

# REAL SOLUTIONS. REAL GROWTH POTENTIAL.

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THE WEST COAST PAPER MILLS LIMITED  
[www.westcoastpaper.com](http://www.westcoastpaper.com)



THE WEST COAST PAPER MILLS LIMITED  
ANNUAL REPORT 2009-10

West Coast Paper Mills Limited is one of India’s largest integrated paper and paperboard manufacturing company.

REAL SOLUTIONS.  
REAL GROWTH POTENTIAL.

- In an industry, fraught with challenges and mired with more myths than facts,
- We believed in our conviction. We chased our dream. Unbounded and unrestrained.
- Inspired by our strong commitment to sustainability and inclusive growth.
- Propelled by our deep-rooted understanding of every single nuance of the business, we executed our plans successfully.

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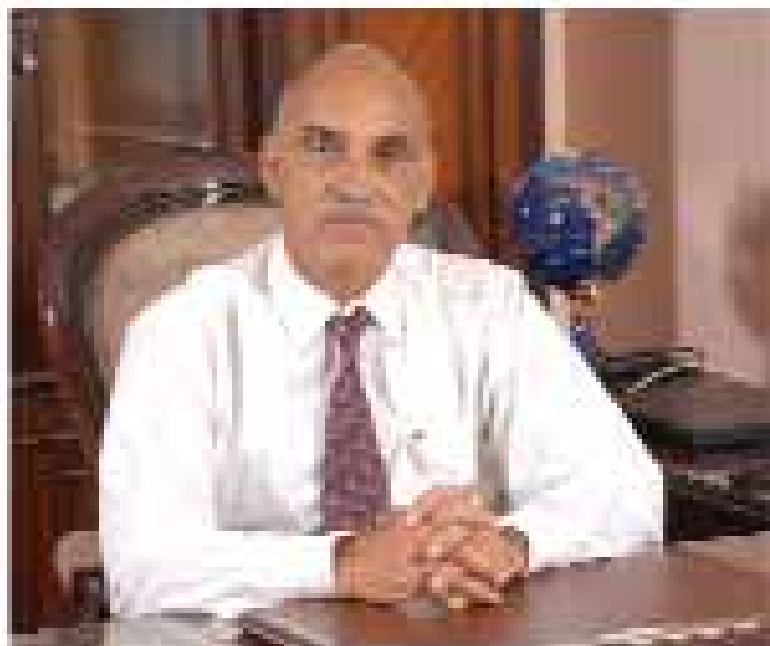


- To devise holistic, real solutions that will provide us a pivotal position of strength, scale, efficiencies through technologically advanced and environment-friendly operations ushering sustainability.



- Real solutions that have ensured that the Company is now self-sufficient in power.
- Real solutions where the sustainable backward integration plans gain momentum.
- Real solutions where five decades of experience meet the technology of today to usher value for all stakeholders.





## FROM THE CHAIRMAN'S DESK



### *Dear Shareholders,*

The year 2009-10 is a historic and a very important one for us at West Coast Paper Mills. Four years ago, we had chalked out a strategic roadmap to achieve a completely new level of modernisation and scale. During this period, the focus has been on the implementation and execution of this vision. This process is now completed. Our new plant is commissioned and production is on stream. It is, thus, a moment of pride and a matter of immense satisfaction that a project of such a large scale and magnitude has been successfully completed.

To place the achievement in the right perspective, let me take you back to the early days, when West Coast Paper Mills was set up. Our installed capacity nearly five decades ago was around 60 tonnes of paper a day and we were manufacturing about 6 varieties of paper. We have since come a long way. Today, after the successful commissioning of our new plant, we can manufacture nearly 900 MT of paper a day (as against 500 MT before expansion) and manufacture 100s of varieties of paper and paperboard of grammage varying from 45 gsm to 600 gsm – quality which is at par with the best in the industry.

Our investment in modern technology has also ensured that efficiencies are infused across all processes, giving key importance to environment sustainability and energy efficiency. At the same time, our efforts in the 'Contract for Farming' scheme

continue to gain momentum as farmers begin to see the benefits reaped by their fellow community members. We expect raw material from the Company's 'Contract for Farming' scheme to be available from 2012 onwards.

Thus, we have ushered scale and sustainability, maintained our eco-friendly commitment and have successfully maneuvered our Company to the beginning of the next era of our continuing evolution.

Fortunately, this new era coincides with the time when the economy has turned around. India's economic growth is set to accelerate in 2010-11 to an estimated 9% in 2011-12. The economy has already grown to 7.4% in the year ended 31<sup>st</sup> March 2010 from 6.7% in the previous year. Demand for paper is directly linked to the GDP growth and prosperity. The paper industry will also benefit from the growing thrust on education. Foreign publishers today look at India as an important destination for their printing solutions. The printing industry is expanding at a rate of nearly 15% p.a. The growth of the service sector also fuels demand for paper. Thus, the paper industry is expected to grow at a compounded annual growth rate of over 8 % per annum.

Our product-mix is perfectly suited to cater to the growing

demand segments, right from paper for commercial printing, note book, computer stationery, copiers, etc. We continue to enjoy a leading position in specialty paper (MICR cheque paper and security paper), which has a year round institutional demand.

In addition, the new plant, through modern technology, will provide us even more superior quality copier paper – which is whiter, brighter, stronger, and very importantly is eco-friendly. With our strong marketing set-up and well-networked distribution channels, we are confident of reaching out to the expanding consumer base across the country. With the ability to manufacture superior quality of paper at par with international standards, we will also have ample opportunities opening up in the overseas market.

Concluding on this very positive note, I take this opportunity to thank all our stakeholders for their trust and continued support. On behalf of the management of West Coast Paper Mills, I would also like to thank all the employees of the Company for their untiring efforts and deep commitment which has played an important role in the Company's achievements.

**S.K. Bangur**

Chairman & Managing Director

“ Foreign publishers today look at India as an important destination for their printing solutions. The printing industry is expanding at a rate of nearly 15% p.a. The growth of the service sector fuels demand for paper. ”

## Mr. K.L. Chandak, Executive Director shares his views on the Company's performance and industry outlook



“ The increased focus on the education sector will promote demand in the domestic segment. The overall turnaround in the economic scenario leads to positive demand sentiments. ”



### How would you rate the FY 09-10 at West Cost Paper Mills?

We would have liked to post better numbers. However, the sluggish demand conditions, which had prevailed since October 2008 continued for several months into 2009-10, and this has impacted the Company's performance. This period also coincided with the capacity addition across the industry and increase in raw material costs. The increase in raw material, fuel, chemical cost impacted the entire industry. As competition was fierce, it was not possible for the industry to increase prices, and hence the margin remained under pressure.

Further, trial runs in the last two quarters and synchronisation with the old plant impacted regular production at our facilities and thus the overall financials.

But this is a small aberration from the otherwise sustained revenue and profitable growth that we have maintained over last several years. FY 09-10 is of far greater importance than only short-term results, and needs to be looked at in the overall focused business strategy of the Company.

### With the expansion plans now completed, what are the key advantages and benefits to the Company?

Operations have already commenced at our new 725 TPD Fiber Line. This Metso unit has replaced our old pulp line and has facilitated the transition to Elemental Chlorine Free (ECF) pulping, a very important milestone which has reduced pollution load substantially.

Secondly, our Voith-supplied 1,35,000 tonnes/year uncoated fine paper machine (PM VI) is now upstream. The machine has

an operating speed of 1,000 m/min (speed in design is 1,200 m/min). To put it simply, it means we can produce 1,000 meters of paper in a minute at our new plant. Plus we can manufacture paper in a wide range from 45 gsm to 90 gsm.

In addition, we already have five other paper machines with a total capacity of 1,80,000 tonnes of paper, paperboard and duplex board.

Thus, the key advantages are scale, efficiency and sustainability. Our manufacturing capacity has increased from 500 MT per day to 900 MT per day. Both Metso and Voith are global majors and the fully automated machinery and integrated technology supplied by them is at par with the best of international standards. This enables environment-friendly operations and better utilisation of raw material, thus, infusing operational efficiencies at all stages of manufacturing.

To explain, though our production capacity will increase by 78%; fresh water requirement will go up by only 20%, overall raw material consumption will reduce by nearly 10% per tonne of pulp, consumption of utilities like chemicals, steam and energy will also be lower. With better quality of pulp, the overall quality of the paper produced by the Company will be far superior.

We continue to be self-sufficient in power. All these benefits are favourable to increased revenue generation and margin.

### Has the demand outlook improved now?

Yes, certainly. Economic growth has accelerated. The increased focus on the education sector will promote demand in the

domestic segment. The overall turnaround in the economic scenario leads to positive demand sentiments. Even the fear of over capacity, etc. is now completely way behind us. The international paper industry scenario especially in the emerging market is strong.

### What are some of the challenges facing the industry and what are the factors that could hamper its growth?

The primary challenge for the paper manufacturing industry is raw material shortage, followed by technical obsolescence which impacts efficiency and quality.

Raw material is the biggest challenge for the industry. As you will be aware, governing laws don't permit the leasing of land; further a wood-based industry is expected to raise raw material outside the forest, and there is a ceiling on land holding restricted to 54 acres per person.

At the same time, it needs to be mentioned that consumption of wood by the Indian paper industry is very low (estimated at 3%), compared to nearly 90% which is consumed for fuel. Plus, paper is truly recyclable and bio-degradable. The paper industry is dependent on agro forestry; hence the industry too is keen to promote development of green patches.

Under agro-forestry the pulp wood trees are harvested after 5 years whereas as the number of trees planted are more than those harvested. This cycle makes our industry a sustainable one.



### Is there is a solution to this?

Land is required to grow more trees. Even if we keep aside land which is currently being used for economic farming activities, it is estimated that there is about 100 million hectares of wasteland and nearly 32 million hectares of degraded forest land in India, which needs urgent attention for greening.

Through better technologies, it is possible to grow trees even on fallow land. The entire Indian paper industry put together requires only about 1.8 to 2 million hectares to meet 50% of the total wood requirement.

Thus, right government thrust can help the Indian paper industry overcome the raw material challenge it faces.

Regarding technology obsolescence, at West Coast Paper Mills, we have already undertaken and executed large-scale modernisation plans.

### With increased capacity, how will West Coast Paper Mills address the additional raw material requirement?

We use Eucalyptus, Casuarina, Subabul and other hardwood as raw material, and procure it from Karnataka and the adjoining states. The external procurement will continue from these sources. Even for the additional installed capacity, the sourcing of raw material in the immediate future will continue from the open market.

However, our hi-tech, one-to-one 'Contract for Farming' model for farmers whose land is fallow has gained momentum. We expect that wood from this 'Contract for Farming' scheme will be available from 2012 onwards. We are confident that about 50% of our total requirement of raw material will be met through this source.

### Is the Company confident of working at optimum capacity in the time to come?

Demand outlook is strong. We don't have surplus stock lying with us beyond bare basic quantity. Due to the broad range of our products (writing & printing, industrial, packaging, and specialty paper) - we service a broad base of customers. We have an established marketing set-up with a wide distribution network.

Now we will have even better quality products to offer our customers; hence, we have every reason for being optimistic and confident about the future.

### Will you continue to focus on the domestic market or are there plans underway to tap the export market?

We are confident of the domestic market absorbing our additional production. We will be focusing on the fast growing branded copier segment in the domestic market as well as the export market. Processes for acquiring the prestigious Forest Stewardship Certification (FSC) in the future are ongoing. This certification is important to tap the developed market.

### Moving forward, what is the outlook for the Company?

The forthcoming years will be a crucial. We are confident of posting robust performance. Our well-thought business strategy for sustainable growth gives me the confidence to say so. Ability to manufacture 900 MT per day at one single site is probably the largest in the country.

So, whether it is capacity, technology, additional raw material supply, water, power, storage, dealership network, overall efficiency with environmental focus - we have infused strengths in each and every area of our business. We have an excellent product range and the best quality to offer our customers. By virtue of our diverse product range, we service institutional and retail segments.

The Company has shown excellent financial acumen by raising long-term debt at low rates. The entire expansion has been carried out at the existing location ensuring zero additional land cost.

The modern technology across each and every process will provide the Company significant margin improvement. Couple of years ahead, our backward integration measures will further boost our margin.

So, assuming the economic conditions remain favourable, we are raring to go.

“We are confident of the domestic market absorbing our additional production. We will be focusing on the high margin and fast growing branded copier segment in the domestic market.”



# TEN YEAR HIGHLIGHTS

		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
PRODUCTION											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	173638	173682	169891	178871	176221	173070	163714	151477	120293	120210
OPTICAL FIBRE CABLE	Km	18003	16787	22829	7060	6303	8090	6230	3889	4283	629
JFTC	CKm	-	-	-	165407	512170	275846	81971	18239	356048	7087
CONTROL CABLE	CKm	14	-	-	-	-	-	-	-	-	-
SALES											
PAPER/PAPER BOARD & MULTILAYER BOARD	TONNES	175194	170686	170193	179915	180397	168315	162642	152046	124941	113864
OPTICAL FIBRE CABLE	Km	17790	16762	22836	7105	6593	7774	6319	4236	3997	648
JFTC	CKm	-	-	119	165288	525502	264438	87542	26345	347534	-
CONTROL CABLE	CKm	14	-	-	-	-	-	-	-	-	-
OPERATING RESULTS:											
TURNOVER	Rs./Lakhs	65050	66271	65352	61944	60684	53335	49184	52236	48719	39820
GROSS PROFIT	Rs./Lakhs	10524	12036	11438	9552	6922	5649	6057	6224	4934	4826
DEPRECIATION	Rs./Lakhs	2377	1990	2043	2098	3695	1893	1689	1823	1209	1028
TAXATION	Rs./Lakhs	1400	1149	1095	862	300	295	315	400	295	950
MAT CREDIT ENTITLEMENT	Rs./Lakhs	(1370)	-	-	-	-	-	-	-	-	-
DEFERRED TAX	Rs./Lakhs	2647	(157)	110	(54)	(276)	395	1209	397	244	-
NET PROFIT	Rs./Lakhs	5470	9054	8190	6646	3203	3066	2844	3604	3186	2848
DIVIDEND	Rs./Lakhs	1807	1258	1721	1341	1341	1341	894	760	581	447
FINANCIAL POSITION:											
GROSS BLOCK (Including assets on lease)	Rs./Lakhs	186542	161798	80141	48467	46514	46074	44504	39336	31499	18454
DEPRECIATION (Including assets on lease)	Rs./Lakhs	31290	29112	27022	25309	22584	19863	17614	15241	13204	7928
NET BLOCK	Rs./Lakhs	155252	132686	53119	23158	23930	26211	26890	24095	18295	10526
PAID UP CAPITAL	Rs./Lakhs	7755	7708	1425	894	894	894	894	894	894	894
RESERVES & SURPLUS	Rs./Lakhs	52378	49070	38771	22324	17246	15573	14036	12935	10188	9716
NET WORTH	Rs./Lakhs	60133	56778	40196	23218	18140	16467	14930	13829	11082	10610
BORROWINGS	Rs./Lakhs	123471	117365	40616	17407	16588	22922	20106	17553	17842	11876
CAPITAL EMPLOYED	Rs./Lakhs	183604	174143	80812	40625	34728	39389	35036	31382	28924	22486
SOME SELECTED RATIOS											
EARNINGS PER SHARE (Rs. 2) (BASIC)	Rs.	9	16	17	15	7	7	6	8	7	6
BOOK VALUE PER SHARE	Rs.	96	94	70	52	41	37	33	31	25	24
DIVIDEND (EQUITY SHARES)	%	100	100	150	150	150	150	100	85	65	50
DEBT EQUITY RATIO		67:33	67:33	50:50	43:57	48:52	58:42	57:43	56:44	62:38	53:47



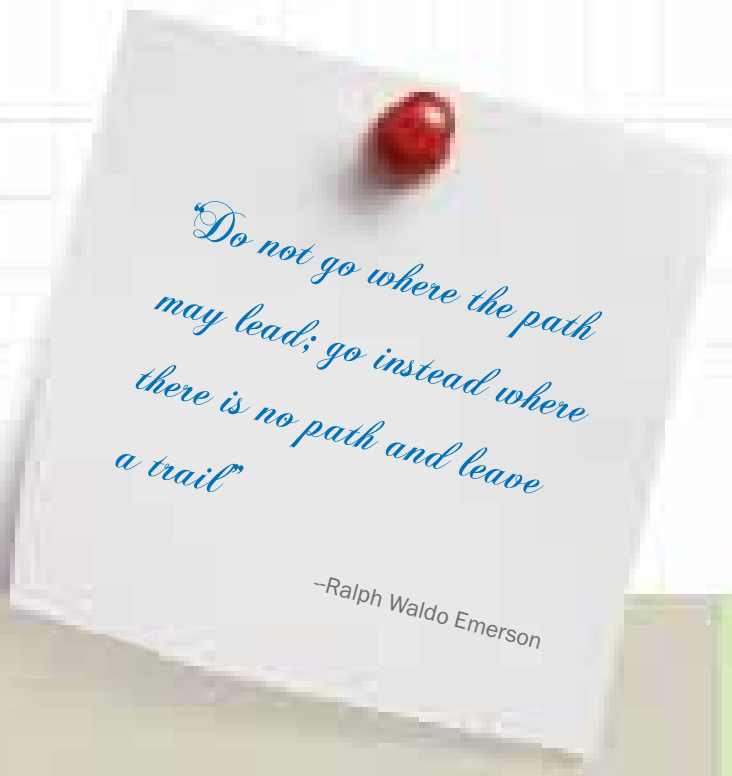
**REAL SOLUTIONS.**  
**REAL GROWTH POTENTIAL.**

Ushering a new era of growth

**A new dawn...**

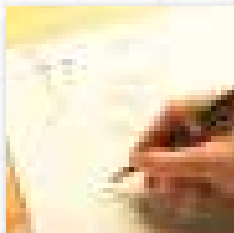
Heralded by the need to break the conventional deadlock of challenges faced by the industry - right from raw material shortage, high basic input costs, technical obsolescence, lower scale, inability to fully automate lowering efficiencies.

