Bangur Chairman & Managing Director	Shri K.L.Chandak Executive Director
<b>I</b>	<b>Remuneration :</b>		
	- Salary	57,00,000	56,75,059
	- Contribution to Provident, Gratuity and Superannuation Funds.	32,12,077	9,06,769
	- Benefits-Allowances/perks	10,429	13,80,672
	- Commission	-	-
	<b>TOTAL</b>	<b>89,22,506</b>	<b>79,62,500</b>
<b>II</b>	Details of Fixed Component and performance linked incentives along with the performance criteria:(as approved by members in Annual General Meeting dated July 30, 2012).		
<b>a</b>	<b>Fixed Component :</b>	(Rs. Per month)	(Rs. Per month)
	- Salary – per month	5,00,000	4,00,000
	- Contribution to Provident Fund (12%) & Superannuation Fund (15%) of salary	As per Rules	As per Rules
	- Perks and other allowances	As per Rules	As per Rules
<b>b</b>	<b>Performance Linked Incentive :</b>		
	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.	--
<b>c</b>	<b>Minimum Remuneration :</b>	Within the ceiling of	Within the ceiling of
	In case of inadequacy of profit in any year as calculated under section 198/349 of the Act.	Schedule XIII, as amended from time to time.	Schedule XIII, as amended from time to time.
<b>III</b>	<b>Service Contracts, notice period, severance fees:</b>		
<b>a</b>	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>b</b>	Notice period	Not specified	Three months from either side
<b>c</b>	Severance fees	Not specified	Not specified
<b>IV</b>	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:-

Smt Shashi Devi Bangur	Chairperson
Shri Saurabh Bangur	Member
Shri KL Chandak	Member

Shri PK Mundra, Company Secretary is the Compliance Officer.

### Meetings and Attendance during the year

During the year, three meetings were held on April 08, August 05, November 11, 2011. Details of attendance are as follows :-

Name of the Director	No. of Meetings attended
Smt.Shashi Devi Bangur	2
Shri Saurabh Bangur	3
Shri KL Chandak	1

#### 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 3 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, 2012.

## 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
54th	Monday	31.08.2009	4:00 P.M	Bangur Nagar, Dandeli
55th	Saturday	31.07.2010	4:00 P.M	Bangur Nagar, Dandeli
56th	Saturday	30.07.2011	4:00 P.M	Bangur Nagar, Dandeli

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

Not Any

#### 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.

#### (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).

## 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.

- 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](http://www.westcoastpaper.com).
- iv) Management Discussion and Analysis forms part of the Annual Report, to the shareholders of the Company.

## 9) GENERAL SHAREHOLDER INFORMATION

### 57th Annual General Meeting

Date	: 31st July 2012
Time	: 4.00 PM
Venue	: Shree Rangnath Auditorium Bangur Nagar, DANDELI -581 325

### Tentative Financial Calendar 2012-13

Adoption of Quarterly Results of the quarter ending	: 1st/2nd week of -
June 30, 2012	: August 2012
September 30, 2012	: November 2012
December 31, 2012	: February 2013
March 31, 2013 (year ending)	: 3rd/4th week of May 2013
<b>Book Closure date</b>	: 17th July to 31st July 2012 (Both days inclusive)
<b>Dividend payment date</b>	: 4th August 2012 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 2012-13 has been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

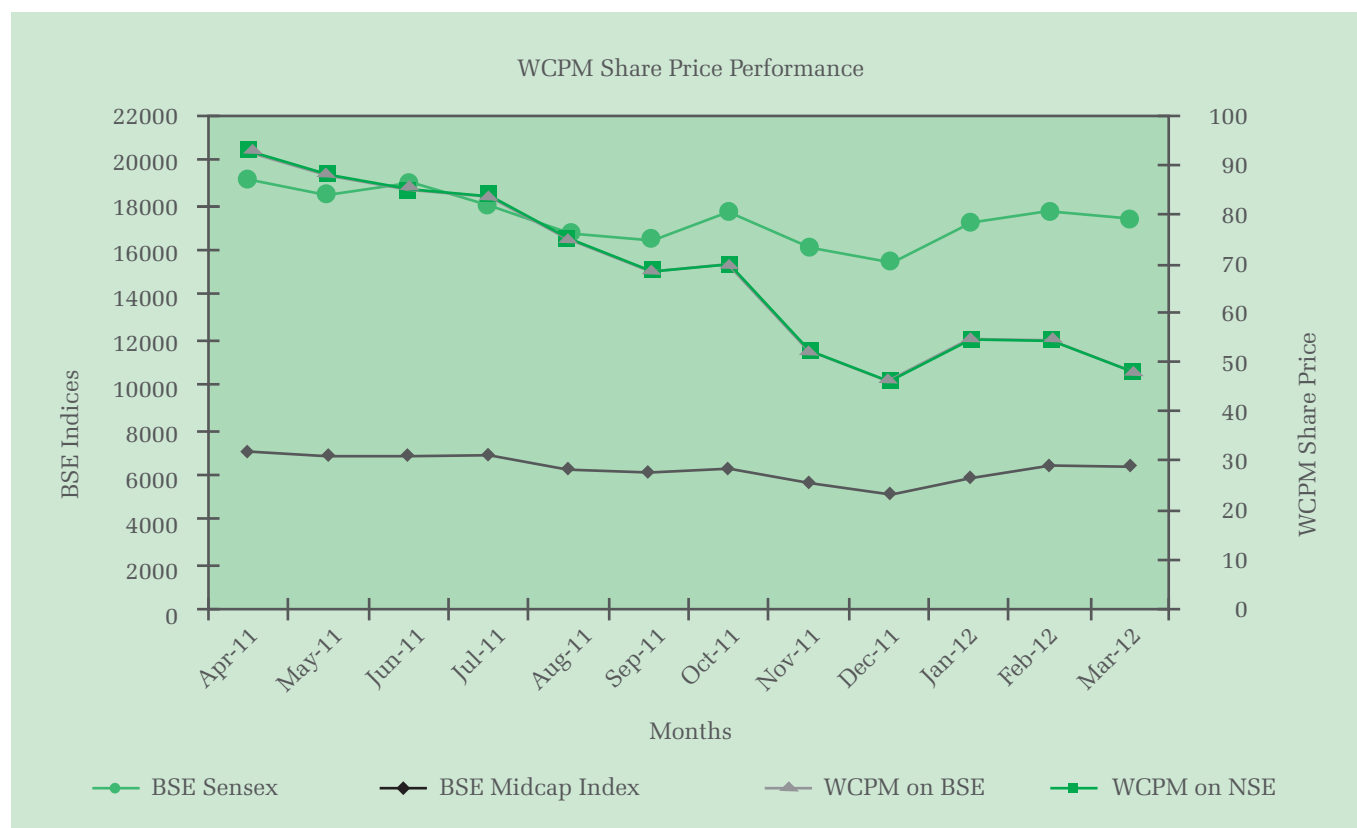
## STOCK CODE

- Bombay Stock Exchange Limited :  
- 500444
- The National Stock Exchange of India Ltd :  
- WSTCSTPAPR
- ISIN NO.  
- INE976A01021

## MARKET PRICE DATA (Rs.)

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
Apr.11	101.75	81.00	101.70	82.00
May.11	93.20	83.50	95.00	83.60
Jun. 11	95.55	81.10	92.50	80.80
Jul.11	86.70	70.00	86.70	82.40
Aug. 11	87.20	73.00	85.00	73.00
Sep.11	79.45	66.50	80.00	68.50
Oct.11	71.85	65.50	73.35	65.00
Nov.11	75.00	52.30	73.95	50.45
Dec.11	53.55	44.60	54.70	42.65
Jan.12	59.35	45.50	59.00	45.45
Feb.12	60.50	50.10	60.80	50.15
Mar.12	57.00	44.45	57.00	44.80





