



THE WEST COAST PAPER MILLS LIMITED

Regd. Office: Bangur Nagar, Dandeli - 581 325, Karnataka

CIN : L02101KA1955PLC001936, Phone : (08284) 231391-395 (5 Lines), Fax : (08284) 231225

E-mail : co.sec@westcoastpaper.com, Website : www.westcoastpaper.com

NOTICE

NOTICE is hereby given that the 59th Annual General Meeting of the members of **THE WEST COAST PAPER MILLS LIMITED** will be held at the Registered Office of the Company at Bangur Nagar, Dandeli – 581 325, Uttara Kannada District, Karnataka, on Thursday, the 31st July 2014, at 4.00 P.M. at Shree Rangnath Auditorium to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2014 and Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend of ₹ 1/- (Rupee One only) per Equity Share on 6,60,48,908 Equity Shares of ₹ 2/- each for the year ended on March 31, 2014.
3. To appoint a Director in place of Shri P. N. Kapadia (DIN : 00042090), who retires by rotation under Article 143 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors & fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modifications, the following resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Batliboi & Purohit, Chartered Accountants, Mumbai (Firm Reg. No. 101048W), be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of ₹ 14,00,000/- (Rupees Fourteen Lakhs only) plus service tax, traveling and out-of-pocket expenses etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

5. To ratify the remuneration of ₹ 1,00,000/- (Rupees One Lakh only) for the year ended 31.03.2015 to Mr. Umesh Kini, Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors of the Company.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modifications, the following as Special Resolution :-

"RESOLVED THAT Pursuant to the provisions of Sections 152,196 and 197 read with Schedule V to the Companies Act, 2013 and the Rules framed thereunder, and all other applicable provisions, if any, of the Companies Act, 2013, the approval of the Company be and is hereby accorded to the re-appointment of Shri K. L. Chandak, as Executive Director of the Company, for a further period of two years with effect from December 01, 2013 on the following remuneration and terms and conditions, as decided by the Remuneration Committee of the Directors:

1. Emoluments :

- (i) Salary - ₹ 7,25,000/- (Rupees Seven Lakh Twenty Five Thousand only) per month.
- (ii) Special Allowance - ₹ 7,500/- (Rupees Seven Thousand Five Hundred Only) per month.

The Nomination and Remuneration Committee is authorised to raise salary by giving annual increments on 1st December every year.

2. Perquisites :

- (i) **Housing :** Furnished accommodation with free electricity and water supply.
- (ii) **Medical Reimbursement :** Medical and Hospitalization benefits for him and his family by way of reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years.

- (iii) **Leave** : On full pay and allowances in accordance with the Rules of the Company.
- (iv) **Leave Travel Concession** : For him and his family once in a year in accordance with the Rules of the Company.
- (v) **Club Fees** : Fees and subscriptions of two clubs.
- (vi) **Personal Accident Insurance** : Premium as per the Rules of the Company.
- (vii) **Provident Fund & Superannuation Fund** : Contribution to Provident Fund and Superannuation Fund in accordance with the Rules of the Company.
- (viii) **Gratuity** : One half month's salary for each completed year of service in accordance with the Rules of the Company. The past period of his service as an Executive of the Company will be reckoned for determining the completed years of service.
- (ix) **Conveyance** : Provision of Car for use on the Company's Business. In case Car is not provided, then reimbursement of expenses incurred on conveyance up to ₹ 35,000/- (Rupees Thirty Five Thousand only) per month.
- (x) **Telephone** : Free telephone facility at residence.
- (xi) Other benefits as are applicable to other senior executives of the Company [including but not limited to production / incentive bonus, ex-gratia, encashment of leave (subject to maximum of Ninety days), compensatory allowance in accordance with the schemes of the Company].
- (xii) The appointment may be terminated by either party by giving three months' notice in writing of such intention.

"FURTHER RESOLVED THAT in the event of any modification or revision in the provisions of remuneration payable to whole-time Directors, as set out in the Schedule V to the Companies Act, 2013, the Nomination and Remuneration Committee of Directors shall be entitled at their discretion to revise the remuneration payable to Shri K. L. Chandak from the date of such modification or revision, without any further reference to the Company in general meeting."

"FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule V to the Companies Act, 2013 or within such ceilings as may be prescribed under Schedule V from time to time or the Companies Act, 2013 and as may be amended or re-enacted from time to time."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to take such steps as may be necessary, proper or expedient to give effect to this resolution."

"FURTHER RESOLVED THAT Shri K. L. Chandak shall not, during his term of office as Executive Director, be liable to retire by rotation."

"FURTHER RESOLVED THAT Shri K. L. Chandak will not be paid any sitting fees for attending the meetings of Board of Directors or Committees thereof."

7. To consider and, if thought fit, to pass, with or without modifications, the following as Special Resolution :-

"RESOLVED THAT in supercession of the Ordinary Resolution passed at the 53rd Annual General Meeting of the Company held on August 30, 2008, the consent of the Company be and is hereby accorded under the provisions of Section 180(1) (c) of the Companies Act, 2013, to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company provided that the moneys so borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed in the aggregate in any case and at any time by more than Rupees 2,000 Crores (Rupees Two Thousand Crores), over and above the aggregate for the time being and from time to time of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

By Order of the Board

Place : Mumbai
Date : 13th May 2014

P. K. Mundra
President (Finance) & Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Members/Proxies should bring, duly filled-in, Attendance Slip sent herewith for attending the meeting.

Members holding shares in DEMAT form are requested to incorporate the DP ID Number and Client ID Number in the Attendance Slip for easy identification of attendance at the meeting.

3. A Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013, in respect of the business under item no. 6 & 7 set out above, is annexed hereto.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and holidays, between 10:00 Hrs. and 12:00 Hrs. up to the date of the Annual General Meeting.
5. The Register of Members and the Share Transfer Books will remain closed from 17th July 2014 to 31st July 2014 (both the days inclusive).
6. The equity dividend as recommended by the Board of Directors, if declared at the meeting, will be paid, without any deduction of tax, on or after 4th August 2014 to those shareholders whose names appear in the Register of Members on 31st July 2014. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership at the close of business hours on 16th July 2014, based on the details to be furnished by National Securities Depository Limited and Central Depository Services(India) Limited, for this purpose.
7. In compliance with the SEBI circular, the Company has assigned all the work related to share registry in terms of both physical and electronic to :

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

All the members are requested to send/deliver their documents/correspondence relating to the Company's Share Transfer/ Demat/Remat requests to the above Registrars & Share Transfer Agents. Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrars & Share Transfer Agents.

- (i) Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their bank mandates immediately to the Link Intime India Pvt. Ltd.
 - (ii) With a view to provide protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide their bank account numbers, names of the banks and addresses of the branches to enable the Company to incorporate the said details in the dividend warrants. Those members who are holding shares in physical form and who have not yet furnished such information are again requested to furnish these details quoting their folio numbers to reach the Registrar & Share Transfer Agents, at the address given above, latest by 16th July 2014, to enable them to incorporate this information in the dividend warrants. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulent encashment of dividend warrants.
 - (iii) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in bank details. Such members may therefore give instructions regarding change/deletion in bank details to their Depository Participants only.
8. Pursuant to the provisions of Section 125(1) of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Thereafter, members shall not be able to register their claim in respect of their unencashed dividends. Members who have not yet encashed their dividend warrants for the financial year ended on March 31, 2007 and onwards are advised to make their claims to the Company, without any delay.

The Unclaimed dividend for the year ended on March 31, 2007 will be transferred to the Investor Education and Protection Fund in terms of the provisions of Section 124(5) of the Companies Act, 2013, in the month of November 2014.

9. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the same to the meeting.

10. The brief profile of the Directors retiring by rotation and eligible for re-appointment by Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchanges is given below and forms part of the notice :-

Sl. No.	Nature of Information	Item No.3 of Notice																																												
1.	Name	Shri P. N. Kapadia																																												
2.	Age	65 years																																												
3.	Director of Company since	7th August 1992																																												
4.	Expertise in specific functional areas	Industrialist																																												
5.	Directorship in other Companies	<table border="1"> <tbody> <tr><td>1)</td><td>Harshadray Private Limited</td></tr> <tr><td>2)</td><td>Tecnimont ICB Private Limited</td></tr> <tr><td>3)</td><td>Drayden Private Limited</td></tr> <tr><td>4)</td><td>TUV India Private Limited</td></tr> <tr><td>5)</td><td>Harshadray Investment Private Limited</td></tr> <tr><td>6)</td><td>De Nora India Ltd.</td></tr> <tr><td>7)</td><td>Kaira Can Company Ltd.</td></tr> <tr><td>8)</td><td>Silicon Interfaces Private Limited</td></tr> <tr><td>9)</td><td>Silicon Interfaces America Inc., U.S.A.</td></tr> <tr><td>10)</td><td>Protos Engineering Co. Pvt. Ltd.</td></tr> <tr><td>11)</td><td>Providian Global Solutions Pvt. Ltd.</td></tr> <tr><td>12)</td><td>Alkyl Amines Chemicals Ltd.</td></tr> <tr><td>13)</td><td>Thyssen Krupp Indust. India Pvt. Ltd.</td></tr> <tr><td>14)</td><td>Sujata Commodities International Ltd.</td></tr> <tr><td>15)</td><td>Integrated Industrial Quality Management Consultants P. Ltd.</td></tr> <tr><td>16)</td><td>Nimco Rata Iron Ore & Minerals Exports Pvt. Ltd.</td></tr> <tr><td>17)</td><td>Sujata Resources Pvt. Ltd.</td></tr> <tr><td>18)</td><td>Virman Real Estate Pvt. Ltd.</td></tr> <tr><td>19)</td><td>Virneesh Properties Developers Pvt. Ltd.</td></tr> <tr><td>20)</td><td>Sujata Commodities Services MCC, Dubai</td></tr> <tr><td>21)</td><td>Lucror Analytics Pte. Ltd.</td></tr> <tr><td>22)</td><td>Clarity Solutions Pvt. Ltd.</td></tr> </tbody> </table>	1)	Harshadray Private Limited	2)	Tecnimont ICB Private Limited	3)	Drayden Private Limited	4)	TUV India Private Limited	5)	Harshadray Investment Private Limited	6)	De Nora India Ltd.	7)	Kaira Can Company Ltd.	8)	Silicon Interfaces Private Limited	9)	Silicon Interfaces America Inc., U.S.A.	10)	Protos Engineering Co. Pvt. Ltd.	11)	Providian Global Solutions Pvt. Ltd.	12)	Alkyl Amines Chemicals Ltd.	13)	Thyssen Krupp Indust. India Pvt. Ltd.	14)	Sujata Commodities International Ltd.	15)	Integrated Industrial Quality Management Consultants P. Ltd.	16)	Nimco Rata Iron Ore & Minerals Exports Pvt. Ltd.	17)	Sujata Resources Pvt. Ltd.	18)	Virman Real Estate Pvt. Ltd.	19)	Virneesh Properties Developers Pvt. Ltd.	20)	Sujata Commodities Services MCC, Dubai	21)	Lucror Analytics Pte. Ltd.	22)	Clarity Solutions Pvt. Ltd.
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6.	Member of Committee of the Board in other companies	None																																												
7.	No. of shares held in the Company	Nil																																												

11. The Company has entered into an agreement with National Securities Depositories Limited for availing Electronic Voting facility which is mandatory as per Companies (Management and Administration) Rules, 2014. Members having shares in physical form are requested to intimate their e-mail Ids to Registrar & Share Transfer Agents viz., Link Intime India Pvt. Ltd., and members holding shares in electronic form are requested to intimate their e-mail Ids to Depository Participants with whom they are maintaining their demat account.