Impelled by the statutory Guidelines of the Corporate Responsibility for Environmental Protection (CREP), necessitating companies to adopt environment-friendly processes.

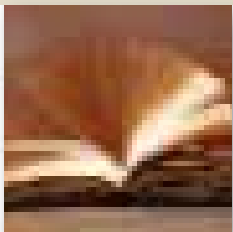


A dawn that was envisaged despite challenges, because we believed that the demand for paper is universal, real and can only increase over the years:

- Because we didn't need statistics to tell us that demand for quality paper can never perish
- Because we understood that paper is not a luxury but a necessity interwoven into every sphere of our lives

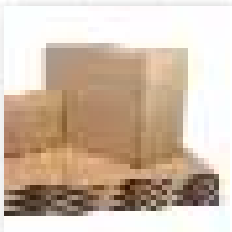
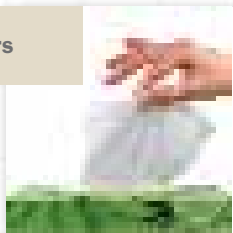
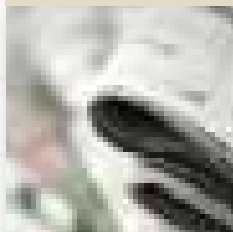


From agreements to holy books

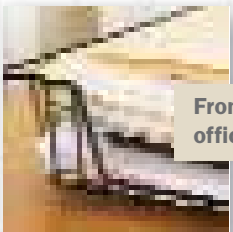


From soap wrappers to cheque books

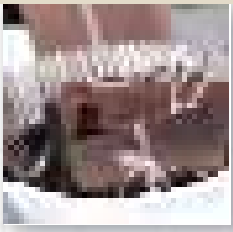
From newspapers to tissue papers



From large cartons reaching malls in metros to the notebooks used by children in remote villages



From copiers used across millions of commercial offices to wedding cards used by individuals



Demand for paper is intrinsic to life. The per capita consumption of paper in India is 8 kgs, as against the world average of 56 kgs. Even an increase by 1 kg per capita consumption leads to 1.2 million tonnes demand for paper.

Now as the expansion plans are completed, we are now even better placed to capture a significant pie of this industry where demand is perennial.





# REAL SOLUTIONS. REAL GROWTH POTENTIAL.

Leading to a new era of scale



The Company commenced commercial production over five decades ago with an initial capacity of 18,000 TPA, which was increased over the period by way of regular expansion/ modernisation programmes to 1,80,000 TPA. The latest expansion programme commenced from July 2007 and has increased the plant's paper manufacturing capacity from 1,80,000 TPA to 3,20,000 TPA.

The Company's existing pulping plant has been replaced with a completely, modernised 725 tonnes per day Elemental Chlorine Free (ECF) fiber line.

Along with the plant expansion, the Company has also successfully enhanced thermal power generation capacity from 40.3 MW to 70.3 MW. With this expansion, the Company continues to be not only self-sufficient in power but also has 20 MW exportable surplus.

The recently commissioned 1100 TPD along with the old 500 TPD Chemical Recovery Boilers with Oxygen Delignification Line (ODL) will generate more steam per tonne of pulp and thereby facilitate higher power generation.

Thus, through scaling of production capacity, the Company is poised to take a quantum leap to the next level in years to come.

# REAL SOLUTIONS. REAL GROWTH POTENTIAL.

Promoting a new level of operational efficiencies

## Modern pulping plant and technology will result in raw material efficiencies:

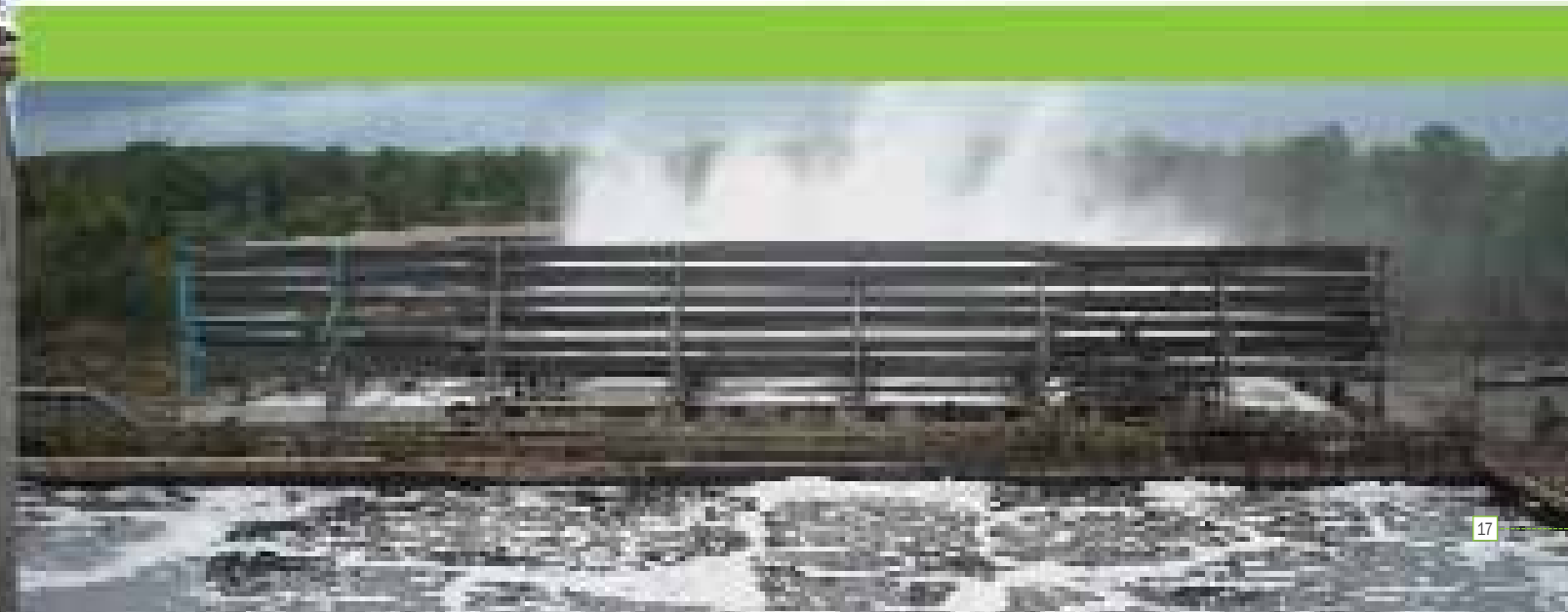
- Increase in unbleached pulp yield.
- Decrease in shrinkage loss.
- Decrease in raw material requirement by 10% as bleach pulp yield will increase.



## The commissioning of the new capacities will reduce consumption of utilities like power and water:

- The specific power consumption will be reduced due to installation of latest design, efficient equipments and pumps and changes in the processes as compared to the conventional fiberline.
- Through better technology and recycling, the Company will use less water in its processes – though the paper production capacity is increasing by 78%, water requirement will go up from 80,000 KL to maximum 1,00,000 KL i.e., by 20% only.

Thus, through the combination of scale with operational efficiencies, the Company is poised to improve its margin.



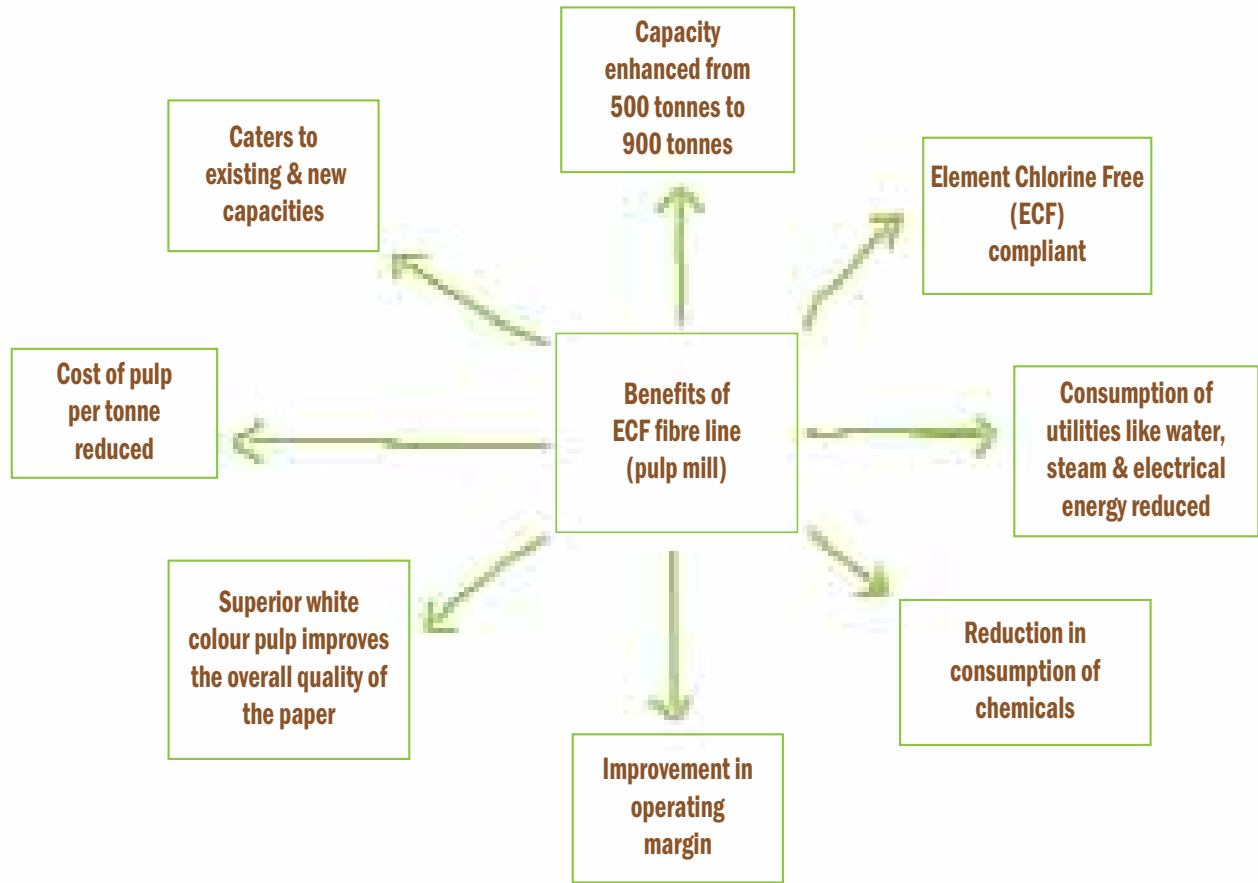
# REAL SOLUTIONS. REAL GROWTH POTENTIAL.

## Facilitating environment-friendly manufacturing of paper

The Company's expansion programme was undertaken with a view to ensuring long term sustainability, and with the commissioning of the new plant, it has now switched over to Elemental Chlorine Free (ECF) Technology.

Internationally, the focus has been to go in for elemental chlorine free bleaching to achieve:

- Recycling from bleach plant filtrates
- Reduction in discharge of pollutants
- Improved quality of pulp



The selection of the right state-of-the-art technology has infused significant efficiencies in the processes:

### I. Fibre line

- Super batch cooking plant, followed by Oxygen Delignification (ODL) and Elemental Chlorine Free (ECF) bleaching process ensures lower water consumption and reduced discharge.
- The ECF process bleaching with oxygen delignification ensures reduction in chemical demand for subsequent bleaching operations.
- The complete recycling of oxygen stage filtrate to chemical recovery operations ensures reduction of pollution load.
- The use of high consistency pumps in all process applications, coupled with use of filtrates and better recycling of water, ensures reduction of fresh water consumption.

### II. Installation of falling film evaporator for black liquor evaporation

- The high steam economy here reduces the steam consumption for evaporation, and thereby leads to reduction in coal consumption.

### III. New chemical recovery boiler

- Installation of the new chemical recovery boiler is

designed to fire a higher solid percentage in black liquor, with better air flow control, and maintain the required temperature conditions. This will lead to a less carry-over of chemical particles, reducing the entry of particulate in electro static precipitator, thus resulting in lower emission. With the increase in hearth temperature and elimination of direct contact evaporators, emission is minimised.

### IV. Lime sludge re-burning kiln

- The installation of the new modern lime mud re-burning kiln enables the burning of non-condensable gases also making it energy efficient and environment-friendly.

### V. Non-condensable gases (NCG) burning system

- Installation of NCG collection and incineration system to reduce odour.

### VI. Dust suppression system

- Installation for dust suppression in coal yard.

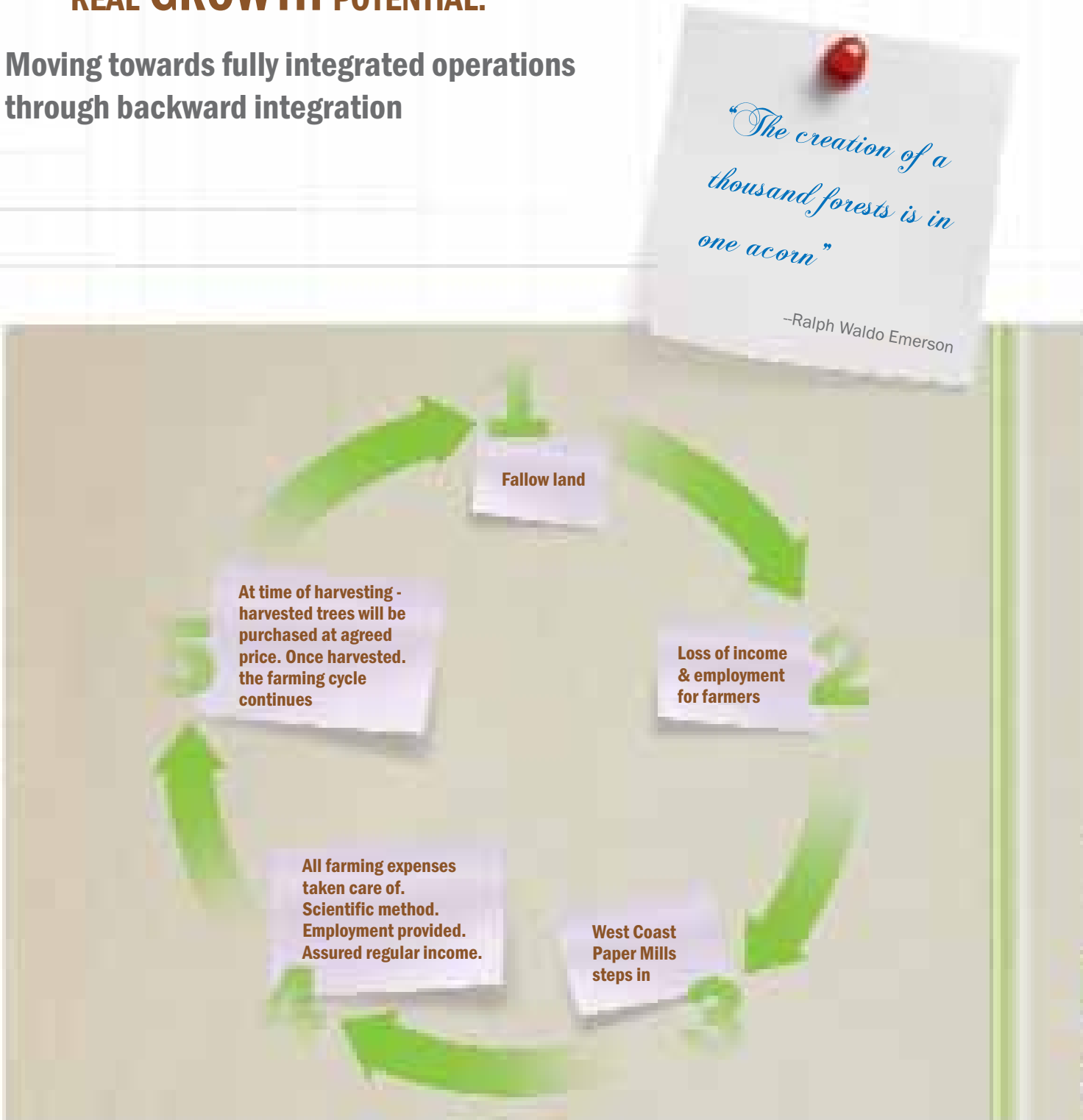
Thus, Elemental Chlorine Free (ECF) compliant pulp plant and the use of modern technology results in lower consumption of utilities and at the same time improves the brightness and whiteness of the paper.



Thus, by adopting advanced technology, the Company is geared to play its role in curbing pollution and help in adapting to climate change.

# REAL SOLUTIONS. REAL GROWTH POTENTIAL.

## Moving towards fully integrated operations through backward integration



Fallow land. Degraded land. Wasteland.

The result is loss of income and employment for the farming community.

West Coast Paper Mills, over years, has worked closely with the farmer communities and demonstrated to them how scientific farming methods can change fortunes for them.