### REGISTRAR AND TRANSFER AGENTS

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

Link Intime India Pvt.Ltd.,  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (W),  
Mumbai - 78  
Ph: (022) 2596 3838  
Fax: (022) 2596 2691  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@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, 2012:

Category	No. of shares held	% of shareholding
Promoters	32875340	52.39
Mutual Funds & UTI	2869503	4.57
Banks, Financial Institutions, Insurance Companies & FII	3052161	4.86
Private Corporate Bodies	7172120	11.43
Indian Public	16324554	26.02
NRI/OCBs	443180	0.71
Foreign Nationals	12050	0.02
ADRs/GDRs	-	-
<b>Total</b>	<b>62748908</b>	<b>100%</b>

**DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2012:**

From	To	No. of shareholders		No. of shares	
		Number	%	Number	%
Upto	5000	16367	96.42	8254783	13.16
5001	10000	305	1.80	2264233	3.61
10001	20000	140	0.82	2015332	3.21
20001	30000	38	0.22	936518	1.49
30001	40000	28	0.17	980114	1.56
40001	50000	14	0.08	633580	1.01
50001	100000	35	0.21	2483831	3.96
100001 &	Above	47	0.28	45180517	72.00
<b>Total</b>		<b>16974</b>	<b>100%</b>	<b>62748908</b>	<b>100%</b>

**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 31st March 2012, 96.90% 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, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (W)  
MUMBAI -400 078  
Phone : (022) 25963838  
Fax : (022) 25962691  
E-mail : rnt.helpdesk@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 29th May 2012.

**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 14th February 2012.

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

**KL CHANDAK**

Executive Director

Place: Mumbai.

Date : 29th May 2012.

# 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 31st March 2012, 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 31st March 2012 have been prepared on a 'going concern' basis.

On behalf of the Board

**K.L.CHANDAK**  
Executive Director

**M.P.TAPARIA**  
Director

Place : Mumbai

Date : 29th May, 2012



# 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, 2012, 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  
Firm Reg. No.101048W

**R.D. HANGEKAR**  
Partner  
Membership No.30615

Place : Mumbai  
Dated : 29th May, 2012

# 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 Ltd.,**

**P K MUNDRA**

VP(Fin.) & Company Secretary

Place: Mumbai.

Date : 29th May 2012.

# Ten Year Highlights

Particulars		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Production</b>											
Paper/Paper Board & Multilayer Board	TONNES	308230	267005	173638	173682	169891	178871	176221	173070	163714	151477
Optical Fibre Cable	Km	20184	27951	18003	16787	22829	7060	6303	8090	6230	3889
Jftc	CKm	-	78	-	-	-	165407	512170	275846	81971	18239
Control Cable	CKm	341	251	14	-	-	-	-	-	-	-
<b>Sales</b>											
Paper/Paper Board & Multilayer Board	TONNES	305818	267992	175194	170686	170193	179915	180397	168315	162642	152046
Optical Fibre Cable	Km	20308	27985	17790	16762	22836	7105	6593	7774	6319	4236
Jftc	CKm	-	78	-	-	119	165288	525502	264438	87542	26345
Control Cable	CKm	337	248	14	-	-	-	-	-	-	-
<b>Operating Results:</b>											
Turnover	Rs./Lakhs	136620	110887	65050	66271	65352	61944	60684	53335	49184	52236
Gross Profit	Rs./Lakhs	15866	18919	10524	12036	11438	9552	6922	5649	6057	6224
Depreciation	Rs./Lakhs	20535	9610	2377	1990	2043	2098	3695	1893	1689	1823
Taxation	Rs./Lakhs	-	1900	1400	1149	1095	862	300	295	315	400
Mat Credit Entitlement	Rs./Lakhs	-	(1809)	(1370)	-	-	-	-	-	-	-
Deferred Tax	Rs./Lakhs	(1314)	210	2647	(157)	110	(54)	(276)	395	1209	397
Net Profit/(Loss)	Rs./Lakhs	(3356)	9008	5470	9054	8190	6646	3203	3066	2844	3604
Dividend	Rs./Lakhs	206	1807	1807	1258	1721	1341	1341	1341	894	760
<b>Financial Position:</b>											
Gross Block (Including Assets On Lease)	Rs./Lakhs	207361	193700	186542	161798	80141	48467	46514	46074	44504	39336
Depreciation (Including Assets On Lease)	Rs./Lakhs	61225	40860	31290	29112	27022	25309	22584	19863	17614	15241
Net Block	Rs./Lakhs	146136	152840	155252	132686	53119	23158	23930	26211	26890	24095
Paid Up Capital	Rs./Lakhs	1255	7755	7755	7708	1425	894	894	894	894	894
Reserves & Surplus	Rs./Lakhs	55844	59293	52378	49070	38771	22324	17246	15573	14036	12935
Net Worth	Rs./Lakhs	57099	67048	60133	56778	40196	23218	18140	16467	14930	13829
Borrowings	Rs./Lakhs	126365	121246	123471	117365	40616	17407	16588	22922	20106	17553
Capital Employed	Rs./Lakhs	183464	188294	183604	174143	80812	40625	34728	39389	35036	31382
<b>Some Selected Ratios</b>											
Earnings Per Share(Rs.2) (Basic) Rs.		4	14	9	16	17	15	7	7	6	8
Book Value Per Share	Rs.	91	107	96	94	70	52	41	37	33	31
Dividend [Equity Shares]	%	10	100	100	100	150	150	150	150	100	85
Debt Equity Ratio		69:31	64:36	67:33	67:33	50:50	43:57	48:52	58:42	57:43	56:44



# 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, 2012, 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2012 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, 2012;
  - ii) in the case of the Profit and Loss Account, of the loss 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  
Firm Reg. No.101048W

**R.D. HANGEKAR**

Partner

Membership No.30615

Place : Mumbai

Dated : 29th May, 2012

# 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, 2012, we report that:

- |   |   |   |
|---|---|---|
| <p>i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>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.</p> <p>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.</p> | <p>conditions of the loan were not prima facie prejudicial to the interest of the Company.</p> <p>c) In respect of the aforesaid loan, the party has been regular in the payment of interest. <i>The repayment terms of the principal amount have been extended upto 31.03.2013.</i></p> <p>d) In respect of the aforesaid loan and interest thereon, there are no overdue amounts.</p> <p>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.</p>   | <p>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.</p>   |
| <p>ii) a) Inventories have been physically verified during the year by management at reasonable intervals.</p> <p>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.</p> <p>c) The Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.</p>   | <p>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.</p> <p>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.</p> <p>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</p> | <p>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.</p> <p>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.</p> <p>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.</p> |
| <p>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.1620.95 Lacs and the year-end balance is Rs.1150.00 Lacs.</p> <p>b) In our Opinion, the rate of interest and other terms and</p>  | <p>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'</p>   |   |

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	360.15	Income Tax Appellate Tribunal
Income tax Act, 1961	Income Tax	9246.11	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise	5.15	Commissioner – CESTAT
Central Excise Act, 1944	Excise	2.34	Asst. Commissioner - CESTAT
Central Excise Act, 1944	Excise	16.68	Addl. Commissioner - CESTAT
Service Tax Act, 1994	Service Tax	1.25	Asst. Commissioner - CESTAT
Service Tax Act, 1994	Service Tax	0.81	Deputy Commissioner - CESTAT

