



Tough times
still **moving on**



THE WEST COAST PAPER MILLS LIMITED

Your partner in progress...

ANNUAL REPORT 2012-13

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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 forwardlooking 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 & Analysis

A) INDUSTRY STRUCTURE & DEVELOPMENT

Paper Division

There are about 750 - 1000 paper mills (organized & unorganized 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 being highly capital intensive in nature of the industry and a threat of cheaper imports from China, Indonesia etc. From a situation where most paper mills were relatively smaller 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.43,000 crores and contributes over Rs.4,300 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 11.60 million tonnes per year which is less than 3% of global demand of 400 million tonnes even though population of 121 crores as per 2011 census is 17% of world population. Of this, writing & printing paper accounts for approx. 4.20 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 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 kg per capita or 20 million tonnes by 2020 in our country, requiring more than double quantity of paper that we currently produce and consume.

However, there are concerns about growth in writing & printing segment as demand globally is declining by 2.5 million tonnes every year and, going forward, we may not be isolated from the same given the growth of I.C.T. (Information & Communication Technology).

Growth in paper industry during 2012-13 is insignificant being 0.6% in Q1, 1.4% in Q2 and 0.3% in Q3 as per economic survey 2012-13.

To meet this demand, the Indian paper industry expanded its capacity close to 1 million tonnes, however recession set in 2008 slowed 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.

The economic survey of 2012-13 clearly highlights drying of investment in projects in the economy and the paper industry is not isolated from the same, as there are no major projects in pipeline which may change the demand-supply equilibrium in time to come.

Industry has upgraded process technologies, installed most modern fiber 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 modernize the fiber 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 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 Company has performed very well on these norms and will be able to get substantial credits post 2014.

To meet the demand, the Indian paper industry expanded its capacity close to 1 Million tonnes



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 and there is no change in Union Budget 2013-14.

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 programmes whereby plantation is taken in a big way on the unproductive revenue land and thus generating not only income to the farmers but also providing employment to the rural unskilled population.

The Company has also focused on social forestry and has cultivated 44,056 acres of land so far within a radius of 250 km and it is hoped that 50% of wood requirement will be met by the same from 2015-16. The Company is also distributing 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.

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 the 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.

Given the above status of availability, the industry is facing severe shortage of wood apart from continuously increasing cost of procurement particularly in the context of unplanned expansion by the industry without raw material back-up and focusing only on Andhra Pradesh for sourcing the requirement.

Wood rates have increased by 20.29% (Rs.7.70 crores p.m.) during the current year and there is no end to it. This has forced the mills to look for sourcing the wood logs & chips from abroad and the Company has already placed order for procurement of chips/logs from abroad and its quality will be far superior than locally sourced.

Cable Division

There are 13 OFC manufacturers having a total capacity of approximately 6 lacs cable Kms p.a. The capacity of the industry is expected to become approximately 9-10 Lacs Cable Kms p.a. after expansion plan underway.

The OF Cable industry is likely to witness considerable growth with emergence of new technologies and Government initiatives under National Telecom Policy (NTP) 2012. Some of the major expected projects are as follows:

National Optical Fibre Network (NOFN) connecting 2.5 Lacs Gram Panchayats on fibre based broadband network. The



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project is being executed through newly formed SPV incorporated "Bharat Broadband Nigam Limited" (BBNL). The network shall be shared by Railtel, Power Grid Corporation and BSNL. The project is funded by Universal Obligation Fund (USOF) and all State Governments and Central Government controlled territory shall provide free ROW for laying OFC. NOFN total requirement will be in the range of 5 Lacs cable Kms (24 F OFC). The present tender is expected to be of 4.0 Lacs cable Kms. The OFC cable is expected to be supplied in 8 months time.

Reliance Jio Infocom Ltd., (formerly HFCL Infotel Broadband) 4G network envisaged OFC network of 3.5 Lacs cable Kms with mostly high count ribbon cables and ADSS cables. The network is to be in operation within 3 years.

Reliance Infocom is also expanding its network with external funding to roll out new network for better revenue generation. The demand of OFC will be in the range of 30K Cable Kms with only 3-4 approved vendors.

Network for Spectrum project (NFS) has requirement of 58K Cable Kms (turnkey contract). ASCON has projected requirement of 16K Kms for the financial year 2013-14 whereas Railtel has projected requirement of 3K-4K Kms for the financial year 2013-14. Other than above currently there are no major projections from private 2G/3G telecom operators.

Considering the above factors currently Company is focusing on the tender business with high fibre count Optical Fibre cable of 24F.

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 a ban on plastic packaging starting with Gutka manufacturing units.

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The Company has also focused on social forestry within a radius of 250 km and it is hoped that 50% of wood requirement will be met by the same. The Company is also distributing 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 and with qualified factory manpower, this division is capable of catering to substantial market share. The increase in demand due to slow down in past years and rolling out 4G networks projects from Reliance GIO & new projects from BBNL will result in less competition thus price realization is expected to be better than past two years.

Recent regulatory developments, which have led to huge 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 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 a revamping of paper industry with a positive outlook.

Cable Division

Reliance Industries has rolled out 4G network in 22 circles utilizing high fibre count OFC & their demand is expected to be approximately 3,50,000 cable kms in next 2-3 years.

Tender from Government of India set up SPV called Bharat Broadband Network Ltd., for implementing Rs.20,000 Crore National Optical Fibre Cable Network (NOFN). The Network is expected to be operational by end of 2013. The demand of OFC will be 25,00,000 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 a state-of-art Effluent Treatment Plant and has gone for 100% ECF Pulp 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 requirement consistently.

F) INTERNAL CONTROL SYSTEM & TECHNOLOGY

The Company has adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, 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 and yearly audit programme is submitted to the Audit Committee of the Board. 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.



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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 31.02.2014. 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 rationalize 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 2,414 people as on 31.3.2013 as against 2,442 people employed as on 31.3.2012.

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.



Hi-tech Mist Chambers for Clonal Plants Propagation



Directors' Report

Your Directors are pleased to present the 58th Annual Report of the Company, together with the audited accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

(Amount in Rs. Lacs)

	2012-13	2011-12
Gross Profit	27,341.25	23,015.14
Balance brought forward	(779.54)	2,815.39
	26,561.71	25,830.53
Allocations :		
Finance Cost	7,257.21	7,149.57
Depreciation	13,635.33	14,315.46
Exceptional items	3,993.95	6,219.78
Taxation - Current	371.65	—
- MAT Credit Entitlement	(335.03)	—
- Deferred	606.85	(1,313.84)
General Reserve	181.13	—
Proposed Dividends - Preference Shares	—	80.23
- Equity Shares	660.49	125.50
- Shortfall of 2011-12	6.60	—
Tax on Dividends	112.25	33.37
- Shortfall of 2011-12	1.07	—
Balance carried forward	70.21	(779.54)
	26,561.71	25,830.53

DIVIDENDS

Your Directors recommend a dividend of Re.1/- per equity share (50%) on 6,60,48,908 Equity Shares of Rs.2/- each, subject to members' approval for the accounting year 2012-13.

PERFORMANCE

The working results of the Company were satisfactory on a robust performance reflected in the full utilization of expanded capacity of production of Pulp & Paper Board coupled with favourable change in the product mix. However, the working results of the Company continued to be adversely affected by the overriding sluggish market conditions coupled with a steep hike in the cost of raw materials together with deteriorating quality, chemicals, coal and furnace oil. The upward revision in minimum wages, hike in VDA, finance charges etc., also affected the buoyancy of the working results.

However, Paper market has taken a positive turn from December 2012 and the Company expects that results for the current year should improve, barring unforeseen circumstances due to higher sales realization.

The Company posted gross profit of Rs.200.84 Crores as against Rs.158.66 Crores in the previous year - higher by Rs.42.18 Crores (27%) whereas there was a net profit of Rs.18.13 Crores as against loss of Rs.33.56 Crores in the previous year.

DIVISION WISE PERFORMANCE

A) Paper and Duplex Board Divisions

The production of paper, paperboard and hardwood pulp was 3,17,808 MT (99.32% capacity utilization) (including 1,47,110 MT on new Paper M/c No.VI) against 3,08,230 MT in the last year (96.32% capacity utilization) (including 1,43,990 MT on new Paper Machine No.VI) i.e., higher by 9,578 MT. The sale of paper, paperboard and hardwood pulp was 3,21,018 MT against 3,05,818 MT in the last year i.e., higher by 15,200 MT.

The turnover during the year was Rs.1,499.07 Crores as against Rs.1,322.77 Crores in the previous year (both inclusive of excise duty), i.e., higher by Rs.176.30 Crores, due to increased production and sale and revision in sales prices.

There was no change in excise duty on paper & paperboard which was last revised from 5% to 6% on 17.03.2012.

B) Cable Division - Mysore

Production and sales of optical fibre cable in terms of quantity was 20,242 kms and 20,160 kms during the year as against 20,184 kms and 20308 kms in the previous year, respectively. Sale of optical fibre cable in terms of value, was higher at Rs.41.67 crores as against Rs.28.82 crores (both inclusive of excise duty) during the previous year due to execution of more fibre count cable.

The production in control cable plant was started in 2010-11 however the production & sales during the year was NIL as against 341 kms & 337 kms with sales value of Rs.4.64 crores in the previous year. Total turnover of cable division during the year was Rs.41.67 crores as against Rs.33.46 crores (both inclusive of excise duty) during the previous year.

EXPORTS

Export of paper, paperboard and duplex board reduced from 23,404 MT worth Rs.98.07 Crores (FOB) in 2011-12 to 10103 MT worth Rs.49.07 Crores (FOB) in 2012-13 due to unremunerative prices. Further, 437 km of Cable worth Rs.0.75 crores was exported in 2012-13 compared to 876 km of Cable worth Rs.2.12 crores in 2011-12.

RAW MATERIALS

The Company has procured 7.92 Lacs MT of pulpwood and bamboo as against 10.31 Lacs MT in the previous year, with the Company geared to source more than 10 Lacs MT of raw material per annum on sustained basis ensuring smooth operations for expanded capacity.

In the past one year, the raw material costs have risen by about 20% due to demand-supply imbalance; upward revision of Railway freight in 2012-13, urbanization, diversion of land for agricultural purposes, diversion of labour on Government Schemes (MNREGA) to attain social security, shortage of man power for pulpwood extraction, transportation cost on account



of steep rise in petroleum prices, upward revisions of royalty by State Forest Department, Forest Corporations and procurement rates by APMC's, caused a serious strain on the procurement of Pulpwood.