Beginning several years ago, helping with simple distribution of quality seedlings and assisting farmers with modern agricultural practices, West Coast Paper Mills could successfully convert the initial fear, skepticism into trust and respect.

The Company has now evolved a unique ‘Contract for Farming’ scheme which has proved to be not only a lifeline for cultivators but also serves as a model that facilitates excellent yield on land.

### One-to-one ‘Contract for Farming’ agreement

The unique model takes into account prevailing legal requirements and does not entitle any rights as to the title, ownership, nor does it in any way alienate the land property, nor is it mortgaged, leased, sub leased. Under the agreement the Company grows trees on the fallow land, providing everything from the seedlings, scientific farming technology, and infrastructural facilities to final harvesting.

The Company currently has 16,200 acres already covered, and expects to add another 10,000 acres in the forthcoming rain year 2010. The Company’s one-to-one ‘Contract for Farming’ scheme envisages that about 40,000 hectares of land will be added in the coming years, thus taking care of a major portion of its raw material requirement.

### Advantages to the farmer community

- Employment for 450 man days per hectare, per annum for the local population in the nursery operations, tending to saplings, planting, weeding, watch & ward, harvesting, etc. The Company’s clonal orchards, nurseries, mist chambers (green houses) are within a 10 km radius of the facility at Dandeli.
- Fodder is grown along with the trees in the plantation area – this will provide high protein fodder (free of cost) for cattle.
- The scheme will facilitate the regenerating of the ground water levels of these degraded waste lands.
- It will help in preventing soil erosion, enhance the productivity of these lands and positively influence ecology, environment, flora and fauna.
- Farmer is paid a predetermined rate for the crop.

- The entire risk in the activity is borne by the Company (no investment or money is spent by the farmer during the period).

### Benefits to the local community

- Farmers and villagers in surrounding localities will be allowed to use lops and tops as fuel wood free of cost and thus the local population will have a vested interest in maintaining the agro forestry.
- This free usage also consequently reduces the pressure on naturally grown forest for fuel wood, etc.
- The soil conservation and water conservation measures observed along the contour of the land have resulted in checking the soil erosion and 100% rain water harvest. This has enhanced the ground water level in the surrounding areas. Creation of pond and deepening of tank is done to meet the water requirement of cattle population of surrounding villages during summer.
- Ensuring the sustainability of local ecology, environment and also flora and fauna.

### Benefits to West Coast Paper Mills

- Will facilitate a continuous flow of raw material
- Quality planting material will yield 100MT per hectare, compared to 25MT per hectare from unimproved varieties
- Raw material procurement distance will reduce from 650 kms to 250 kms by 2012-13
- Benefits of carbon credit will accrue
- Substituting import of pulp, thereby saving huge foreign exchange







## Success drivers for the scheme

### 1. Scientific, technology-led approach

West Coast Paper Mills has adopted a scientific approach for tree improvement to facilitate the effectiveness of land for productivity, suitability and sustainability for rural communities.

The ultimate objective of tree improvement is to produce quality planting stock and improvement is made from one generation to the next generation. Again, this activity is carried out in a completely scientific manner.

It is known that the productivity of the plantation can be increased sustainably by promoting technology-based plantations. Clonal forestry (tree improvement programme) is one such technology which has gained acceptance in India and is also adopted by the Company.

#### Clonal technology

To provide farmers with genetically superior, fast growing, disease resistant and best quality planting stock for improving the net returns from the plantations, research and development support is essential.

The research and development project of West Coast Paper Mills Ltd for tree improvement through application of clonal technology was launched in 1995.

Tree improvement through selection and multiplication of outstanding clones is achieved by:

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

Thus, through clonal technology, the Company is equipped to produce outstanding, high yielding, disease resistant planting stock of Eucalyptus, Acacia hybrid and Casuarina on large scale for mass propagation.

### 2. Location advantages

The manufacturing facilities of West Coast Paper Mill spread across 240 acres are located at Dandeli in Karnataka. The location of the mill in the heart of thick forests at Dandeli is perfectly suited for a paper mill with the river Kali flowing in close proximity. The region also provides abundant manpower supply.

Along with the inherent advantages, the facility has

excellent road infrastructure connecting it to key wood supplying markets and also smooth dispatching of paper/paperboard.

The agricultural condition of the soil and surrounding region is suitable to 'Contract for Farming' initiatives. Importantly, West Coast Paper Mills is the only large paper mill in this region. There are probably just 4-5 other states in the country where a similar scheme can probably be commenced but not all states provide the exclusive location advantage enjoyed by West Coast Paper Mills.

### Future forward - Forest Stewardship Certification (FSC)

With the help of the backward farming initiatives, the Company has taken active steps to achieve the prestigious Forest Stewardship Council (FSC) certification – one of the world's most widely recognised forest management standards and world's most widely recognised forest certification programme. Products carrying the FSC label are independently certified to assure consumers that they come from forests that are managed to meet the social, economic and ecological needs of present and future generations. This certification will further promote growth and will be an added advantage to the Company's branding efforts in the copier segment.



Thus, by proactively responding to the challenges of sustainable development and raw material availability, the Company is creating value and prosperity for its stakeholders and the surrounding communities over the long term.



**REAL SOLUTIONS.**  
**REAL GROWTH** POTENTIAL.

**Made possible by excellent financial acumen**

The Company has raised USD 165 Million for the expansion through Foreign Currency Loan/External Commercial Borrowing with interest rate of 2.19% per annum as of 31.3.2010.

Margin improvement is expected as volumes scale due to

the efficiencies imbibed by the new technologies, change of raw material mix, and improvement in the product mix, economies of scale and low interest rate burden. In future, the Company may also enjoy additional revenue potential from sale of carbon credit on new pulp-line and plantation.



Result: Thus, with the strong foundation of strengths completely laid out, as full-scale production takes place over the next few years, we are confident that our financials will reflect the benefits of our concentrated and concrete action.

# CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility is interwoven into the core business activities of the Company which aims to usher inclusive development through various initiatives in education, health, and environment and promote overall development in and around the Dandeli region of Karnataka.

### Initiatives in education

In line with its stated commitment to social welfare and upliftment, the Company has woven the philosophy of Corporate Social Responsibility into its core business activities.

The Company's CSR thrust is aimed at ushering inclusive development through various initiatives in education, health, and environment, and to promote overall development in and around the Dandeli region of Karnataka.

### Initiatives in education

The urban-rural gap in education is a matter of serious concern in India, where over three - fifths of colleges imparting courses in general education are located in urban areas. In the case of technical and professional colleges, the figure is over 80 per cent. In contrast, the non-urban areas and particularly rural India, where about 65 per cent of the population lives, have less than 20 per cent of the country's professional colleges, leaving a wide gap to fill.

West Coast Paper Mills, as a part of its overall CSR objective to raise the bar in inclusive development, has undertaken various initiatives in the field of education, ensuring that quality education from the primary to the professional level is accessible to children and youth in the Dandeli region.

The Company plays a key role in maintenance and management of the Dandeli Education Society, a reputed educational institute running quality schools, degree level colleges in the field of Arts, Science and Commerce and various professional courses, including courses in pulp and paper science, industrial chemistry, microbiology, functional English, etc. Through it's 'Vidya Vardhak Student Financial Aid Programme', the Company provides annual scholarships and financial aid to the needy as well as well-deserving students. Distribution of notebooks and uniforms, besides initiatives to promote a healthy environment for the overall development of the student, are also part of the Company's education programme.

The institution, located within the Dandeli township of the Company, caters to over 2,000 students - many of whom have gone one to become professional doctors, engineers, PHDs, post graduates, indicating the rich quality of education being imparted and the high level of care taken to retain competent and

committed teachers, the adoption of modern teaching-learning materials, laboratory, libraries, etc.

### Social service initiatives

Provision of basic amenities also forms a key initiative of West Coast Paper Mills, which has been painstakingly working towards enhancement of living standards of the people in the neighbouring villages.

The Company undertakes various healthcare initiatives, which include the supply of clean drinking water and provision of rural healthcare to the neighbouring villages. As part of its 'Jal Nirmal Yojana', the Company installs hand pumps, overhead water tanks and even water tanks for cattle.

Under a holistic healthcare initiative, the Company also maintains a 30-bed hospital with medical facilities such as OT, X-ray Unit, ECG, ultra sonography and physiotherapy units. In an effort to reach out to the people living in the interior areas, the Company maintains and runs well-equipped mobile health units, and, besides medical health check-ups, also provides free medicines to the people of the region.

Animals, which are an important resource for the villagers, are also brought by the Company within the ambit of its healthcare activities. The Company extends various healthcare schemes for cattle in the surrounding areas through regular health camps and vaccinations drives, etc.

### Initiatives in industrial health and safety

The Company's CSR net also extends to its own employees and workers. As part of its efforts to promote industrial health and safety within its own work environment, the Company conducts regular training programmes and on-site training sessions for the workmen. These programmes are aimed increasing their consciousness towards work place safety. Safety apparel like helmets, safety belts, goggles, gloves and gumboots are provided to the workmen. First aid facilities are provided at the work place, and additional medical facilities like availability of ambulance is provided round the clock. All efforts are made to ensure an obstruction-free environment at the work place. The DNV OHSAS 18001 (2007) certification held by the Company reinforces its commitment to occupational health and safety standard and the compliance to best practices.



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT



“ The turnaround in India’s economic growth came in the second quarter of 2009-10 when the economy grew by 7.9%.The demand for paper is directly linked to the growth of the GDP of an economy.”

## I. ECONOMY OVERVIEW

### 1. Global economic overview

Economies around the world have been adversely affected by the financial crisis and slump in activity in 2008-09. The advanced economies experienced an unprecedented 7½% decline in real GDP during the fourth quarter of 2008, and output is estimated to have continued to fall almost as fast during the first quarter of 2009. Although the U.S. economy suffered most from intensified financial strains and the continued fall in the housing sector, western Europe and advanced Asia were also hit hard by the collapse in global trade, as well as by rising financial problems of their own economies and housing corrections in some national markets.

However, since second half of 2009, the economic growth has solidified and was off to a stronger start than anticipated earlier but is proceeding at different speeds in various regions. In 2010, world output is expected to rise by 4%. In most advanced economies, the recovery is expected to remain sluggish by past standards, whereas in many emerging and developing economies like India, activity is expected to be vigorous, largely driven by buoyant internal demand.

### Overview of the World Economic Outlook Projections

	Year-on-Year Projections			
	2008	2009	2010E	2011E
World output	3.0	-0.8	3.9	4.3
Advanced economies	0.5	-3.2	2.1	2.4
United States	0.4	-2.5	2.7	2.4
Euro area	0.6	-3.9	1.0	1.6
Germany	1.2	-4.8	1.5	1.9
France	0.3	-2.3	1.4	1.7
Italy	-1.0	-4.8	1.0	1.3
Spain	0.9	-3.6	-0.6	0.9
Japan	-1.2	-5.3	1.7	2.2
United Kingdom	0.5	-4.8	1.3	2.7
Canada	0.4	-2.6	2.6	3.6
Other advanced economies	1.7	-1.3	3.3	3.6
Newly industrialised				
Asian economies	1.7	-1.2	4.8	4.7
Emerging and developing economies	6.1	2.1	6.0	6.3

(Source: IMF – World Economic Outlook, January 2010)

### 2. Indian economic overview

Fiscal year 2009-10 commenced on a difficult note. The global financial crisis that began in 2007, led to a significant slowdown in the growth rate of the Indian economy in the second half of 2008-09. The growth rate of the Gross Domestic Product (GDP) in 2008-09 was 6.7% and apprehensions prevailed at the time that this trend would persist. However, the wide range of timely policy measures abated the negative fallout of the global economic slowdown in India. Over the span of the last fiscal year, the Indian economy has posted a remarkable recovery, not only in terms of overall growth figure but also displayed fundamental strength.

Fundamental strengths are indicated as firstly the economic growth has improved despite a delayed and severely subnormal monsoon which had added to the overall economic uncertainty and had led to a decline of 0.2% in agricultural output. Secondly, the economic growth accelerated due to renewed momentum in the manufacturing sector, which had seen a continuous decline in the growth rate for almost eight quarters since 2007-08. The manufacturing growth has more than doubled from 3.2% in 2008-09 to 8.9% in 2009-10. Thirdly, there has been a recovery in the growth rate of gross fixed capital formation, which had declined significantly in 2008-09.

The turnaround in India’s economic growth came in the second quarter of 2009-10 when the economy grew by 7.9%. The economy has grown at 7.4% in 2009-10, with the industrial and the service sectors growing at 9.3% and 8.5% respectively.

Though inflationary pressure may challenge policy makers, the government and the Planning Commission expect the Indian economy to grow at 8.5% in 2010-11 and 9% in 2011-12. A recent CII

survey expects the economy to grow to 8.5% in the current fiscal fuelled by rising capital investment and expanding exports. Due to the fundamental strengths and strong advances in private consumption and investment in the next two years, India’s economic growth is projected at 10% in 2011-12.

## II. INDUSTRY OVERVIEW

### A. PAPER & PAPER BOARD

#### 1. Industry structure and development

The demand for paper is directly linked to the growth of the GDP of an economy.

The pulp and paper industry is broadly classified into:

- i. Newsprint
- ii. Printing & writing
- iii. Industrial paper

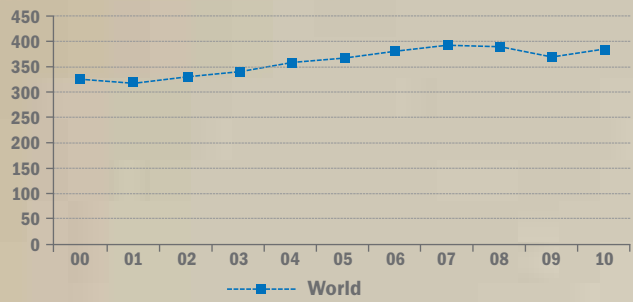
■ The printing & writing segment comprises of uncoated, coated and specialty paper. The uncoated segment is further classified into Creamwove, Maplitho and Branded Copier.

■ The printing & writing paper segment accounts for approximately 30% of the total paper production in the country. The creamwove segment accounts for 54%, Maplitho (including unbranded copier) 26%, branded copier 6%, and coated paper about 14% of the printing and writing paper segment. Printing & writing paper are mainly used for publications and communications.

■ The industrial paper is classified into Kraft paper, White Boards, MG Posters, Coated Duplex Boards and Grey Boards.

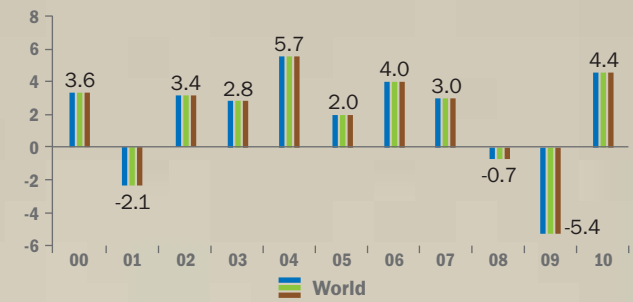


World Paper and Paperboard Production  
(Million Tonnes/Year)



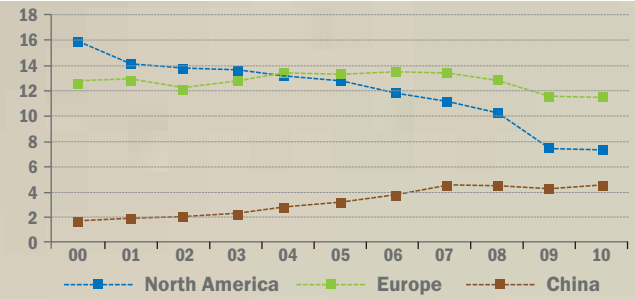
(Source: RISI & PricewaterhouseCoopers LLP (PwC), May 2010)

World Paper and Paperboard Production  
(%change)



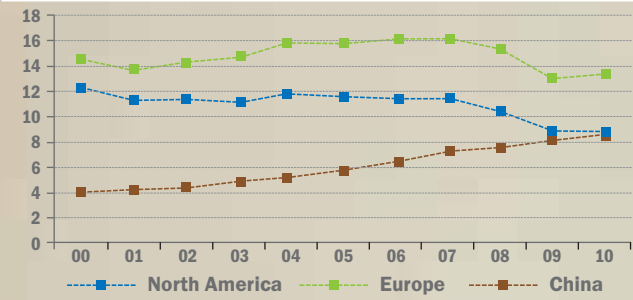
(Source: RISI & PricewaterhouseCoopers LLP (PwC), May 2010)

Production of Newsprint (Million Tonnes/Year)



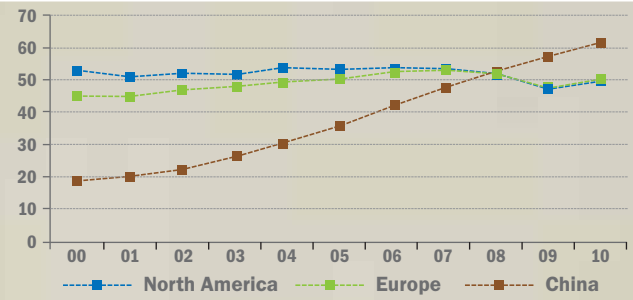
(Source: RISI & PricewaterhouseCoopers LLP (PwC), May 2010)

Production of Printing and Writing Paper  
(Million Tonnes/Year)