E-voting instructions, User ID & Password are being informed by National Securities Depositories Ltd., to those members who have registered their E-mail ID and for other members it is indicated in the attendance slip.

Member who do not have access to e-voting facility and wish to send his assent or dissent in writing on a postal ballot then he can download postal ballot form, from the Website of the Company and send to scrutinizer so as to reach on or before 29th July, 2014. Alternatively, the Members have the option to request for physical copy of the postal ballot by contacting Share Department of the Company at its registered office.

ANNEXURE TO THE NOTICE

STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

ITEM NO.6

The re-appointment of Shri K. L. Chandak as Executive Director of the Company was approved by the members in the 56th Annual General Meeting of the Company held on July 30, 2011 for a period of 3 years, which expired on November 30, 2013.

The Board of Directors, at the meeting held on November 14, 2013, have re-appointed him for a further period of two years from December 01, 2013. The remuneration and other terms & conditions were also approved by the Remuneration Committee of the Board of Directors at the meeting held on 14th November, 2013 which has been conveyed to the shareholders by a notice dt. 14th November, 2013.

Shri K. L. Chandak is a member of Stakeholders Relationship Committee and Audit Committee of the Board. He is also on the Board of Shree Rama Newsprint Ltd. and Bahubali Papers Ltd.

The members' approval is sought for the re-appointment on the terms and conditions as set out in the Resolution inter-alia the following :

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II of Part II of Schedule V of the Companies Act, 2013 or within such ceilings as may be prescribed under Schedule V from time to time or the Companies Act, 2013 and as may be amended or re-enacted from time to time.

1. Contribution to Provident Fund and Superannuation Fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity payable at rate not exceeding one half month's salary for each completed year of service.
3. Encashment of leave at the end of the term of office.

Reimbursement of Expenses :

The Executive Director will also be entitled to reimbursement of all entertainment and other expenses properly incurred for the business of the Company.

The Executive Director shall not be entitled to payment of any sitting fees for attending any meeting of the Board of Directors of the Company or any Committee thereof.

Other terms :

Shri K. L. Chandak shall not, during the term of office as Executive Director, be liable to retire by rotation.

The re-appointment of Shri K. L. Chandak is for a period of two years, which may be terminated by either party by giving three months' notice of such intention in writing to the other party.

Under the provisions of the Companies Act, 2013, approval of the Central Government would not be required for his re-appointment as an Executive Director, as the re-appointment is in accordance with the provisions of Schedule V of the said Act.

Shri K. L. Chandak is deemed to be concerned or interested in the resolution as it pertains to his re-appointment and remuneration payable to him. None of the other Directors or Key Managerial Personnel of the Company or Relatives of Directors and Key Managerial Personnel are, in any way, concerned or interested in the said resolution.

The Directors recommend the resolution for your approval.

ITEM NO.7

The Section 180(1)(c) of the Companies Act, 2013 and the rules made thereon requires special resolution to be passed in respect of borrowings. The members of the Company had earlier passed an ordinary resolution in the Annual General Meeting held on August 30, 2008 for the same amount.

None of the Directors or Key Managerial Personnel of the Company or Relatives of Directors and Key Managerial Personnel are, in any way, concerned or interested in the said resolution.

The Directors recommend the resolution for your approval.

By Order of the Board

Place : Mumbai
Date : 13th May 2014

P. K. Mundra
President (Finance) & Company Secretary

PROXY FORM

**(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies
(Management and Administration Rules, 2014)**

CIN No. : L02101KA1955PLC001936
 Name of the Company : **THE WEST COAST PAPER MILLS LIMITED**
 Registered Office : Bangur Nagar, Dandeli-581325, Dist: Uttara Kannada, Karnataka,
 Phone : (08284) 231391 - 395 (5 Lines), Fax : (08284) 231225
 Email : co.sec@westcoastpaper.com, Website : www.westcoastpaper.com

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No / Client ID	
DP ID	

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint

1. Name _____
 Address _____

E-mail ID _____

Signature _____, or falling him/her

2. Name _____
 Address _____

E-mail ID _____

Signature _____, or falling him/her

3. Name _____
 Address _____

E-mail ID _____

Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 59th Annual general meeting of the company, to be held on the 31st day of July, 2014, at 4:00 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below :

ORDINARY BUSINESS :**No. Resolutions**

- To consider and adopt the Profit & Loss Account, Balance Sheet and Reports of the Directors and Auditors thereon, for the year ended March 31, 2014.
- To declare dividend on Equity Shares.
- Re-appointment of Shri P.N.Kapadia, who retires by rotation.
- To Appoint, Batliboi & Purohit, Chartered Accountants, Mumbai, as Auditors and Fixing their remuneration.
- To ratify the remuneration to Mr. Umesh Kini, Cost Auditor.

SPECIAL BUSINESS :**No. Resolutions**

- Special Resolution to approve re-appointment and remuneration of Shri K. L. Chandak as Executive Director.
- Special Resolution Under Section 180(1)(c) of the Companies Act, 2013, for borrowing money upto ₹ 2,000 Crores over and above the aggregate of the paid up share capital and free reserves of the Company.

Signed this _____ day of July, 2014

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



THE WEST COAST PAPER MILLS LIMITED
Your partner in progress ...

ANNUAL REPORT 2013-14



Resourceful

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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 700 – 800 paper mills (organized & unorganized sector) in the country out of which 12 large units accounts for production share of about 30% and balance units mostly comprising of medium (Agro-based) and Small (waste paper based) paper mills with production share of 70%. Wood based industry accounts for 35% of production while waste paper and agri residue accounts for 44% & 21% respectively.

The Indian paper industry is an integral part of the Nation's economy and contributes to its growth and development. It is in this spirit that the Indian paper industry has continued to upgrade its capacities and technologies, in spite of huge challenges like shortage of raw material, highly capital intensive nature of the industry, threat of cheaper imports from Asian countries etc. From a situation where most paper mills were relatively small and with old technologies, we have now reached a stage where almost all major paper mills have adopted world class technologies and are fast progressing towards world scale of operations as well.

The Indian paper industry currently has a turnover (net of taxes) of over ₹ 55,000 Crores and contributes over ₹ 5,500 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 13.1 million tonnes in 2013-14 which is 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. 4.1 million tonnes, packaging grades for approx. 5.9 million tonnes and newsprint for about 2.50 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 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 60 kgs and 23 kgs respectively with world average of 58 kgs.

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 19-20 million tonnes by 2020 in our country.

Growth in Indian paper industry during 2013-14 was moderate and is likely to be so in 2014-15 also due to sluggish economic activity. Global demand to be CAGR 2% in next 5 years.

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, Elemental Chlorine Free bleaching to modernize the fiber lines. In the area

Management Discussion & Analysis (Contd.)

of paper making, adopted alkaline sizing, replacing clay & talk with Grounded Calcium Carbonate & Precipitated Calcium Carbonate fillers and increase the ash content in paper to reduce usage of fiber. 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 had confirmed that Black Liquor Dry Solids is a Renewable Biomass Source which is a byproduct of wood, generated in the Pulp & Paper Industries and accordingly the integrated Pulp & Paper Mills are eligible for Renewable Energy Certificates for power generated by using steam from recovery boilers wherein, Black Liquor Dry Solids are fired which will generate additional revenue for these Mills, however, its benefits are, by & large, not available for want of grid connectivity.

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.

In the Union Budget for 2012-13, Excise duty on paper and paperboard has been increased from 5% to 6% with effect from 17.3.2011 and there is no change in Union Budget 2013-14 & 2014-15.

The availability of raw material has always been a matter of concern for the industry and have been requesting the Government to allot degraded revenue and forest lands so that not only the requirement of raw material would be 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 programme 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 more than 45,000 acres of land so far within a radius of 250–300 kms., so as to enhance availability of wood. 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 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.



Management Discussion & Analysis (Contd.)

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. This has forced the industry to go for import of wood chips in 2013-14 with first shipment arrived at Goa Port in June, 2013 for the company. The company imported 3.55 lakh GMT wood chips in 2013-14 and has an edge over other mills due to proximity to the port.

Wood rates have increased by 34% during FY 2013-14 for the company.

The recent National Agroforestry Policy-2014 will be effective only if State Government creates enabling legislations and simplify regulations related to Forestry, Land use and Land tenure, especially those linked to harvesting and transportation of tree grown on the farm. In this regard, MoEF can play a major role by issuing necessary directions.

Now that the paper Industry have to depend upon the imported chips to meet the raw material demand, Central Government should abolish custom duty of 5% on import of wood chips as done in the case of ASEAN countries for import of other items.

Cable Division

The Indian Optical Fibre Cables industry has finally seen growth path with all thirteen manufacturing Companies geared up to meet the surge in demand despite the fact that all Companies have been operating at low capacities for many years.

Bharat Broadband Nigam Limited (A Govt. of India undertaking), a newly formed SPV incorporated, has released Advance Purchase Order for 4.05 Lacs Kms of 24F OFC to build National Optical Fibre Network (NOFN) connecting 2.5 Lacs Gram Panchayats on fibre based broad band network. 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.

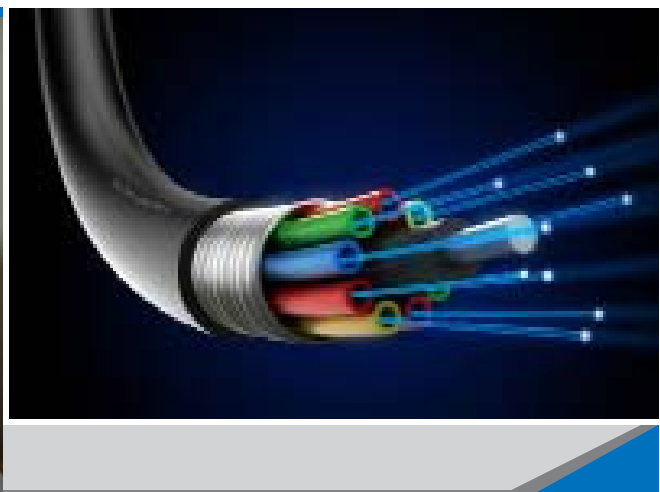
The Company has received Advance Purchase Order for supply of 26,000 Kms 24F OFC cable from BBNL out of which 13,000 Kms is to be supplied in next 6 months.

B) OPPORTUNITIES AND THREATS

Paper Division

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

The Company has also focused on social forestry within a radius of 250 kms. to enhance availability of wood. 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.



Management Discussion & Analysis (Contd.)

Import duty on paper & paper board for ASEAN countries has been reduced from 2.50% to 0% with effect from 01.01.2014 vide notification No.57/2013 dated 31.12.2013 which will have implications in terms of cheaper imports.

Cable Division

With robust machinery infrastructure with qualified factory manpower, this division is capable of catering to substantial market share. The increase in demand due to 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.

It is hoped that with rise in GDP and favourable government policies may increase growth of telecom sector and in turn on demand of OFC.