The anticipated shortfall in availability of pulpwood is around 20 Lacs MT and is expected to continue till 2015. For the survival of pulp and paper industries, importing wood/chips remains the only alternative as the procurement cost of the local material is going to be at par with the imported material. Though the Indian ports are not fit for importing wood chips, Company has made arrangements to handle the chips at Marmagao Port by installing mobile conveyors.

The material locally available is of substantially low quality due to harvesting of immature plantations, indirectly pushing the problem to the next year. With the consumption of poor quality material the process losses are immense and needs urgent attention to arrest the same.

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- taking the cognizance of the raw material scarcity many years earlier-had taken up Contract for Farming in the local region of within 250-300 Kms radius of our works at Dandeli. The results of this endeavor have been realized in as much as the harvesting has contributed around 36274 MT during 2012-13. The tempo has gathered momentum. The landowners are happy and are renewing the contracts for farming for next rotation crop.

PLANTATIONS

To sub-serve 1988 National Forest Policy guidelines of the Government of India, WCPM involved itself for the first time in pulpwood plantation during the year 2005-06. The Company has envisaged an Afforestation project to harness the degraded, unproductive and barren lands within the vicinity of 250-300 Kms of Dandeli for augmentation of raw material and for the benefits 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.

Under Contract for Farming model, clonal plantation programme continued to progress with the production of more than 75 Lacs clonal Eucalyptus and Subabul saplings and subsequent planting of the quality clonal planting stock on farmers unproductive/barren land covering an area of 3,800 Ha during the year 2012. Besides this, Company also distributes 2 million quality Casuarina seedlings to the farmers in Cuddalore (AP) region. The high rate of survival and growth of clonal plantations has led to improved productivity of wood biomass and higher returns to farmers, resulting in a growing demand for the clones.

As of now 44,056 acres area is under Contract for Farming with crop of different ages which is duly certified by FSC (Forest Stewardship Council) and hereafter every year 10,000 acres of certified plantation will be added.



Plantation on
World Environment
Day

In this Afforestation project, all the statutes are taken care of and there is a win-win situation for the Company and community including Scheduled Castes and Scheduled Tribes people. No title, rights, ownership or possession shall be transferred or alienated or vest in the contract farming sponsor i.e. Company or his successor.

The Company provides ready market for the harvested product at pre-determined prices. The land owning families thus earned substantial income from their otherwise barren and unproductive land and the entire society gets advantage of employment in their own locality and enjoys the hassle free earnings from such lands with nil encumbrances, which subsequently uplifted their socio-economic status.

To reduce the dependence of wood based industries on the natural forests National Forest Policy envisioned to source their raw material by encouraging plantations amongst farming community on their lands have been rightfully achieved from this project.

This model project proved as a boon to the farming fraternity that led other pulpwood based industries in our adjacent region to follow this scheme by modifications to their local conditions.

The scheme has successfully generated rural employment for 250 man-days per hectare annually and another 100 person-days / per hectare employment in harvesting operations to the local population, this has led to prevention of migration of rural youth to cities for jobs. The provision of Lops & Tops as fuel wood at free of costs to the land owners/ local community has significantly reduced the pressure on natural forests. The scheme has led to the availability of high protein fodder for livestock grown in the plantation area. With the increase in green cover, the soil erosion reduced and the productivity enhanced. The assured employment for women in the plantation operations during lean period empowered them in the society. The 1 Ha of Captive plantations raised by Company can save 20 Ha of natural forests thus conserving national resources. The Afforestation drive is earning precious carbon credits on account of carbon sequestered.

Given that pulpwood availability is a major challenge for the paper industry, Company continues with its policy of promoting social forestry plantations for pulpwood in Karnataka, Tamilnadu and Andhra Pradesh to enhance the overall availability of raw material within the catchment area. The Company has distributed 328 Lacs seedlings during 2012-13.

EXCHANGE RATE VARIATION

The Company has reinstated Foreign Currency Loans/External Commercial Borrowings of USD 103.20 Million at the exchange rate prevailing as on 31st March 2013 and the exchange rate difference of Rs.100.23 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 17,622 Hectares of plantations raised in Karnataka, Maharastra and Andhra Pradesh between 2000 & 2012. Further the 3080 Ha of 2013 are in the process of being certified and thereafter every 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. SARA has conducted India's First FSC-FM 1st Surveillance audit under observation of A.S.I (Accreditation Services International-Germany). Lead auditor from S.C.S (Scientific Certification System, USA) and A.S.I. has successfully conducted this year audit. SARA has once again successfully passed international standards for responsible forest management and left its mark as a pioneer in the Indian forestry and plantation sectors. The uniqueness of the SARA working model was lauded by the auditors and stated to be fit for replication in the small and medium farm forestry sectors worldwide.

ISO 9001 (2008) QUALITY MANAGEMENT SYSTEM

The Company is Certified to the revised ISO 9001 (2008) international standard Quality Management System (QMS) by Det Norske Veritas, the Netherlands. The validity of this certification is up to May 2013. The Company remains fully committed to continually improve upon the implemented QMS for 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 apply to its existing operations and also as a commitment towards corporate responsibility on environmental protection and fulfillment of corporate governance as well.

OHSAS 18001 (2007) OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SERIES

Occupational Health and Safety has been recognized 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, CSR policy voluntarily that goes beyond mere cosmetic philanthropic gestures and integrates the 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 endeavors thereby creating value for all concerned.

The Company Secretariat has a special cell, which is ever sensitive 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 by 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 organized 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.

Support to Rural Communities

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 engineered saplings for the cultivation of trees on dry and fallow lands. As a result of this, Hundreds of farmer families in the region are able to take up farming on wasteland as a profitable commercial venture. Caring for the farmers is a cardinal principle of our corporate social responsibility.



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

2) Ethical Functioning

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

3) Respect for Workers' Rights and Welfare

The Company has created a good, clean and healthy workplace ambience 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 a secret ballot conducted in the presence of officials from the Labour Department of the 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 minimized. 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 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. Further the Company has supported the Institutions of Dandeli Education Society in holding National level seminars and symposiums on issues of contemporary relevance.

The high quality, selfless educational services rendered by Dandeli Education Society have been formally acknowledged and acclaimed by national level quality accreditation agency-NAAC (National Assessment and Accreditation Council) in its reports.

Company's community 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 800 student-beneficiaries, respectively.

Supply of Portable Drinking Water

The Company partnered with The Energy Research Institute (TERI), Panjim, the University of Rhode Island, USA, and Bangurnagar Degree College, Dandeli to carry 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 same 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.

Reaching out to the Local Community

The city of Dandeli which looks up to the Company as its life line. The city of Dandeli has drawn much from West Coast for its cleanliness, health, beautification, as well as for its 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 organizations 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 traditionally supported substantially to the Medical Camps, Eye Operation Camps organized by service organizations like the Rotary Club, Lions' Club and the local unit of the Indian



Medical Association. It contributes regularly to the Public Library and Reading Room maintained by the local Karnataka Sangha for the benefit of the public and the ex-employees of the Company.

Innumerable socio-cultural and religious programmes organized by the local organizations and government departments are inevitably sponsored/supported by the Company.

The Company has also taken up the maintenance of a public garden of City Municipal Council, 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 infrastructural 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.

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 synthesize its own interests and activities with the general needs of the community and in the process become a part of the dreams and aspirations of the local society.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING/OUTGO

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

PARTICULARS OF EMPLOYEES

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

MANAGEMENT'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

Smt. Shashi Devi Bangur, Shri M. P. Taparia and Shri Utpal Bhattacharyya retire from the office by rotation in terms of Article 143 of the Articles of Association of the Company, but being eligible offer themselves for 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

Messers Batliboi & Purohit, Chartered Accountants, will retire at the end of the 58th 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 2013 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 Central Government.

The cost audit report for the Financial Year 2011-12 which was due to be filed with the Ministry of Corporate Affairs on or before January 31, 2013, was filed on January 23, 2013.

SHREE RAMA NEWSPRINT LTD (SRNL)

The Company holds 36.32% of the equity share capital of SRNL with an investment of Rs.45.41 Crores (market value Rs.15.82 Crores as on 31.3.2013) whereas other group entities hold 12.83% of its share capital and thus the promoter group of the Company holds 49.15% of the Equity. The Company has executed Corporate Guarantees of Rs.246.25 Crores in favour of lenders of SRNL.

The Company has extended Inter Corporate Deposits from time to time to SRNL and amount outstanding as on 31.03.2013 was Rs.33.65 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.

Place : Mumbai
Date : 29th May 2013

On behalf of the Board

S. K. Bangur
Chairman & Managing Director

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, 2013.

A. CONSERVATION OF ENERGY

a) Measures taken for Energy Conservation :

1. Recycling of FBC#3 boiler's cooling & sealing water by diverting it to Jackwell.
2. Utilisation of sealing water of Chemical recovery boiler & FBC IV boiler feed pumps, Spreader feeder cooling water, SWAS FBC IV sample cooler cooling water by diverting it to jackwell.
3. Boiler make up feed system :
 - i) Trimming of impellers of both the DM transfer pumps.
 - ii) Instead of operating Two makeup feed transfer pumps, feed in feed tank is maintained by operating only one DM transfer pump.
4. One broken chest of Paper Machine 1 was bypassed. This helped to stop one pump & one agitator.
5. Arrested leakages resulting in stoppage of reciprocating compressor at Paper Machine section.
6. Replacement of old vacuum pump no. I & no. XI by Energy efficient vacuum pumps at Paper Machine no. III.
7. Pump of Dump chest of P.M/c 2 was changed with higher efficiency & optimum capacity pump.
8. Refining enzyme was used in MICR cheque Paper and MG varieties. This helped to reduce power consumption of refiner and improved runability of Paper Machine & reduction in softwood consumption.
9. Motion sensor to Lighting circuit are fixed at 10 Nos. additional Locations (MCC & PCC rooms) at different section of plant.
10. Replacement of conventional electromagnetic chokes in phased manner by Energy efficient electromagnetic chokes and conventional florescent tube light by efficient Tube Lights. 1125 Nos. of chokes are replaced.
11. 4 Nos. Multiple Rewound motors replaced by new efficient motors.
12. 2 Nos. LED Lights are installed near Works office.

b) Projects under Installation :

1. Cycling chest of Paper Machine 2 will be bypassed. This will save Power of one agitator and pump.
2. Correction of steam and condensate system of Paper Machine II.
3. Replacement of Pre-separator and vacuum pump no. VIII & no. X by efficient vacuum pump of Paper Machine III.
4. Pumping of Dhot condensate from Pulp mill to Power House to save heat & power.
5. Replacement of SP#4 under layer chest no. 5 and in Paper Machine 4 under layer & filler layer machine chest no. 2 agitator to be replaced with energy efficient ones.
6. Replacement of Existing coarse screen of filler layers Turbo 600 at stock Preparation V and Filler Layer chest no. 1 pump to be replaced with efficient ones.
7. Multiple Rewound motors (16 Nos.) to be replaced by new efficient motors.
8. Bypassing intermittent pulp storage Tower of old pulp mill to avoid pumping agitation to save power.
9. Changing stock pumps of Paper Machine 2 & 3 by optimum capacity and efficient pumps.
10. Stoppage of 1 stock refiner at Paper Machine 3 by using refining Enzyme.
11. Steam Trap audit was conducted at Power plant. Leaking Traps to be being replaced. Further steam traps audit will be conducted.
12. Use of transparent sheet at compressor room to save lighting power.
13. Compressor and compressed Air system Audit to be done.