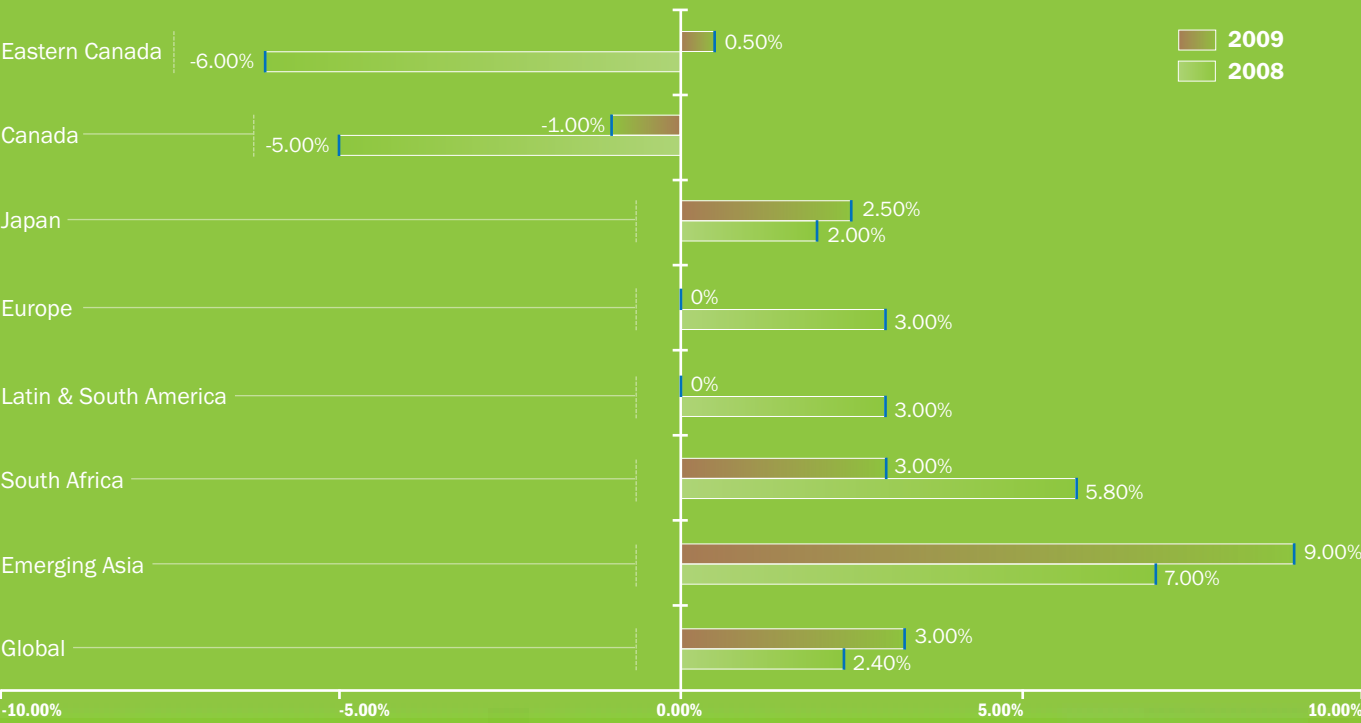
(Source: RISI & PricewaterhouseCoopers LLP (PwC), May 2010)

Production of Packaging Paper/Paperboard  
(Million Tonnes/Year)



(Source: RISI & PricewaterhouseCoopers LLP (PwC), May 2010)

Financial performance of forest & paper industry- Global Top 100: ROCE by Region



(Source : PricewaterhouseCoopers LLP)

## 2. Global developments

The global paper market is dominated by North America, Europe and Asia continents. The global crises also led to significant contraction in paper demand across mature markets especially across Western Europe and North America. The emerging of markets of China and India experienced much shorter and less contraction in demand.

The global paper and paperboard consumption is estimated at approximately around 402 million tonnes in 2009-10. As can be seen in the charts above, the global forest, paper and packing industry experienced dismal growth in 2009. Though with the increase in solid wood and pulp prices at the end of

2009 and the start of 2010, reflect a better demand scenario.

The adverse condition of the global industry was also reflected in financial performance of companies in this sector. A PricewaterhouseCoopers LLP (PwC) release at the Global Forest and Paper Industry Conference in May 2010, showed that the global Return on Capital Employed (ROCE), (which is a key metric of industry's financial health), for the Global Top 100 companies improved to an estimated 3.2% in 2009 from 2.4% in 2008. 75% of these companies generated ROCE of 7% or less.

Industry in Canada experienced the largest increase in ROCE on a percentage basis after the US. The real driver behind the U.S. increase related to the black liquor subsidy which has been estimated to be USD 6.5 billion in 2009 alone. This subsidy has since been withdrawn from January 2010. Without this subsidy, PwC estimates that the ROCE in the U.S. would break even or even be in the negative. The industry witnessed several global companies either increase down time or go out of business all across the supply chain. With changing scenario, it is expected that existing companies will utilize idle time though may face challenges in rebuilding supply chain components.

### Other global industry developments of significance

- China dumping: The year saw US initiate anti-dumping action against few Chinese producers who have dumped Coated Fine Paper in the U.S. market at margins ranging from 30% to 135%. The U.S. government in March 2010 indicated that the Chinese Coated Fine Paper producers receive substantial subsidies which encourage over-production and exports. As goods are expected to now move to EU, action is anticipated in the European Union. The EU Commission is already investigating the issue of similar paper been dumped from China into the EU. It is estimated that China is adding 2.7 million tonnes

of CFP production capacity in the next year alone, which is more than 50% of the entire annual EU market. The Indian paper industry has also sought protection on similar grounds to protect itself from dumping and over supply.

- Pulp prices: Pulp prices driven by the supply-side continue to firm up into 2010. Pulp prices are up almost 50% from one year ago. Several supply side challenges were witnessed in 2009 including the earthquake in Chile and a port strike in Finland. The earthquake in Chile affected pulp mills which accounted for 8% of the world supply. Resumption of these mills in future will lead to a decrease in pulp prices.

### 3. India industry overview

The Indian Paper Industry accounts for more than 2% of the world's production of paper and paperboard. The industry with an estimated turnover of over

Rs.35,000 crore contributes nearly Rs.3000 crore to the exchequer. The industry provides employment to more than 0.12 million people directly and 0.34 million people indirectly. The industry was delicensed effective from July, 1997 by the Government of India; foreign participation is permissible.

#### Structure of the Indian industry

In 1951, there were 17 paper mills, and today there are over 600 units engaged in the manufacture of paper and paperboards and newsprint in India. The pulp & paper industries in India have been categorised into large-scale and small-scale. The Indian paper industry comprises of both the organised as well as unorganised units. The large integrated wood based companies share 32% pie of the total production capacity levels with the remaining share being equally divided between the medium sized agro based companies and the small unorganised units.

The mills use a variety of raw material viz. wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc.; approximately 35% are based on chemical pulp, 44% on recycled fibre and 21% on agro-residues. To meet part of its raw material needs the industry has to rely on imported wood pulp and waste paper. Growth of paper industry in India has been constrained due to high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area

#### Current scenario

Since October 2008, the demand scenario was sluggish in line with the weak economic situation and this scenario persisted till the end of calendar year 2009. The Indian paper mills bore the brunt of dampening demand situation which took a toll of their overall production and realisations. The weak demand also coincided with new upcoming

growing rapidly. India is the fastest growing market for paper globally and it presents an exciting scenario as paper consumption is poised for a big leap forward in sync with the growth drivers.

### III. GROWTH DRIVERS

#### i. Economic growth

The Indian economy is expected to grow at 8.5% in 2010-11 and 9% in 2011-12. With the fundamental strengths and strong advances in private consumption and investment in next two years, the economy growth is projected at 10% in 2011-12.

Moving forward, India's GDP is set to quadruple over the next ten years and the country is likely to be a USD 4 trillion economy by 2020. According to the Economist Intelligence Unit (EIU), the research arm of London-based Economist magazine, India is expected to overtake China to become the world's fastest growing economy by 2018.

Particulars	Scale of operation (Tonnes per day)	No. of mills	Production share %
Large - integrated wood based	101 – 800 (Avg. 300)	33	32
Medium agro	Based 50 – 100 (Avg. 60)	165	34
Small waste paper	5 – 50 (Avg. 15)	458	34
<b>Total</b>		<b>656</b>	<b>100</b>



“ India is the fastest growing market for paper globally and it presents an exciting scenario as paper consumption is poised for a big leap forward in sync with the growth drivers.”

capacity from almost all the major paper mills, which created an oversupply of paper and paper products. Piling up of huge inventories together with new capacities and fear of imports from China and Indonesia kept prices in under pressure. However, since April 2010, the demand cycle reversed primarily driven by strong demand and closure of capacities in the world.

The growth in paper industry has mirrored the growth in GDP and the Indian paper industry has grown on an average 6-7% over the last few years. While the paper market in the developed countries is stagnating, paper consumption in India and China is

#### ii. Increasing literacy & government thrust on education

The literacy rate in the country has increased from 18.33% in 1951 to 65.38 per cent in 2001. Thus, in five decades, the literacy percentage had grown by 47.05% or by an average of 9.41% per decade.

The implementation of the Right of Children to Free and Compulsory Education Act, 2009, which assures free school facilities from Class I to VIII for children between 6 and 14, translates into a huge demand potential for the paper industry. The estimated numbers are bound to be huge as the law will bring on school rolls over one crore students who do not go to school now. Going by the thumb rule that each student uses about 10 kg of paper



“ With a readership base of over 250 million readers, India is the second largest print market in the world. ”

a year, enrolment of over one crore students will mean an additional demand for about one lakh tonnes of paper. The academic segment demand is growing by about 10% annually as the student population and paper usage increase.

The Government's existing Sarva Shiksha Abhiyan programme for education for all seeking compulsory education would contribute significantly to increasing the per capita consumption of paper.

The Government has increased the budget allocation for school education by 16% from Rs. 26,800 crore in 2009-10 to Rs. 31,036 crore in 2010-11. Further, the additional fund allocation to states amounting to Rs.3,675 crore for elementary education under the Thirteenth Finance Commission grants for 2010-11 will provide more fillip to the demand of printing and writing paper.

### iii. Urbanisation, changing demographics

Urbanisation is an inevitable part of a country's economic evolution. Indian cities are home to an estimated 340 million people, or 30% of the population. It is estimated that India's population will reach 1.47 billion with around 40% urbanisation. That means close to 590 million will be living in cities which are nearly twice the population of the USA today. This will be the fastest addition to the urban population of any country in history outside China, according to a study by the McKinsey Global Institute (MGI).

Unlike other countries grappling with aging population

and rising dependency ratios, India has a young and rapidly growing population. It is estimated that nearly 180 million new job seekers will enter India's work force over the next two decades.

### iv. Increasing consumerism

The MGI report estimates that India's middle class is expected to increase by more than ten times from its current size of 50 million to 583 million people by 2025. And over 23 million Indians (more than the present population of Australia today) are expected to be counted as billionaires. By 2025, it is forecasted that India will become the 5th largest consumer market, surpassing Germany. Higher urbanisation and consumerism have been the key drivers for the structural changes in India. The increasing disposable incomes and lifestyle changes have changed the consumer outlook and preferences providing a growth thrust to the economy.

Further, it is estimated that the gross domestic savings in India would grow by 3.8 times from Rs.19 trillion in 2009 to Rs.72 trillion by the end of the next decade. This increased savings could lead to a huge surge in domestic consumption expenditure which is set to triple from Rs. 30 trillion in 2009 to Rs.113 trillion in 2020.

Thus, India's large and growing domestic market with increasing purchasing power and consumerism, are strong growth drivers for the paper industry.

### v. Service sector thrust

As the economy develops on the back of growth in real

sectors like manufacturing, industrial production, agriculture, etc., it is supported by ancillary services like banking and insurance from the financial services sector. Other critical services which are expected to grow along with the forward march of the economy are education, healthcare, recreation and IT services.

The growth in the service sector propels demand for office supplies. To provide an illustration: It is estimated that for every candidate an IT company recruits, paper manufacturers sell over five reams, about 2,500 sheets, of copier paper directly related to the recruitment process in the form of letters, instructions and training manuals. Backed by demand from the service sectors, the copier paper market is expected to grow at 14% over the next few years.

### vi. Printing industry

The fast growing printing industry and increasing focus towards niche sector magazines are the other factors driving growth for paper industry. With a readership base of over 250 million readers, India is the second largest print market in the world. Long term prospects for growth remain favourable as there is a population of approximately 359 million who are literate but do not currently read any publication in India. Revenues from newspaper publishing are expected to grow at CAGR of 9.1% over the next 5 years and are projected to reach Rs. 245.4 billion by 2013. The magazine publishing segment is expected to grow at a CAGR of 8.1% over the next 5 years and is projected to reach Rs. 20.5 billion by 2013.

The low cost base of Indian printing industry is attracting many outsourcing projects from the foreign publishers and hence it is expected to grow at a CAGR of 15% over the next few years thereby fuelling further growth in the paper industry.

### B) CABLE DIVISION – Industry Structure & Developments

There are 12 manufacturers of Optical Fibre Cables with an installed capacity of around 7,00,000 km in the country. It is envisaged that in the current year, the requirement of BSNL / MTNL of OFC will be about 70,000 km. Besides this, other private industrial units like Reliance, Bharti, Tata Teleservices, VSNL, Vodafone, etc., are also expanding their infrastructure significantly, which generates additional requirement of cables. Considering growing demand for band width in telecom net work, the Company is focusing on high fibre count Optical Fibre cable.





#### IV. COMPANY OVERVIEW

Incorporated in 1955, The West Coast Paper Mills Ltd. is the flagship company of the SK Bangur group. West Coast Paper Mills is one of the leading integrated paper and paperboard manufacturing company in India.

The Company manufactures writing & printing paper (Uncoated, Surface size paper and Specialty paper) and industrial paper (packaging paper).

Within the uncoated paper segment, the Company manufactures Maplitho paper (commercial printing), MG poster paper and board, Cream Wove paper (notebooks), Maplitio deluxe (computer stationery), MG (Manila / Bristol board), HL (stiffener paper used by FMCG companies to support wrapping). The surface size paper manufactured by the Company includes copier paper, surface sized papers with additives while specialty paper includes MICR Cheque paper, parchment paper & security paper.

The manufacturing facilities of West Coast Paper Mill spread across 240 acres are located at Dandeli in Karnataka, in

close proximity to the main raw material sourcing areas. The location of the mill in the heart of thick forests at Dandeli is perfectly suited for a paper mill with the river Kali flowing in close proximity. With the completion of its major expansion plan, the Company now has an ECF, modernised pulp manufacturing plant and a state-of-the-art, fully automated and fully integrated paper manufacturing line supplemented by several other modernised ancillary manufacturing equipments. The Company is self-sufficient in power and post-expansion has a thermal power generation capacity of 70.3 MW, apart from 12.84 MW multi-fuel based power plants and after meeting its requirement, there will be surplus power of 20 MW which the Company will be in a position to export.

The Registered Office of the Company is at Dandeli while its corporate office is located at Bengaluru (Karnataka) with four zonal offices at Mumbai (Maharashtra), Kolkata (West Bengal), Chennai (Tamil Nadu) and New Delhi (Delhi). The Company's well-established presence in the market is strengthened by its strong and long standing dealership network across 38 cities in 15 states.



“The manufacturing facilities of West Coast Paper Mill spread across 240 acres are located at Dandeli in Karnataka is in close proximity to the main raw material sourcing areas.”



#### V. OPPORTUNITIES & THREATS

##### A) PAPER AND PAPERBOARD:

###### Strengths

- Rich natural resource base in India
- Large tracks of wasteland in India
- Cheap factors of production
- Changing focus from a forest based industry to an farm based industry through technology-led farming initiatives
- Move towards developing fully integrated state-of-the- art infrastructure results in better efficiencies
- Strong entry barriers

###### Weaknesses

- Capital intensive industry
- Long gestation period
- A fragmented industry
- Technology driven industry
- Water intensive manufacturing process
- Prone to global raw material price fluctuations
- Domestic raw material availability initiatives still at nascent stage in the industry
- High energy costs impacting the overall cost of production

###### Opportunities

- Strong economic growth forecasted
- Thrust on education
- Tremendous growth potential in copier business segment through services sector
- International grade quality
- Modernisation plans by major paper mills are completed or likely to be completed in near future

###### Threats

- Cheap dumping of products from China
- A slowdown in the economy would have direct impact on the paper industry
- Increasing competitive pressures from unorganised sector
- Stringent environmental laws as per CREP guidelines which requires the paper mills in the industry to upgrade their facilities
- Foreign exchange currency fluctuations impacts the imported raw material prices

##### B) CABLE DIVISION:

The Company has the required infrastructure and qualified manpower to make substantial presence in optical fibre cable segment.

The telecom subscriber base is growing rapidly. Apart from BSNL / MTNL, the private telecom companies are positioning themselves aggressively and are expanding their infrastructure rapidly. The opportunities in providing triple play services (voice, data & video). Initiation of 3G will require higher bandwidth and provide a growth impetus to the cable industry. E-governance projects are driving the demand for optical fibre cables. Further, demand potential for the OFC segment is strong as tele-density continues to grow rapidly across the country.

Ministry of Information Technology has also taken up projects at State levels to implement e-governance to be spread up to Panchayat level. However, due to industry over capacity and continued stiff competition, the margins across the cable industry are under pressure.

The fragmented nature of the industry and several small and mid-sized manufacturing units has resulted in steep competition across both the the private and public sector. This has resulted in non-remunerative price. Most major units are managing their business with the scale of the economy. Emerging new technologies like CDMA based WLL also to some extent is outpacing conventional cable base business.