C) SEGMENT-WISE PERFORMANCE REVIEW

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

D) OUTLOOK

Paper Division

The paper industry is understood to be cyclical in nature and its performance depends on the global pulp and paper demand supply situation which is not encouraging at present. The industry is witnessing slowdown in demand from December, 2013. The Company has well-diversified product base which partially insulates it from the cyclical impact. However, given the growth potential, outlook of paper industry is promising in long run.

India is the fastest growing paper market in the world with CAGR of 6 to 6.5% in next 5 years due to thrust on education, rise in organized retail, urbanization and growth in economy.

Cable Division

The Indian telecom scenario is set for a major shift from wireless to wireline for next couple of years to support already crowded 2G network and rollout of 3G and 4G Networks.

Reliance Jio plans to invest ₹ 7,000 Crores over next two to three years to launch 4G services in eastern and northeastern states with simultaneous rollout planned in Kolkata, Delhi, Mumbai and Jamnagar this year. An investment of ₹ 4,000 Crores is estimated by Bharti Airtel and ₹ 2,500 Crores by Reliance Jio in digital infrastructure in Punjab. This OFC network is mostly built on high count ribbon cables and ADSS cables.



Management Discussion & Analysis (Contd.)

Further, Network for Spectrum project (NFS) has opened tender for turnkey project of 58000 Kms OFC network and thus outlook for OFB sector is promising.

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. However, power plants are covered under core sector for supply of coal to them.

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

The Company has state-of-art Effluent Treatment Plant and has gone for 100% Elemental Chlorine Free 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

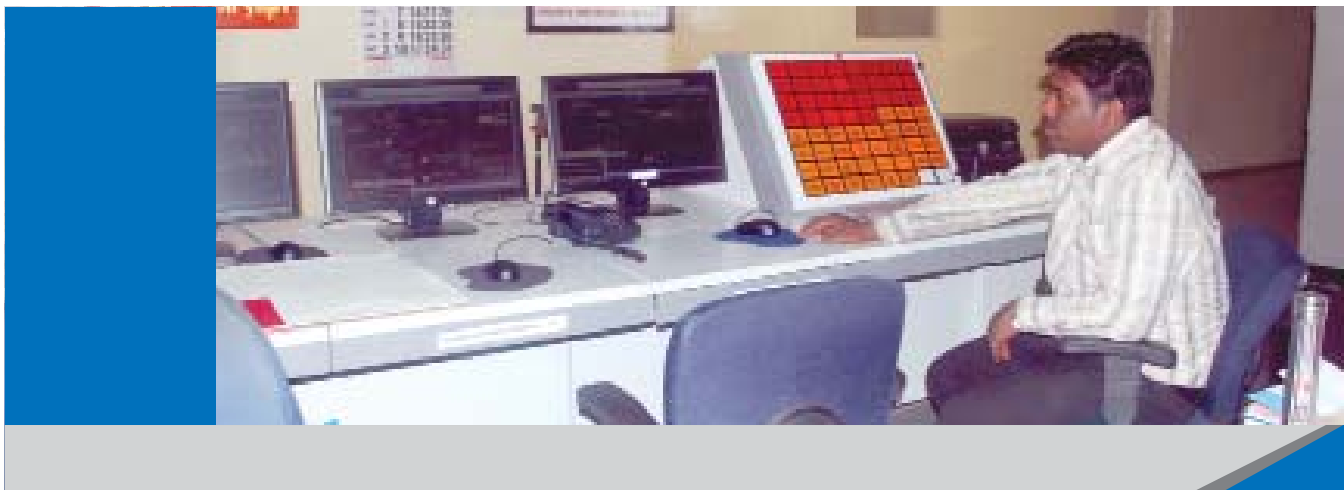
The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining 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 company has also appointed an external firm to conduct internal audit of the company. The audit reports are reviewed by the Management and the Audit Committee of the Board from time to time. Implementation of Oracle ERP has also strengthened the internal control systems of the Company.

G) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This has been dealt with in the Directors' Report.

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

The Company has entered into Tripartite long term wage revision settlement with Joint Negotiation Committee of



Management Discussion & Analysis (Contd.)

Unions on 29.03.2012 for the period from 01.01.2011 to 31.12.2014. The Company's industrial relations are cordial. Your Directors acknowledge the support and co-operation from employees at all levels.

The Company has drawn specific programme to improve the skills of the workers so as to 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 2395 people as on 31.3.2014 as against 2414 people employed as on 31.3.2013.

I) CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



Directors' Report

Your Directors are pleased to present the 59th Annual Report of the Company, together with the audited accounts for the year ended 31st March 2014.

(Amount in ₹ Lacs)

	2013-14	2012-13
FINANCIAL RESULTS		
Gross Profit	21,436.92	27,341.25
Balance brought forward	70.21	(779.54)
Transferred from General Reserve	100.00	-
	21,607.13	26,561.71
ALLOCATIONS:		
Finance Cost	7,322.53	7,257.21
Depreciation	12,719.40	13,635.33
Exceptional items	-	3,993.95
Taxation - Current	166.29	371.65
- MAT Credit Entitlement	(153.82)	(335.03)
- Deferred	719.47	606.85
General Reserve	-	181.13
Proposed Dividend	660.49	667.09
Tax on Dividend	112.25	113.32
Balance carried forward	60.52	70.21
	21,607.13	26,561.71

DIVIDENDS

Your Directors recommend a dividend of ₹ 1/- per equity share (50%) on 6,60,48,908 Equity Shares of ₹ 2/- each, subject to members' approval for the accounting year 2013-14.

PERFORMANCE

The working results of the company for the year under review were affected on account of reduction in paper/paper board production coupled with increase in cost of production. The procurement cost of raw material (wood) has increased considerably at the same time requisite quantity was not available in domestic market forcing the company to meet one-third of its requirement from import of wood chips. Further, the increase in rates of raw material, coal, chemicals, furnace oil apart from overheads could not be fully passed-over to the market putting margins under pressure.

Directors' Report (Contd.)

The Company posted gross profit of ₹ 141.14 Crores as against ₹ 200.84 Crores in the previous year – lower by ₹ 59.70 Crores (30%) whereas there was a net profit of ₹ 6.63 Crores as against profit of ₹ 18.11 Crores in the previous year.

DIVISION WISE PERFORMANCE

A) Paper and Duplex Board Divisions

The production of Paper, Paperboard and Hardwood Pulp was 3,10,002 MT (96.88% capacity utilization) against 3,17,808 MT in the last year (99.32% capacity utilization) i.e., lower by 7,806 MT. The sale of paper, paperboard and hardwood pulp was 2,98,682 MT against 3,21,018 MT in the last year i.e., lower by 22,336 MT.

The turnover during the year was ₹ 1,610.74 Crores as against ₹ 1,499.07 Crores in the previous year (both inclusive of excise duty), i.e., higher by ₹ 111.67 Crores, due to revision in sale price inspite of lower sale quantity.

B) Cable Division - Mysore

Production and sales of optical fibre cable in terms of quantity was 20,686 kms and 21,053 kms during the year as against 20,242 kms and 20,161 kms in the previous year, respectively. Sale of optical fibre cable in terms of value, was higher at ₹ 43.76 Crores as against ₹ 41.67 Crores (both inclusive of excise duty) during the previous year due to execution of more fibre count cable.

EXPORTS

Export of paper, paperboard and duplex board reduced from 10,103 MT worth ₹ 49.07 Crores (FOB) in 2012-13 to 6,539 MT worth ₹ 33.68 Crores (FOB) in 2013-14 due to unremunerative prices. Further, 1,925 km of Cable worth ₹ 1.70 crores was exported in 2013-14 compared to 437 km of Cable worth ₹ 0.75 crores in 2012-13.

RAW MATERIALS

The raw material rates have gone up by 34% due to demand-supply imbalance; upward revision of Railway freight, 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 Agricultural Marketing Committee's caused a serious strain on the procurement of Pulpwood. Further, cost of imported chips was also on higher side compared to domestic prices.

The anticipated shortfall in availability of pulpwood is around 15.00 lacs MT per annum and is expected to continue till 2015 end. It was unprecedented year for paper industry as companies have to resort to import of wood logs and wood chips for their survival to bridge the gap between demand and supply notwithstanding unsustainable increase in procurement rates. Company has started import of wood chips from Mormugao port during June 2013, by creating infrastructure for efficient discharge of the cargos and during the year imported 3.55 lacs Green MT of wood chips. The use of wood chips has been well established in our process and now company is getting direct and indirect advantage of its usage.



Import of wood chips from Mormugao port

Directors' Report (Contd.)

The Company has also focused on social forestry and has cultivated more than 45,000 acres of land so far within a radius of 250-300 kms. so as to enhance availability of wood. 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.

EXCHANGE RATE VARIATION

The Company has reinstated Foreign Currency Loans/External Commercial Borrowings of USD 72.29 Million at the exchange rate prevailing as on 31st March 2014 and the exchange rate difference of ₹ 110.11 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.

RISK MANAGEMENT POLICY

The Board of Directors had adopted risk policy for forex exposure in meeting held on 28.06.2004. The foreign exchange exposure of the Company is reviewed from time to time by the Board. The Company has taken Industrial All Risk Policy to insure its fixed assets and inputs which cover known & unknown risk including Fire Loss of Profit.

RELATED PARTY DISCLOSURE AND TRANSACTIONS

The details of related party disclosure and transactions are given in the Note on Financial Statements. All the transactions are done at arms length.

CORPORATE SOCIAL RESPONSIBILITY

The company has framed Corporate Social Responsibility (CSR) Policy as required under section 135 of the Companies Act, 2013. It is spending on education through Dandeli Education Society for nursery level to post graduate level through various institutions run by it. The Society is also running professional courses like Paper Science, Industrial Chemistry, Micro Biology, Functional English etc. It has also distributed note books at subsidized rates to the students of Dandeli and paid scholarships of ₹ 8.04 Lacs to the students of Dandeli through Ranganath Bangur charitable Trust. The company has also contributed to the various projects in local area in line with said policy.

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

The information required under Section 134(3)(m) of the Companies Act, 2013 is annexed hereto and forms a part of this report.

PARTICULARS OF EMPLOYEES

The particulars of employees, as required under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in a separate Annexure to this Report.



Directors' Report (Contd.)

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 134(5) of the Companies Act, 2013, is attached and forms a part of this report.

DIRECTORS

Shri P. N. Kapadia retire from the office by rotation in terms of Article 143 of the Articles of Association of the Company, but being eligible offers himself for re-appointment at the ensuing Annual General Meeting. Brief resume of the Director proposed to be reappointed, nature of his expertise in specific functional areas, names of Companies in which he holds directorships and memberships of Board Committees, shareholding, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in the Notice to Members, forming part of this Annual Report.

Shri R. N. Mody and Shri Haigreave Khaitan resigned from the Board during the year and the Board of Directors place on record their highest sense of appreciation for the valuable advice and guidance rendered by them during their tenure as Directors of the Company.

DECLARATION BY DIRECTORS

The Company has received declaration from all the independent directors under Section 149(7) of the Companies Act, 2013 in respect of meeting the criteria of independence provided under Section 149(6) of the said Act.

AUDITORS

Messers Batliboi & Purohit, Chartered Accountants, will retire at the end of the 59th 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 2014 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 2012-13 which was due to be filed with the Ministry of Corporate Affairs on or before January 31, 2014, was filed on January 23, 2014.