Annexure to Directors' Report (Contd.)

Power & Fuel Consumption	Year ended 31st March, 2013	Year ended 31st March, 2012
1. Electricity		
a. Purchased :		
Units (Kwh in Lacs)	49.09	122.42
Total amount (Rs./Lacs)	400.37	801.87
Rate/Unit (Rs.)	8.15	6.55
b. Own Generation :		
(i) Through Diesel Generators		
Units (Kwh in Lacs)	8.72	131.66
Units per litre of Diesel/Furnace Oil	4.02	4.06
Cost/Unit (Rs.)	10.3	9.15
(ii) Through Steam Turbines (Back Pressure)		
Units (Kwh in Lacs)	0.77	52.04
Units per litre of Fuel Oil/Gas	—	—
Cost/Unit (Rs.)	1.33	0.96
(iii) Through Steam Turbine (Partial Condensing)		
Units (Kwh in Lacs)	3,939.84	3,613.42
Units per litre of Fuel Oil/Gas	—	—
Cost/Unit (Rs.)	2.33	2.25
2. Coal (Steam & Slack Coal of Grades 'B' to 'F' used in Boilers)		
Quantity (Tonnes)	316,755	313,150
Total Cost (Rs. in Lacs)	13,104.72	12,315.20
Average Rate (Rs./tonne)	4,135	3,933
3. Furnace Oil		
Quantity (KL)	1,173.82	4,949.03
Total Amount (Rs. in Lacs)	482.43	1,588.13
Average Rate (Rs./KL)	41,100	37,376
4. Diesel Oil		
Quantity (KL)	—	—
Total Amount (Rs. in Lacs)	—	—
Average Rate (Rs./KL)	—	—
Consumption per unit of production :		
(Net of trial cost of expansion programme)		
Paper / Paper Board & Multi-layer Board (Per tonne)		
Electricity (Kwh)	1,258	1,272
Furnace Oil (Ltrs.)	4	14
Coal (MT)	1	1.02
Diesel Oil (Ltrs.)	—	—

Annexure to Directors' Report (Contd.)

B. RESEARCH & DEVELOPMENT

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

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

1. Dual addition of PCC to thick & thin stock in AKD sizing results in higher fibre replacement with reduced negative impact on strength properties.
2. Making of Folding Box Board using mill pulp & BCTMP Softwood pulp in neutral sizing at around 5.8-6.0pH. This is a high value added product of good commercial value.
3. Work on the conversion of Native starch in to Oxidised starch using the Enzyme Max Treat SL-55C. This results in substantial savings in the procurement of the Oxidised starch which is much costlier as compared to the converted Starch.
4. Introduction of Refining Enzyme Max Treat DI-45 resulting in the conservation of valuable energy with increased Ash in the final paper leading to the conservation of the invaluable fibre.
5. Introduction of Maxtreat2010 WX Fluff control aid in the production of Non-SS papers in order to reduce the fluff problem on Mc. VI
6. Introduction of Novacote-2000, a Surface sizing aid in Binary sizing resulting in the savings of AKD & Cat Size-200

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 :

1. Various alternate raw materials are being studied in order to cope with the ever increasing demand for paper & at the same time optimise the pulping conditions vis-a-vis bleach Chemical demand in order to have a better insight as to the quality of the raw materials.
2. Separate pulping of the Knotter rejects which are generated daily leading to the conservation of active alkali & at the same time maintaining the strength as compared to mixed pulping with the regular raw materials.
3. Bleaching at higher temperature in DHT stage with a lesser ClO_2 as compared to the regular bleaching leading to reduced COD & maintaining of the Viscosity.
4. Utilisation of ETP Sludge [Paper Machine] in the Filler layer of D. Board resulting in effective cost savings.
5. Multiple additions of white liquor in pulping resulting in better Yield.

Annexure to Directors' Report (Contd.)

(Rs in Lacs)

	2012-2013	2011-2012
4. Expenditure on R & D		
[a] Capital	—	—
[b] Recurring	42.31	40.15
[c] Total	42.31	40.15
[d] Total R&D expenditure as a percentage of total turnover	0.03	0.03

C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts, in brief, made towards technology adaptation and innovation.

- Improved Machine Runnability, Quality & Higher Productivity.
- Dual addition of PCC leading to higher Ash in the final paper resulting in the savings of the valuable fibre or in other words leading to the conservation of Fibrous Raw Materials.
- Better Non SS paper with reduced Dust/Fluff.

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.)

Not any

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and outgo were Rs.4,982.52 Lacs and Rs.7,156.95 Lacs respectively (Rs.10,018.91 Lacs and Rs.9,124.48 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, 2013 for the year ended 31st March, 2013.

Name	Designation & Nature of Duties	Remuneration (Rs. Lacs)	Qualification	Age	Experi-ence (Years)	Date of Joining	Previous Employment, Designation Name of Employer, Period of Services (Years)
Shri S K Bangur	Chairman & Managing Director	122.67	B.Com.	63	39	01.05.03	Managing Director Jayshree Chemicals Ltd., Ganjam 15 years
Shri K L Chandak	Executive Director Overall management	142.67	B.Com. F.C.A.	67	41	18.12.71	—

Notes :

- Remuneration includes Salary, Commission, Company's contribution to Provident, Superannuation and Gratuity Funds.
- All appointments are contractual, other terms and conditions are as per rules of the Company.
- 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 2012-13 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 and Vice Chairman
- 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	2	8	—	—
Smt. Shashi Devi Bangur	Promoter, Non-Executive	1	4	—	—
Shri Saurabh Bangur	Promoter, Vice Chairman	2	5	—	—
Shri R. N. Mody	Non-Executive Independent	1	4	3	—

Report on Corporate Governance (Contd.)

Director	Category	Board Meetings Attended	Number of Directorships*	No. of Membership of other Board Committees (*) (**)	No. of Board Committees for which chairperson (*) (**)
Shri Chandra Kumar Somany [Resigned w.e.f. 01.08.2012]	Non-Executive Independent	–	10	–	–
Shri Premal N. Kapadia	"	5	4	–	–
Lt. Gen. [Retd.] Utpal Bhattacharyya	"	5	–	–	–
Shri Krishna Kumar Karwa	"	5	5	3	–
Shri Sanjay Kothari	"	4	3	1	–
Shri M. P. Taparia	"	2	4	–	1
Shri Haigreave Khaitan	"	1	15#	10	–
Shri K. L. Chandak	Executive Director	5	2	–	–

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

** this relates to Audit and Investor Grievance Committees only.

including Alternate Directorship

Shri K L Chandak attended the last Annual General Meeting.

(iii) Board Meetings held

During the year under review, Five Board Meetings were held on April 19, May 29, August 07, November 06, 2012 and February 14, 2013.

3) AUDIT COMMITTEE

i) Brief description of terms of reference

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

ii) Composition, names of members and Chairperson

The Audit Committee, comprises five directors, of whom four are independent, Non-Executive Directors and one is Executive Director, all of them possessing knowledge of corporate finance, accounts and company law. The Chairman of the Committee is an Independent Non-Executive Director. The Company Secretary acts as the Secretary to the Committee. The composition of the Audit Committee is as follows :

(i)	Shri Krishna Kumar Karwa	Chairman
(ii)	Shri P. N. Kapadia	Member
(iii)	Lt. Gen. (Retd.) Utpal Bhattacharyya	Member
(iv)	Shri Sanjay Kothari	Member
(v)	Shri K. L. Chandak	Member

iii) Meetings and Attendance during the year

During the year ended March 31, 2013, four meetings of the Audit Committee were held on the following dates :

(i) May 29, 2012 (ii) August 07, 2012 (iii) November 06, 2012 (iv) February 14, 2013

Report on Corporate Governance (Contd.)

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	4
Shri P N Kapadia	4
Lt. Gen (Retd.) Utpal Bhattacharyya	4
Shri Sanjay Kothari	3
Shri K L Chandak	4

4) REMUNERATION COMMITTEE

i) Brief description of terms of reference

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

ii) Composition, names of Members and Chairperson

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

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

(i)	Shri M P Taparia	Member
(ii)	Shri P N Kapadia	Member
(iii)	Shri Sanjay Kothari	Member

*Chairman of Committee is not elected as it has not met after reconstitution at Board of Directors Meeting held on 07.08.2012, subsequent to retirement of its previous Chairman from Board of Directors w.e.f. 01.08.2012.

iii) Meetings and attendance during the year

The Remuneration Committee met on 29th May, 2012, to approve annual increment to the Executive Director from 1st December 2011. Attendance of members at Committee Meeting was as follows -

Name of the Director	No. of Meetings attended
Shri C K Somany	—
Shri P N Kapadia	1
Shri Sanjay Kothari	1

iv) Remuneration Policy

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

v) Details of remuneration

The details of Remuneration package, sitting fees paid etc., to directors during the year ended March 31, 2013, for information of members, are furnished here below :

Report on Corporate Governance (Contd.)