## VI. SEGMENT-WISE OR PRODUCTION WISE PERFORMANCE:

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 Tamil Nadu. Detailed segment-wise performance has been indicated in the Directors' Report.

However, segment- wise turnover is summarised as under:

Segment	Turnover 2009-10 Rs. in Crores	Turnover 2008-09 Rs. in Crores	Y-o-Y increase/ decrease (Rs.in Crores)
Paper and Paperboard	611.81	618.91	-7.10
Optic Fibre Cables	38.20	43.44	-5.24
Wind Mills	0.49	0.35	0.14
<b>Total Turnover</b>	<b>650.50</b>	<b>662.70</b>	<b>-12.20</b>

## VII. OUTLOOK

### A) PAPER & PAPERBOARD DIVISION

The global conditions in mature markets are in strong contrast to trends in emerging markets, where most countries are expecting better demand. Led-by demand across Asia, RISI forecasts in October 2009 predicts growth to 500 MMT by year 2020 for the global paper market. With a lower per capita consumption base, China is expected to overtake the United States as the world's largest paper consumer in years to come. The use of household paper products in China, and other large emerging markets is expected to boost demand. The consumption of paper in Asia (excluding China and Japan) is expected to grow at a CAGR of 16% till 2015.

The futuristic view is that growth in paper consumption would be in multiples of the GDP. As per an industry estimate, paper production is likely to grow at a CAGR of 8.4% while paper consumption will grow at a CAGR of 9% till 2012-13. The import of pulp & paper products is likely to show a growing trend. The demand for paper in India is set to far surpass supply and is expected to reach the level of 110 lakh tones by 2015.

Copier and coated papers which are the fastest growing

segment are expected to grow at an annualized rate of 15-20%, while the high-quality packaging boards segment is expected to grow at 12%.

Given the present population, economic growth potential and other strong fundamental growth drivers, the paper consumption is poised for a quantum leap forward. Factors like increasing literacy, education thrust, growth in the service sectors, increase in the advertising spending & commercial spending will provide a positive demand thrust for printing & writing paper. Strong growth potential is foreseen in the value-added product segments of coated paper, Maplitho and copier.

The per capita paper consumption in India (8 kg) is far behind its other developed country with an average consumption of 56 kgs. This is in contrast to per capita consumption in some of the advanced countries – Japan (250 kgs), US (300 kgs), Canada (243 kgs), Germany (233 kgs). The average consumption in China is estimated at 46 kgs. It is estimated that every kg increase in per capita consumption translates to a 1.2 million tonnes increase in consumption.

The Company is confident of positive industry demand for printing and writing paper during the year, especially

“ The Company has already obtained BIS approval for the manufacture of control cable and various approvals from Railways are expected shortly. ”

with the thrust in education, growth of the services sectors.

With the increased manufacturing capacity, new international grade copier paper manufactured in the new facilities, excellent dealership networks, the Company is confident making further impressive inroads into the copier paper segment. The Company is confident of better operating margin with the modernisation of manufacturing processes.

The Company has over the years evolved a unique farm forestry scheme (One-to-one `Contract For Farming`) which takes into account prevailing legal requirements and under the agreement the Company enables the farmer to grow trees on the fallow land, providing everything from the seedlings, scientific farming technology, and infrastructural facilities, to final harvesting. This 'no-debt' plantation scheme is expected to facilitate a continuous flow of raw material in the future over the next 4-5 years. The Company has also initiated important steps towards acquiring the Forest Stewardship Certification.

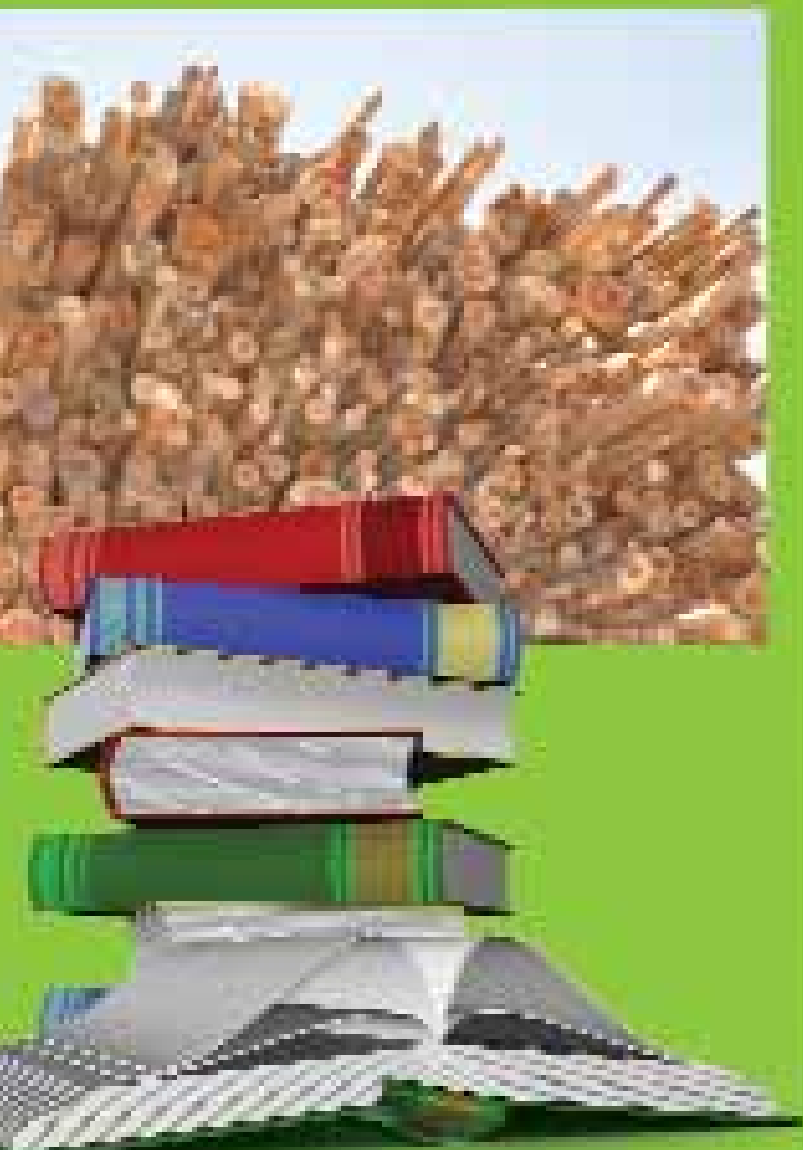
### B) CABLE DIVISION

Optical Fiber Cable (OFC) demand is projected to grow by

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

During the current year under review the Company has taken decision to re-start using copper telephone cable infrastructure with marginal investment to manufacture Control Cables, Railway signalling and Quad cable. To facilitate this, the required balancing equipment has been installed. The Company has already obtained BIS approval for the manufacture of control cable and various approvals from Railways are expected shortly. The cables division has commenced trial orders for control cables and it is expected that full fledged commercial operation will start from July 2010 onwards after obtaining approvals from Railways.

“ The Company has invested in state-of-the-art pollution control and treatment equipments to reduce the effluent levels. The new modernised bleaching plant adheres to the ECF Technology. ”



## VIII. RISKS & CONCERNS

### 1. Industry risk

The paper industry is a highly capital intensive business. With the increased capacities during 2009-10, the industry in India can witness an oversupply, resulting in lower margins and increased costs for the paper companies.

#### Risk mitigation

India is the amongst the fastest growing paper market in the world. While industry is expected to grow at a double digit rate over the next few years. Very positive demand outlook for the paper industry is the result of strong and visible growth drivers including increased allocation for the education sector, growth of the several large paper consuming sectors including: FMCG, hospitality, IT & ITeS, banking & insurance and healthcare and pharmaceutical. The expansion in organised retail has led to increased demand for high-quality packaging paper. The per capita consumption of paper in India is way below the international average. With the increasing earning potential, consumption of paper is expected to rise. The fear of over capacity, is far behind the industry with new capacities on stream over the last year.

Though expansion is capital intensive, it ushers in the latest technology which will have a lifespan of nearly 30 years, will be environment-friendly, will imbibe enhanced operating efficiencies and thus significantly improve margin. Thus, strong demand outlook and margin improvement over shadow the costs and margin concerns. The capital intensive nature to the industry rather than a risk acts a significant entry barrier and provides a protective barrier to new entrants.

### 2. Realisations risk

A decline in paper realisations could severely dent profitability and growth.

#### Risk mitigation

The Indian paper industry was the fastest growing industry in the world. On account of sustained demand from diverse sectors, the industry is expected to witness continued demand. The realisations will further improve post- commissioning of world-class capacity, which will enable the Company to offer superior quality of products at better efficiencies.

### 3. Input risk

Raw material procurement is one of the biggest challenges for the paper industry. With the Government policy forbidding companies from utilising barren land for plantation and pulp production, the industry depends largely on small plantations owned and cultivated by the farmers. This results in a risk of procuring required raw materials timely and at competitive costs.

#### Risk mitigation

The Company has invested and developed a raw material cultivating programme in 2006. As on 31.03.2010, the Company's core plantation scheme has covered an area of 16,200 acres of degraded/ wasteland, where it partners with the farmers to grow plantations and to meet their requirement of fuel and fodder. In addition, the Company also enjoys the support and robust relationship with more than 3772 farmers, ensuring sustained raw material supply for its existing operations.

### 4. Utilities risk

An inadequate supply of utilities (water and power) could hamper production

#### Risk mitigation

The Company is well placed with regard to both these utilities. The manufacturing plant is located only 1 km from the Kali river (perennial source) ensuring sufficient water availability. The Uttar Kannada district (location of the Company's manufacturing facility) enjoys adequate rainfall. The new capacity commissioned will require less water per tonne of paper/paperboard than the current requirement levels. The Company has successfully enhanced its thermal power generation capacity from 40.3 MW to 70.3 MW and is now completely self-sufficient in power.

### 5. Environment risk

Non-compliance with environment protection policies or related issues could dent operation and can get work to a complete standstill.

#### Risk mitigation

The Company has invested in state-of-the-art pollution control and treatment equipments to reduce the effluent levels. The new modernised bleaching plant adheres to the ECF Technology. The Company has also imbibed smell dissolving processes to reduce emission of odour generated in conventional manufacturing facilities.

### 6. Dumping risk

Incessant and unabated dumping of paper by China and other Asian countries where raw material costs are subsidised and land is adequately allocated to paper and pulp making industry.

#### Risk mitigation

The paper industry has time and again approached the government seeking action and imposition of high level of the duty on imported paper. The global industry has already seen anti-dumping action undertaken in the US against China and investigations are underway in EU on similar anti-dumping ground. The industry if faced with the same dilemma is bound to approach the government even more aggressively and seek protection of its industry in India.

## IX. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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



**X. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

This has been dealt with in the Directors' Report.

**XI. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT,INCLUDING NUMBER OF PEOPLE EMPLOYED.**

The Company employed 2620 people as on 31.03.2010 as against 2,551 people as on 31.03.2009. The Company will witness an increase in its human resources on account on expansion activity, where the production capacity is slated to increase about 78% of the present capacity. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels. The tripartite settlement with the Joint Negotiations Committee/Unions was in force from 1.1.2007 to 31.12.2010 and fresh settlement will be negotiated thereafter.

West Coast Paper Mills in its fully-fledged township in Dandeli, has adequate apartments and colonies for accommodating its employees. This township has been built

taking into consideration the basic requirements of its employees thereby well equipped with all the vital utilities like schools, colleges, banks and hospitals, etc.

**XII. 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 55th Annual Report of the Company, together with the audited accounts for the year ended 31st March 2010.

**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	2009-10	2008-09
Gross Profit	10524.26	12036.19
Balance brought forward	493.21	316.58
	<b>11017.47</b>	<b>12352.77</b>
ALLOCATIONS:		
Depreciation	2377.05	1990.28
Taxation - Current	1400.00	1149.00
- MAT Credit Entitlement	(1370.17)	-
- Deferred	2647.17	(156.91)
Proposed Dividends - Preference Shares	552.50	3.03
- Equity Shares	1254.98	1254.98
Tax on Dividends	307.18	213.80
Debenture Redemption Reserve	--	6500.00
General Reserve	547.02	905.38
Balance carried forward	3301.74	493.21
	<b>11017.47</b>	<b>12352.77</b>

**DIVIDENDS**

For the year ended 31<sup>st</sup> March 2010, your Directors recommended dividend @ 8.5% on 65,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each and a dividend of Rs.2/- per equity share (100%) on 6,27,48,908 Equity Shares of Rs.2/- each, subject to members' approval.

**PERFORMANCE**

The working results of the Company were marginally affected owing to prevailing sluggish paper market conditions which compelled the Company to reduce its sale prices. On the other hand, the cost of production has been on the increase due to hike in the rates of several inputs, viz., raw material (wood), fuel, chemicals, besides increased interest charges. The trial runs of the new equipments installed under the expansion programme, particularly their synchronisation with the existing ones have obviously resulted in lower production. Now that the trial runs are over and expansion programme is completed and the new equipments successfully commissioned and poised to yield the desired benefits in terms of speedier and higher production of superior quality paper, further with the paper market conditions looking up, the working results of the current year are expected to gear up.

The Company posted gross profit of Rs. 105.24 Crores as against

(Source: Data used in the MDA section has been sourced from publically available information including newspapers, magazines, research reports, presentation made on the subject at an international conference, Economic Survey, Budget 2009-10. Source and credit wherever possible has been provided and acknowledged, if inadvertently missed out, the same is unintentional).



Rs.120.36 Crores in the previous year – lower by Rs.15.12 Crores (13 per cent). The net profit also decreased from Rs. 90.54 Crores to Rs.54.70 Crores - by Rs.35.84 Crores (40 per cent) due to higher provision of depreciation and deferred tax on account of commissioning of equipments under the expansion programme, the benefits of which will be derived in the current year.

DIVISIONWISE PERFORMANCE

A) PAPER AND DUPLEX BOARD DIVISIONS

The production of paper, paperboard and Elemental Chlorine Free (ECF) bleached Hardwood Pulp was 1,73,638 MT against 1,73,682 MT in the last year i.e., lower by 44 MT only. The Company has been producing Bleached Hardwood Pulp for captive consumption from its old fibreline. However, on commissioning of the new ECF Fibreline it could produce 5,369 MT of ECF bleached Hardwood Pulp for sale in the market. The sale of paper, paperboard and ECF bleached Hardwood Pulp was 1,75,194 MT against 1,70,686 MT in the last year i.e., higher by 4508 MT.

The turnover during the year was Rs.611.81 Crores as against Rs.618.91 Crores in the previous year (both inclusive of excise duty), i.e., lower by Rs.7.10 Crores, due to sluggish paper market conditions. However, paper market has started improving from April 2010 and the Company could revise sale prices in April and May 2010. Multilayer board market was, however, favourable throughout 2009-10 and the Company has also increased its sales prices in April 2010.

B) CABLE DIVISION – MYSORE

Production and sales of Optical Fibre Cable has increased during the year under review to 18,003 km and 17,790 km as against 16,787 km and 16,762 km in the previous year, respectively. The turnover, in terms of value, amounted to Rs.38.13 Crores as against Rs.43.44 Crores (both inclusive of excise duty) during the previous year.

EXPORTS

The export of paper, paperboard and duplex board increased from 4,291 MT worth Rs. 16.20 Crores (FOB) in 2008-09 to 4,881 MT worth Rs.17.07 Crores (FOB) in 2009-10 even though realisation was at lower side. The Company exported 1,808 km of Cable worth Rs.3.78 Crores in 2009-10 compared to 2,361 km of Cable worth Rs.8.26 Crores in 2008-09.

RAW MATERIALS

The Company has procured 4.41 Lac MT of wood and bamboo against 3.80 Lac MT in the previous year. The procurement has

gone up keeping in view the increased requirement of raw material which will be 9 Lac MT per annum post-expansion. All arrangements have been made including the development of infrastructure for procurement of above quantity of wood from the states of Karnataka, Andhra Pradesh, Tamil Nadu and Maharastra.

The cost of wood has gone up consecutively in the seventh year by 5% on account of increase in royalty, procurement rates as well as freight charges. The transportation cost of raw material by road as well as by rail has increased due to hike in freight. Procurement rates are also likely to go up further in the current year on account of stiff competition.

PLANTATIONS

The Company continues its efforts to mitigate Climate Change and create Economic Development within a radius of 250 Kms through a very popular scheme named as Contract for Farming, wherein it is envisaged to cover around 10,000 acres of plantations during 2010 rains through sustained plantation management efforts. This enables the Company to create economic benefits for the communities who have come forward voluntarily and have consented for providing their unproductive agricultural land for plantation crop of fast growing tree species.

Company's popular scheme has improved the employment opportunity for 180 man-days per acre annually to local population, enhanced their income and thereby their standard of living as well as family life. Additionally another 100 man-days per hectare employment is generated annually for harvesting operations. The lops & tops are provided free of cost to the locals as fuel. With growth of fodder in the interspacing within the plantations, the local cattle have been provided with abundant fodder.

Our plantation efforts have supplemented soil conservation efforts in the area of our operations on account of scientific land management techniques of creation of check bunds, etc., preventing soil erosion/degradation and enhancing water retention.

These efforts have contributed in improving the yield per acre of wood mass, which in turn enhanced the income of the landowner. All this being visible has encouraged more and more landowners coming into the fold of this popular scheme within the target area.

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

Till now an area of 16,200 acres of degraded/wastelands have been covered under Core plantation Scheme within a radius of

250 kms of Dandeli. For the 2010 rains, preparations are in progress to cover an area of about 10,000 acres.