SHREE RAMA NEWSPRINT LTD (SRNL)

The Company holds 36.32% of the equity share capital of SRNL with an investment of ₹ 45.41 Crores (market value ₹ 14.37 Crores as on 31.3.2014) whereas other group entities holds 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 ₹ 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 31.03.2014 was ₹ 51.05 Crores.

Directors' Report (Contd.)

SRNL has reported cash profit before depreciation and tax of ₹ 21.28 crores as against cash loss before depreciation and tax ₹ 45.02 crores in the previous year. Net loss of ₹ 15.51 crores was incurred in the year under review as against ₹ 56.69 crores in the previous year.

LOANS, GUARANTEES & INVESTMENTS

The Company has further extended Inter Corporate Deposit of ₹ 17.40 crores to SRNL (total ₹ 51.05 crores) and ₹ 0.50 crore to Speciality Coating & Laminations Ltd. (total ₹ 4.14 crores) during FY 2013-14. No fresh guarantee was executed on behalf of any Company during FY 2013-14 and similarly no investment was made in any body corporate during FY 2013-14.

ACKNOWLEDGEMENT

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

For and on behalf of the board

Place: Mumbai,
Dated : 13th May 2014

Saurabh Bangur
Vice Chairman

K. L. Chandak
Executive Director

Annexure to Directors' Report

Information as per Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 and forming part of the Directors' Report to the members for the year ended 31st March, 2014.

(A) CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy :

1. Bypassing arrangement for cycling chest in SP-2 for power saving.
2. Replacement of Pre-separator and vacuum pump no. VIII by efficient vacuum pump of P.M/c III.
3. Stoppage of 1 stock refiner at P.M/c III by using refining Enzyme.
4. Stoppage of One refiner on PM/c II in 50% of production by running refining Enzyme.
5. Replacement of Pump no. VIII of PM/c III with new energy efficient pump and installation of Pre-Separator.
6. Usage of main condensate tank exhaust for preparation of Hot water for dye preparation for saving 1 MT of live steam per day at Paper Machine no. II.
7. Stoppage of pulper no. 3 in two shifts by taking cutter trimmings to pulper no. 4 and providing direct line from pulper no. 4 to broke chest at Stock preparation resulting in Power saving.
8. Stoppage of one vacuum pump at press part of PM/c III by making interlinking line arrangement.
9. Replaced Copper chokes by Trinic Electronic chokes 39 Nos 70 Watts, 150 Watts & 250 Watts in different department for Power saving in lighting.
10. Pumping of Dhot condensate from Pulp mill to Power House to save heat.
11. Replaced 6 Nos. Malfunctioning steam traps by modified TLV Make steam traps at Power plant.
12. Nansulate insulation paint is applied in FBC III Boiler Duct.
13. Stopped Desuperheater pumps by replacing condensate with DM water for Desuper heaters of Evaporator Plant.

(ii) the steps taken by the company for utilizing alternate sources of energy :

The Company is generating steam from chemical recovery boilers wherein Black Liquor Dry Solids (byproduct of wood) is fired to generate steam and the same is confirmed as Renewable Biomass Source by Ministry of New & Renewable Energy (U&I Group), Government of India vide their letter No. POSOC/NLDC/REC4 dated 19.12.2011.

(iii) the capital investment on energy conservation equipments :

Not any.

(B) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption :

1. Improved machine runnability, quality & higher productivity.
2. Utilisation of the imported chips has resulted in augumenting the raw material shortage by maintaining the optimum level of production.
3. Better Non-SS paper with higher Ash in the final paper resulting in the conservation of invaluable raw materials.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution :

These Research & Development activities have enabled the Company to increase productivity, improve the product quality and cost savings.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Not any.

- (a) the details of technology imported.
- (b) the year of import.
- (c) whether the technology been fully absorbed.
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

Annexure to Directors' Report (Contd.)

(iv) the expenditure incurred on Research and Development : (₹ in Lacs)

	2013-14	2012-13
(a) Capital	Nil	Nil
(b) Recurring	44.81	42.31
(c) Total	44.81	42.31
(d) Total R&D expenditure as a percentage of total turnover	0.03	0.03

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and Outgo were ₹ 3,538.42 Lacs and ₹ 30,634.22 Lacs respectively (₹ 4,982.52 Lacs and ₹ 7,156.95 Lacs previous year).

Particulars of Employees pursuant to the provisions of The companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report dated 13th May, 2014 for the year ended 31st March, 2014.

Name	Designation & Nature of Duties	Remuneration (₹ Lacs)	Qualification	Age	Experience (Years)	Date of Joining	Previous Employment, Designation Name of Employer, Period of Service (Years)
Shri S. K. Bangur	Chairman & Managing Director	79.17	B.Com.	64	40	01.05.03	Managing Director Jayshree Chemicals Ltd., Ganjam 15 years
Shri K. L. Chandak	Executive Director Overall management	194.95	B.Com F.C.A.	68	42	18.12.71	—

Notes :

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

Report on Corporate Governance

The detailed report on Corporate Governance for the financial year 2013-14 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.
- Five 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	9	—	—
Smt. Shashi Devi Bangur	Promoter, Non-Executive	3	3	—	—
Shri Saurabh Bangur	Promoter, Vice Chairman	2	4	—	—

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 Premal N. Kapadia	Non-Executive Independent	2	4	–	–
Shri R. N. Mody (Resigned w.e.f. 02.12.2013)	"	–	4	3	–
Lt. Gen [Retd.] Utpal Bhattacharyya	"	4	–	–	–
Shri Krishna Kumar Karwa	"	3	5	3	–
Shri Sanjay Kothari	"	4	3	1	–
Shri M. P. Taparia	"	2	4	–	1
Shri Haigreve Khaitan (Resigned w.e.f. 09.10.2013)	"	1	15 #	10	–
Shri K. L. Chandak	Executive Director	4	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, Four Board Meetings were held on May 29, August 13, November 14, 2013 and February 11, 2014.

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

Report on Corporate Governance (Contd.)

iii) Meetings and Attendance during the year

During the year ended March 31, 2014, four meetings of the Audit Committee were held on the following dates :

(i) May 29, 2013 (ii) August 13, 2013 (iii) November 14, 2013 (iv) February 11, 2014

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

Name of the Director	No. of Meetings attended
Shri Krishna Kumar Karwa	3
Shri P. N. Kapadia	2
Lt. Gen. (Retd.) Utpal Bhattacharyya	4
Shri Sanjay Kothari	4
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	Chairman
(ii) Shri P. N. Kapadia	Member
(iii) Shri Sanjay Kothari	Member

iii) Meetings and attendance during the year

The Remuneration Committee met on 29th May, 2013 and 14th November, 2013 to approve annual increment to the Executive Director from 1st December 2012 and to fix the remuneration to the Executive Director on his re-appointment for a further period of 2 years w.e.f. December 1, 2013. Attendance of members at Committee Meetings were as follows :

Name of the Director	No. of Meetings attended
Shri M. P. Taparia	1
Shri P. N. Kapadia	1
Shri Sanjay Kothari	2

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 @ ₹ 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, 2014, 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 (₹)	Remarks
1.	Shri S. K. Bangur	–	
2.	Smt. Shashi Devi Bangur	30,000	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.
3.	Shri Saurabh Bangur	20,000	
4.	Shri P. N. Kapadia	50,000	
5.	Lt. Gen. [Retd.] Utpal Bhattacharyya	80,000	
6.	Shri Krishna Kumar Karwa	60,000	
7.	Shri Sanjay Kothari	1,00,000	
8.	Shri M. P. Taparia	30,000	
9.	Shri K. L. Chandak	–	
	TOTAL	3,70,000	

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	83,36,640
	- Contribution to Provident, Gratuity and Superannuation Funds.	19,08,461	64,50,488
	- Benefits : Allowances/Perks	8,326	47,07,924
	- Commission	-	-
	Total	79,16,787	1,94,95,052
ii.	Details of Fixed Component and performance linked incentives along with the performance criteria :		
	a) Fixed Component :	(₹ Per month)	(₹ Per month)
	Salary – per month	5,00,000	7,25,000
	Contribution to Provident Fund (12%) & Superannuation Fund (15%) of salary	As per Rules	As per Rules
	Perks and other allowances	As per Rules	As per Rules
	(b) 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 Companies Act, 1956.	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 two years i.e., till November 30, 2015.
	(b) Notice period	Not specified	Three months from either side
	(c) Severance fees	Not specified	Not specified
(iv)	Stock Option details, if any, and whether the same has been issued at discount as well as the period over which accrued and over which exercisable.	No Stock option issued, hence not applicable.	No Stock option issued, hence not applicable.

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

5) SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

Composition

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

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

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

Meetings and Attendance during the year

During the year, four meetings were held on May 02, July 16, August 19 and September 17, 2013. Details of attendance are as follows :-

Name of the Director	No. of Meetings attended
Smt Shashi Devi Bangur	3
Shri Saurabh Bangur	4
Shri K. L. Chandak	1

Complaints Status

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

During the year under review, the Company has received 2 complaints from shareholders/investors, which inter-alia included non-receipt of dividend and annual report and all the complaints were resolved.

No complaint was pending as on March 31, 2014.

6) GENERAL BODY MEETINGS

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

Report on Corporate Governance (Contd.)

(i) Annual General Meetings

AGM	Day	Date	Time	Location
56th	Saturday	30.07.2011	4:00 P.M.	Bangur Nagar, Dandeli
57th	Tuesday	31.07.2012	4:00 P.M.	Bangur Nagar, Dandeli
58th	Wednesday	31.07.2013	4:00 P.M.	Bangur Nagar, Dandeli

(ii) Special Resolutions passed in the previous 3 AGMs

- (1) No Special Resolution was passed in 58th Annual General Meeting held on 31.07.2013.
- (2) 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 ₹ 89.23 Lacs and to Shri K. L. Chandak, Executive Director of ₹ 79.63 Lacs for the financial year ended on 31st March, 2012.
- (3) No Special Resolution was passed in 56th Annual General Meeting held on 30.07.2011.

(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.

(d) The Company has set up mechanism for evaluating Non-executive Board members through Nomination & Remuneration Committee.

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.

Report on Corporate Governance (Contd.)

(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

59th Annual General Meeting	
Date	31st July, 2014
Time	4.00 P.M.
Venue	Shree Rangnath Auditorium, Bangur Nagar, Dandeli - 581 325
Tentative Financial Calendar 2014-15	
Adoption of Quarterly Results of the quarter ending	1st/2nd week of -
June 30, 2014	August 2014
September 30, 2014	November 2014
December 31, 2014	February 2015
March 31, 2015 (year ending)	2nd/3rd week of May 2015
Book Closure date	17th July to 31st July 2014 (Both days inclusive)
Dividend payment date	4th August 2014 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 Limited

Listing Department
Exchange Plaza
Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

Listing Fees

Listing fee for the year 2013-14 and 2014-15 has been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

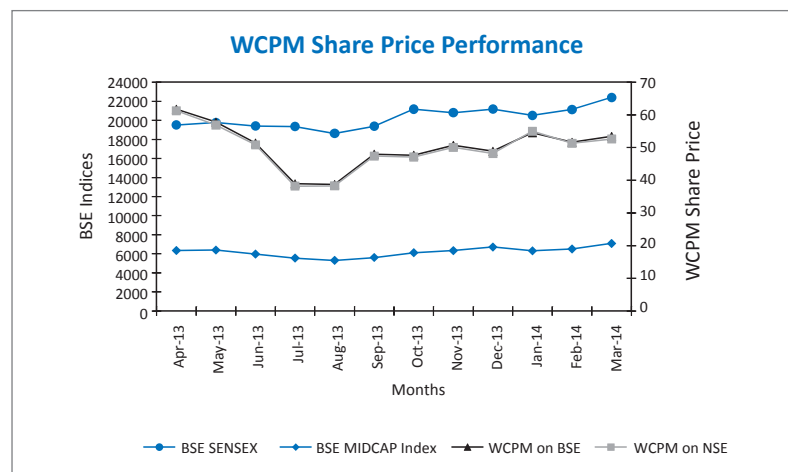
Stock Code

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

Report on Corporate Governance (Contd.)