- 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. 19,720 lacs (Previous year Rs. 12,068 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  
Firm Reg. No.101048W

**R.D. HANGEKAR**  
Partner

Membership No.30615



# Balance Sheet as at 31st March, 2012

		(Amount in Rs Lacs)	
	Note	2012	2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	1,254.98	7,754.98
Reserves & Surplus	2.2	55,697.82	59,292.75
		<b>56,952.80</b>	<b>67,047.73</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	2.3	72,133.72	81,311.28
Deferred Tax Liabilities (Net)	2.4	5,545.13	6,858.97
Other Long Term Liabilities	2.5	2,725.03	2,564.43
Long Term Provisions	2.6	289.80	238.10
		<b>80,693.68</b>	<b>90,972.78</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2.7	32,933.88	26,466.13
Trade Payables	2.8	9,988.40	7,026.78
Other Current Liabilities	2.9	30,492.88	21,456.33
Short Term Provisions	2.10	367.00	2,279.88
		<b>73,782.16</b>	<b>57,229.12</b>
<b>Total</b>		<b>211,428.64</b>	<b>215,249.63</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.11		
Tangible Assets		145,679.00	152,831.72
Capital Work in Progress		456.68	8.65
		<b>146,135.68</b>	<b>152,840.37</b>
<b>Non-current Investments</b>			
Long Term Loans & Advances	2.12	4,671.20	4,671.20
	2.13	5,205.09	4,613.80
<b>Current Assets</b>			
Inventories	2.14	31,329.14	20,095.07
Trade Receivables	2.15	7,284.89	7,315.95
Cash & Cash Equivalents	2.16	1,412.58	7,578.81
Short Term Loans & Advance	2.17	3,610.58	4,748.71
Other Current Assets	2.18	11,779.48	13,385.72
		<b>55,416.67</b>	<b>53,124.26</b>
<b>Total</b>		<b>211,428.64</b>	<b>215,249.63</b>
Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.41		

As per our Report of even date

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R. D. Hangekar**

Partner

Membership No.30615

FR. No.101048W

Place: Mumbai

Date: 29th May, 2012

**P. K. Mundra**

Company Secretary

For and on behalf of the Board

**M. P. Taparia**

Director

**Lt.Gen.(Retd.) Utpal Bhattacharyya**

Director

**Sanjay Kothari**

Director

**P. N. Kapadia**

Director

**Krishna Kumar Karwa**

Director

**K. L. Chandak**

Executive Director

# Statement of Profit and Loss Account

for the year ended 31st March, 2012

			(Amount in Rs Lacs)
	Note	2012	2011
<b>I REVENUE FROM OPERATIONS</b>	2.19	137,054.82	111,533.15
Less: Excise Duty		(6,536.97)	(4,440.75)
		130,517.85	107,092.40
<b>II OTHER INCOME</b>	2.20	413.07	629.08
<b>III TOTAL REVENUE [ I + II]</b>		<b>130,930.92</b>	<b>107,721.48</b>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	2.21	74,009.21	54,879.81
Purchase of Stock in Trade		1,115.35	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	2.22	(1,476.90)	(482.33)
Employee Benefits Expense	2.23	7,997.87	6,165.72
Finance Costs	2.24	7,149.57	5,605.73
Depreciation and Amortization expenses	2.11	14,315.46	9,610.55
Other Expenses	2.25	26,270.25	22,634.66
<b>Total Expenses</b>		<b>129,380.81</b>	<b>98,414.14</b>
<b>V Profit / (Loss) before exceptional and Extra Ordinary items and Tax (III - IV)</b>		1,550.11	9,307.34
<b>VI Exceptional Items</b>		6,219.78	-
<b>VII Profit / (Loss) before Extra-ordinary items &amp; Tax (V-VI)</b>		(4,669.67)	9,307.34
<b>VIII Extra Ordinary items</b>		-	-
<b>IX Profit Before Tax (VII - VIII)</b>		(4,669.67)	9,307.34
<b>X TAX EXPENSES</b>			
- Current Tax		-	1,898.50
- Less : MAT Credit Entitlement		-	(1,809.22)
- Deferred Tax		(1,313.84)	209.88
<b>XI Profit / (Loss) for the period from continuing Operations (IX - X)</b>		(3,355.83)	9,008.18
<b>XII Profit / (Loss) from discontinuing operations</b>		-	-
<b>XIII Tax Expenses of discontinuing operations</b>		-	-
<b>XIV Profit / (Loss) from discontinuing operations (After Tax) (XII - XIII)</b>		-	-
<b>XV Profit / (Loss) for the period (XI + XIV)</b>		<b>(3,355.83)</b>	<b>9,008.18</b>
<b>XVI Earnings per Share</b>			
1 Basic		4.42	13.33
2 Diluted		4.42	13.33
Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.41		

As per our Report of even date

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R. D. Hangekar**

Partner

Membership No.30615

FR. No.101048W

Place: Mumbai

Date: 29th May, 2012

**P. K. Mundra**

Company Secretary

For and on behalf of the Board

**M. P. Taparia**

Director

**Lt.Gen.(Retd.) Utpal Bhattacharyya**

Director

**Sanjay Kothari**

Director

**P. N. Kapadia**

Director

**Krishna Kumar Karwa**

Director

**K. L. Chandak**

Executive Director

# Cash Flow Statement for the year ended 31st March, 2012

	(Amount in Rs Lacs)	
	2012	2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(4,669.67)	9,307.34
Add : Adjustments for:		
Depreciation	14,315.46	9,610.55
Exceptional item	6,219.78	-
Interest expenses	7,149.57	5,605.73
Assets discarded	11.23	-
Loss on Sale of Fixed Assets	19.84	2.25
Loss on impairment of Asset	102.59	5.16
	23,148.80	24,531.03
Less : Adjustment for:		
Profit on Sale of Investments	-	3.89
Interest & dividend received	209.92	507.15
Operating profit before working capital changes	22,938.88	24,019.99
Add : Decrease in Working capital:		
Trade Payables	4,416.40	-
Trade & Other Receivables	2,691.66	-
	30,046.94	24,019.99
Less : Increase in Working capital:		
Trade Payables	-	873.78
Inventories	11,234.07	2,189.53
Trade & Other Receivables	-	6,245.94
Cash generated from operations	18,812.87	14,710.74
Less : Interest paid	7,149.57	5,605.73
Direct taxes paid	507.52	2,150.64
Cash Flow before Extraordinary items	11,155.78	6,954.37
Extraordinary items	-	-
<b>Net Cash Flow in operating activities</b>	<b>11,155.78</b>	<b>6,954.37</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Add : Inflow:		
Sale of Fixed assets / Subsidy	127.22	2.54
Interest received	209.29	505.98
Dividend received	0.63	1.17
Profit on Investment	-	3.89
Less : Outflow:	337.14	513.58
Purchase of fixed assets (including notional Exchange rate variation)	14,091.43	7,208.51
Purchase of investment	-	-
	14,091.43	7,208.51
<b>Net cash used in investing activities</b>	<b>(13,754.29)</b>	<b>(6,694.93)</b>