(a) Paid to Non-executive Directors :

Sl. No.	Name of Director	Sitting Fees paid (Rs.)	Remarks
1.	Shri S. K. Bangur	–	Except sitting fees for meetings of Board or its Committees, Non-Executive Directors are not paid any salary, benefits, bonuses, stock options, pension etc., There is no contract, Notice period or severance fees applicable. Stock Option details - Not applicable as the same is not given.
2.	Smt. Shashi Devi Bangur	10,000	
3.	Shri Saurabh Bangur	20,000	
4.	Shri R. N. Mody	10,000	
5.	Shri P. N. Kapadia	1,00,000	
6.	Lt. Gen. [Retd.] Utpal Bhattacharyya	90,000	
7.	Shri Krishna Kumar Karwa	90,000	
8.	Shri Sanjay Kothari	80,000	
9.	Shri M. P. Taparia	20,000	
10.	Shri Haigreve Khaitan	10,000	
11.	Shri K. L. Chandak	–	
	Total	4,30,000	

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

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

Sl. No.	Particulars	Shri S. K. Bangur Chairman & Managing Director	Shri K. L. Chandak Executive Director
(i)	Remuneration :		
	- Salary	60,00,000	84,42,226
	- Contribution to Provident, Gratuity and Superannuation Funds.	19,08,461	38,86,123
	- Benefits - Allowances/Perks	8,332	19,38,209
	- Commission	43,50,000	–
	Total	1,22,66,793	1,42,66,558
(ii)	Details of Fixed Component and performance linked incentives along with the performance criteria : (as approved by members in Annual General Meeting dated July 30, 2011).		
	(a) Fixed Component :	(Rs. Per month)	(Rs. Per month)
	- Salary : per month	5,00,000	5,16,500
	- 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) Performance Linked Incentive :		
	Commission (Based on Net Profit for the year within the individual/overall ceiling for managerial remuneration from time to time)	Up to 5% of net profit by way of Salary, perks and Commission, all taken together.	–
	(c) Minimum Remuneration :		
	In case of inadequacy of profit in any year as calculated under section 198/349 of the Act.	Within the ceiling of Schedule XIII, as amended from time to time.	Within the ceiling of Schedule XIII, as amended from time to time.

Report on Corporate Governance (Contd.)

Sl. No.	Particulars	Shri S. K. Bangur Chairman & Managing Director	Shri K. L. Chandak Executive Director
(iii)	Service Contracts, notice period, severance fees :		
	(a) Service Contract	The re-appointment is for a further period of five years i.e., till April 30, 2016.	The re-appointment is for a further period of three years i.e., till November 30, 2013.
	(b) Notice period	Not specified	Three months from either side
	(c) Severance fees	Not specified	Not specified
(iv)	Stock Option details, if any, and whether the same has been issued at discount as well as the period over which accrued and over which exercisable.	No Stock option issued, hence not applicable.	No Stock option issued, hence not applicable.

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

5) SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

Composition

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

(i)	Smt Shashi Devi Bangur	Chairperson Member Member
(ii)	Shri Saurabh Bangur	
(iii)	Shri K. L. Chandak	

Shri P. K. Mundra, Company Secretary is the Compliance Officer.

Meetings and Attendance during the year

The Shareholders/Investors Grievances Committee has not met during the year ended 31st March, 2013.

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 7 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, 2013.

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
55th	Saturday	31.07.2010	4:00 P.M.	Bangur Nagar, Dandeli
56th	Saturday	30.07.2011	4:00 P.M.	Bangur Nagar, Dandeli
57th	Tuesday	31.07.2012	4:00 P.M.	Bangur Nagar, Dandeli

Report on Corporate Governance (Contd.)

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

- (1) At the 57th Annual General Meeting held on 31st July, 2012 consent of the Members was accorded for payment of minimum remuneration as per Schedule XIII of the Companies Act, 1956 to Shri S K Bangur, Chairman and Managing Director of Rs.89.23 Lacs and to Shri K L Chandak, Executive Director of Rs.79.63 Lacs for the financial year ended on 31st March, 2012.
- (2) No Special Resolutions were passed in 56th and 55th Annual General Meetings held on 30.07.2011 and 31.07.2010.

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

No special resolutions were passed through postal ballot last year.

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

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

7) DISCLOSURES

(a) Related Party Transactions

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

(b) Compliance of various legal requirements by the Company

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

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

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

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

8) MEANS OF COMMUNICATION

- (i) The Board of Directors of the Company approves the quarterly and half-yearly unaudited financial results in the proforma prescribed by Clause 41 of the Listing Agreements within Forty Five days of the close of the respective periods (except audited results for the year/last quarter within Sixty days of the end of the accounting year).
- (ii) The approved financial results are faxed immediately after the Board Meeting to the Stock Exchanges where the Company's shares are listed and are published in Business Standard (English) and Karavali Munjavu (Kannada), within twenty-four hours of approval thereof by the Board of Directors.
- (iii) The Company's financial results, official news releases and presentations are displayed on the Company's website - www.westcoastpaper.com.
- (iv) Management Discussion and Analysis forms part of the Annual Report, to the shareholders of the Company.

9) GENERAL SHAREHOLDER INFORMATION

58th Annual General Meeting	
Date	31st July 2013
Time	4.00 PM
Venue	Shree Rangnath Auditorium, Bangur Nagar, Dandeli - 581 325

Report on Corporate Governance (Contd.)

Tentative Financial Calendar 2013-14

Adoption of Quarterly Results of the quarter ending

June 30, 2013

September 30, 2013

December 31, 2013

March 31, 2014 (year ending)

Book Closure date

Dividend payment date

1st/2nd week of -

August 2013

November 2013

February 2014

3rd/4th week of May 2014

17th July to 31st July 2013 (Both days inclusive)

3rd August 2013 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 years 2012-13 and 2013-14 has been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

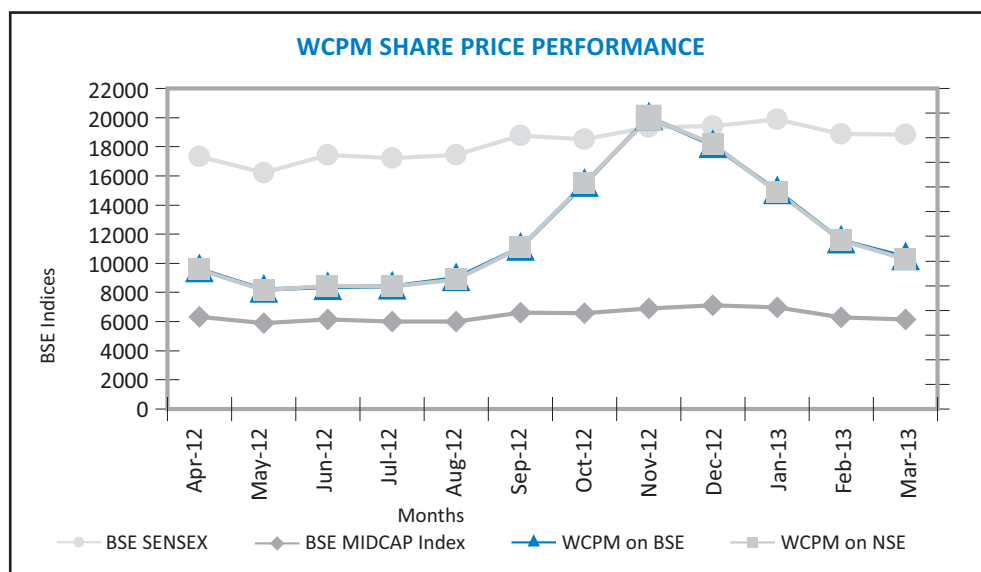
Stock Code

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

Market Price Data (Rs.)

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April 2012	62.40	47.90	62.40	48.00
May 2012	59.00	48.00	58.80	47.75
June 2012	55.00	46.55	53.20	46.00
July 2012	57.45	48.50	57.60	48.05
August 2012	59.85	49.15	59.85	48.50
September 2012	75.60	53.00	76.45	53.00
October 2012	122.00	65.60	122.30	65.10
November 2012	122.90	90.00	123.30	88.05
December 2012	134.40	96.00	134.30	94.70
January 2013	113.85	81.00	113.70	81.05
February 2013	97.40	68.15	96.80	68.30
March 2013	71.20	57.00	71.35	57.45

Report on Corporate Governance (Contd.)



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 - 400 078
Phone : (022) 2594 6970
Fax : (022) 2594 6969
E-mail : 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, 2013

Category	No. of shares held	% of shareholding
Promoters	3,61,75,340	54.77
Mutual Funds & UTI	21,80,498	3.30
Banks, Financial Institutions, Insurance Companies & FII	26,11,120	3.95
Private Corporate Bodies	87,60,318	13.26
Indian Public	1,59,61,247	24.17
NRIs/OCBs	3,48,335	0.53
Foreign Nationals	12,050	0.02
ADRs/GDRs	—	—
Total	6,60,48,908	100%

Report on Corporate Governance (Contd.)

Distribution of Shareholding as on March 31, 2013

From	To	No. of shareholders		No. of shares	
		Number	%	Number	%
Upto	5,000	16,133	96.50	83,21,783	12.60
5,001	10,000	288	1.72	21,46,692	3.25
10,001	20,000	143	0.86	20,62,339	3.12
20,001	30,000	44	0.26	10,87,643	1.65
30,001	40,000	19	0.11	6,80,614	1.03
40,001	50,000	12	0.07	5,47,682	0.83
50,001	1,00,000	32	0.19	21,98,845	3.33
1,00,001 &	Above	47	0.28	4,90,03,310	74.19
Total		16,718	100%	6,60,48,908	100%

Dematerialisation of Shares

The shares of the Company are in compulsory demat segment w.e.f. July 2000. The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on 31st March 2013, 97.15% 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) 2594 6970
Fax : (022) 2594 6969
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 2013.

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 2013.

For **THE WEST COAST PAPER MILLS LTD.**

Place : Mumbai
Date : 29th May 2013

S. K. Bangur
Chairman & Managing Director

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of the accounts for the financial year ended 31st March 2013, 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 2013 have been prepared on a 'going concern' basis.

On behalf of the Board

Place : Mumbai
Date : 29th May 2013

S. K. Bangur
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

On compliance with the conditions of Corporate Governance under clause 49 of the listing agreement

To the Members

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, 2013, 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.***

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 Accountants

Firm Reg. No. 101048W

R. D. Hangekar

Partner

Membership No : 30615

Place : Mumbai

Date : 29th May, 2013

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.**

Place : Mumbai

Date : 29th May 2013

P. K. Mundra

V.P. (Finance) & Company Secretary

Independent Auditors' Report

To the Members,
The West Coast Paper Mills Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The West Coast Paper Mills Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the significant accounting

policies and other notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - 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;
 - 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;
 - the Balance Sheet, Statement of Profit & Loss dealt with by this Report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
 - on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg. No. 101048W

R. D. Hangekar
Partner

Place : Mumbai
Date : 29th May, 2013

Membership No. : 30615

Annexure to the Auditors' Report

With reference to the annexure referred in the Auditor's Report to the members of The West Coast Paper Mills Limited ('the Company') on the financial statements for the year ended 31st March, 2013. We report that :

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable and no material discrepancies have been noticed on such verification.
- c) The Company has not disposed off substantial part of its fixed assets during the year, accordingly, the assumption of the going concern being affected, does not arise.
- ii) a) Inventories have been physically verified during the year by management at reasonable intervals.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) a) During the year, the Company has granted unsecured loan to a body corporate covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year of such loan amounts to Rs. 3535 Lacs and the year-end balance is Rs. 3365 Lacs.
- b) In our Opinion, the rate of interest and other terms and conditions of the loan were not prima facie prejudicial to the interest of the Company.
- c) In respect of the aforesaid loan, the party has been regular in the payment of interest. ***The repayment terms of the principal amount have been extended upto 31.03.2014.***
- d) In respect of the aforesaid loan and interest thereon, there are no overdue amounts.
- e) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (f) and (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.
- v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) The transactions made in pursuance of such contracts or arrangements aggregating during the year to Rupees Five Lacs or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods or materials have been made with other parties.
- vi) The Company has not accepted any deposits from the public to which the provisions of Section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determining whether they are accurate or complete.
- ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, we are of the opinion that the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax / VAT, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues with the appropriate authorities and there are no

Annexure to the Auditors' Report (Contd.)