Market Price Data (₹)

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April, 2013	71.00	59.65	71.00	58.50
May, 2013	69.50	56.65	69.45	56.50
June, 2013	62.90	49.55	63.00	49.00
July, 2013	57.35	38.10	56.90	38.10
August, 2013	43.40	37.00	43.50	36.00
September, 2013	57.25	37.90	57.35	37.25
October, 2013	54.00	47.00	54.00	46.20
November, 2013	55.40	45.80	55.50	45.85
December, 2013	51.60	46.65	51.60	46.60
January, 2014	71.00	48.05	71.40	48.15
February, 2014	56.90	49.90	56.75	50.10
March, 2014	55.30	50.00	55.75	49.35



Registrar and Transfer Agents

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

Link Intime India Pvt. Ltd.
 C-13, Kantilal Maganlal Estate
 Pannalal Silk Mills Compound
 LBS Marg, Bhandup (W)
 Mumbai - 400 078
 Phone : (022) 2596 3838
 Fax : (022) 2596 2691
 E-mail : rnthelpdesk@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 week and sends the statement to the Company for approval purpose.

Report on Corporate Governance (Contd.)

Shareholding pattern as on March 31, 2014

Category	No. of shares held	% of shareholding
Promoters	3,62,98,627	54.96
Mutual Funds & UTI	21,80,319	3.30
Banks, Financial Institutions, Insurance Companies & FII	25,17,508	3.81
Private Corporate Bodies	71,83,681	10.88
Indian Public	1,75,13,380	26.51
NRIs/OCBs	3,43,343	0.52
Foreign Nationals	12,050	0.02
ADRs/GDRs	–	–
TOTAL	6,60,48,908	100%

Distribution of Shareholding as on March 31, 2014

From	To	No. of shareholders		No. of shares	
		Number	%	Number	%
Upto	5,000	15,899	93.00	65,03,201	9.85
5,001	10,000	587	3.43	22,04,559	3.34
10,001	20,000	306	1.79	22,98,333	3.48
20,001	30,000	109	0.64	14,07,072	2.13
30,001	40,000	41	0.24	7,27,694	1.10
40,001	50,000	32	0.19	7,20,431	1.09
50,001	1,00,000	45	0.26	15,02,350	2.27
1,00,001 &	Above	77	0.45	5,06,85,268	76.74
Total		17,096	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 2014, 97.26% of the shares of the Company were held in dematerialized form and rest in physical form.

Plant Location of the Company :

Paper & Paperboard and Duplex Board
Bangur Nagar, Dandeli - 581 325
Uttara Kannada Dist. (Karnataka)

Optical Fibre Cable Unit :
Sudarshan Telecom
Plot No.386/387, KIADB, Electronic City
Hebbal Industrial Area, Mysore - 570 016

Address for Correspondence

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

Link Intime India Pvt. Ltd.

C-13, Kantilal Maganlal Estate
Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai - 400 078
Phone : (022) 25963838
Fax : (022) 25962691
E-mail : rnthelpdesk@linkintime.co.in

Report on Corporate Governance (Contd.)

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 13th May, 2014.

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 11th February 2014.

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

Place : Mumbai
Date : 13th May, 2014

K. L. Chandak
Executive Director

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, it is hereby confirmed that :

- i) in the preparation of the accounts for the financial year ended 31st March 2014, 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, 2013 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, 2014 have been prepared on a 'Going Concern' basis.
- v) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

On behalf of the Board

Place : Mumbai
Date : 13th May, 2014

K. L. Chandak
Executive Director

Saurabh Bangur
Vice-Chairman

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, 2014, 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 Registration No. 101048W

R. D. Hangekar
Partner

Membership No. 30615

Place : Mumbai
Date : 13th May, 2014

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 or under The Companies Act, 2013 and all other applicable statutes and rules there under.

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

P. K. Mundra
President (Finance) & Company Secretary

Place : Mumbai
Date : 13th May, 2014

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, 2014, the Statement of Profit and 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. 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, 2014;

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

1. 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.
2. As required by Section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the general Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 : 13th May, 2014

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, 2014. 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 loans to two body corporates covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year of such loans amounts to ₹ 5,519.20 Lacs (inclusive of interest) and the year-end balance is ₹ 5,519.20 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 above loans, terms of principal and interest payments have not been stipulated. Whenever demanded by the Company, these parties have been regular in the payment of principal and interest.
- d) As informed to us, in respect of the aforesaid loans 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 outstanding unpaid amounts as at the balance sheet date for a period of more than six months from the date they became payable.

Annexure to the Auditors' Report (Contd.)

- b) According to the information and explanations given to us, the dues in respect of Customs duty, 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 :

(₹ 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	271.18	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	197.32	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	115.68	Addl. Commissioner – CESTAT
Central Excise Act, 1944	Excise	0.26	Superintendent
The Custom Act, 1962	Custom	439.03	CESTAT (Mumbai)
Service Tax Act, 1994	Service Tax	1.25	Asst. Commissioner – CESTAT
Service Tax Act, 1994	Service Tax	0.41	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 ₹ 24,625 Lacs (Previous year ₹ 24,625.00 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 not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any debentures during the year under audit. Therefore the provision of clause (xix) of the Order is not applicable to the company.
- xx) The Company has not raised any money by way of public issue during the year. Therefore, the provision of clause (xx) of the Order is not applicable to the Company.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of the audit.

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

R. D. Hangekar
Partner

Place : Mumbai
Date : 13th May, 2014

Membership No : 30615

Balance Sheet

as at 31st March, 2014

(Amount in ₹ Lacs)

	Note	2014	2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1,320.98	1,320.98
Reserves & Surplus	2.2	58,344.91	58,454.60
		59,665.89	59,775.58
Non-Current Liabilities			
Long Term Borrowings	2.3	59,368.17	59,244.67
Deferred Tax Liabilities (Net)	2.4	6,871.45	6,151.98
Other Long Term Liabilities	2.5	2,963.58	3,107.56
Long Term Provisions	2.6	393.94	352.70
		69,597.14	68,856.91
Current Liabilities			
Short Term Borrowings	2.7	27,350.54	29,929.42
Trade Payables	2.8	25,819.12	10,589.69
Other Current Liabilities	2.9	26,048.51	25,576.99
Short Term Provisions	2.10	964.81	1,028.18
		80,182.98	67,124.28
Total		209,446.01	195,756.77
ASSETS			
Non-Current Assets			
Fixed Assets	2.11		
Tangible Assets		124,274.07	131,767.30
Capital Work in Progress		492.20	264.17
		124,766.27	132,031.47
Non-Current Investments	2.12	4,671.20	4,671.20
Long Term Loans & Advances	2.13	5,593.26	5,208.09
Current Assets			
Inventories	2.14	48,793.65	30,070.33
Trade Receivables	2.15	10,092.26	8,236.26
Cash & Cash Equivalents	2.16	913.35	577.72
Short Term Loans & Advance	2.17	7,542.25	6,415.79
Other Current Assets	2.18	7,073.77	8,545.91
		74,415.28	53,846.01
Total		209,446.01	195,756.77
Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.40		

For and on behalf of the Board

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

R. D. Hangekar

Partner

Membership No: 30615

P. K. Mundra
Company Secretary

Saurabh Bangur
Vice - Chairman

M. P. Taparia
Director

Lt. Gen (Retd.) Utpal Bhattacharyya
Director

Sanjay Kothari
Director

Krishna Kumar Karwa
Director

K. L. Chandak
Executive Director

Place : Mumbai

Date : 13th May, 2014

Statement of Profit & Loss Account

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	Note	2014	2013
I. REVENUE FROM OPERATIONS	2.19	165,994.75	154,518.65
Less: Excise Duty		(9,762.45)	(9,056.70)
		156,232.30	145,461.95
II. Other Income	2.20	669.56	481.04
III. Total Revenue [I + II]		156,901.86	145,942.99
IV. EXPENSES			
Cost of Materials Consumed	2.21	104,074.71	83,927.87
Purchase of Stock in Trade		-	0.49
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	2.22	(7,084.96)	1,255.75
Employee Benefits Expense	2.23	9,045.69	8,411.95
Finance Costs	2.24	7,322.53	7,257.21
Depreciation and Amortization expenses	2.11	12,719.40	13,635.33
Other Expenses	2.25	29,429.50	25,005.68
Total Expenses		155,506.87	139,494.28
V. Profit before exceptional and Extra Ordinary items and Tax (III - IV)		1,394.99	6,448.71
VI. Exceptional Items		-	3,993.95
VII. Profit before Extra-ordinary items & Tax (V-VI)		1,394.99	2,454.76
VIII. Extra Ordinary items		-	-
IX. Profit Before Tax (VII - VIII)		1,394.99	2,454.76
X. Tax Expenses			
- Current Tax		166.29	371.65
- Less : MAT Credit Entitlement		(153.82)	(335.03)
- Deferred Tax		719.47	606.85
XI. Profit for the period from Continuing Operations (IX - X)		663.05	1,811.29
XII. Profit from Discontinuing Operations		-	-
XIII. Tax Expenses of Discontinuing Operations		-	-
XIV. Profit from discontinuing Operations (After Tax) (XII - XIII)		-	-
XV. Profit for the period (XI + XIV)		663.05	1,811.29
XVI. Earnings Per Share			
(1) Basic		1.00	8.88
(2) Diluted		1.00	8.88
Accounting Policies	1		
Notes on Financial Statements	2.1 to 2.40		

For and on behalf of the Board

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

R. D. Hangekar

Partner

Membership No: 30615

P. K. Mundra
Company Secretary

Saurabh Bangur
Vice - Chairman

M. P. Taparia
Director

Lt. Gen (Retd.) Utpal Bhattacharyya
Director

Sanjay Kothari
Director

Krishna Kumar Karwa
Director

K. L. Chandak
Executive Director

Place : Mumbai

Date : 13th May, 2014

Cash Flow Statement

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	1,394.99	2,454.76
Add : Adjustments for:		
Depreciation	12,719.40	13,635.33
Exceptional item	-	3,993.95
Interest Expenses	7,322.53	7,257.21
Assets Discarded	3.32	15.93
Loss on Sale of Fixed Assets	169.57	-
Loss on Impairment of Asset	-	15.07
	21,609.81	27,372.25
Less : Adjustment for:		
Profit on Sale of Fixed Assets	-	1.49
Interest & Dividend Received	562.80	372.92
Operating Profit before Working Capital Changes	21,047.01	26,997.84
Add : Decrease in Working capital:		
Trade & Other Payables	14,534.15	-
Inventories	-	1,258.81
	35,581.16	28,256.65
Less : Increase in Working capital:		
Trade & Other Payables	-	1,425.54
Inventories	18,723.32	-
Trade & Other Receivables	1,512.89	523.01
Cash Generated from Operations	15,344.95	26,308.10
Less : Direct Taxes Paid	395.07	39.62
Cash Flow before Extraordinary Items	14,949.88	26,268.48
Extraordinary items	-	-
Net Cash Flow in Operating Activities	14,949.88	26,268.48
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Add : Inflow :		
Sale of Fixed Assets / Subsidy	490.82	477.92
Interest Received	562.38	372.22
Dividend Received	0.42	0.70
Profit on Investment	-	-
	1,053.62	850.84
Less : Outflow :		
Purchase of Fixed Assets (including notional Exchange rate variation)	6,117.91	4,032.50
Purchase of Investment	-	-
	6,117.91	4,032.50
Net Cash Used in Investing Activities	(5,064.29)	(3,181.66)