# Cash Flow Statement (Contd.) for the year ended 31st March, 2012

	(Amount in Rs Lacs)	
	2012	2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Add : Proceeds from borrowings (net of notional exchange rate variation)	16,850.55	16,562.25
Equity/Preference Share Capital & Share Warrants including premium	-	-
	16,850.55	16,562.25
Less : Redemption of Cumulative Redeemable Non-Convertible Preference Shares	6,500.00	-
Less : Repayment of loans (net of notional exchange rate variation)	11,731.32	18,787.31
Less : Dividend and Dividend Tax Paid	2,093.71	2,114.66
Less : Interim Dividend on Preference Share & Dividend Tax paid	93.24	-
<b>Net Cash Used in financing activities</b>	<b>(3,567.72)</b>	<b>(4,339.72)</b>
Net Increase/(Decrease) in Cash and Cash equivalents during the year	(6,166.23)	(4,080.28)
Cash & Cash equivalents at the beginning of the year	7,578.81	11,659.09
Cash & Cash equivalents at the end of the year	1,412.58	7,578.81

As per our Report of even date

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R. D. Hangekar**

Partner

Membership No.30615

F.R. No.101048W

Place: Mumbai

Date: 29th May, 2012

**P. K. Mundra**

Company Secretary

For and on behalf of the Board

**M. P. Taparia**

Director

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**Sanjay Kothari**

Director

**P. N. Kapadia**

Director

**Krishna Kumar Karwa**

Director

**K. L. Chandak**

Executive Director

# Accounting Policies

for the Year ended 31st March, 2012

## 1. SIGNIFICANT ACCOUNTING POLICIES:

### a. Basis of preparation of financial statements:

The financial statements of The West Coast Paper Mills Ltd., have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 ('The Schedule') issued by Ministry of Corporate Affairs. Previous periods' figures have been recasted/restated to conform to the classification required by the Revised Schedule VI.

### b. 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.

### c. 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.

### d. 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, New Fibreline & Chemical Recovery Island 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.

### e. 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.

### f. 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.

### g. 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 & Stock-in-trade 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 realized.



# Accounting Policies (Contd.)

## for the Year ended 31st March, 2012

### h. 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 & Duty drawback 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.

### i. 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.

### j. 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 is not 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, is 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.

### k. 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.

### l. 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.

### m. Taxation:

Provision for Taxation is determined 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.

### n. 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.

### o. Earnings per share:

The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

# Notes on Financial Statements

for the Year ended 31st March, 2012

		(Amount in Rs Lacs)	
		2012	2011
<b>2.1 SHARE CAPITAL</b>			
<b>Authorised</b>			
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
		<b>9,500.00</b>	<b>9,500.00</b>
<b>Issued, Subscribed and Paid up</b>			
6,27,48,908	Equity Shares of Rs.2 each Fully paid-up	1,254.98	1,254.98
65,00,000	8.5% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each Fully paid up	-	6,500.00
<b>Total</b>		<b>1,254.98</b>	<b>7,754.98</b>

## Notes:

[a] Reconciliation of the number of shares outstanding at the beginning and at the end of the year

	Equity Shares			
	Number	Amt. in Rs. Lakhs	Number	Amt. in Rs. Lakhs
Shares outstanding at the beginning of the year	62748908	1254.98	62748908	1254.98
Shares issued during the year	Nil	Nil	Nil	Nil
Shares bought back during the year	Nil	Nil	Nil	Nil
Redemption of Shares	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	62748908	1254.98	62748908	1254.98

	8.5% Cumulative Redeemable Non-convertible Preference Shares			
	Number	Amt. in Rs. Lakhs	Number	Amt. in Rs. Lakhs
Shares outstanding at the beginning of the year	6500000	6500.00	6500000	6500.00
Shares issued during the year	Nil	Nil	Nil	Nil
Shares bought back during the year	Nil	Nil	Nil	Nil
Redemption of Shares	6500000	6500.00	Nil	Nil
Shares outstanding at the end of the year	Nil	Nil	6500000	6500.00

[b] Shares in the Company held by each Shareholder holding more than 5% Shares

	No. of Shares	% of holdings	No. of Shares	% of holdings
(1) Veer Enterprises Pvt Ltd.,	10,427,100	(16.62%)	10,427,100	(16.62%)
(2) Shree Satyanaran Investment Co. Ltd.,	10,222,973	(16.29%)	10,222,973	(16.29%)

[c] 2,37,35,781 Equity Shares belonging to Promoter Group are locked-in till 28-06-2012

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

	(Amount in Rs Lacs)	
	2012	2011
<b>2.2 RESERVES AND SURPLUS</b>		
Capital Redemption Reserve Account	6,500.00	6,500.00
Securities Premium Reserve	12,846.64	12,846.64
Equity Share Warrants Forfeited	277.50	277.50
Debenture Redemption Reserve	-	6,500.00
General Reserve		
Balance at commencement of the year	30,353.22	29,452.40
Transferred from Debenture Redemption Reserve	6,500.00	-
Transferred from Profit & Loss Account	-	900.82
	36,853.22	30,353.22
Profit & Loss Account		
As per Last Balance Sheet	2,815.39	3,301.74
Net Profit/(Loss) for the year	(3,355.83)	9,008.18
Amount available for appropriation	(540.44)	12,309.92
Appropriations:		
Interim Dividend on Preference Shares (Refer Note 1)	80.23	552.50
Proposed Dividend on Equity Shares	125.50	1,254.98
Tax on Interim / Proposed Dividend (Refer Note 1)	33.37	286.23
Transferred to Capital Redemption Reserve Account	-	6,500.00
Transferred to General Reserve	-	900.82
Closing Balance	(779.54)	2,815.39
<b>Total</b>	<b>55,697.82</b>	<b>59,292.75</b>

**Note:**

- Interim dividend on Preference Shares and tax thereon and proposed dividend on equity shares and tax thereon is out of opening surplus.

# Notes on Financial Statements (Contd.)

## for the Year ended 31st March, 2012

	(Amount in Rs Lacs)	
	2012	2011
<b>2.3 LONG TERM BORROWINGS</b>		
<b>a Secured Loans</b>		
Term Loans from Banks:		
International Finance Corporation [IFC, Washington, DC] (Payable from 15.07.2011 in 17 Equal Half Yearly Installments)	15,841.87	15,734.12
Barclays Bank PLC, Mauritius (Payable from 31.08.2010 in 12 Equal Quarterly Installments)	2,826.11	4,458.00
ICICI Bank Ltd., Singapore (Payable from 18.10..2011 in 9 Equal Half Yearly Installments)	38,721.21	43,520.77
State Bank of Mysore (Payable from 31.10..2011 in 30 Equal Monthly Installments)	2,594.00	5,198.00
State Bank of Mysore (against Cenvat Receivables) (Loan of Rs 50 Cr. Payable from 31.01..2011 in 25 Equal Monthly Installments) (Loan of Rs.40 Cr. payable from 31.07.11 in 19 equal monthlyinstallments) (Refer Note 2.9)	-	2,000.00
	<b>59,983.19</b>	<b>70,910.89</b>
<b>b Unsecured Loans from others</b>		
Interest Free Loan under Sales Tax Deferrment Scheme	12,150.53	10,400.39
<b>Total</b>	<b>72,133.72</b>	<b>81,311.28</b>
1. 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		
2. Loans from State Bank of Mysore are secured by second charge on plant and machinery acquired / to be acquired under the project whereas loan against Cenvat Receivables is also secured by hypothecation of the same.		
3. Interest free loan under Sales Tax Defferal Scheme availed from August 1994 to July 2006 of Rs.66.88 Crores is being repaid in 12 installments of Rs.5.57 Crores payable yearly starting from August 2006. (Balance outstanding - Rs.3344.10 lacs) Interest free loan under Sales Tax Defferal Scheme is being availed from June 2002 for a period of 12 years up to May 2014 and will be repayable in 12 installments on a year to year basis from 2014 to 2025. (Balance outstanding - Rs.8806.43 Lacs)		
4. There is no default in repayment of loans and interest.		
<b>2.4 DEFERRED TAX LIABILITIES (NET)</b>		
a) Deferred tax liability on account of Depreciation	14,788.46	7,063.35
b) Deferred tax asset on account of		
- Carried forward of business Losses	9,025.11	-
- Disallowances under section 43B of Income Tax Act	218.22	204.38
<b>Total</b>	<b>5,545.13</b>	<b>6,858.97</b>