Distribution of seedlings to the farmers in parts of Karnataka & Tamil Nadu has also been contributing to the overall availability of raw material within the catchment area. The Company has distributed 125 lac seedlings during 2009-10.

Gall and Little leaf diseases continue to be problems for the Eucalyptus grown in drier areas and affected the overall availability, dampening the spirit of farmers. The chemical and biological controls have not given desired results and therefore dedicated research work is required to counter this menace.

Company has evolved a strategy, wherein gall resistant varieties & variants are only grown in the catchment areas. In order to improve the productivity of Eucalyptus, Acacia, Casuarina and Leucaena (Subabul), dedicated research is required by all the users and necessary steps are being taken to evolve a strategy for the benefit of all the users.

EXPANSION PROGRAMME

The Company has taken up the expansion programme to increase paper production capacity from 1.80 Lac TPA to 3.20 Lac TPA and thermal power generation capacity from 40.3 MW to 70.3 MW. Trials of the new ECF Fibreline were started from October 2009 and after overcoming teething problems, the plant was taken into regular operation from February 2010. The old Fibreline has been kept shut since then. The Company started sale of ECF bleached Hardwood Pulp in the market, including to major industrial consumers. Thus, the Company commissioned ECF Fibreline and Chemical Recovery Island sections in 2009-10, whereas Power Plant and Paper M/c No.VI have been commissioned in the month of April and May 2010, respectively, and with this the expansion programme has been completed.

The Company has incurred expenditure of Rs.1354.21 Crores on the expansion programme till 31st March 2010, out of which Rs.616.38 Crores was capitalised for the Fibreline and Chemical Recovery Island sections and the balance is carried forward for capitalisation in the current year.



SHARE CAPITAL

As a part of the expansion programme, equity share capital of Rs.200 Crores was to be raised, whereas Rs.135.49 Crores has been raised from equity issue (including Rs.11.50 Crores in June '09) and balance Rs.65 Crores, from Preference Share issue, totalling to Rs.200.49 Crores. The entire amount has been utilised for expansion programme.

The Company intends to replace the Preference Share Capital of Rs.65 Crores by Equity Share Capital in the current accounting year 2010-11. The Company has decided to raise up to Rs.75 Crores by Qualified Institutions Placement for redeeming preference shares and other purposes, subject to approval by members in the Extra-ordinary General Meeting to be held on 28th June 2010.

EXCHANGE RATE VARIATION

The Company has reinstated Foreign Currency Loans/External Commercial Borrowings of USD 164.92 Million at the exchange rate prevailing as on 31<sup>st</sup> March 2010 and the exchange gain of Rs.5.47 Crores has been reduced from the cost of Fixed Assets, as per Accounting Standard AS-11 issued vide Notification No.G.S.R. 225(E) dated 31.03.2009 by the Ministry of Corporate Affairs.

ISO 9001 (2008) QUALITY MANAGEMENT SYSTEM

Certified to ISO 9001 (2000) international standard Quality Management System(QMS) by Det Norske Veritas, the Netherlands, the Company in 2010 has successfully transited itself to the revised standard of ISO 9001(2008) Quality Management System. The validity of this certification shall be up to May 2013. In consequence the Company remains fully committed to continually improve upon the implemented QMS for various operational processes and services.

ISO 14001 (2004 ) ENVIRONMENTAL MANAGEMENT SYSTEM

The Company is certified to ISO 14001 (2004) international standard by Det Norske Veritas, the Netherlands. The validity of







this certification is upto January 2012. The Company remains committed to continually improve upon the implemented Environmental Management System at its existing site with best available technologies and ensure full compliance with relevant environmental enactments, which apply not only to its existing operations but also as a commitment towards corporate responsibility on environmental protection and fulfillment of corporate governance.

OHSAS 18001 (2007) OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SERIES

The Company continues to maintain its OHSAS 18001(2007) certification from Det Norske Veritas, the Netherlands. The validity of this certification is up to January 2012. These standards supplemented with the Company's own occupational health and safety management system, further reinforcing our commitment to comply with Health and Safety standards and legislations.

CORPORATE SOCIAL RESPONSIBILITY

The Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development. Compliance to Corporate Social Responsibility Voluntary Guidelines 2009 issued by Ministry of Corporate Affairs, Government of India, in December 2009, is as under:-

1) Caring for total stakeholders:

The corporate activities of the Company have been continually stakeholder-centric, keeping their well-being and holistic development as the ultimate goal and creating value for all concerned. The Company Secretariat has a special cell, which is ever alive to the concerns as well as the complaints of the shareholders, be it the ones expressed at the Annual General Meeting or those brought to notice through correspondence. A vigilant and responsive Welfare Cell takes care of the welfare needs of the employees and their families with round-the-year activities such as centrally monitored

colony maintenance of roads, lighting, water supply, drainage and sanitation. The safety and security of the colony dwellers is constantly supervised by the respective departments. Civic amenities such as Hi-tech hospital facilities, Temples, Playgrounds, Health Gym, The Shopping Complex, The Employees' and Officers' Clubs, the Employees Credit Co-Operative Society, a 1200-seater Auditorium, the Cable TV etc., are maintained making the colony a compact, self-contained township. The Company has also extended civic facilities in satellite colony areas of Sudarshan Nagar and Vinayak Nagar where the employees are provided residential quarters by the company. Customers' cares and concerns are duly attended by the Marketing Division as well as the Quality Control department. The countrywide chain of Company's paper dealers reaches out to the end-customers to ensure their satisfaction. Paper dealers' conclaves are organised periodically to take care of their problems along with those of the customers. The Company's supply line operates smoothly with adequate transport and communication facilities along with parking and night halt facilities for road transporters.

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

2) Ethical Functioning:

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

3) Respect for Workers' Rights and Welfare

The Company has created good, clean and healthy workplace environment which assures safety and security where workers can work with human dignity. Freedom of association is guaranteed to the labour force and the

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

4) Respect for Human Rights

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

5) Respect for Environment

Being an ISO 14000 (2004) certified company has increased our commitment to preservation of environment. With the commissioning of the Expansion programme and the installation of the state-of-the-art Effluent Treatment Plant, pollution and waste are being minimised. It is noteworthy that the Company has carried out the expansion programme in its existing premises only without claiming any additional land thereby contributing to the optimal use and preservation of precious natural resources. With the new equipments and environment friendly technologies, particularly Elementary Chlorine Free (ECF) Fibre Line in place the requirement of water for the mill operations is also reduced proportionately. The Company's commitment to environmental issues can be explicitly seen in its plantation programme, which has covered 16,200 acres of land in surrounding regions of Dandeli. Under this programme 125 lac genetically superior seedlings are distributed to farmers in the rural areas along with the technical know-how to grow crops from sowing to harvesting. This has resulted in the greening of large tracts of barren / degraded land.

6) Social and Inclusive Development Activities:

The Company has a very impressive track record of social and economic development of the community in whose vicinity it operates. Through Dandeli Education Society, The Company's educational outstretch, quality education has been made available to the students of Dandeli and the surrounding areas right from Nursery level to Post Graduate level. During the year under review, the Company continued to support the educational activities of the said Society by creating necessary infrastructural facilities and learning resources. It also supported the Educational Institutions financially. It is worth mentioning that Bangurnagar Colleges of Dandeli Education Society have introduced job-oriented and skill enhancement courses like Computer Training, Industrial Chemistry, Microbiology, Functional English and

Global Skill Enhancement and are also running a unique four-year B.A.Sc. Pulp and Paper Science Degree course and M.Sc. (Tech.) programme in Pulp & Paper Science producing graduates who are assured of 100% placement in Paper & Allied industries.

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

Company's student support programmes include distribution of subsidised exercise Note Books to the students of Dandeli and financial assistance to High School & College Students of Dandeli under Vidya Vardhak Students Financial Assistance Scheme. During the year under review subsidised Note Books worth Rs.18 lacs and financial assistance to the tune of the Rs.5 lacs was distributed to 7500 and 541 student-beneficiaries, respectively.

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

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

The city of Dandeli which looks up to the Company as its life line has also drawn much from West Coast for its cleanliness, health, beautification as well as social and cultural life. The Company has been a major supporter in the developmental activities of Dandeli city networking with the City Municipal Council and NGOs and service organisations such as the Rotary Club, the Lions Club, Indian Medical Association (IMA), the Karnataka Sangha, Kannada Sahitya

Parishat, etc. The Company has supported substantially the Medical Camps and Eye Operation Camps organised by Rotary Club, Lions’ Club and IMA. It contributes regularly to the Public Library and Reading Room maintained by the local Karnataka Sangha for the benefit of the public and the ex-employees of the Company. The Company has also taken up the maintenance of a public garden of City Municipal Council. Recently an impressive aesthetic Welcome Arch to the city of Dandeli is erected by the company on behalf of the City Municipality. Several Social, Cultural, Sports and Spiritual events in Dandeli are supported by the Company by providing Shri Ranganath Auditorium and Deluxe Grounds along with financial and other support.

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

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

**PARTICULARS OF EMPLOYEES**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**CORPORATE GOVERNANCE**

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

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

The Company is complying with Clause 49 of the Listing Agreements with regard to Corporate Governance and reports to that effect are being regularly filed with the Stock Exchanges. The Company has obtained declaration from the Directors and senior Management members of the Company for compliance of code of conduct and the Certificate from CEO/CFO was placed before the Board of Directors at the meeting held on 29<sup>th</sup> May 2010.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

**DIRECTORS**

Smt. Shashi Devi Bangur, Shri Saurabh Bangur and Shri CK Somany retire from the office by rotation in terms of Article 143 of the Articles of Association of the Company, but being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships of Board Committees, shareholding, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in the Notice to Members, forming part of this Annual Report.

Shri Krishna Kumar Karwa has been appointed as additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956, with effect from 30<sup>th</sup> October 2009. He holds the office up to the date of ensuing Annual General Meeting of the Company and is eligible for reappointment as Director of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for appointment as Director of the Company, subject to retirement by rotation.

Shri Sanjay Kothari has been appointed as additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956, with effect from 27<sup>th</sup> January 2010. He holds the office up to the date of ensuing Annual General Meeting of the Company and is eligible for reappointment as Director of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956 proposing his candidature for appointment as Director of the Company, subject to retirement by rotation.

Shri V.N. Somani resigned from the Board on 22<sup>nd</sup> February 2010. The Directors place on record their appreciation of the valuable advice given by Shri V.N. Somani from time to time during the long period of 23 years on the Board.

**AUDITORS**

Messers Batliboi & Purohit, Chartered Accountants, will retire at the end of the 55th Annual General Meeting of the Company but 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 2010 is being carried out by Shri Narottam L. Tola, Cost Accountant, Mumbai, and after completion of the audit he will be submitting his report to the Company Law Board.

**RAMA NEWSPRINT & PAPERS LTD**

Rama Newsprint & Papers Ltd (RNPL) has produced 1,04,931 MT of newsprint and paper (80% capacity utilisation) as against 1,24,508 MT (94% capacity utilisation) achieved in the previous year. The working results of this Company were affected due to non-remunerative prices of newsprint on account of sluggish market conditions and increase in the cost of raw material and other inputs, which has resulted into cash loss before depreciation and tax of Rs.33.50 Crores as against cash loss before depreciation and tax of Rs.14.19 Crores in the previous year. Net Loss of Rs.56.65 Crores was incurred in the year under review as against net loss of Rs.27.27 Crores in the previous year.

The Company holds 36.32 per cent of the equity share capital of RNPL with an investment of Rs.45.41 Crores (market value Rs.45.84 Crores as on 31.3.2010) whereas other group entities hold 16.84% of the share capital of RNPL and thus the promoter group of the Company holds 53.16% of the Equity. The entities in the Promoter Group of the Company had acquired 15.93% of equity shares from the entities in Vashu Group (erstwhile promoter of RNPL) on 22<sup>nd</sup> January 2010. Further voting rights

of remaining entities in Vashu Group held by the Company is 2.69% of the share capital of RNPL and thus the shares/voting rights held by the Company and Promoter Group is 55.84% of equity share capital of RNPL. RNPL has discharged term debt of Rs.7.82 Crores in 2009-10 and consequently the amount of Corporate Guarantee given by the Company has been reduced to Rs.100.07 Crores against realigned debt of Rs. 210 Crores.

**INDUSTRIAL RELATIONS**

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

**ACKNOWLEDGEMENT**

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

**FOR AND ON BEHALF OF THE BOARD,**

**K.L. CHANDAK**

Executive Director

Place : Mumbai,

Dated : 29<sup>th</sup> May 2010.

**P.N. KAPADIA**

Director

ANNEXURE TO  
DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report to the members for the year ended 31st March, 2010.

A. CONSERVATION OF ENERGY :

a) Measures taken for Energy Conservation :

- Installation of High pressure Boiler and 34.5MW captive power plant
- Replacement of inefficient Vacuum pump No-1 and pump No-2 by Energy efficient pump at Paper Machine - III
- Filler layer primary centricleaner feed pump replaced by power efficient pump at Stock Preparation - V
- Agitator of Top Layer Chest no. 1 changed (55 KW to 15 KW) at Stock Preparation – IV.
- Filler layer machine chest no. 2 agitator was changed from 30 KW-15 KW at Paper Machine – IV.
- The over sized fan pump no. III, pump no. IV and pump no. V replaced with energy efficient ones, at Paper Machine - V.

b) Projects under Installation :

- PM-III dryer 11-22 syphon change and provision of spoiler bars.

- PM 1 dryer surface grinding.
- PM 3 Provision of booster pump in mill water line to avoid water pressure problem.
- Provision of back water for centricleaner elutriation.
- PM 1 drive change.
- PM 3 broke screening arrangement.
- To provide proper wet end starch cooker to all the machines.
- Under layer chest no. 5, Filler layer disperser tower and machine chests of under layer & Filler layer 1 & 2 agitators, to be replaced with energy efficient ones.
- Replacement of conventional Electromagnetic chokes by energy efficient electronic chokes & conventional fluorescent tube lights by energy efficient tube lights
- Isolation of lighting circuit from power circuit by installing Energy Saver. (i.e. providing optimum voltage to the Lighting circuits) in phased manner.

Power & Fuel Consumption	Year ended 31st March 2010	Year ended 31st March 2009
<b>1 Electricity</b>		
a. Purchased:		
Units (Kwh in lacs)	109	55
Total amount (Rs./lacs)	631	361
Rate/Unit (Rs.)	5.80	6.51
b. Own Generation :		
(i) Through Diesel Generators		
Units (Kwh in lacs)	100	95
Units per litre of Diesel/Furnace Oil	4.21	4.18
Cost/Unit (Rs.)	5.84	4.50
(ii) Through Steam Turbines (Back Pressure)		
Units (Kwh in lacs)	74	130
Units per litre of Fuel Oil/Gas	–	–
Cost/Unit (Rs.)	0.79	0.70
(iii) Through Steam Turbine (Partial Condensing)		
Units (Kwh in lacs)	1926	1683
Units per litre of Fuel Oil/Gas	–	–
Cost/Unit (Rs.)	2.09	2.07
<b>2 Coal (Steam &amp; Slack Coal of Grades 'B' to 'F' used in Boilers)</b>		
Quantity (Tonnes)	243818	202102
Total Cost (Rs in lacs)	7128	6200
Average rate (Rs./tonne)	2924	3068
<b>3 Furnace Oil</b>		
Quantity (KL)	4249	2344
Total Amount (Rs in lacs)	1056	442
Average rate (Rs./KL)	24862	18846
<b>4 Diesel Oil</b>		
Quantity (KL)	4	23
Total Amount (Rs in lacs)	1	8
Average rate (Rs./KL)	33160	33160
Consumption per unit of production : (Net of trial cost of expansion programme)		
Paper / Paper Board & Multi-layer Board (Per tonne)		
Electricity (Kwh)	1193	1131
Furnace Oil (Ltrs.)	6	14
Coal (MT)	1.31	1.16
Diesel Oil (Ltrs.)	0.02	0.13



B. RESEARCH & DEVELOPMENT:

1. Specific areas in which Research & Development is carried out	<p>Research &amp; Development activities were mainly concentrated in the following areas:</p> <ul style="list-style-type: none"><li>■ Introduction of New Chemicals to enhance surface strength of paper thereby reducing the problems of Dusting and Fluff, resulting in better runnability / productivity of the Paper Machine especially in Non Surface Sized variety of Paper. This has resulted in customer’s satisfaction.</li><li>■ Introduction of wet end additives in order to improve the strength properties of paper with improved ash%, leading to better productivity and conservation of the fibrous raw material.</li><li>■ Introduction of better quality coating chemicals to improve the quality of the end product.</li></ul>
2. Benefits derived as a result of the above Research & Development	<p>Improved productivity, better quality, cost reduction and improved customers satisfaction.</p>
3. Future plan of action	<p>Various Research Projects are taken up keeping in view the forthcoming project activities at the launching stage.</p> <ul style="list-style-type: none"><li>■ Projects will be taken up to introduce new cooking aids &amp; other functional chemicals suitable for the New Fibre Line, thereby improving the pulp yield and quality</li><li>■ Exploration of various fibrous raw materials to meet the growing demand.</li><li>■ Improved quality of paper and duplex board with better value addition.</li></ul>

4. Expenditure on R & D	(Rs in Lacs.)	
	2009 - 2010	2008 - 2009
[a] Capital	0.25	69.18
[b] Recurring	38.37	27.82
[c] Total	38.62	97.00
[d] Total R&D expenditure as a percentage of total turnover	0.06	0.15

C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Foreign Exchange Earnings and outgo were Rs.2085.41 Lacs and Rs.10130.74 Lacs respectively (Rs.2446.14 Lacs and Rs.37091.37 Lacs in previous year).
---

Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report dated 29th May, 2010 for the year ended 31st March, 2010.