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 Excise Duty, Service Tax, Sales Tax and Income Tax, which have not been deposited with the appropriate authorities on account of dispute and the forum where the following disputes are pending are given below:

(Rs. in Lacs)

Name of the Statute	Nature of the dues	Amount	Forum where dispute is pending
The Tamilnadu General Sales Tax Act	Sales Tax	30.66	Madras High Court
Income Tax Act, 1961	Income Tax	211.60	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	193.62	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise	5.15	Commissioner - CESTAT
Central Excise Act, 1944	Excise	14.02	Asst. Commissioner - CESTAT
Central Excise Act, 1944	Excise	65.15	Addl. Commissioner - CESTAT
Central Excise Act, 1944	Excise	0.17	Superintendent
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. 24,625 Lacs (Previous year Rs. 19,720 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 Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, each of the transactions has been made at price which is not prejudicial to the interest of the company.
- 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

Place : Mumbai
Date : 29th May, 2013

Membership No. : 30615

Balance Sheet

as at 31st March, 2013

(Amount in Rs. Lacs)

	Note	2013	2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1,320.98	1,254.98
Reserves & Surplus	2.2	58,454.60	55,697.82
		59,775.58	56,952.80
Non-Current Liabilities			
Long Term Borrowings	2.3	59,244.67	71,945.91
Deferred Tax Liabilities (Net)	2.4	6,151.98	5,545.13
Other Long Term Liabilities	2.5	3,107.56	2,725.03
Long Term Provisions	2.6	352.70	289.80
		68,856.91	80,505.87
Current Liabilities			
Short Term Borrowings	2.7	29,929.42	29,478.88
Trade Payables	2.8	10,589.69	9,988.40
Other Current Liabilities	2.9	25,576.99	34,135.69
Short Term Provisions	2.10	1,028.18	367.00
		67,124.28	73,969.97
Total		195,756.77	211,428.64
ASSETS			
Non-Current Assets			
Fixed Assets	2.11		
Tangible Assets		131,767.30	145,679.00
Capital Work in Progress		264.17	456.68
		132,031.47	146,135.68
Non-Current Investments	2.12	4,671.20	4,671.20
Long Term Loans & Advances	2.13	5,208.09	5,205.09
Current Assets			
Inventories	2.14	30,070.33	31,329.14
Trade Receivables	2.15	8,236.26	7,284.89
Cash & Cash Equivalents	2.16	577.72	1,412.58
Short Term Loans & Advance	2.17	6,415.79	3,610.58
Other Current Assets	2.18	8,545.91	11,779.48
		53,846.01	55,416.67
Total		195,756.77	211,428.64
Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.41		

For and on behalf of the Board

As per our Report of even date
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg. No. 101048W

R. D. Hangekar

Partner

Membership No. : 30615

Place : Mumbai

Date : 29th May, 2013

P. K. Mundra

Company Secretary

S. K. Bangur

Chairman & Managing Director

Shashi Devi Bangur

Director

P. N. Kapadia

Director

Lt. Gen. (Retd.) Utpal Bhattacharyya

Director

Sanjay Kothari

Director

Haigreva Khaitan

Director

K. L. Chandak

Executive Director

Statement of Profit & Loss Account

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	Note	2013	2012
I. REVENUE FROM OPERATIONS			
Less : Excise Duty	2.19	154,518.65 (9,055.32)	137,054.82 (6,536.97)
II. Other Income	2.20	145,463.33 481.04	130,517.85 413.07
III. Total Revenue (I + II)		145,944.37	130,930.92
IV. EXPENSES			
Cost of Materials Consumed	2.21	83,927.87	74,009.21
Purchase of Stock in Trade		0.49	1,115.35
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	2.22	1,257.13	(1,476.90)
Employee Benefits Expense	2.23	8,411.95	7,997.87
Finance Costs	2.24	7,257.21	7,149.57
Depreciation and Amortization Expenses	2.11	13,635.33	14,315.46
Other Expenses	2.25	25,005.68	26,270.25
Total Expenses		139,495.66	129,380.81
V. Profit before exceptional and Extra Ordinary items and Tax (III - IV)		6,448.71	1,550.11
VI. Exceptional Items		3,993.95	6,219.78
VII. Profit / (Loss) before Extra-ordinary Items & Tax (V - VI)		2,454.76	(4,669.67)
VIII. Extra-ordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		2,454.76	(4,669.67)
X. Tax Expenses			
- Current Tax		371.65	-
- Less : MAT Credit Entitlement		(335.03)	-
- Deferred Tax		606.85	(1,313.84)
XI. Profit / (Loss) for the period from continuing Operations (IX - X)		1,811.29	(3,355.83)
XII. Profit / (Loss) from Discontinuing Operations		-	-
XIII. Tax Expenses of Discontinuing Operations		-	-
XIV. Profit / (Loss) from Discontinuing Operations (After Tax) (XII - XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		1,811.29	(3,355.83)
XVI. Earnings Per Share			
(1) Basic		8.88	4.42
(2) Diluted		8.88	4.42
Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.41		

For and on behalf of the Board

As per our Report of even date
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg. No. 101048W

R. D. Hangekar
Partner
Membership No. : 30615

Place : Mumbai
Date : 29th May, 2013

P. K. Mundra
Company Secretary

S. K. Bangur
Chairman & Managing Director

Shashi Devi Bangur
Director

P. N. Kapadia
Director

Lt. Gen. (Retd.) Utpal Bhattacharyya
Director

Sanjay Kothari
Director

Haigreve Khaitan
Director

K. L. Chandak
Executive Director

Cash Flow Statement

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	2,454.76	(4,669.67)
Add : Adjustments for :		
Depreciation	13,635.33	14,315.46
Exceptional Item	3,993.95	6,219.78
Interest Expenses	7,257.21	7,149.57
Assets Discarded	15.93	11.23
Loss on Sale of Fixed Assets	–	19.84
Loss on Impairment of Asset	15.07	102.59
	27,372.25	23,148.80
Less : Adjustment for :		
Profit on Sale of Fixed Assets	1.49	–
Interest & Dividend Received	372.92	209.92
Operating Profit before Working Capital Changes	26,997.84	22,938.88
Add : Decrease in Working Capital :		
Trade Payables	–	4,416.40
Inventories	1,258.81	–
Trade & Other Receivables	–	2,691.66
	28,256.65	30,046.94
Less : Increase in Working Capital :		
Trade Payables	1,425.54	–
Inventories	–	11,234.07
Trade & Other Receivables	523.01	–
Cash Generated from Operations	26,308.10	18,812.87
Less : Direct Taxes Paid	39.62	507.52
Cash Flow before Extraordinary Items	26,268.48	18,305.35
Extraordinary Items	–	–
Net Cash Flow in Operating Activities	26,268.48	18,305.35
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Add : Inflow :		
Sale of Fixed assets / Subsidy	477.92	127.22
Interest Received	372.22	209.29
Dividend Received	0.70	0.63
Profit on Investment	–	–
	850.84	337.14
Less : Outflow :		
Purchase of Fixed Assets (including notional Exchange rate variation)	4,032.50	14,091.43
Purchase of investment	–	–
	4,032.50	14,091.43
Net Cash used in Investing Activities	(3,181.66)	(13,754.29)

Cash Flow Statement (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Add : Proceeds from borrowings (net of notional exchange rate variation)	6,932.71	16,850.55
Equity Share Capital including premium	1,791.90	—
	8,724.61	16,850.55
Less : Redemption of Cumulative Redeemable Non-Convertible Preference Shares	—	6,500.00
Less : Repayment of Loans (net of notional exchange rate variation)	25,235.55	11,731.32
Less : Interest Paid	7,257.21	7,149.57
Less : Dividend and Dividend Tax Paid	145.86	2,093.71
Less : Shortfall of dividend on Equity Shares for F.Y. 2011-12 & Dividend Tax paid thereon	7.67	93.24
Net Cash used in Financing Activities	(23,921.68)	(10,717.29)
Net Increase/(Decrease) in Cash and Cash Equivalents during the year	(834.86)	(6,166.23)
Cash & Cash Equivalents at the beginning of the year	1,412.58	7,578.81
Cash & Cash Equivalents at the end of the year	577.72	1,412.58

For and on behalf of the Board

As per our Report of even date
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg. No. 101048W

R. D. Hangekar
Partner
Membership No. : 30615

Place : Mumbai
Date : 29th May, 2013

P. K. Mundra
Company Secretary

S. K. Bangur
Chairman & Managing Director

Shashi Devi Bangur
Director

P. N. Kapadia
Director

Lt. Gen. (Retd.) Utpal Bhattacharyya
Director

Sanjay Kothari
Director

Haigreva Khaitan
Director

K. L. Chandak
Executive Director

Accounting Policies

for the year ended 31st March, 2013

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.
- 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, 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, Power Block and Effluent Treatment Plant at Paper Division at Dandeli is provided at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 on Written Down Value Method.

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.

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.