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

	(Amount in Rs Lacs)	
	2012	2011
<b>2.5 OTHER LONG TERM LIABILITIES</b>		
Dealer Deposits	2,686.62	2,524.61
Others - Employee Security Deposit	38.41	39.82
<b>Total</b>	<b>2,725.03</b>	<b>2,564.43</b>
<b>2.6 LONG TERM PROVISIONS</b>		
Provision for Employee Benefits	289.80	238.10
Others	-	-
<b>Total</b>	<b>289.80</b>	<b>238.10</b>
<b>CURRENT LIABILITIES</b>		
<b>2.7 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loan repayable on demand from banks	8,962.50	1,691.13
<i>Note:</i>		
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 interse		
<b>Unsecured</b>		
Loan repayable on demand from banks	23,971.38	24,775.00
Loans and advances from related parties	-	-
Deposits	-	-
Other loans and advances	-	-
<b>Total</b>	<b>32,933.88</b>	<b>26,466.13</b>
<b>Note:</b>		
There is no default in repayment of loans and interest.		
<b>2.8 TRADE PAYABLES</b>	<b>9,988.40</b>	<b>7,026.78</b>
Principal amount of dues, micro, small & medium Enterprises as at 31st March, 2012 is Rs.65.68 lacs (Rs.68.92 lacs) and interest paid on payables is Rs.Nil (Rs.Nil)		
<b>Total</b>	<b>9,988.40</b>	<b>7,026.78</b>



# Notes on Financial Statements (Contd.)

## for the Year ended 31st March, 2012

		(Amount in Rs Lacs)	
		2012	2011
<b>2.9 OTHER CURRENT LIABILITIES</b>			
Current maturities of long-term debts (refer Note 2.3)		21,298.01	13,468.97
Interest accrued but not due on Borrowings		734.72	570.55
Unpaid Dividends		75.20	71.26
Creditors for Capital Expenditure		2,321.10	3,098.68
Accrued salaries and benefits		1,542.55	559.07
Other liabilities			
- Statutory Dues	938.43		653.21
- For Expenses	1,853.64		1,615.77
- Others	1,729.23	4,521.30	1,418.82
<b>Total</b>		<b>30,492.88</b>	<b>21,456.33</b>
<b>2.10 SHORT TERM PROVISIONS</b>			
Provision for Employees benefits (refer Note-1)		221.14	186.17
Interim/Proposed Dividends (refer Note-2)		125.50	1,807.48
Tax on Interim/Proposed Dividends (refer Note-3)		20.36	286.23
<b>Total</b>		<b>367.00</b>	<b>2,279.88</b>
<b>Note:</b>			
1) Gratuity is funded, hence provision is made for shortfall as on 31-03-2012 of Rs.162.64 lacs (Previous Year - Nil)			
2) Interim Dividend @ 8.50% is paid on Preference Shares till redemption i.e. 23-05-2011.			
3) The Board of Directors have recommended dividend @ Re.0.20 per share for the year ended 31-03-2012 (Rs.2/- per share for the year ended 31-03-2011)			
<b>Total</b>		<b>73,782.16</b>	<b>57,229.12</b>

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

(Amount in Rs Lacs)

## 2.11 FIXED ASSETS

Particulars	Gross Block At Cost				Depreciation			Net Depreciated Block		
	As at 1.4.2011	Additions	Sales / Adjust- ments	As at 31.3.2012	As at 1.4.2011	For the year	Deducti- ons / Adj- ustments	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
Land - Leasehold	156.11	-	-	156.11	-	-	-	-	156.11	156.11
- Freehold	61.61	-	-	61.61	-	-	-	-	61.61	61.61
Factory Buildings	17,991.52	192.73	-	18,184.25	3,747.94	1,440.54	-	5,188.48	12,995.77	14,243.58
Non-Factory Buildings	1,168.07	25.00	-	1,193.07	577.11	30.60	-	607.71	585.36	590.96
Roads and Drainage	476.76	124.41	-	601.17	31.68	7.96	-	39.64	561.53	445.08
Plant and Machinery	161,051.11	13,034.48	295.66	173,789.93	25,754.36	18,765.24	96.08	44,423.52	129,366.41	135,296.75
Plant and Machinery [Leased]	644.41	-	-	644.41	644.41	-	-	644.41	-	-
Railway Siding	298.81	4.27	-	303.08	44.99	35.64	-	80.63	222.45	253.82
Effluent Treatment Plant	1,824.98	4.69	50.00	1,779.67	485.84	89.93	-	575.77	1,203.90	1,339.14
Construction Machinery and Equipments	4.49	-	-	4.49	3.68	0.11	-	3.79	0.70	0.81
Water Treatment Plant	46.29	-	-	46.29	46.18	0.02	-	46.20	0.09	0.11
Furniture, Fittings and Airconditioners	352.45	32.71	52.97	332.19	190.67	37.58	43.12	185.13	147.06	161.78

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

(Amount in Rs Lacs)

## 2.11 FIXED ASSETS (Contd.)

Particulars	Gross Block At Cost				Depreciation			Net Depreciated Block		
	As at 1.4.2011	Additions	Sales / Adjust- ments	As at 31.3.2012	As at 1.4.2011	For the year	Deducti- ons / Adj- ustments	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
Trucks & Vehicles	297.46	176.47	-	473.93	151.33	71.82	-	223.15	250.78	146.13
Office Equipments	633.51	45.91	31.85	647.57	508.45	53.54	30.40	531.59	115.98	125.06
Electric Installations	22.28	2.73	-	25.01	11.66	2.24	-	13.90	11.11	10.62
Fire Fighting Equipments	6.78	-	-	6.78	6.62	0.02	-	6.64	0.14	0.16
<b>T O T A L</b>	<b>185,036.64</b>	<b>13,643.40</b>	<b>430.48</b>	<b>198,249.56</b>	<b>32,204.92</b>	<b>20,535.24</b>	<b>169.60</b>	<b>52,570.56</b>	<b>145,679.00</b>	<b>152,831.72</b>
Capital work-in-progress									456.68	8.65
<b>T O T A L</b>									<b>146,135.68</b>	<b>152,840.37</b>
<b>Previous Year</b>	<b>103,198.05</b>	<b>81,889.66</b>	<b>51.07</b>	<b>185,036.64</b>	<b>22,635.49</b>	<b>9,610.55</b>	<b>41.12</b>	<b>32,204.92</b>	<b>152,840.37</b>	<b>155,252.36</b>

### Note:

- Buildings are constructed on leasehold land for which the Company pays only ground rent except Non-factory buildings worth Rs.188.03 Lakhs (Rs.188.03 Lakhs) being the cost of ownership premises.
- Leasehold Land represents the amount paid to Karnataka Industrial Area Development Board, Bangalore against allotment of land at Industrial Area, Mysore and Kesarolli village, Haliyal on Lease- cum-sale basis for a period of 11 years.
- During the current period, foreign exchange fluctuation loss amounting to Rs.10049.27 lakhs has been capitalized to the block of Plant & Machinery pursuant to notification No.G.S.R. 913 (E) dated 29.12.2011, applicable upto March 31, 2020.
- Sales / Adjustments includes subsidy of Rs.50.00 Lakhs received from Government of Karnataka for Effluent Treatment Plant and impairment loss of Rs.102.59 Lakhs on Plant & Machinery which are reduced from their respective blocks.
- The Company has not incurred any capital expenditure for Research & Development during the year (Previous Year - Rs.15.45 lacs).