Cash Flow Statement (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Add : Proceeds from borrowings (including notional exchange rate variation)	27,164.31	6,932.71
Equity Share Capital including premium	-	1,791.90
	27,164.31	8,724.61
Less : Repayment of loans (including notional exchange rate variation)	28,619.00	25,235.55
Less : Interest paid	7,322.53	7,257.21
Less : Dividend and Dividend Tax Paid	772.74	153.53
Net Cash Used in financing activities	(9,549.96)	(23,921.68)
Net Increase/(Decrease) in Cash and Cash equivalents during the year	335.63	(834.86)
Cash & Cash Equivalents at the beginning of the year	577.72	1,412.58
Cash & Cash Equivalents at the end of the year	913.35	577.72

For and on behalf of the Board

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

P. K. Mundra
Company Secretary

Saurabh Bangur
Vice - Chairman

Sanjay Kothari
Director

M. P. Taparia
Director

Krishna Kumar Karwa
Director

R. D. Hangekar
Partner
Membership No: 30615

Lt. Gen (Retd.) Utpal Bhattacharyya
Director

K. L. Chandak
Executive Director

Place : Mumbai
Date : 13th May, 2014

Accounting Policies

for the year ended 31st March, 2014

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, read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, 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.

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.

d. Depreciation :

- a) On the fixed assets, is provided at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 on the written down value

method, other than on plant and machinery, effluent treatment plant, roads and drainage on which depreciation is provided on Straight Line Method.

- b) On the Plant & Machinery of JFTC/Control Cable at Mysore Division and Duplex Board Plant, New Fibreline & Chemical Recovery Island, 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.

Accounting Policies (Contd.)

for the year ended 31st March, 2014

h. Revenue recognition :

- a) Turnover is recognized when goods are dispatched to customers and are adjusted for Discounts (net), Sales Tax/VAT and foreign exchange differences. Turnover is inclusive of Excise Duty.
- b) 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 :

- a) Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions.
- b) 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.

- c) Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in case of long term liabilities, where they relate to acquisition or construction of fixed assets, in which case they are adjusted to the carrying cost of such 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, 2014

(Amount in ₹ Lacs)

	2014	2013
2.1 SHARE CAPITAL		
Authorised		
15,00,00,000 Equity Shares of ₹ 2 each	3,000.00	3,000.00
65,00,000 Cumulative Redeemable Non-convertible Preference Shares of ₹ 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 ₹ 2 each Fully paid-up	1,320.98	1,320.98
Total	1,320.98	1,320.98

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 2014		As at 31st March 2013	
	Number	Amount in ₹ Lacs	Number	Amount in ₹ Lacs
Shares outstanding at the beginning of the year	66,048,908	1,320.98	62,748,908	1,254.98
Shares issued during the year	Nil	Nil	3,300,000	66.00
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	66,048,908	1,320.98

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

	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
(1) Veer Enterprises Pvt Ltd.,	10,597,100	16.04%	10,597,100	16.04%
(2) Shree Satyanarayan Investment Co. Ltd.	10,312,973	15.61%	10,312,973	15.61%

[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, 2014

(Amount in ₹ Lacs)

	2014	2013
2.2 RESERVES AND SURPLUS		
Capital Redemption Reserve Account	6,500.00	6,500.00
Securities Premium Reserve	14,572.54	14,572.54
Equity Share Warrants Forfeited	277.50	277.50
General Reserve		
Balance at commencement of the year	37,034.35	36,853.22
Transferred to/from Profit & Loss Account	(100.00)	181.13
	36,934.35	37,034.35
Profit & Loss Account		
As per Last Balance Sheet	70.21	(779.54)
Transfer from General Reserve	100.00	-
Net Profit/(Loss) for the year	663.05	1,811.29
Amount available for Appropriation	833.26	1,031.75
Appropriations :		
Proposed Dividend on Equity Shares	660.49	667.09
Tax on Proposed Dividend	112.25	113.32
Transferred to General Reserve	-	181.13
Closing Balance	60.52	70.21
Total	58,344.91	58,454.60

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
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 Instalments)	12,686.83	14,048.94
ICICI Bank Ltd., Singapore (Payable from 18.10.2011 in 9 Equal Half Yearly Instalments)	13,903.41	25,671.32
IDBI Bank Ltd., (Payable from 01.06.2014 in 24 Equal monthly instalments)	1,458.33	-
IDBI Bank Ltd., (Payable from 01.10.2014 in 24 Equal monthly instalments)	1,875.00	-
Axis Bank Ltd., (Payable from 20.06.2016 in 24 Equal monthly instalments)	7,500.00	-
State Bank of Mysore (Plantation) (Repayable ₹ 15 Crores on 31.12.2017 ₹ 10 Crores on 31.12.2018) (Refer Note 2.9) for current maturities of these loans)	2,500.00	1,500.00
	39,923.57	41,220.26
b) UnSecured Loans from others		
Interest Free Loan under Sales Tax Defferment Scheme	17,444.60	14,524.41
Yes Bank Ltd., (Repayable ₹ 15 Crores on 31.12.2014, ₹ 7.75 Crores on 31.12.2015 & ₹ 12.25 Crores on 31.12.2016)	2,000.00	3,500.00
	19,444.60	18,024.41
Total	59,368.17	59,244.67

- Term loans from IFC, Washington & ICICI Bank Ltd., are secured by way of hypothecation on all movable fixed assets both present and future and are secured by equitable mortgage of immovable assets, both present and future on pari-passu basis.
- Loan from State Bank of Mysore is secured by second charge on plant and machinery acquired/to be acquired under the project.
- Interest free loan under Sales Tax Defferal Scheme availed from August 1994 to July 2006 of ₹ 66.88 Crores is being repaid in 12 installments of ₹ 5.57 Crores payable yearly starting from August 2006. (Balance outstanding - ₹ 22.30 Crores).
Interest free loan under Sales Tax Defferal Scheme is being availed from June 2002 for a period of 12 years up to June 2014 and will be repayable in 12 installments on a year to year basis from 2014 to 2025. (Balance outstanding - ₹ 152.15 Crores).
- Loan of ₹ 25 Crores from IDBI Bank Ltd., (₹ 18.75 Crores excluding current maturities) is secured by second charge on movable fixed assets whereas Loan of ₹ 25 Crores (₹ 14.58 Crores excluding current maturities) is secured by current assets on pari-passu basis.
- Loan from Axis Bank Ltd., is secured by second charge on movable fixed assets both present and future.
- There is no default in repayment of loans and interest.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
2.4 DEFERRED TAX LIABILITIES (NET)		
a) Deferred tax liability on account of Depreciation	13,864.53	13,683.34
b) Deferred tax asset on account of		
- Carried forward of unabsorbed depreciation	6,740.77	7,243.19
- Disallowances under Section 43B of Income Tax Act	252.31	288.17
Total	6,871.45	6,151.98

2.5 OTHER LONG TERM LIABILITIES		
Dealer Deposits	2,942.02	3,074.83
Others - Employee Security Deposit	21.56	32.73
Total	2,963.58	3,107.56

2.6 LONG TERM PROVISIONS		
Provision for Employee Benefits	393.94	352.70
Total	393.94	352.70

CURRENT LIABILITIES

2.7 SHORT TERM BORROWINGS		
Secured		
Loan repayable on demand from banks	26,386.43	13,476.33
Note:		
The working capital facilities from Banks are secured by Joint Hypothecation of Stores, Spares, Raw Materials, Stock-in-Process, Finished Goods, Book Debts etc., ranking pari-passu interse		
Un Secured		
Loan repayable on demand from banks	964.11	16,453.09
Loans and advances from related parties	-	-
Deposits	-	-
Other Loans and Advances	-	-
Total	27,350.54	29,929.42

Note : There is no default in repayment of loans and interest.

2.8 TRADE PAYABLES	25,819.12	10,589.69
Principal amount of dues, Micro, Small & Medium Enterprises as at 31st March, 2014 is ₹ 177.81 Lacs (₹ 111.62 Lacs) and interest paid on payables is ₹ Nil (₹ Nil)		
Total	25,819.12	10,589.69

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
2.9 OTHER CURRENT LIABILITIES		
Current Maturities of long-term debts (refer Note 2.3)	19,889.37	18,888.68
Interest accrued but not due on Borrowings	430.98	537.35
Unpaid Dividends	64.20	66.60
Creditors for Capital Expenditure	501.71	1,221.77
Accrued salaries and benefits	1,235.33	1,016.32
Other liabilities		
- Statutory Dues	1,252.57	1,018.02
- for Expenses	1,370.14	1,217.91
- Others	1,304.21	1,610.34
	3,926.92	3,846.27
Total	26,048.51	25,576.99

	2014	2013
2.10 SHORT TERM PROVISIONS		
Provision for Employees Benefits (refer Note-1)	192.07	255.44
Proposed Dividends (refer Note-2)	660.49	660.49
Tax on Proposed Dividends (refer Note-2)	112.25	112.25
Total	964.81	1,028.18
Note:		
1) Gratuity is funded, hence provision is made for shortfall as on 31-03-2014 of ₹ 143.05 Lacs (Previous Year - ₹ 219.99 Lacs)		
2) The Board of Directors have recommended dividend @ ₹ 1/- per share for the year ended 31-03-2014 (₹ 1/- per share for the year ended 31-03-2013)		
Total	80,182.98	67,124.28