Name	Designation & Nature of Duties	Remuneration (Rs. Lacs)	Qualification	Age	Experience (Years)	Date of Joining	Previous Employment, Designation Name of Employer, Period of Service (Years)
Shri SK Bangur	Chairman & Managing Director	405.05	B.Com.	60	36	01.05.03	Managing Director Jayshree Chemicals Ltd.,Ganjam 15 years
Shri KL Chandak	Executive Director Overall management	56.15	B.Com F.C.A.	64	38	18.12.71	—
Shri SS Pal *	President (Technical)	27.20	B.Sc. (Engg.) (Mech.)	61	37	28.05.09	General Manager (Projects & Development) with Sabah Forest Industries Sdn. BHD Sipitang Sabag, Malaysia

- Notes:
1. Remuneration includes salary, commission, Company's contribution to Provident, Superannuation and Gratuity Funds and Perquisites.
  2. The 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
  4. \* Indicate that the employee was in service only for part of the year.



# REPORT ON CORPORATE GOVERNANCE



The detailed report on Corporate Governance for the financial year 2009-10 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 organisational 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
- Six 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 Director-Ships*	No. of Membership of other Board Committees*	No. of Board Committees for which chairperson*
Shri S.K. Bangur	Promoter, Chairman & Managing Director	3	10	-	1
Smt Shashi Devi Bangur	Promoter, Non-Executive	2	4	-	-
Shri Saurabh Bangur	"	2	5	-	-
Shri V.N. Somani [Resigned w.e.f.22.02.2010]	Non-Executive Independent Director	5	-	-	-
Shri R.N. Mody	"	2	4	2	1
Shri Chandra Kumar Somany	"	5	9	-	-
Shri Premal N. Kapadia	"	4	4	-	-
Lt. Gen[Retd.] Utpal Bhattacharyya	"	4	-	-	-
Shri Krishna Kumar Karwa	"	1	4	3	1
Shri Sanjay Kothari	"	-	4	2	1
Shri K.L.Chandak	Executive Director	5	2	-	-

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

Shri KL Chandak attended the last Annual General Meeting.

### (iii) Board Meetings held:

During the year under review, Five Board Meetings were held on May 27, June 29, July 29, October 30, 2009 and January 27, 2010.

## 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.

### (i) Composition, names of members and Chairperson

The Audit Committee, after re-constitution vide Board Meeting dt. 27.01.2010, comprises Six directors, of whom five 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 re-constituted Audit Committee is as follows :-

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

### (iii) Meetings and Attendance during the year

During the year ended March 31, 2010, five meetings of the Audit Committee were held on the following dates :-

- (i) May 27, 2009
- (ii) June 29, 2009
- (iii) July 29, 2009
- (iv) October 30, 2009
- (v) January 27, 2010

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 R.N. Mody (Chairman)	2
Shri V.N. Somani <i>[Resigned w.e.f.22.02.2010]</i>	5
Shri P.N. Kapadia	4
Shri C.K. Somany	5
Shri K.L. Chandak	5

#### 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 after re-constitution vide Board meeting dated 27.01.2010 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 C.K. Somany	Chairman
(ii)	Shri P.N. Kapadia	Member
(iii)	Shri Sanjay Kothari	Member

(iii) Meetings and attendance during the year

The Remuneration Committee met on 29<sup>th</sup> June 2009, to approve annual increment to the Executive Director from 1<sup>st</sup> December 2008. Attendance of members at Committee Meeting was as follows-

Name of the Director	No. of Meetings attended
Shri V.N. Somani <i>[Resigned w.e.f.22.02.2010]</i>	1
Shri P.N. Kapadia	-
Shri C.K. Somany	1

(iv) Remuneration Policy

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

(v) Details of remuneration

The details of Remuneration package, sitting fees paid etc., to directors during the year ended March 31, 2010, for information of members, are furnished here below:-

(a) Paid to Non-executive Directors :

S.N	Name of Director	Sitting fees paid (Rs.)	Remarks
1.	Shri S.K. Bangur	–	Except sitting fees for meeting of Board or its Committees, non-executive directors are not paid any salary, benefits, bonuses, stock options, pension etc.,
2.	Smt. Shashi Devi Bangur	20,000	
3.	Shri Saurabh Bangur	20,000	
4.	Shri R.N. Mody	40,000	
5.	Shri V.N. Somani	1,10,000	There is no contract, Notice period or severance fees applicable.
6.	Shri C.K. Somany	1,10,000	
7.	Shri P.N. Kapadia	80,000	
8.	Lt.Gen.[Retd.] Utpal Bhattacharyya	40,000	Stock Option details - Not applicable as the same is not given.
9.	Shri Krishna Kumar Karwa	10,000	
10.	Shri K.L. Chandak	–	
TOTAL		4,30,000	

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

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

Sl. No.	Particulars	Shri S.K.Bangur Chairman & Managing Director Rs	Shri K.L.Chandak Executive Director Rs
(i)	Remuneration :		
	■ Salary	24,00,000	39,05,923
	■ Contribution to Provident, Gratuity and Superannuation Funds.	5,03,385	14,13,968
	■ Benefits-Allowances/perks	1,191	2,96,026
	■ Commission	3,76,00,000	–
	TOTAL	4,05,04,576	56,15,917
(ii)	Details of Fixed Component and performance linked incentives along with the performance criteria:(as approved by members in Annual General Meeting dated September 30, 2006 and 29th September 2007).		
(a)	Fixed Component :	(Rs. Per month)	(Rs. Per month)
	- Salary	2,00,000	2,99,428
	- 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	Up to 5% of net profit	–
	(Based on Net Profit for the year within the individual/overall ceiling for managerial remuneration from time to time)	by way of Salary, perks and Commission, all taken together.	
(c)	Minimum Remuneration :	Within the ceiling of	Within the ceiling of
	In case of inadequacy of profit in any year as calculated under section 198/349 of the Act.	Schedule XIII, as amended from time to time.	Schedule XIII, as amended from time to time.
(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, 2011.	The re-appointment is for a further period of four years i.e., till November 30, 2010.
(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 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 PK Mundra, Company Secretary is the Compliance Officer.

**Meetings and Attendance during the year**

During the year, four meetings were held on May 2, 2009, July 20, 2009, February 16, 2010 & March 16, 2010 :-

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

**Complaints Status**

The Share Department of the Company and Link Intime India

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

During the year under review, the Company has received 37 complaints from shareholders/investors, which inter-alia included non-receipt of dividend, annual report and transfer of shares and all the complaints were resolved.

No complaint was pending as on March 31, 2010.

6) GENERAL BODY MEETINGS

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

AGM	Day	Date	Time	Location
52 <sup>nd</sup>	Saturday	29.09.2007	4:00 P.M	Bangur Nagar, Dandeli
53 <sup>rd</sup>	Saturday	30.08.2008	4:00 P.M	Bangur Nagar, Dandeli
54 <sup>th</sup>	Monday	31.08.2009	4:00 P.M	Bangur Nagar, Dandeli

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

(1) No special resolution was passed in the 54<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> August 2009.

(2) At the 53<sup>rd</sup> Annual General Meeting held on 30<sup>th</sup> August 2008, the following special resolutions were passed by the shareholders:-

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

b) To issue, offer and allot in one or more tranches, securities in the course of domestic/international offerings to various

categories of investors, not exceeding Rs.646 Million in accordance with and subject to the provisions of Section 81(1A) and all other provisions, if any, of the Companies Act, 1956, the SEBI (Disclosure and Investor Protection) Guidelines, 2000, etc.

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

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

“The Authorised Capital of the Company is

Rs.95,00,00,000 divided into 15,00,00,000 Equity Shares of Rs.2/- each and 65,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each,”

(3) No special resolution was passed at the 52<sup>nd</sup> Annual General Meeting held on 29<sup>th</sup> September 2007.

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

No special resolutions were passed through postal ballot last year.

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

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

7) DISCLOSURES

(a) Related Party Transactions

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

(b) Compliance of various legal requirements by the Company

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

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

- The Company is maintaining office for the Non-Executive Chairman.
- Remuneration Committee has been constituted to approve remuneration of Executive Director.
- The Company is publishing unaudited/audited financial results without any qualifications.
- The Board members are having adequate experience and expertise to deal with business matters.

- The Company has not established whistle blower policy.

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

8) MEANS OF COMMUNICATION

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

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

(iii) Pursuant to deletion of Clause 51 of the Listing Agreements by Stock Exchanges, consequent upon the SEBI Circular No.CIR/CFD/DCR/3/2010 dated 16th April 2010 notifying discontinuation of EDIFAR system w.e.f. 1<sup>st</sup> April 2010, the Company has dispensed with posting data related to quarterly financial results, shareholding pattern, etc., on EDIFAR.

(iv) The Company's financial results, official news releases and presentations are displayed on the Company's website - [www.westcoastpaper.com](http://www.westcoastpaper.com).

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

9) GENERAL SHAREHOLDER INFORMATION

<b>55th Annual General Meeting</b>	
Date	31 <sup>st</sup> July 2010
Time	4.00 PM
Venue	Shree Rangnath Auditorium, Bangur Nagar, DANDELI -581 325

**Tentative Financial Calendar 2010-11**

<b>Adoption of Quarterly Results</b>	
<b>of the quarter ending</b>	<b>3rd/4th week of -</b>
June 30, 2010	July 2010
September 30, 2010	October 2010
December 31, 2010	January 2011
March 31, 2010 (year ending)	By end of May 2011



Book Closure date	17 <sup>th</sup> July 2010 to 31 <sup>st</sup> July 2010 (Both days inclusive)
Dividend payment date	4 <sup>th</sup> August 2010 onwards

Listing of equity shares on stock exchanges

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

- (a)

Bombay Stock Exchange Limited

Corporate Services

Floor 25, P.J.Towers,

Dalal Street, Mumbai-400 001
- (b)

National Stock Exchange of India Ltd

Listing Department

Exchange Plaza

Bandra-Kurla Complex, Bandra(E),

Mumbai-400 051

Listing fees

Listing fee for the year 2009-10 has been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Stock code

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

Market price data (Rs.)

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
Apr.09	48.00	38.30	49.80	37.50
May.09	60.00	40.10	59.95	38.10
Jun.09	68.00	49.00	68.00	49.00
Jul.09	58.55	43.90	58.50	41.55
Aug.09	62.50	49.50	62.50	46.70
Sep.09	69.30	59.80	69.40	60.00
Oct.09	66.90	56.50	67.45	56.90
Nov.09	72.65	50.10	72.85	54.80
Dec.09	76.00	63.70	76.00	64.20
Jan.10	77.70	62.60	77.90	62.40
Feb.10	67.40	59.75	67.10	59.50
Mar.10	64.20	54.55	64.20	55.00

Registrar and Transfer Agents

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

Link Intime India Pvt.Ltd.,

C-13, Pannalal Silk Mills Compound

LBS Road, Bhandup (W)

MUMBAI-400 078.

Ph: (022) 2596 3838;

Fax: (022) 2596 2691;

E-mail: mumbai@linkintime.co.in

Share Transfer System

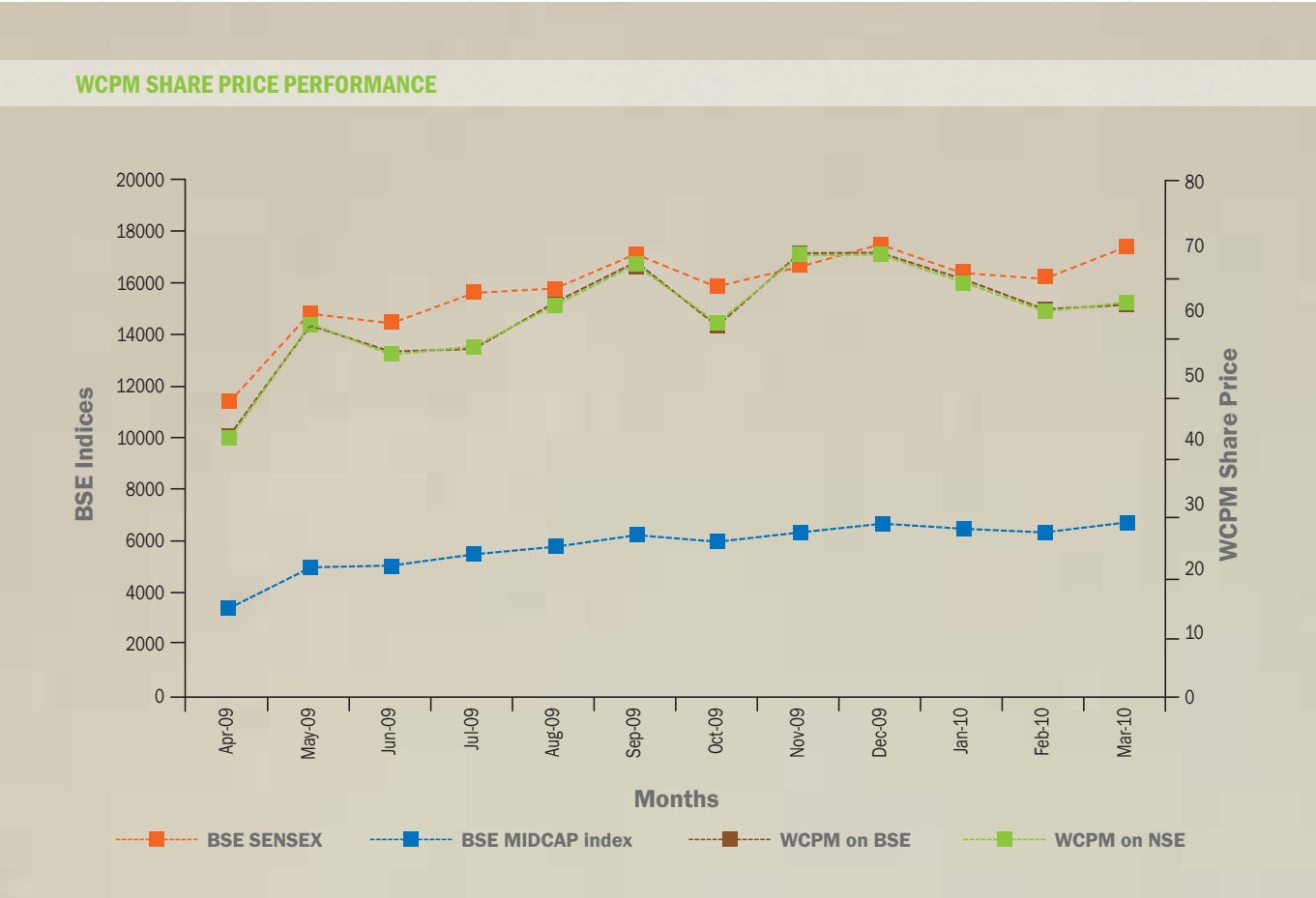
The Company’s Registrar and Transfer Agent (RTA) has been entrusted with handling of Physical transfer of shares also, as per the directions of SEBI, w.e.f. February, 2003, apart from dematerialisation of shares. The Board of Directors of the Company has delegated the power of approval of share transfers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

Shareholding Pattern as on March 31, 2010:

Category	No. of shares held	Percentage of share holding
Promoters	32481383	51.77
Mutual Funds & UTI	1600	–
Banks, Financial Institutions,	5403982	8.61
Insurance Companies & FII		
Private Corporate Bodies	8476606	13.51
Indian Public	16063442	25.60
NRIs/OCBs	309845	0.49
Foreign Nationals	12050	0.02
ADRs/GDRs	-	-
<b>Total</b>	<b>62748908</b>	<b>100%</b>

Distribution of Shareholding as on March 31, 2010:

From	To	No. of shareholders		No. of shares	
		Number	%	Number	%
Upto	5000	15629	93.34	6650679	10.60
5001	10000	546	3.26	2032981	3.24
10001	20000	264	1.58	1992409	3.17
20001	30000	92	0.55	1165153	1.86
30001	40000	41	0.24	736823	1.17
40001	50000	32	0.19	745290	1.19
50001	100000	52	0.31	1944952	3.10
100001 &	Above	89	0.53	47480621	75.67
<b>Total</b>		<b>16745</b>	<b>100%</b>	<b>62748908</b>	<b>100%</b>







### Dematerialisation of shares

The shares of the Company are in compulsory demat segment w.e.f. July 2000. The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on 31<sup>st</sup> March 2010, 95.79% of the shares of the Company were held in dematerialized form and rest in physical form.

### Plant location of the Company

#### Paper & Paperboard and Duplex Board

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

#### Optical Fibre Cable Unit :

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

#### Address for Correspondence

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

#### Link Intime India Pvt. Ltd.,

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

### 10) CEO/CFO Certification

As required by the revised clause 49 (V) of the Listing Agreements, the Certificate from CEO and CFO was placed before the Board of Directors at the meeting held on 29<sup>th</sup> May 2010..

### 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.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the accounts for the financial year ended on 31<sup>st</sup> March 2010 have been prepared on a 'going concern' basis.

For and on behalf of the Board

**K. L. Chandak**  
Executive Director

**P.N.Kapadia**  
Director

Place : Mumbai  
Date : 29<sup>th</sup> May 2010

## 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 27<sup>th</sup> January 2010.

Place: Mumbai,  
Date : 29<sup>th</sup> May 2010.