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

		(Amount in Rs Lacs)	
		2012	2011
<b>2.12 NON CURRENT INVESTMENTS</b>			
<b>Long term at cost, unless otherwise specified</b>			
<b>TRADE INVESTMENTS</b>			
<b>Quoted</b>			
542,399	Equity Shares of Rs.10 each of Jayashree Chemicals Ltd.	94.96	94.96
4,016,680	Equity Shares of Rs.10 each of Fort Gloster Industries Ltd.	-	-
21,124,791	Equity Shares of Rs.10 each of Rama Newsprint & Papers Ltd. [Refer note no. 2.39]	4,540.86	4,540.86
	<b>Total [A]</b>	<b>4,635.82</b>	<b>4,635.82</b>
<b>Un-Quoted</b>			
14,000	Equity Shares of Rs.10 each of The Thirumbadi Rubber Co. Ltd.	7.04	7.04
55,545	Equity Shares of Rs.10 each of The Kilkotagiri Tea & Coffee Estate Co. Ltd.	28.23	28.23
1,850,130	Equity Shares of Rs.10 each of Speciality Coatings & Lamination Ltd.	-	-
7	Equity Shares of Rs.10 each of Digvijay Investments Ltd.	0.01	0.01
	<b>Total [B]</b>	<b>35.28</b>	<b>35.28</b>
<b>OTHER INVESTMENTS</b>			
<b>Investments in Government or Trust Securities</b>			
	6 Year National Savings Certificate	0.10	0.10
	<b>Total [C]</b>	<b>0.10</b>	<b>0.10</b>
	<b>Total Investment - Net (A+B+C)</b>	<b>4,671.20</b>	<b>4,671.20</b>
Aggerate amount of quoted investments		4,635.92	4,635.92
Aggerate market value of quoted investments		1,705.12	4141.25
Aggerate amount of unquoted investments		35.28	35.28

# Notes on Financial Statements (Contd.)

## for the Year ended 31st March, 2012

(Amount in Rs Lacs)

### 2.13 LONG TERM LOANS & ADVANCES

#### Unsecured, Considered good

	2012	2011
Security Deposits with Electricity Board	168.69	84.92
MAT Credit Entitlement	3,179.39	3,179.39
Advance Tax/Tax paid at source (net of provision)	1,857.01	1,349.49
<b>Total</b>	<b>5,205.09</b>	<b>4,613.80</b>

### CURRENT ASSETS

### 2.14 INVENTORIES

Raw materials (at weighted average cost) (refer note 1)	14,738.49	8,390.22
Work-in-progress (at cost)	426.64	258.13
Finished Goods (at cost) (refer note 2)	4,590.66	3,216.22
Stock in trade (at realisable value)	37.44	-
Stores and Spares (at weighted average cost)	11,278.78	8,039.19
Loose Tools (at cost)	148.88	121.70
Stock of Scrap (at realisable value)	108.25	69.61
<b>Total</b>	<b>31,329.14</b>	<b>20,095.07</b>

#### Note:

- 1) Raw material inventory includes material in transit of Rs.245.77 lacs (Rs.167.11 lacs)
- 2) Finished Goods inventory includes material in transit of Rs.191.94 lacs (Rs.410.21 lacs)

### 2.15 TRADE RECEIVABLES

#### Unsecured Considered Good

Over Six months	338.42	238.26
Others	6,946.47	7,077.69
<b>Total</b>	<b>7,284.89</b>	<b>7,315.95</b>



# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

(Amount in Rs Lacs)

## 2.16 CASH & CASH EQUIVALENTS

	2012	2011
Cash on hand	57.21	39.41
Balances with banks		
In current Account	1,225.44	913.41
Other Bank balances		
In Fixed Deposit Account		
- Against Bank Guarantee	13.53	13.53
- In Employees Security Deposit	41.20	41.20
In Unpaid Dividends Account (refer note 1)	75.20	71.26
Fixed deposit with IFCL, New Delhi	-	6,500.00
<b>Total</b>	<b>1,412.58</b>	<b>7,578.81</b>

Note:

- 1) Section 205 of companies Act, 1956 mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the investor education and protection fund (IEPF). Accordingly, if dividend is unclaimed for a period of seven years, it will be transferred to IEPF.

## 2.17 SHORT TERM LOANS & ADVANCES

Unsecured, Considered good		
Loans and advances to related parties (refer note 2.29 c)	1,150.00	1,411.67
Advances recoverable in cash or kind	2,313.95	3,177.38
Deposits	146.63	159.66
<b>Total</b>	<b>3,610.58</b>	<b>4,748.71</b>

## 2.18 OTHER CURRENT ASSETS

Balance with Government Authorities	11,779.48	13,385.72
	11,779.48	13,385.72
<b>Total</b>	<b>55,416.67</b>	<b>53,124.26</b>

# Notes on Financial Statements (Contd.)

## for the Year ended 31st March, 2012

(Amount in Rs Lacs)

**2.19 REVENUE FROM OPERATIONS****Sales of products**

Paper and Board	132,277.12	107,941.06
Traded Cup Stock Board	968.72	-
Cables	3,346.42	2,903.25
Wind Power	27.65	42.88

**Other operating revenues**

Sale of Fly Ash	32.25	
Sale of scrap	402.66	645.96

<b>Total</b>	<b>137,054.82</b>	<b>111,533.15</b>
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**2.20 OTHER INCOME**

Interest Income	209.29	505.98
Dividend Income	0.63	1.17
Net Gain/Loss on sale of Short Term Investments	-	3.89
Other Non-operating income (net)	87.30	91.48
Net Foreign Exchange Gain	115.85	26.56
<b>Total</b>	<b>413.07</b>	<b>629.08</b>

**2.21 COST OF MATERIALS CONSUMED**

Pulp Wood, Pulp & Waste Paper	50,063.74	37,551.34
Chemicals & Dyes	19,864.11	14,339.02
Packing Materials	4,081.36	2,989.45
<b>Total</b>	<b>74,009.21</b>	<b>54,879.81</b>

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

(Amount in Rs Lacs)

## 2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE

Opening Stock of Finished Goods

- Paper and Board

3,194.38

2,676.73

- O.F.C. Cables etc.,

21.84

3,216.22

42.56

2,719.29

Closing Stock of Finished Goods

- Paper and Board

4,532.56

3,194.38

- O.F.C. Cables etc.,

58.10

4,590.66

21.84

3,216.22

(1,374.44)

(496.93)

Opening Stock of Work-in-process

258.13

198.07

Closing Stock of Work-in-process

426.64

(168.51)

258.13

(60.06)

(168.51)

(60.06)

Opening Stock in Trade

-

-

Closing Stock in Trade

37.44

(37.44)

-

-

(37.44)

-

Variation in Excise Duty on Opening &

Closing Stock of Finished Goods

103.49

74.66

**Total**

**(1,476.90)**

**(482.33)**

## 2.23 EMPLOYEE BENEFIT EXPENSE

Salaries, Wages and Bonus

6,286.45

5,040.02

Contribution to Provident & Other Funds:

- Provident & Family Pension Funds

400.83

368.59

- Employees State Insurance

174.77

142.09

- Gratuity Fund

459.35

150.52

- Superannuation Fund

121.94

93.32

- Employees Group Insurance

9.03

9.06

- Leave Encashment

51.69

(24.97)

Staff Welfare Expense

493.81

387.09

**Total**

**7,997.87**

**6,165.72**

## 2.24 FINANCE COSTS

Interest Expense

Term Loans

5,857.11

4,345.90

Debentures

-

760.75

Others (Net)

834.17

360.08

Other borrowing cost

166.66

144.64

Applicable Net Loss on foreign currency transactions & translation

291.63

(5.64)

**Total**

**7,149.57**

**5,605.73**

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

(Amount in Rs Lacs)

**2.25 OTHER EXPENSES**

	2012	2011
Consumption of Stores & Spare Parts	4,443.57	3,696.33
Power & Fuel	14,936.86	13,440.08
Water Charges & Cess	70.72	66.87
Rent	161.27	88.46

**Repairs and Maintenance**

- Buildings	843.79	624.03
- Plant and Machinery	737.00	563.83
- Other Assets	241.09	166.14
Insurance	143.95	152.98
Rates & Taxes	40.63	27.65
Research & Development Expenses	11.66	40.36
Miscellaneous Expenses	1,129.10	1,072.86

**Payments to Auditors**

- As Auditors	11.00	7.00
- for Taxation Matters	0.75	0.75
- For Company Law Matters	0.20	0.20
- For Other Services	1.46	1.72
- Reimbursement of Expenses	2.57	2.05
Cost Auditor's Remuneration & Expenses	0.40	0.41
Forwarding Charges on Sales	2,335.32	1,364.60
Commission on Sales	962.34	823.58
Commission to Director	-	436.19

**Directors Fees & Expenses**

- Sitting Fees	3.60	4.00
- Travelling Expenses	15.81	11.16
Charity & Donation	43.50	36.00
Obsolete Assets Written Off	11.23	2.25
Loss on Imparement of Assets	102.59	-
Profit/Loss on Sale of Fixed Assets	19.84	5.16
<b>Total</b>	<b>26,270.25</b>	<b>22,634.66</b>

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

[All amounts in Rupees Lakhs, except share data and unless otherwise stated]

	2012	2011
<b>2.26 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>I. Contingent Liabilities &amp; Commitments</b>		
a Guarantees Issued by Banks	2,892.45	3,599.66
b Letters of Credit outstanding	1,921.58	2,685.24
c Corporate guarantee given to the Banks & Institutions on behalf of related party - Rama Newsprint & Papers Limited.	19,720.23	12,067.54
<b>II. Claims against the Company not acknowledged as debts in respect of</b>		
a Income tax matters, pending decisions on various appeals made by the Company and by the Department (refer notes below)	9,606.00	5,518.65
b Excise matters & Service Tax under dispute	26.24	13.75
c Sales Tax matter, under dispute	30.66	30.66
d Other matters, under dispute	2,100.00	2,100.00
<b>III. Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance)</b>	293.73	1,520.36

- The Income tax assessments of the Company have been completed upto Assessment Year 2009-10.
- The Total demand outstanding as on 31.03.2012 on account of income tax dues for various assessment years is Rs.9606 lacs (Rs.5518.65 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.
- 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.

## 2.27 EARNINGS PER SHARE [EPS]

### Earnings

Net Profit/ (Loss) for the year after preference dividend and before exceptional items (net of taxes)	2,770.71	8,366.06
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### Shares

Number of shares at the beginning of the period	62,748,908	62,748,908
Add : Shares issued during the period	-	-
Total number of equity shares outstanding at the end of the period	62,748,908	62,748,908
Weighted average number of equity shares outstanding during the period	62,748,908	62,748,908
Earnings per share of par value Rs.2 - Basic (Rs.)	4.42	13.33
Diluted (Rs.)	4.42	13.33

## 2.28 RELATED PARTY DISCLOSURES

- Related parties where control exists or where significant influence exists and with whom transactions have taken place during the year :

### Associate Company

- Fort Gloster Industries Ltd., Kolkata (FGI)
- Rama Newsprint & Papers Limited (RNPL)

### Enterprises where principal shareholders have control

- Veer Enterprises Ltd.
- Shree Satyanarayan Investment Company Ltd.
- Siddhi Trade & Holdings Pvt.Ltd.
- Rangnath Bangur Charitable Trust



# Notes on Financial Statements (Contd.)

## for the Year ended 31st March, 2012

### Key Management Personnel represented on the Board

- 1) Shri S.K.Bangur, Chairman & Managing Director
- 2) Shri K. L.Chandak, Executive Director

### Non-Executive/Independent Directors on the Board

- 1) Shri R.N.Mody
- 2) Shri C.K.Somany
- 3) Shri P N Kapadia
- 4) Lt.Gen.[Retd.] Utpal Bhattacharyya
- 5) Shri Krishna Kumar Karwa
- 6) Shri Sanjay Kothari
- 7) Shri M P Taparia
- 8) Shri Saurabh Bangur
- 9) Smt Shashi Devi Bangur

	2012	2011
<b>b. The following is a summary of significant related party transactions:</b>		
i Sales to	-	-
ii Purchases from	-	-
iii (a) Rent paid to :		
1 Fort Gloster Industries Ltd., Kolkata (FGI)	0.67	3.33
2 Veer Enterprises Ltd.	24.80	-
3 Shree Satyanarayan Investment Company Ltd.	17.92	-
4 Siddhi Trade & Holdings Pvt.Ltd.	12.20	-
(b) Rent received from RNPL	0.30	1.20
(c) Salary paid by RNPL on behalf of company	5.37	14.31
iv Charity & Donations :		
1 Rangnath Bangur Charitable Trust	37.50	26.00
v Remuneration to :		
1 Executive Director	79.63	114.36
2 Chairman & Managing Director	89.23	465.24
vi Interest received from :		
1 Rama Newsprint & Papers Limited (RNPL)	143.01	96.41
<b>c. The Company has the following amounts due to/from related parties:</b>		
i. Due from related Parties		
1) Rama Newsprint & Papers Limited (RNPL)	1,150.00	1,411.67
2) Veer Enterprises Ltd.	1.05	-
3) Shree Satyanarayan Investment Company Ltd.	6.60	-
ii. Due to related parties	-	-

### 2.29 RAW MATERIALS CONSUMED DURING THE YEAR

Wood	41,657.64	29,672.63
Waste Paper cuttings, wood pulp etc.,	5,809.77	5,906.41
Optical Fibre	835.33	673.60
Steel Tape	230.77	138.10
Copper	304.92	100.23
Other allied inputs	1,225.31	1,060.37
<b>Total</b>	<b>50,063.74</b>	<b>37,551.34</b>

Other include items which do not individually exceed 10% of total consumption.