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET DEPRECIATED BLOCK	
	As at 01-04-2013	Additions	Sales/ Adjustments	As at 31-03-2014	As at 01-04-2013	For the Year	Deductions/ Adjustments	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
Land - Leasehold	156.11	-	-	156.11	-	-	-	-	156.11	156.11
- Freehold	61.61	-	-	61.61	-	-	-	-	61.61	61.61
Factory Buildings	18,191.98	4.70	-	18,196.68	6,488.50	1,170.43	-	7,658.93	10,537.75	11,703.48
Non-Factory Buildings	1,196.30	12.31	-	1,208.61	637.03	28.51	-	665.54	543.07	559.27
Roads and Drainage	651.10	62.76	-	713.86	49.81	11.08	-	60.89	652.97	601.29
Plant and Machinery	176,841.86	5,318.62	2,055.24	180,105.24	59,402.03	11,224.81	1,395.31	69,231.53	110,873.71	117,439.83
Plant and Machinery [Leased]	644.41	-	-	644.41	644.41	-	-	644.41	-	-
Railway Siding	303.08	-	-	303.08	111.57	26.64	-	138.21	164.87	191.51
Effluent Treatment Plant	1,729.67	351.39	-	2,081.06	1,106.52	106.78	-	1,213.30	867.76	623.15
Construction Machinery and Equipments	4.49	-	-	4.49	3.89	0.08	-	3.97	0.52	0.60
Water Treatment Plant	46.29	-	-	46.29	46.21	0.02	-	46.23	0.06	0.08
Furniture, Fittings and Airconditioners	315.44	23.97	21.96	317.45	183.79	30.83	18.64	195.98	121.47	131.65
Trucks & Vehicles	482.58	-	4.29	478.29	294.66	54.29	3.83	345.12	133.17	187.92
Office Equipments	679.29	115.28	0.04	794.53	576.79	64.27	0.04	641.02	153.51	102.50
Electric Installations	20.81	0.85	-	21.66	12.63	1.64	-	14.27	7.39	8.18
Fire Fighting Equipments	6.78	-	-	6.78	6.66	0.02	-	6.68	0.10	0.12
TOTAL	201,331.80	5,889.88	2,081.53	205,140.15	69,564.50	12,719.40	1,417.82	80,866.08	124,274.07	131,767.30
Capital Work-in-Progress									492.20	264.17
TOTAL									124,766.27	132,031.47
Previous Year	198,249.56	4,225.01	1,142.77	201,331.80	52,570.56	17,629.28	635.34	69,564.50	132,031.47	146,135.68

Note:

- Buildings are constructed on leasehold land for which the Company pays only ground rent except Non-factory buildings worth ₹ 188.03 Lacs (₹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 ₹ 4,646.00 Lacs (Previous Year ₹ 3,195.96 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 31.03.2014 is ₹ 11,010.66 Lacs.
- 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, 2014

(Amount in ₹ Lacs)

	2014	2013
2.12 NON CURRENT INVESTMENTS		
Long term at cost, unless otherwise specified		
TRADE INVESTMENTS		
Quoted		
542,399 Equity Shares of ₹ 10 each of Jayashree Chemicals Ltd.	94.96	94.96
21,124,791 Equity Shares of ₹ 10 each of Shree Rama Newsprint Ltd. [Refer note no. 2.38]	4,540.86	4,540.86
Total [A]	4,635.82	4,635.82
Un-Quoted		
Listed		
20,943 (14,000) Equity Shares of ₹ 10 each of The Thirumbadi Rubber Co.Ltd #	35.27	7.04
55,545 Equity Shares of ₹ 10 each of The Kilkotagiri Tea & Coffee Estate Co Ltd. #	-	28.23
4,016,680 Equity Shares of ₹ 10 each of Fort Gloster Industries Ltd.	-	-
Un-Listed		
1,850,130 Equity Shares of ₹ 10 each of Speciality Coatings & Lamination Ltd.	-	-
37 Equity Shares of ₹ 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
Aggerate amount of quoted investments	4,635.82	4,635.82
Aggerate market value of quoted investments	1,464.69	1,625.58
Aggerate amount of unquoted investments	35.28	35.28

As per the amalgamation scheme, one share of The Thirumbadi Rubber Co. Ltd., has been allotted for every eight shares of The Kilkotagiri Tea & Coffee Estate Co. Ltd. Accordingly Company has received 6943 shares of The Thirumbadi Rubber Co. Ltd., against the holding of 55,545 shares of The Kilkotagiri Tea & Coffee Estate Co. Ltd.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
2.13 LONG TERM LOANS & ADVANCES		
Unsecured, Considered good		
Security Deposits with Electricity Board	171.26	168.69
MAT Credit Entitlement	3,668.24	3,514.42
Advance Tax/Tax paid at source (net of provision)	1,753.76	1,524.98
Total	5,593.26	5,208.09
CURRENT ASSETS		
2.14 INVENTORIES		
Raw Materials (at weighted average cost) (refer note 1)	24,095.78	13,151.95
Work-in-progress (at cost)	1,103.10	349.16
Finished Goods (at cost) (refer note 2)	10,140.87	3,380.85
Stock in Trade (at realisable value)	-	1.49
Stores and Spares (at weighted average cost)	13,214.37	12,914.07
Loose Tools (at cost)	152.96	148.88
Stock of Scrap (at realisable value)	86.57	123.93
Total	48,793.65	30,070.33
Note:		
1) Raw material inventory includes material in transit of ₹ 123.00 Lacs (₹ 226.31 Lacs)		
2) Finished Goods inventory includes material in transit of ₹ 253.13 Lacs (₹ 157.48 lacs)		
2.15 TRADE RECEIVABLES		
Unsecured Considered Good		
Over Six months	263.34	290.01
Others	9,828.92	7,946.25
Total	10,092.26	8,236.26
2.16 CASH & CASH EQUIVALENTS		
Cash on Hand	20.22	65.00
Balances with Banks		
In Current Account	422.15	399.59
Other Bank Balances		
In Fixed Deposit Account		
- Against Margin Deposit with Bank	387.53	13.53
- In Employees Security Deposit	19.25	33.00
In Unpaid Dividends Account (refer note 1)	64.20	66.60
Total	913.35	577.72

Note:

Section 125 of Companies Act, 2013 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.

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013
2.17 SHORT TERM LOANS & ADVANCES		
Unsecured, Considered good		
Loans and Advances to related parties (refer note 2.28 c)	5,519.20	3,727.22
Advances recoverable in cash or kind	1,579.02	2,329.89
Deposits	444.03	358.68
Total	7,542.25	6,415.79
2.18 OTHER CURRENT ASSETS		
Balance with Government Authorities	7,073.77	8,545.91
Total	7,073.77	8,545.91
2.19 REVENUE FROM OPERATIONS		
Sales of Products		
Paper and Board	161,074.29	149,907.37
Traded Cup Stock Board	-	27.76
Cables	4,375.60	4,166.92
Wind Power	33.02	22.85
Other Operating Revenues		
Sale of Fly Ash	44.85	33.30
Sale of Scrap	466.99	360.45
	511.84	393.75
Total	165,994.75	154,518.65
2.20 OTHER INCOME		
Interest Income	562.38	372.22
Dividend Income	0.42	0.70
Other Non-Operating Income (Net)	84.22	76.74
Net Foreign Exchange Gain	22.54	31.38
Total	669.56	481.04
2.21 COST OF MATERIALS CONSUMED		
Pulp Wood, Pulp & Waste Paper	75,271.22	57,183.88
Chemicals & Dyes	24,159.64	22,526.55
Packing Materials	4,643.85	4,217.44
Total	104,074.71	83,927.87

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014		2013	
2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE				
Opening Stock of Finished Goods				
- Paper and Board	3,328.09		4,532.56	
- O.F.C. Cables etc.,	52.76	3,380.85	58.10	4,590.66
Closing Stock of Finished Goods				
- Paper and Board	10,136.44		3,328.09	
- O.F.C. Cables etc.,	4.43	10,140.87	52.76	3,380.85
		(6,760.02)		1,209.81
Opening Stock of Work-in-process	349.16		426.64	
Closing Stock of Work-in-process	1,103.10	(753.94)	349.16	77.48
		(753.94)		77.48
Opening Stock in Trade	-		37.44	
Closing Stock in Trade	-	-	1.49	35.95
		-		35.95
Variation in Excise Duty on Opening & Closing Stock of Finished Goods		429.00		(67.49)
Total		(7,084.96)		1,255.75
2.23 EMPLOYEE BENEFIT EXPENSE				
Salaries, Wages and Bonus		7,392.91		6,636.11
Contribution to Provident & Other Funds :				
- Provident & Family Pension Funds		536.90		498.22
- Employees State Insurance		80.02		148.58
- Gratuity Fund		300.35		448.81
- Superannuation Fund		57.00		96.17
- Employees Group Insurance		8.90		9.98
- Leave Encashment		41.23		62.91
- Staff Welfare Expense		628.38		511.17
Total		9,045.69		8,411.95
2.24 FINANCE COSTS				
Interest Expense :				
- Term Loans		4,827.93		5,094.93
- Others (Net)		1,986.14		1,718.01
Other Borrowing Cost		335.15		168.66
Applicable Net Loss on foreign currency transactions & translation		173.31		275.61
Total		7,322.53		7,257.21

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

(Amount in ₹ Lacs)

	2014	2013	
2.25 OTHER EXPENSES			
Consumption of Stores & Spare Parts	5,485.98	4,234.91	
Power & Fuel	16,963.92	14,251.25	
Water Charges & Cess	64.03	66.66	
Rent	177.25	166.62	
Repairs and Maintenance			
- Buildings	1,002.81	878.37	
- Plant and Machinery	1,229.31	741.38	
- Other Assets	220.33	199.23	
Insurance	137.02	141.73	
Rates & Taxes	33.31	27.83	
Research & Development Expenses	44.81	42.31	
Miscellaneous Expenses	1,173.07	1,130.29	
Payments to Auditors			
- As Auditors	11.00	11.00	
- for Taxation Matters	0.75	0.75	
- For Company Law Matters	-	0.20	
- For Other Services	3.53	2.68	
- Reimbursement of Expenses	2.93	2.02	16.65
Cost Auditor's Remuneration & Expenses	1.15	0.62	
Forwarding Charges on Sales	1,852.68	1,973.22	
Commission on Sales	789.24	997.17	
Commission to Director	-	43.50	
Directors Fees & Expenses			
- Sitting Fees	3.80	4.40	
- Travelling Expenses	19.49	19.83	24.23
Charity & Donation	40.20	40.20	
Obsolete Assets Written Off	3.32	15.93	
Loss on Impairment of Assets	-	15.07	
Profit/Loss on Sale of Fixed Assets	169.57	(1.49)	
Total	29,429.50	25,005.68	

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

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

	2014	2013
2.26 CONTINGENT LIABILITIES AND COMMITMENTS		
I. Contingent Liabilities & Commitments		
a. Guarantees Issued by Banks	4,688.83	2,033.79
b. Letters of Credit outstanding	11,494.57	3,335.47
c. Corporate guarantees given to the Banks & Institutions on behalf of related party - Shree Rama Newsprint Limited.	24,625.00	24,625.00
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)	468.50	405.22
b. Excise matters & Service Tax under dispute	136.77	86.56
c. Custom matter under dispute	439.03	-
d. Sales Tax matter, under dispute	30.66	30.66
e. 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)	3,316.94	543.25
1. The Income tax assessments of the Company have been completed upto Assessment Year 2011-12.		
2. The total demand outstanding as on 31.03.2014 on account of income tax dues of various years is ₹ 468.50 Lacs (₹ 405.22 Lacs). The Company and the Income Tax Department, both are in appeal before the appellate authorities for various years. Since most of the issues raised in these years are already covered by the decisions of Hon'ble Income Tax Appellate Tribunal and CIT(A) in Company's favour, the Company is of the opinion that the 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.		
3. 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.		

	2014	2013
2.27 EARNINGS PER SHARE (EPS)		
Earnings		
Net Profit/ (Loss) for the year after preference dividend and before exceptional items (net of taxes)	663.05	5,805.24
Shares		
Number of shares at the beginning of the period	66,048,908	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	66,048,908
Weighted average number of equity shares outstanding during the period	66,048,908	65,370,826
Earnings per share of par value ₹ 2 - Basic (₹)	1.00	8.88
- Diluted (₹)	1.00	8.88

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

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)
- 3) Speciality Coatings and Laminations Ltd.