Accounting Policies (Contd.)

for the year ended 31st March, 2013

- b) Export Incentive Scheme Benefits are recognized on accrual basis.
- 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 virtual 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, 2013

(Amount in Rs. Lacs)

	2013	2012
2.1 SHARE CAPITAL		
Authorised		
15,00,00,000 Equity Shares of Rs. 2 each	3,000.00	3,000.00
65,00,000 Cumulative Redeemable Non-convertible Preference Shares of Rs. 100 each	6,500.00	6,500.00
	9,500.00	9,500.00
Issued, Subscribed and Paid-up		
6,60,48,908 Equity Shares of Rs. 2 each Fully paid-up	1,320.98	1,254.98
Total	1,320.98	1,254.98

Notes :

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

	Equity Shares			
	As at 31st March 2013		As at 31st March 2012	
	Number	Amount in Rs. Lacs	Number	Amount in Rs. Lacs
Shares outstanding at the beginning of the year	62,748,908	1,254.98	62,748,908	1,254.98
Shares issued during the year	3,300,000	66.00	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	66,048,908	1,320.98	62,748,908	1,254.98

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

	As at 31st March 2013		As at 31st March 2012	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
(1) Veer Enterprises Pvt Ltd.	1,05,97,100	16.04%	1,04,27,100	16.62%
(2) Shree Satyanaran Investment Co. Ltd.	1,03,12,973	15.61%	1,02,22,973	16.29%

[c] 33,00,000 Equity Shares belonging to Promoter Group are locked-in till 14-06-2015.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
2.2 RESERVES AND SURPLUS		
Capital Redemption Reserve Account	6,500.00	6,500.00
Securities Premium Reserve	14,572.54	12,846.64
Equity Share Warrants Forfeited	277.50	277.50
General Reserve :		
Balance at commencement of the year	36,853.22	30,353.22
Transferred from Debenture Redemption Reserve	—	6,500.00
Transferred from Profit & Loss Account	181.13	—
	37,034.35	36,853.22
Profit & Loss Account		
As per Last Balance Sheet	(779.54)	2,815.39
Net Profit/(Loss) for the year	1,811.29	(3,355.83)
Amount available for Appropriation	1,031.75	(540.44)
Appropriations :		
Dividend on Preference Shares	—	80.23
Proposed Dividend on Equity Shares	660.49	125.50
Short Provision of Dividend for F.Y.2011-12	6.60	—
Tax on Proposed Dividend	112.25	33.37
Tax on Short Provision of Dividend for F.Y.2011-12	1.07	—
Transferred to General Reserve	181.13	—
Closing Balance	70.21	(779.54)
Total	58,454.60	55,697.82

Note :

- 1) Short provision for dividend refers to dividend paid on 33,00,000 shares issued on 15.06.2012 i.e., after finalisation of accounts for A.Y. 2011-12 on 29.05.2012.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
2.3 LONG TERM BORROWINGS		
a) Secured Loans		
Term Loans from Banks :		
International Finance Corporation [IFC, Washington, DC] (Payable from 15.07.2011 in 17 Equal Half Yearly Installments)	14,048.94	15,560.24
Barclays Bank PLC, Mauritius (Payable from 31.08.2010 in 12 Equal Quarterly Installments)	—	847.83
ICICI Bank Ltd., Singapore (Payable from 18.10.2011 in 9 Equal Half Yearly Installments)	25,671.32	37,338.31
State Bank of Mysore (Payable from 31.10.2011 in 30 Equal Monthly Installments)	—	2,594.00
State Bank of Mysore (Repayable on 31.12.2017) (Refer Note 2.9) for current maturities of these loans)	1,500.00	—
	41,220.26	56,340.38
b) UnSecured Loans from others		
Interest Free Loan under Sales Tax Deferrment Scheme	14,524.41	12,150.53
Syndicate Bank	—	3,455.00
Yes Bank (Repayable Rs.15 Cr. - 31.12.14, Rs.7.75 Cr. - 31.12.15, Rs.12.25 Cr. - 31.12.16)	3,500.00	—
	18,024.41	15,605.53
Total	59,244.67	71,945.91

- 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.
- Loans from State Bank of Mysore is secured by second charge on plant and machinery acquired / to be acquired.
- 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.27.87 Crores).

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.117.37 Lacs).

- There is no default in repayment of loans and interest.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
2.4 DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liability on account of Depreciation	13,683.34	14,788.46
b) Deferred tax asset on account of		
- Carried forward business losses	7,243.19	9,025.11
- Disallowances under Section 43B of Income Tax Act	288.17	218.22
Total	6,151.98	5,545.13
2.5 OTHER LONG TERM LIABILITIES		
Dealer Deposits	3,074.83	2,686.62
Others - Employee Security Deposit	32.73	38.41
Total	3,107.56	2,725.03
2.6 LONG TERM PROVISIONS		
Provision for Employee Benefits	352.70	289.80
Others	-	-
Total	352.70	289.80
CURRENT LIABILITIES		
2.7 SHORT TERM BORROWINGS		
Secured		
Loan repayable on demand from Banks	13,476.33	8,962.50
Note :		
The working capital facilities from Banks are secured by Joint Hypothecation of Stock of Stores, Spares, Raw Materials, Stock-in-Process, Finished Goods and Book Debts etc., ranking pari-passu interse		
Un Secured		
Loan repayable on demand from Banks	16,453.09	20,516.38
Loans and Advances from related parties	-	-
Deposits	-	-
Other Loans and Advances	-	-
Total	29,929.42	29,478.88
Note : There is no default in repayment of loans and interest.		
2.8 TRADE PAYABLES	10,589.69	9,988.40
Principal amount of dues, Micro, Small & Medium Enterprises as at 31st March, 2013 is Rs.111.62 Lacs (Rs.65.68 Lacs) and interest paid on payables is Rs.Nil (Rs.Nil).		
Total	10,589.69	9,988.40

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
2.9 OTHER CURRENT LIABILITIES		
Current Maturities of long-term debts (refer Note 2.3)	18,888.68	24,940.82
Interest accrued but not due on borrowings	537.35	734.72
Unpaid Dividends	66.60	75.20
Creditors for Capital Expenditure	1,221.77	2,321.10
Accrued salaries and benefits	1,016.32	1,542.55
Other Liabilities		
- Statutory Dues	1,018.02	938.43
- for Expenses	1,217.91	1,853.64
- Others	1,610.34	1,729.23
Total	25,576.99	34,135.69

	2013	2012
2.10 SHORT TERM PROVISIONS		
Provision for Employees Benefits (refer Note-1)	255.44	221.14
Proposed Dividend (refer Note-2)	660.49	125.50
Tax on Proposed Dividend (refer Note-2)	112.25	20.36
Total	1,028.18	367.00
Note :		
1) Gratuity is funded, hence provision is made for shortfall as on 31-03-2013 of Rs.219.99 Lacs (Previous Year - Rs.162.64 Lacs)		
2) The Board of Directors have recommended dividend @ Re.1/- per share for the year ended 31-03-2013 (Re.0.20 per share for the year ended 31-03-2012)		
Total	67,124.28	73,969.97

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

Particulars	GROSS BLOCK AT COST				DEPRECIATION		NET DEPRECIATED BLOCK		(Amount in Rs. Lacs)	
	As at 01.04.2012	Additions	Sales/ Adjustments	As at 31.03.13	As at 01.04.12	For the year	Deductions/ Adjustments	As at 31.03.13	As at 31.03.12	As at 31.03.12
Land - Leasehold	156.11	-	-	156.11	-	-	-	156.11	156.11	156.11
- Freehold	61.61	-	-	61.61	-	-	-	61.61	61.61	61.61
Factory Buildings	18,184.25	7.73	-	18,191.98	5,188.48	1,300.02	-	6,488.50	11,703.48	12,995.77
Non-Factory Buildings	1,193.07	3.23	-	1,196.30	607.71	29.32	-	637.03	559.27	585.36
Roads and Drainage	601.17	49.93	-	651.10	39.64	10.17	-	49.81	601.29	561.53
Plant and Machinery	173,789.93	4,094.40	1,042.47	176,841.86	44,423.52	15,984.74	590.99	59,817.27	117,024.59	129,366.41
Plant and Machinery [Leased]	644.41	-	-	644.41	644.41	-	-	644.41	-	-
Railway Siding	303.08	-	-	303.08	80.63	30.94	-	111.57	191.51	222.45
Effluent Treatment Plant	1,779.67	-	50.00	1,729.67	575.77	115.51	-	691.28	1,038.39	1,203.90
Construction Machinery and Equipments	4.49	-	-	4.49	3.79	0.10	-	3.89	0.60	0.70
Water Treatment Plant	46.29	-	-	46.29	46.20	0.01	-	46.21	0.08	0.09
Furniture, Fittings and Airconditioners	332.19	20.03	36.78	315.44	185.13	31.75	33.09	183.79	131.65	147.06
Trucks & Vehicles	473.93	12.93	4.28	482.58	223.15	75.01	3.50	294.66	187.92	250.78
Office Equipments	647.57	35.50	3.78	679.29	531.59	48.64	3.44	576.79	102.50	115.98
Electric Installations	25.01	1.26	5.46	20.81	13.90	3.05	4.32	12.63	8.18	11.11
Fire Fighting Equipments	6.78	-	-	6.78	6.64	0.02	-	6.66	0.12	0.14
TOTAL	198,249.56	4,225.01	1,142.77	201,331.80	52,570.56	17,629.28	635.34	69,564.50	131,767.30	145,679.00
Capital Work-in-Progress									264.17	456.68
TOTAL									132,031.47	146,135.68
Previous Year	185,036.64	13,643.40	430.48	198,249.56	32,204.92	20,535.24	169.60	52,570.56	146,135.68	152,840.37

Note :

- Buildings are constructed on leasehold land for which the Company pays only ground rent except non-factory buildings worth Rs.188.03 Lacs (Rs.188.03 Lacs) being the cost of ownership premises.
- Leasehold Land represents the amount paid to Karnataka Industrial Area Development Board (KIADB), Bangalore against allotment of land at Kesaroli Village, Haliyal on Lease-cum-sale basis.
- During the current year, foreign exchange fluctuation loss amounting to Rs.3,195.96 Lacs (Previous Year Rs.10,090.27 Lacs) 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. Notional exchange rate variation capitalised till 31.03.2013 is Rs.10,022.69 Lacs.
- Sales / Adjustments includes subsidy of Rs.50.00 Lacs (Previous Year Rs.50.00 Lacs) received from Government of Karnataka for Effluent Treatment Plant and Impairment Loss of Rs.15.07 Lacs (Previous Year Rs.102.59 Lacs) on Plant & Machinery which are reduced from their respective blocks.
- Plant & Machinery block includes Pulpmill Bleached Plant held for sale stated at Rs.4,13.58 Lacs being its Net Realisable Value.
- The Company has not incurred any capital expenditure for Research & Development during the year (Previous Year - NIL).