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

## 2.30 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARES AND PACKING MATERIAL CONSUMED

### Raw Materials

	12 months ended March 31,2012		12 months ended March 31,2011	
	Rs. In Lacs	% of total consumption	Rs. In Lacs	% of total consumption
Imported	2,086.19	4%	2,157.95	6%
Indigenous	47,977.55	96%	35,393.39	94%
	<b>50,063.74</b>	<b>100%</b>	<b>37,551.34</b>	<b>100%</b>

### Stores, chemicals, spares and packing materials

Imported	2,435.24	9%	2,571.74	12%
Indigenous	25,953.78	91%	18,493.42	88%
	<b>28,389.02</b>	<b>100%</b>	<b>21,065.16</b>	<b>100%</b>

## 2.31 CIF VALUE OF IMPORTS

	2012	2011
Raw materials	2,133.03	1,865.41
Components & Spare parts	3,367.20	1,917.47
Capital goods	1,603.27	1,152.52
<b>Total</b>	<b>7,103.50</b>	<b>4,935.40</b>

## 2.32 EARNINGS IN FOREIGN CURRENCY

Export on FOB basis	10,018.91	5,464.08
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## 2.33 EXPENDITURE IN FOREIGN CURRENCY

Travelling	10.17	7.19
Interest	2,010.62	1,745.68
Others	0.19	0.39
<b>Total</b>	<b>2,020.98</b>	<b>1,753.26</b>

## 2.34 EMPLOYEE BENEFIT PLANS

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

### [A] Defined Contribution Plan

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

Employer's Contribution to Provident Fund/ Pension Fund	477.57	417.75
Employer's Contribution to Superannuation Fund	121.94	93.32

# Notes on Financial Statements (Contd.)

## for the Year ended 31st March, 2012

### [B] Defined Benefit Plan

The following table sets out the status of the Gratuity Plan as required under AS-15 (Revised).

#### Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2012	2011
Opening defined benefit obligation	1,634.42	1,612.69
Current Service cost	82.23	123.94
Interest Cost	135.16	133.05
Benefits paid	(247.86)	(264.39)
Actuarial losses/(gain)	351.13	29.13
Obligations at the end of the period	1,955.09	1,634.42

#### Change in Plan Assets

Opening fair value of plan assets	1,634.42	1,612.69
Expected return on plan assets	130.75	129.02
Actuarial gain/(Losses)	(21.58)	6.58
Contributions by employer	296.71	150.52
Benefits paid	(247.86)	(264.39)
Closing fair value of plan assets	1,792.44	1,634.42

#### Amount recognized in Balance Sheet

Present value of funded obligations	1,955.09	1,634.42
Fair value of plan assets	1,792.45	1,634.42
Net asset/(liability)	(162.64)	-

#### Expense recognised in statement of Profit and Loss Account

Current service cost	82.23	123.94
Interest on defined benefit obligation	135.16	133.05
Expected return on plan assets	(130.75)	(129.02)
Net Actuarial losses/(gain) recognized	372.71	22.55
Amount included in Employee Benefit Expense	459.35	150.52

#### Category of Plan Assets

GOI Securities	0.41	0.46
LIC	58.67	57.68
PSU/State Government Securities	5.97	6.42
ICICI Prudential Life Insurance	34.95	35.44

#### Financial assumptions at the valuation date

Discount rate %	8.27%	8.27%
Estimated rate of Return on plan assets %	8.00%	8.00%
Salary escalation over & above highest of salary in grade %	1.00%	1.00%

# Notes on Financial Statements (Contd.)

for the Year ended 31st March, 2012

	2012	2011
<b>2.35 DIVIDEND REMITTANCE IN FOREIGN CURRENCY</b>		
Number of non-resident shareholders	167	180
Number of shares held by them on which dividend were paid	389,759	297,630
Amount remitted - net of tax	7.80	5.95

## 2.36 SEGMENT INFORMATION

The Company is in the business of Manufacture & Sale of Paper and Paper Boards & Duplex Boards. Considering the core activities of the Company, management is of the view that manufacture and sale of Paper and Paper Boards & Duplex Boards is the only reportable business segment and hence information relating to primary segment is not required to be disclosed.

## 2.37 NOTE ON DEPRECIATION

During the current year company has retrospectively changed the method of providing depreciation on New Fibre Line & Chemical Recovery Island from Straight Line Method to Written Down value Method due to technological changes. Differential depreciation of earlier years amounting to Rs. 6219.78 Lacs (shown as an exceptional items) and that of current year of Rs. 4216.42 Lacs is charged to Profit & Loss Account for the year due to which the loss for the current year has been overstated to that extent.

**2.38** 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. 27.41 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.

**2.39** The Company has investment of Rs. 4540.86 lacs in Rama Newsprint & Papers Ltd. (RNPL). At the year end there has been substantial reduction in the market value of this investment by Rs 2895.24 lacs. The company has not made any provision towards the diminution in value as said investment is a long term trade investment and diminution in value is temporary in nature.

**2.40** The company has paid minimum managerial remuneration to the Chairman & Managing Director of Rs. 89.23 lacs and Executive Director of Rs. 79.63 lacs as per Schedule XIII of the Companies Act, 1956 subject to approval of members in the AGM to be held on 31.07.2012 and Central government in respect of the former.

**2.41** Previous year's figures have been regrouped and reclassified wherever necessary.

As per our Report of even date

For **BATLIBOI & PUROHIT**  
Chartered Accountants

**R. D. Hangekar**

Partner

Membership No.30615

E.R. No.101048W

Place: Mumbai

Date: 29th May, 2012

**P. K. Mundra**  
Company Secretary

For and on behalf of the Board

**M. P. Taparia**  
Director

**Lt.Gen.(Retd.) Utpal Bhattacharyya**  
Director

**Sanjay Kothari**  
Director

**P. N. Kapadia**  
Director

**Krishna Kumar Karwa**  
Director

**K. L. Chandak**  
Executive Director

# Corporate Information

## BOARD OF DIRECTORS

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

## MANAGEMENT TEAM

### Paper and Duplex Board Division

#### Corporate Office

Shri J.K.Mandelia, President (Corporate)  
 Shri A.Bhaskar Reddy, President (Marketing)  
 Shri V. Subbiah, Vice-President (Marketing)

## WORKS

Shri S.S.Pal, President (Technical)  
 Shri B.K Bhuyan, Vice-President (Operations)  
 Shri B.H Rathi, Vice-President (Operations)

## TELECOM CABLE DIVISION

Shri V. Bangur, Chief Executive Officer  
 Shri G.S.Naidu, President (Works)

## VICE PRESIDENT (FINANCE) & COMPANY SECRETARY

Shri P.K.Mundra

## BANKERS

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

## AUDITORS

Batliboi & Purohit  
*Chartered Accountants*

## COST AUDITORS

Shri Umesh N. Kini  
*Cost Accountant*

## LEGAL ADVISORS

Khaitan & Co.

## REGISTERED OFFICE

Bangur Nagar, Dandeli – 581 325  
 District. Uttar Kannada, Karnataka  
 Ph : 08284 231391-395 Fax : 08284 231225  
 E-mail : co.sec@westcoastpaper.com

## CORPORATE OFFICE

Chandra Kiran, 4th Floor, 10/A Kasturba Road  
 Bangalore – 560 001  
 Ph : 080 – 22231828-1837, 41120001-0006  
 Fax : 080 - 22231838, 22241916  
 E-mail : wcpm.sale@westcoastpaper.com

## ZONAL OFFICES

### North Zone

Vishnu Bhavan, 1st Floor, 5 Ansari Road  
 Daryaganj, New Delhi – 110 002  
 Ph. : 011-23269806, 23273679, 23246254  
 Fax : 011- 23284913  
 E-mail : wcpm.north@westcoastpaper.com

### East Zone

31, Chowringhee Road  
 (Park street crossing)  
 Kolkata – 700 016  
 Ph. : 033 22656271(8 Lines)  
 Fax : 033 22265242  
 E-mail : wcpm.east@westcoastpaper.com

### West Zone

Shreeniwas House  
 H.Somani Marg, Mumbai-400 001  
 Ph. : 022 22070041-44  
 Fax : 022-22070001  
 E-mail : wcpm.west@westcoastpaper.com

### South Zone

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

## TELECOM CABLE DIVISION

### Sudarshan Telecom

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



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## Notes

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