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

	2014	2013
b. The following is a summary of significant related party transactions :		
i. Sales to	-	-
ii. Purchases from		
1) Shree Rama Newsprint Limited (SRNL)	237.62	-
iii. (a) Rent paid to :		
1) Veer Enterprises Ltd.	29.20	25.40
2) Shree Satyanarayan Investment Company Ltd.	33.23	26.40
3) Siddhi Trade & Holdings Pvt. Ltd.	13.20	13.20
(b) Rent received from Shree Rama Newsprint Ltd. (SRNL)	0.98	-
iv. Charity & Donations :		
1) Rangnath Bangur Charitable Trust	30.20	30.00
v. Remuneration to :		
1) Executive Director	194.95	142.67
2) Chairman & Managing Director	79.17	122.67
vi. Interest received from :		
1) Shree Rama Newsprint Limited (SRNL)	537.81	358.12

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

	2014	2013
c. The Company has the following amounts due to/from related parties :		
i. Due from related Parties		
1) Shree Rama Newsprint Limited (SRNL)	5,105.00	3,365.00
2) Veer Enterprises Ltd.	1.05	1.05
3) Shree Satyanarayan Investment Company Ltd.	6.60	6.60
4) Speciality Coatings and Laminations Ltd.	441.61	389.63
ii. Due to related parties		
1) Shree Rama Newsprint Limited (SRNL)	1.80	-

2.29 RAW MATERIALS CONSUMED DURING THE YEAR		
Wood	66,098.25	49,110.42
Waste Paper cuttings, wood pulp etc.,	5,948.16	5,298.77
Optical Fibre	1,135.38	1,029.93
Steel Tape	155.46	185.83
Other allied inputs	1,933.97	1,558.93
Total	75,271.22	57,183.88

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

	12 months ended March 31, 2014		12 months ended March 31, 2013	
	₹ in Lacs	% of total consumption	₹ in Lacs	% of total consumption
2.30 DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARES AND PACKING MATERIAL CONSUMED				
Raw Materials				
Imported	28,406.17	38	2,103.37	4
Indigenous	46,865.05	62	55,080.51	96
	75,271.22	100	57,183.88	100
Stores, chemicals, spares and packing materials				
Imported	3,497.15	10	2,466.28	8
Indigenous	30,792.32	90	28,512.62	92
	34,289.47	100	30,978.90	100

	2014	2013
2.31 CIF VALUE OF IMPORTS		
Raw Materials	25,497.50	2,385.67
Components & Spare Parts	3,298.60	2,853.20
Capital Goods	233.30	195.05
Total	29,029.40	5,433.92

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

	2014	2013
2.32 EARNINGS IN FOREIGN CURRENCY		
Export on FOB basis	3,538.42	4,982.52
2.33 EXPENDITURE IN FOREIGN CURRENCY		
Travelling	14.67	14.50
Interest	1,575.67	1,652.39
Others	14.48	56.14
Total	1,604.82	1,723.03

	For the period ended	
	2013-14	2012-13
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	536.90	498.22
Employer's Contribution to Superannuation Fund	57.00	96.17
[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	2,197.34	1,955.09
Current Service cost	99.52	84.86
Interest Cost	175.78	166.18
Benefits paid	(390.64)	(403.12)
Actuarial losses/(gain)	183.39	394.33
Obligations at the end of the period	2,265.39	2,197.34
Change in Plan Assets		
Opening fair value of plan assets	2,197.34	1,792.44
Expected return on plan assets	193.37	157.74
Actuarial gain/(Losses)	(136.01)	201.48
Contributions by employer	300.35	448.81
Benefits paid	(390.64)	(403.13)
Closing fair value of plan assets	2,164.40	2,197.34
Amount recognized in Balance Sheet		
Present value of funded obligations	2,164.40	2,197.34
Fair value of plan assets	2,265.39	2,197.34
Net asset/(liability)	100.99	-
Expense recognised in statement of Profit and Loss Account		
Current service cost	99.52	84.86
Interest on defined benefit Obligation	175.79	166.18
Expected return on plan assets	(193.37)	(157.74)
Net Actuarial losses/(gain) recognized	218.41	355.51
Amount included in Employee Benefit Expense	300.35	448.81

Notes on Financial Statements (Contd.)

for the year ended 31st March, 2014

	For the period ended	
	2013-14	2012-13
Category of Plan Assets		
GOI Securities	0.20	0.38
LIC	58.37	58.53
PSU/State Government Securities	5.04	5.50
ICICI Prudential Life Insurance	36.39	35.59
Financial assumptions at the valuation date		
Discounted rate %	9.35	8.00
Estimated rate of Return on plan assets %	8.80	8.80
Salary escalation over & above highest of salary in grade %	1.00	1.00
	2014	2013
2.35 DIVIDEND REMITTANCE IN FOREIGN CURRENCY		
Number of non-resident shareholders	157	160
Number of shares held by them on which dividend was paid	342,257	423,267
Amount remitted - net of tax	3.42	0.85

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. The 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** The Company had paid ₹ 362.22 Lacs towards the invocation of Corporate Guarantee given to a Bank on behalf of Speciality Coatings and Laminations Ltd (SPCL). It has also extended fresh inter corporate deposit of ₹ 50 Lacs (₹ 51.98 Lacs with interest) for O.T.S. with Oriental Bank of Commerce & further it has also to recover ₹ 27.41 Lacs against supplies made to SPCL. The Company is hopeful of recovering the said total amount of ₹ 441.61 Lacs out of disposal of the assets of SPCL and hence, no provision has been made in the books of accounts.
- 2.38** The Company has investment of ₹ 4540.86 Lacs in Shree Rama Newsprint Ltd. and ₹ 94.96 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 ₹ 3104.37 Lacs and ₹ 66.76 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.
- 2.39** Provision for Income Tax has been made in accordance with Section 115JB of Income Tax Act, 1961. However, Management expects that it would earn sufficient taxable income in future and therefore will be in a position to pay normal tax within the period specified under the said Act and accordingly MAT credit entitlement of ₹ 3668.24 Lacs (Current Year ₹ 153.82 Lacs) has been recognized.
- 2.40** 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 Registration No. 101048W

P. K. Mundra
 Company Secretary

Saurabh Bangur
 Vice - Chairman

Sanjay Kothari
 Director

R. D. Hangekar
 Partner
 Membership No: 30615

M. P. Taparia
 Director

Krishna Kumar Karwa
 Director

Lt. Gen (Retd.) Utpal Bhattacharyya
 Director

K. L. Chandak
 Executive Director

Place : Mumbai
 Date : 13th May, 2014

Ten Year Highlights

		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PRODUCTION											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	310,002	3,17,808	308,230	267,005	173,638	173,682	169,891	178,871	176,221	173,070
OPTICAL FIBRE CABLE	Km	20,686	20,242	20,184	27,951	18,003	16,787	22,829	7,060	6,303	8,090
JFTC	CKm	–	–	–	78	–	–	–	165,407	512,170	275,846
CONTROL CABLE	CKm	–	–	341	251	14	–	–	–	–	–
SALES											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	298,682	3,21,018	305,818	267,992	175,194	170,686	170,193	179,915	180,397	168,315
OPTICAL FIBRE CABLE	Km	21,053	20,161	20,308	27,985	17,790	16,762	22,836	7,105	6,593	7,774
JFTC	CKm	–	–	–	78	–	–	119	165,288	525,502	264,438
CONTROL CABLE	CKm	–	–	337	248	14	–	–	–	–	–
OPERATING RESULTS											
TURNOVER	₹/Lacs	165,483	154,125	136,620	110,887	65,050	66,271	65,352	61,944	60,684	53,335
GROSS PROFIT	₹/Lacs	14,114	20,084	15,866	18,919	10,524	12,036	11,438	9,552	6,922	5,649
DEPRECIATION	₹/Lacs	12,719	17,629	20,535	9,610	2,377	1,990	2,043	2,098	3,695	1,893
TAXATION	₹/Lacs	166	372	–	1,900	1,400	1,149	1,095	862	300	295
MAT CREDIT ENTITLEMENT	₹/Lacs	(154)	(335)	–	(1,809)	(1,370)	–	–	–	–	–
DEFERRED TAX	₹/Lacs	720	607	(1,314)	210	2,647	(157)	110	(54)	(276)	395
NET PROFIT/(LOSS)	₹/Lacs	663	1,811	(3,356)	9,008	5,470	9,054	8,190	6,646	3,203	3,066
DIVIDEND	₹/Lacs	660	660	206	1,807	1,807	1,258	1,721	1,341	1,341	1,341
FINANCIAL POSITION											
GROSS BLOCK	₹/Lacs	205,632	201,596	198,706	185,045	186,542	161,798	80,141	48,467	46,514	46,074
DEPRECIATION	₹/Lacs	80,866	69,565	52,570	32,205	31,290	29,112	27,022	25,309	22,584	19,863
NET BLOCK	₹/Lacs	124,766	132,031	146,136	152,840	155,252	132,686	53,119	23,158	23,930	26,211
PAID UP CAPITAL	₹/Lacs	1,321	1,321	1,255	7,755	7,755	7,708	1,425	894	894	894
RESERVES & SURPLUS	₹/Lacs	58,345	58,455	55,698	59,293	52,378	49,070	38,771	22,324	17,246	15,573
NET WORTH	₹/Lacs	59,666	59,776	56,953	67,048	60,133	56,778	40,196	23,218	18,140	16,467
BORROWINGS	₹/Lacs	106,608	108,063	126,365	121,246	123,471	117,365	40,616	17,407	16,588	22,922
CAPITAL EMPLOYED	₹/Lacs	166,274	167,839	183,318	188,294	183,604	174,143	80,812	40,625	34,728	39,389
SOME SELECTED RATIOS											
EARNINGS PER SHARE (₹ 2) (BASIC)	₹	1	9	4	14	9	16	17	15	7	7
BOOK VALUE PER SHARE	₹	90	91	91	107	96	94	70	52	41	37
DIVIDEND [EQUITY SHARES]	%	50	50	10	100	100	100	150	150	150	150
DEBT EQUITY RATIO		64:36	64:36	69:31	64:36	67:33	67:33	50:50	43:57	48:52	58:42

Corporate Information

BOARD OF DIRECTORS

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

MANAGEMENT TEAM

Paper and Duplex Board Division

CORPORATE OFFICE

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

WORKS

Shri B.H Rathi, *President (Technical)*
 Shri B.K Bhuyan, *Senior Vice-President (Operations)*

TELECOM CABLE DIVISION

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

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

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

CORPORATE OFFICE

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 Bangalore – 560 001
 Ph. : 080 – 22231828-1837, 41120001-0006
 Fax : 080 - 22231838, 22241916
 E-mail : wcpm.sale@westcoastpaper.com

ZONAL OFFICES

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 Fax : 011- 23284913
 E-mail : wcpm.north@westcoastpaper.com

East Zone

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

West Zone

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 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, 42359709
 Fax : 044 28117013
 E-mail : wcpm.south@westcoastpaper.com

TELECOM CABLE DIVISION

Sudarshan Telecom

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This Annual Report has been printed on **Wesco Classic**
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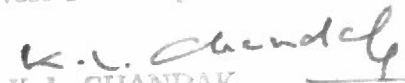


FORM A

Covering letter of the annual audit report to be 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 2014
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