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

		2013	2012
2.12 NON CURRENT INVESTMENTS			
Long term at cost, unless otherwise specified			
TRADE INVESTMENTS			
Quoted			
542,399	Equity shares of Rs.10 each of Jayashree Chemicals Ltd	94.96	94.96
21,124,791	Equity shares of Rs.10 each of Shree Rama Newsprint Ltd. [Refer note no. 2.39]	4,540.86	4,540.86
	Total [A]	4,635.82	4,635.82
Un-Quoted			
Listed			
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
4,016,680	Equity shares of Rs.10 each of Fort Gloster Industries Ltd.	—	—
Un-Listed			
1,850,130	Equity shares of Rs.10 each of Speciality Coatings & Lamination Ltd.	—	—
37	Equity shares of Rs.100 each of Placid Limited	0.01	0.01
	Total [B]	35.28	35.28
OTHER INVESTMENTS			
Investments in government or trust securities			
	6 Year National Savings Certificate	0.10	0.10
	Total [C]	0.10	0.10
	TOTAL Investment - Net [A+B+C]	4,671.20	4,671.20
	Aggregate amount of quoted investments	4,635.92	4,635.92
	Aggregate market value of quoted investments	1,625.58	1,705.12
	Aggregate amount of unquoted investments	35.28	35.28
2.13 LONG TERM LOANS & ADVANCES			
Unsecured, Considered good			
	Security Deposits with Electricity Board	168.69	168.69
	MAT Credit Entitlement	3,514.42	3,179.39
	Advance Tax/Tax paid at source (net of provision)	1,524.98	1,857.01
	Total	5,208.09	5,205.09

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

CURRENT ASSETS	2013	2012
2.14 INVENTORIES		
Raw Materials (at weighted average cost) (refer note 1)	13,151.95	14,738.49
Work-in-Progress (at cost)	349.16	426.64
Finished Goods (at cost) (refer note 2)	3,380.85	4,590.66
Stock in Trade (at realisable value)	1.49	37.44
Stores and Spares (at weighted average cost)	12,914.07	11,278.78
Loose Tools (at cost)	148.88	148.88
Stock of Scrap (at realisable value)	123.93	108.25
Total	30,070.33	31,329.14
Note :		
1) Raw Material inventory includes material in transit of Rs.226.31 Lacs (Rs.245.71 Lacs)		
2) Finished Goods inventory includes material in transit of Rs.157.48 Lacs (Rs.191.94 Lacs)		
2.15 TRADE RECEIVABLES		
Unsecured Considered Good		
Over Six months	290.01	338.42
Others	7,946.25	6,946.47
Total	8,236.26	7,284.89
2.16 CASH & CASH EQUIVALENTS		
Cash on Hand	65.00	57.21
Balances with Banks		
In Current Account	399.59	1,225.44
Other Bank Balances		
In Fixed Deposit Account :		
- Against Bank Guarantee	13.53	13.53
- In Employees Security Deposit	33.00	41.20
In Unpaid Dividends Account (refer note 1)	66.60	75.20
Total	577.72	1,412.58
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)	3,365.00	1,150.00
Advances recoverable in cash or kind	2,692.11	2,313.95
Deposits	358.68	146.63
Total	6,415.79	3,610.58

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013	2012
2.18 OTHER CURRENT ASSETS		
Balance with Government Authorities	8,545.91	11,779.48
	8,545.91	11,779.48
Total	53,846.01	55,416.67

2.19 REVENUE FROM OPERATIONS				
Sales of products				
Paper and Board		149,907.37		132,277.12
Traded Cup Stock Board		27.76		968.72
Cables		4,166.92		3,346.42
Wind Power		22.85		27.65
Other operating revenues				
Sale of Fly Ash	33.30		32.25	
Sale of Scrap	360.45	393.75	402.66	434.91
Total		154,518.65		137,054.82

2.20 OTHER INCOME		
Interest Income	372.22	209.29
Dividend Income	0.70	0.63
Other Non-operating Income (net)	76.74	87.30
Net Foreign Exchange Gain	31.38	115.85
Total	481.04	413.07

2.21 COST OF MATERIALS CONSUMED		
Pulp Wood, Pulp & Waste Paper	57,183.88	50,063.74
Chemicals & Dyes	22,526.55	19,864.11
Packing Materials	4,217.44	4,081.36
Total	83,927.87	74,009.21

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013		2012	
2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE				
Opening Stock of Finished Goods				
- Paper and Board	4,532.56		3,194.38	
- O.F.C. Cables etc.,	65.28	4,597.84	24.09	3,218.47
Closing Stock of Finished Goods				
- Paper and Board	3,328.09		4,532.56	
- O.F.C. Cables etc.,	58.56	3,386.65	65.28	4,597.84
		1,211.19		(1,379.37)
Opening Stock of Work-in-Process	426.64		258.13	
Closing Stock of Work-in-Process	349.16	77.48	426.64	(168.51)
		77.48		(168.51)
Opening Stock in Trade	37.44		—	
Closing Stock in Trade	1.49	35.95	37.44	(37.44)
		35.95		(37.44)
Variation in Excise Duty on Opening & Closing Stock of Finished Goods		(67.49)		108.42
Total		1,257.13		(1,476.90)

2.23 EMPLOYEE BENEFIT EXPENSE		
Salaries, Wages and Bonus	6,636.11	6,286.45
Contribution to Provident & Other Funds :		
- Provident & Family Pension Funds	498.22	400.83
- Employees State Insurance	148.58	174.77
- Gratuity Fund	448.81	459.35
- Superannuation Fund	96.17	121.94
- Employees Group Insurance	9.98	9.03
- Leave Encashment	62.91	51.69
- Staff Welfare Expense	511.17	493.81
Total	8,411.95	7,997.87

2.24 FINANCE COSTS		
Interest Expense :		
- Term Loans	5,094.93	5,857.11
- Others (Net)	1,718.01	834.17
Other borrowing cost	168.66	166.66
Applicable net loss on foreign currency transactions & translation	275.61	291.63
Total	7,257.21	7,149.57

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

(Amount in Rs. Lacs)

	2013		2012	
2.25 OTHER EXPENSES				
Consumption of Stores & Spare Parts		4,234.91		4,443.57
Power & Fuel		14,251.25		14,936.86
Water Charges & Cess		66.66		70.72
Rent		166.62		161.27
Repairs and Maintenance :				
- Buildings		878.37		843.79
- Plant and Machinery		741.38		737.00
- Other Assets		199.23		241.09
Insurance		141.73		143.95
Rates & Taxes		27.83		40.63
Research & Development Expenses		42.31		11.66
Miscellaneous Expenses		1,130.29		1,129.10
Payments to Auditors :				
- As Auditors	11.00		11.00	
- for Taxation Matters	0.75		0.75	
- For Company Law Matters	0.20		0.20	
- For Other Services	2.68		1.46	
- Reimbursement of Expenses	2.02	16.65	2.57	15.98
Cost Auditor's Remuneration & Expenses		0.62		0.40
Forwarding Charges on Sales		1,973.22		2,335.32
Commission on Sales		997.17		962.34
Commission to Director		43.50		—
Directors Fees & Expenses :				
- Sitting Fees	4.40		3.60	
- Travelling Expenses	19.83	24.23	15.81	19.41
Charity & Donation		40.20		43.50
Obsolete Assets Written Off		15.93		11.23
Loss on Impairment of Assets		15.07		102.59
Loss/(Profit) on Sale of Fixed Assets		(1.49)		19.84
Total		25,005.68		26,270.25

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

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

	2013	2012
2.26 CONTINGENT LIABILITIES AND COMMITMENTS		
I. Contingent Liabilities & Commitments		
a. Guarantees Issued by Banks	2,033.79	2,892.45
b. Letters of Credit outstanding	3,335.47	1,921.58
c. Corporate guarantees given to the Banks & Institutions on behalf of related party - Shree Rama Newsprint Limited	24,625.00	19,720.23
II. Claims against the Company not acknowledged as debts in respect of		
a. Income tax matters, pending decisions on various appeals made by the Company and by the Department (refer notes below)	405.00	9,606.00
b. Excise matters & Service Tax under dispute	86.56	26.24
c. Sales Tax matter, under dispute	30.66	30.66
d. Other matters, under dispute	2,100.00	2,100.00
III. Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advance)	543.25	293.73

- The Income tax assessments of the Company have been completed upto Assessment Year 2010-11.
- The total demand outstanding as on 31.03.2013 on account of income tax dues for various assessment years is Rs. 405 Lacs (Rs.9,606 Lacs). During the year some of the pending appeals have been favourably disposed off resulting into substantial reduction of outstanding tax dues of the Company. However, both the Company & Department have preferred an appeal before the higher appellate authorities. 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 demand 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.

	2013	2012
2.27 EARNINGS PER SHARE (EPS)		
Earnings		
Net Profit/ (Loss) for the year after preference dividend and before exceptional items (net of taxes)	5,805.24	2,770.71
Shares		
Number of shares at the beginning of the period	62,748,908	62,748,908
Add : Shares issued during the period	3,300,000	—
Total number of equity shares outstanding at the end of the period	66,048,908	62,748,908
Weighted average number of equity shares outstanding during the period	65,370,826	62,748,908
Earnings Per Share of par value Rs.2 - Basic (Rs.)	8.88	4.42
- Diluted (Rs.)	8.88	4.42

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

2.28 RELATED PARTY DISCLOSURES

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

Associate Company

- 1) Fort Gloster Industries Ltd., Kolkata (FGI)
- 2) Shree Rama Newsprint Limited (SRNL)

Enterprises where principal shareholders have control

- 1) Veer Enterprises Ltd.
- 2) Shree Satyanarayan Investment Company Ltd.
- 3) Siddhi Trade & Holdings Pvt. Ltd.
- 4) Rangnath Bangur Charitable Trust

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 Haigreve Khaitan
- 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

	2013	2012
b. The following is a summary of significant related party transactions :		
i. Sales to	—	—
ii. Purchases from	—	—
iii. (a) Rent paid to :		
1) Fort Gloster Industries Ltd., Kolkata (FGI)	—	0.67
2) Veer Enterprises Ltd.	25.40	24.80
3) Shree Satyanarayan Investment Company Ltd.	26.40	17.92
4) Siddhi Trade & Holdings Pvt. Ltd.	13.20	12.20
(b) Rent received from Shree Rama Newsprint Ltd (SRNL)	—	0.30
(c) Salary paid by SRNL on behalf of Company	—	5.37
iv. Charity & Donations :		
1) Rangnath Bangur Charitable Trust	30.00	37.50
v. Remuneration to :		
1) Executive Director	142.67	79.63
2) Chairman & Managing Director	122.67	89.23
vi. Interest received from :		
1) Shree Rama Newsprint Limited (SRNL)	358.12	143.01

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

	2013	2012
c. The Company has the following amounts due to/from related parties :		
i. Due from related Parties		
1) Shree Rama Newsprint Limited (SRNL)	3,365.00	1,150.00
2) Veer Enterprises Ltd.	1.05	1.05
3) Shree Satyanarayan Investment Company Ltd.	6.60	6.60
ii. Due to related parties	—	—

2.29 RAW MATERIALS CONSUMED DURING THE YEAR		
Wood	49,110.42	41,657.64
Waste Paper cuttings, wood pulp etc.,	5,298.77	5,809.77
Optical Fibre	1,029.93	835.33
Steel Tape	185.83	230.77
Copper	—	304.92
Other allied inputs	1,558.93	1,225.31
TOTAL	57,183.88	50,063.74

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

	12 months ended March 31, 2013		12 months ended March 31, 2012	
2.30 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARES AND PACKING MATERIAL COSUMED	Rs. in Lacs	% of total Consumption	Rs. in Lacs	% of total Consumption
Raw Materials				
Imported	2,103.37	4%	2,086.19	4%
Indigenous	55,080.51	96%	47,977.55	96%
	57,183.88	100%	50,063.74	100%
Stores, chemicals, spares and packing materials				
Imported	2,466.28	8%	2,435.24	9%
Indigenous	28,512.62	92%	25,953.78	91%
	30,978.90	100%	28,389.02	100%

	2013	2012
2.31 CIF VALUE OF IMPORTS		
Raw Materials	2,385.67	2,133.03
Components & Spare Parts	2,853.20	3,367.20
Capital Goods	195.05	1,603.27
Total	5,433.92	7,103.50

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

	2013	2012
2.32 EARNINGS IN FOREIGN CURRENCY		
Export on FOB basis	4,982.52	10,018.91
2.33 EXPENDITURE IN FOREIGN CURRENCY		
Travelling	14.50	10.17
Interest	1,652.39	2,010.62
Others	56.14	0.19
Total	1,723.03	2,020.98
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	596.92	477.57
Employer's Contribution to Superannuation Fund	96.17	121.94
	For the period ended	
	2012-13	2011-12
[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		
Opening defined benefit obligation	1,955.09	1,634.42
Current Service cost	84.86	82.23
Interest Cost	166.18	135.16
Benefits paid	(403.12)	(247.86)
Actuarial losses/(gain)	394.33	351.13
Obligations at the end of the period	2,197.34	1,955.09
Change in Plan Assets		
Opening fair value of plan assets	1,792.44	1,634.42
Expected return on plan assets	157.74	130.75
Actuarial gain/(losses)	201.48	(21.58)
Contributions by employer	448.81	296.71
Benefits paid	(403.13)	(247.86)
Closing fair value of plan assets	2,197.34	1,792.44

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

	For the period ended	
	2012-13	2011-12
Amount recognized in Balance Sheet		
Present value of funded obligations	2,197.34	1,955.09
Fair value of plan assets	2,197.34	1,792.45
Net asset/(liability)	–	(162.64)
Expense recognised in Statement of Profit and Loss Account		
Current service cost	84.86	82.23
Interest on defined benefit obligation	166.18	135.16
Expected return on plan assets	(157.74)	(130.75)
Net Actuarial losses/(gain) recognized	355.51	372.71
Amount included in Employee Benefit Expense	448.81	459.35
Category of Plan Assets		
GOI Securities	0.38%	0.41%
LIC	58.53%	58.67%
PSU/State Government Securities	5.50%	5.97%
ICICI Prudential Life Insurance	35.59%	34.95%
Financial assumptions at the valuation date		
Discounted Rate (%)	8.00%	8.27%
Estimated rate of return on plan assets (%)	8.80%	8.00%
Salary escalation over & above highest of salary in grade (%)	1.00%	1.00%
	2013	2012
2.35 DIVIDEND REMITTANCE IN FOREIGN CURRENCY		
Number of non-resident shareholders	160	167
Number of shares held by them on which dividend was paid	423,267	389,759
Amount remitted - net of tax	0.85	7.80

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 During the current year company has retrospectively changed the method of providing depreciation on Power Block, Effluent Treatment Plant from Straight Line Method to Written Down Value Method due to technological changes. Differential depreciation of earlier years amounting to Rs.3,993.95 Lacs (shown as an exceptional items) and that of current year of Rs.644.70 Lacs is charged to Profit & Loss Account for the year due to which the profit for the current year has been understated to that extent.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2013

- 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.4,540.86 Lacs in Shree Rama Newsprint Ltd. (SRNL) and Rs.94.97 Lacs in Jayashree Chemicals Ltd. There has been continuous diminution in the value of investment and at the year end there has been substantial reduction in the market value of these investments by Rs.2,958.61 Lacs and Rs.51.63 Lacs respectively. The Company has not made any provision towards the diminution in value as said investments are long-term trade investments and diminution in value is temporary in nature.
- 2.40** The Company has paid minimum managerial remuneration to Chairman & Managing Director in the Financial Year 2011-12 and has filed application before the Ministry of Corporate Affairs, Govt. of India on 14.08.2012 for approval of excess remuneration of Rs.9 Lacs. The Government of India has not yet given any decision in this matter.
- 2.41** Previous year's figures have been regrouped and reclassified wherever necessary.

For and on behalf of the Board

As per our Report of even date
For **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg. No. 101048W

R. D. Hangekar
Partner
Membership No. : 30615

Place : Mumbai
Date : 29th May, 2013

P. K. Mundra
Company Secretary

S. K. Bangur
Chairman & Managing Director

Shashi Devi Bangur
Director

P. N. Kapadia
Director

Lt. Gen. (Retd.) Utpal Bhattacharyya
Director

Sanjay Kothari
Director

Haigreve Khaitan
Director

K. L. Chandak
Executive Director

Ten Year Highlights

		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
PRODUCTION											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	317,808	308,230	267,005	173,638	173,682	169,891	178,871	176,221	173,070	163,714
OPTICAL FIBRE CABLE	Km	20,242	20,184	27,951	18,003	16,787	22,829	7,060	6,303	8,090	6,230
JFTC	CKm	–	–	78	–	–	–	165,407	512,170	275,846	81,971
CONTROL CABLE	CKm	–	341	251	14	–	–	–	–	–	–
SALES											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	321,018	305,818	267,992	175,194	170,686	170,193	179,915	180,397	168,315	162,642
OPTICAL FIBRE CABLE	Km	20,161	20,308	27,985	17,790	16,762	22,836	7,105	6,593	7,774	6,319
JFTC	CKm	–	–	78	–	–	119	165,288	525,502	264,438	87,542
CONTROL CABLE	CKm	–	337	248	14	–	–	–	–	–	–
OPERATING RESULTS											
TURNOVER	Rs./Lacs	154,125	136,620	110,887	65,050	66,271	65,352	61,944	60,684	53,335	49,184
GROSS PROFIT	Rs./Lacs	20,084	15,866	18,919	10,524	12,036	11,438	9,552	6,922	5,649	6,057
DEPRECIATION	Rs./Lacs	17,629	20,535	9,610	2,377	1,990	2,043	2,098	3,695	1,893	1,689
TAXATION	Rs./Lacs	372	–	1,900	1,400	1,149	1,095	862	300	295	315
MAT CREDIT ENTITLEMENT	Rs./Lacs	(335)	–	(1,809)	(1,370)	–	–	–	–	–	–
DEFERRED TAX	Rs./Lacs	607	(1,314)	210	2,647	(157)	110	(54)	(276)	395	1,209
NET PROFIT/(LOSS)	Rs./Lacs	1811	(3,356)	9,008	5,470	9,054	8,190	6,646	3,203	3,066	2,844
DIVIDEND	Rs./Lacs	667	206	1,807	1,807	1,258	1,721	1,341	1,341	1,341	894
FINANCIAL POSITION											
GROSS BLOCK (Including assets on lease)	Rs./Lacs	201,596	198,706	185,045	186,542	161,798	80,141	48,467	46,514	46,074	44,504
DEPRECIATION (Including assets on lease)	Rs./Lacs	69,565	52,570	32,205	31,290	29,112	27,022	25,309	22,584	19,863	17,614
NET BLOCK	Rs./Lacs	132,031	146,136	152,840	155,252	132,686	53,119	23,158	23,930	26,211	26,890
PAID UP CAPITAL	Rs./Lacs	1,321	1,255	7,755	7,755	7,708	1,425	894	894	894	894
RESERVES & SURPLUS	Rs./Lacs	58,455	55,698	59,293	52,378	49,070	38,771	22,324	17,246	15,573	14,036
NET WORTH	Rs./Lacs	59,776	56,953	67,048	60,133	56,778	40,196	23,218	18,140	16,467	14,930
BORROWINGS	Rs./Lacs	108,063	126,365	121,246	123,471	117,365	40,616	17,407	16,588	22,922	20,106
CAPITAL EMPLOYED	Rs./Lacs	167,839	183,318	188,294	183,604	174,143	80,812	40,625	34,728	39,389	35,036
SOME SELECTED RATIOS											
EARNINGS PER SHARE (Rs.2) (BASIC)	Rs.	9	4	14	9	16	17	15	7	7	6
BOOK VALUE PER SHARE	Rs.	91	91	107	96	94	70	52	41	37	33
DIVIDEND [EQUITY SHARES]	%	50	10	100	100	100	150	150	150	150	100
DEBT EQUITY RATIO		64:36	69:31	64:36	67:33	67:33	50:50	43:57	48:52	58:42	57:43

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
 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 V. Subbiah, *Vice-President (Marketing)*

WORKS

Shri S. S. Pal, *President (Technical)*
 Shri B. K. Bhuyan, *Vice-President (Operations)*
 Shri B. H. Rath, *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
 Axis Bank Ltd.

AUDITORS

Batliboi & Purohit
Chartered Accountants

COST AUDITORS

Shri Umesh N. Kini
Cost Accountant

LEGAL ADVISORS

Khaitan & Co.

REGISTERED OFFICE

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 E-mail : wcpm.north@westcoastpaper.com

East Zone

31, Chowringhee Road
 (Park Street crossing)
 Kolkata - 700 016
 Ph. : 033 22656271 (8 Lines)
 Fax : 033 2265242
 E-mail : wcpm.east@westcoastpaper.com

West Zone

Shreeniwas House
 H. Somani Marg, Fort
 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

Notes

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FORM A

Covering letter of the annual audit report filed with the stock exchange

1.	Name of the Company	The West Coast Paper Mills Ltd.
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time / repetitive / since how long period Not Applicable
5.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	K L Chandak-CFO

For The West Coast Paper Mills Ltd.,


K. L. CHANDAK
Executive Director