For **THE WEST COAST PAPER MILLS LTD.,**  
**KL CHANDAK**  
EXECUTIVE DIRECTOR

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

To The members of  
**The West Coast Paper Mills Limited**

We have examined the compliance of conditions of Corporate Governance by The West Coast Paper Mills Limited ("The Company") for the year ended on March 31, 2010, 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.

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

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

Place : Mumbai  
Date : 29<sup>th</sup> May 2010

For **Batliboi & Purohit**  
Chartered Accountant

**R. D. Hangekar**  
Partner  
Membership No. 30615  
F.R. No.101048W

# SECRETARIAL COMPLIANCE CERTIFICATE

## TO WHOMSOEVER IT MAY CONCERN

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

For **THE WEST COAST PAPER MILLS LIMITED**

Place : Mumbai  
Date : 29<sup>th</sup> May 2010

**P K MUNDRA**  
V.P.(Finance) & Company Secretary

# AUDITORS' REPORT

To the Members of  
**The West Coast Paper Mills Limited**

- We have audited the attached Balance Sheet of The West Coast Paper Mills Limited ('the Company') as at 31st March, 2010, the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (the Order), as amended, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;

- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- On the basis of the written representations received by the Company from the Directors at on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956;
- In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2010

For **Batliboi & Purohit**  
Chartered Accountants  
**(R. D. Hangekar)**  
Partner  
Membership No. 30615  
F.R. No.101048W



## ANNEXURE to the Auditors' Report

## ANNEXURE to the Auditors' Report (Contd.)

### With reference to the Annexure referred to in paragraph 3 of the Auditors' Report to the Members of The West Coast Paper Mills Ltd. on the financial statements for the year ended on 31st March, 2010, 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 a body corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year of such loans aggregates to Rs.5 Crores and the year-end balance is NIL.
- b) In our Opinion, the rate of interest and other terms and conditions of such loans were not prima facie prejudicial to the interest of the Company.
- c) In respect of the aforesaid loans, the party has repaid the principal amounts as stipulated and was also regular in payment of interest.
- d) In respect of the aforesaid loans granted, there was no overdue amount more than Rupees One Lac.
- e) The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (f) and (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. We have not observed any major weakness in the internal control system during the course of our audit.
- v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) The transactions made in pursuance of such contracts or arrangements aggregating during the year to Rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods or materials have been made with other parties.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Therefore the provisions of clause (vi) of the Order are not applicable to the company.
- vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determining whether they are accurate or complete.
- ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, we are of the opinion that the company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax/VAT, Wealth tax, Customs Duty, Excise Duty, Service tax, Cess and other material statutory dues with the appropriate authorities and there are no outstanding unpaid amounts as at the balance sheet date for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the dues in respect of Sales tax and Income tax, which have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below:

Name of the Statute	Nature of the dues	Amount (Rs. In lacs)	Forum where dispute is pending
The Tamilnadu General Sales Tax Act	Sales Tax	30.66	Madras High Court
Income Tax Act, 1961	Income Tax	185.60	Bombay High Court
Income Tax Act, 1961	Income Tax	269.06	Income Tax Appellate Tribunal
Income tax Act, 1961	Income Tax	5868.57	Commissioner of Income Tax (Appeals)

- x) The Company does not have accumulated losses as at the balance sheet date and has not incurred cash losses in the current or in the immediately preceding financial year.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to any financial institutions, banks or debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of any special statute apply; accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name.
- xv) The Company has given guarantees amounting to Rs. 12,132 lacs (Previous year Rs. 13,415 lacs) for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
- xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans were applied for the purpose

for which they were obtained.

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

xviii) During the year under consideration, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, each of the transactions has been made at price; which are not prejudicial to the interest of the Company.

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

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

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

For **Batliboi & Purohit**  
Chartered Accountants

(**R. D. Hangekar**)  
Partner

Membership No. 30615  
F.R. No.101048W

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2010



## BALANCE SHEET as at 31st March, 2010

(Amount in Rs. Lacs)			
	Schedule	2010	2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	7,754.98	7,707.51
Advance Against Share Capital		-	1,150.00
Reserves & Surplus	2	52,378.28	47,920.21
		<b>60,133.26</b>	<b>56,777.72</b>
<b>Loan Funds</b>			
Secured Loans	3	93,958.30	94,420.94
Unsecured Loans	4	29,513.14	22,944.12
		<b>123,471.44</b>	<b>117,365.06</b>
Deferred Tax Liability		6,649.09	4,001.92
<b>Total</b>		<b>190,253.79</b>	<b>178,144.70</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	6		
Gross Block		103,198.05	41,138.98
Depreciation		22,635.49	20,457.27
Net Block		80,562.56	20,681.71
Capital work-in-progress		74,689.80	112,004.52
		<b>155,252.36</b>	<b>132,686.23</b>
Assets Taken on Lease			
Gross Block		8,654.82	8,654.82
Depreciation		8,654.82	8,654.82
Net Block		-	-
		<b>155,252.36</b>	<b>132,686.23</b>
<b>Investments</b>	7	4,671.20	4,604.64
<b>Current Assets, Loans and Advances</b>			
	8		
Inventories		17,905.54	14,368.28
Sundry Debtors		3,424.17	4,340.45
Cash and Bank Balances		11,659.09	28,443.38
Loans and Advances		18,331.21	14,325.47
		<b>51,320.01</b>	<b>61,477.58</b>
Less: Current Liabilities & Provisions	5	20,989.78	20,623.75
Net Current Assets		<b>30,330.23</b>	<b>40,853.83</b>
<b>Total</b>		<b>190,253.79</b>	<b>178,144.70</b>
Notes on Balance Sheet	17		
Accounting Policies	18		

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

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R.D. Hangekar**

Partner

Membership No. 30615

F.R. No.101048W

Place : Mumbai

Date : 29<sup>th</sup> May, 2010

**P.K. Mundra**

Company Secretary

**P.N. Kapadia**

Director

**Krishna Kumar Karwa**

Director

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

Director

**Sanjay Kothari**

Director

**K.L. Chandak**

Executive Director

## PROFIT & LOSS ACCOUNT for the year ended 31st March, 2010

(Amount in Rs. Lacs)			
	Schedule	2010	2009
<b>INCOME</b>			
Turnover	9	65,050.27	66,270.79
Less: Excise Duty		2,659.56	4,295.65
Net turnover		62,390.71	61,975.14
Other Income	10	632.24	788.27
Variation in Stock of Finished Goods	11	(576.02)	1,251.39
<b>Total</b>		<b>62,446.93</b>	<b>64,014.80</b>
<b>EXPENDITURE</b>			
Raw Materials Cost	12	22,302.90	23,182.90
Manufacturing Expenses	13	19,972.66	19,470.67
Payments to Employees	14	5,517.61	5,452.68
Administrative Expenses	15	2,913.77	3,097.95
Interest & Financing Charges	16	1,215.73	774.41
Depreciation		2,377.05	1,990.28
<b>Total</b>		<b>54,299.72</b>	<b>53,968.89</b>
<b>Profit Before Taxation</b>		<b>8,147.21</b>	<b>10,045.91</b>
Provision for Current Tax		1,400.00	1,149.00
Less: MAT Credit Entitlement [Ref.Note No 13 Of Schedule 17]		(1,370.17)	-
Provision For Deferred Tax		2,647.17	(156.91)
<b>Profit After Taxation</b>		<b>5,470.21</b>	<b>9,053.82</b>
Balance as per last Balance Sheet		493.21	316.58
<b>Available for Appropriation</b>		<b>5,963.42</b>	<b>9,370.40</b>
<b>APPROPRIATION</b>			
Proposed Dividends on - Preference Shares		552.50	3.03
- Equity Shares		1,254.98	1,254.98
Tax on Proposed Dividends		307.18	213.80
Debenture Redemption Reserve		-	6,500.00
General Reserve		547.02	905.38
Balance Carried Over		3,301.74	493.21
		<b>5,963.42</b>	<b>9,370.40</b>
<b>Earnings per Share of Rs.2 Each (Rs.)</b>			
(Refer Note No.10 of Notes on Accounts)	Basic	8.80	15.74
Notes on Profit and Loss Account	Diluted	8.80	15.74
Accounting Policies	18		

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

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R.D. Hangekar**

Partner

Membership No. 30615

F.R. No.101048W

Place : Mumbai

Date : 29<sup>th</sup> May, 2010

**P.K. Mundra**

Company Secretary

**P.N. Kapadia**

Director

**Krishna Kumar Karwa**

Director

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

Director

**Sanjay Kothari**

Director

**K.L. Chandak**

Executive Director





## CASH FLOW STATEMENT for the year ended 31st March, 2010

	(Amount in Rs.Lacs)	
	2010	2009
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	8,147.21	10,045.91
Add: Adjustments for:		
Depreciation	2,377.05	1,990.28
Interest expenses	1,215.73	774.41
Financial Lease rentals	-	132.09
Assets discarded	28.63	-
Loss on Sale of Fixed Assets	0.77	-
	<b>11,769.39</b>	<b>12,942.69</b>
Less: Adjustment for:		
Profit on sale of Fixed Assets	-	0.85
Profit on Sale of Investments	24.96	145.50
Interest & dividend received	105.58	259.48
Operating profit before working capital changes	<b>11,638.85</b>	<b>12,536.86</b>
Add : Decrease in Working capital:		
Trade Payables	-	7,426.69
	<b>11,638.85</b>	<b>19,963.55</b>
Less: Increase in Working capital:		
Trade Payables	276.82	-
Inventories	3,537.26	3,095.56
Trade & Other Receivables	2,138.10	8,321.16
Cash generated from operations	<b>5,686.67</b>	<b>8,546.83</b>
Less: Interest paid	1,215.73	774.41
Direct taxes paid	981.19	1,312.41
Cash Flow before Extraordinary items	3,489.75	6,460.01
Extraordinary items	-	-
<b>Net Cash Flow in Operating Activities</b>	<b>3,489.75</b>	<b>6,460.01</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Add: Inflow:		
Sale of Fixed assets	7.37	4.26
Sale of Investments	-	900.00
Interest received	101.19	255.78
Dividend received	4.39	3.70
Profit on Investment	24.96	145.50
	<b>137.91</b>	<b>1,309.24</b>
Less: Outflow:		
Purchase of fixed assets	24,979.95	81,672.43
Purchase of investment	66.56	-
	<b>25,046.51</b>	<b>81,672.43</b>
<b>Net Cash Used in Investing Activities</b>	<b>(24,908.60)</b>	<b>(80,363.19)</b>

## CASH FLOW STATEMENT for the year ended 31st March, 2010 (Contd.)

	(Amount in Rs.Lacs)	
	2010	2009
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Add: Proceeds from borrowings	6,687.74	79,119.83
Equity/Preference Share Capital & Share Warrants including premium	(0.01)	9,000.00
	<b>6,687.73</b>	<b>88,119.83</b>
Less: Repayment of loans	581.36	2,259.43
Repayment of Finance lease liabilities	-	132.09
Dividend and Dividend Tax paid	1,471.81	2,013.78
	<b>2,053.17</b>	<b>4,405.30</b>
<b>Net Cash flow in financing activities</b>	<b>4,634.56</b>	<b>83,714.53</b>
Net Increase/(Decrease) in Cash and Cash equivalents during the year	(16,784.29)	9,811.35
Cash & Cash equivalents at the beginning of the year	28,443.38	18,632.03
Cash & Cash equivalents at the end of the year	11,659.09	28,443.38

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

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R.D. Hangekar**

Partner

Membership No. 30615

F.R. No.101048W

Place : Mumbai

Date : 29<sup>th</sup> May, 2010

**P.K. Mundra**

Company Secretary

**P.N. Kapadia**

Director

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

Director

**Krishna Kumar Karwa**

Director

**Sanjay Kothari**

Director

**K.L. Chandak**

Executive Director



## SCHEDULES Annexed to and forming part of the Balance Sheet as at 31st March, 2010

		(Amount in Rs.Lacs)
	2010	2009
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
15,00,00,000 Equity Shares of Rs.2 each	3,000.00	3,000.00
65,00,000 Cumulative Redeemable Non-convertible Preference Shares of Rs.100 each	6,500.00	6,500.00
	9,500.00	9,500.00
<b>Issued &amp; Subscribed</b>		
62748908 Equity Shares of Rs.2 each Fully paid-up	1,254.98	1,207.51
6500000 8.5% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each Fully paid up	6,500.00	6,500.00
<b>Total</b>	<b>7,754.98</b>	<b>7,707.51</b>

Note: [1] Out of the above Equity shares - 75,00,000 shares of Rs.2 each fully paid were allotted as Bonus Shares by Capitalisation of General Reserve.

[2] Cumulative Redeemable Non-convertible Preference Shares are redeemable at the end of 5 years from the date of allotment i.e. 30.03.2009, however, the Company can redeem at anytime at its option after one year from the date of allotment.

	2010	2009
<b>2. RESERVES AND SURPLUS</b>		
Share Premium Account	12,846.64	11,744.12
Equity Share Warrant Forfeiture Account	277.50	277.50
Debenture Redemption Reserve	6,500.00	6,500.00
<b>General Reserve</b>		
Balance at commencement of the year	28,905.38	28,000.00
Transferred from Profit & Loss Account	547.02	905.38
	29,452.40	28,905.38
Balance as per Profit & Loss Account	3,301.74	493.21
<b>Total</b>	<b>52,378.28</b>	<b>47,920.21</b>

	2010	2009
<b>3. SECURED LOANS</b>		
(i) 650 (650) Nos. of 12.5% Secured Redeemable Non-Convertible Debentures of Rs.10 Lacs each	6,500.00	6,500.00
(ii) Working Capital Facilities from Banks	2,619.26	1,789.23
(iii) Term Loans		
a) International Finance Corporation (IFC), Washington, DC	17,956.00	20,284.00
b) Barclays Bank Plc. Mauritius	8,978.00	10,142.00
c) ICICI Bank Ltd., Singapore - Led Syndicate	47,905.04	53,205.71
d) Central Bank of India	10,000.00	2,500.00
<b>Total</b>	<b>93,958.30</b>	<b>94,420.94</b>

Note: 1. The Working Capital facilities from banks are secured by joint hypothecation of stores, spares, raw materials, stock-in-process, finished goods, book debts etc., ranking pari-passu inter-se.

2. Term loans from IFC, Washington, Barclays Bank Plc & ICICI Bank Ltd., are secured by way of hypothecation on all movable assets both present and future and are secured by equitable mortgage of immovable assets, both present and future on pari-passu basis.

3. 12.5% Secured Redeemable Non-convertible Debentures are redeemable in eight equal quarterly instalments after 2 years from the date of allotment i.e. 30.03.2009. However, there is no pre-payment penalty for pre-payment on interest reset dates at yearly interval.

4. 12.5% Non-convertible redeemable Debentures and loan from Central Bank of India, are secured by second charge by way of hypothecation on all moveable assets on pari-passu basis.

## SCHEDULES Annexed to and forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

	(Amount in Rs.Lacs)
2010	2009
<b>4. UNSECURED LOANS</b>	
Loan from Banks	20,500.00
Interest-free Loan under Sales-tax Deferral Scheme	9,013.14
<b>Total</b>	<b>29,513.14</b>

	2010	2009
<b>5. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors:		
Dues of Micro, Small & Medium Enterprises (See Note 6 of Schedule 17)	72.44	211.29
Others	18,168.27	17,853.65
	18,240.71	18,064.94
Unclaimed Dividends	67.73	66.86
Interest accrued but not due on loans	550.74	882.92
<b>Provisions</b>		
Proposed Dividends	1,807.48	1,258.01
Tax on Proposed Dividends	307.18	213.80
Leave Encashment	15.42	22.68
Gratuity	-	114.54
Superannuation	0.52	-
<b>Total</b>	<b>20,989.78</b>	<b>20,623.75</b>



## SCHEDULES Annexed to and forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

Particulars	(Amount in Rs. Lacs)			
	GROSS BLOCK AT COST		DEPRECIATION	
	As at 1.4.2009	As at 31.3.2010	As at 1.4.2009	As at 31.3.2010
Land - Leasehold	156.11	156.11	-	156.11
- Freehold	61.61	61.61	-	61.61
Factory Buildings	3,550.10	8,783.85	2,092.30	2,273.50
Non-Factory Buildings	1,009.44	1,011.73	529.85	553.85
Roads and Drainage	163.54	163.54	24.22	26.97
Railway Siding	-	226.99	-	3.98
Effluent Treatment Plant	1,028.77	1,035.58	350.86	399.56
Construction Machinery and Equipments	4.49	4.49	0.15	0.94
Water Treatment Plant	46.29	46.29	0.02	0.13
Electric Installations	34.53	37.89	1.30	28.41
Fire Fighting Equipments	6.78	6.78	0.03	0.19
Furniture, Fittings and Airconditioners	332.06	296.49	222.49	172.10
Office Equipments	534.96	589.52	409.48	453.62
Trucks & Vehicles	197.70	199.21	127.06	130.45
Plant and Machinery	33,368.19	89,933.56	15,973.39	17,892.34
Plant and Machinery [Leased]	644.41	644.41	-	644.41
<b>TOTAL</b>	<b>41,138.98</b>	<b>103,198.05</b>	<b>20,457.27</b>	<b>22,635.49</b>
Capital work-in-progress				
<b>TOTAL</b>	<b>40,494.44</b>	<b>41,138.98</b>	<b>18,478.39</b>	<b>20,457.27</b>
Previous Year				
			1,990.28	11.40
				53,007.49

Note:

- Buildings at Paper & Paper Board Unit at Dandeli are constructed on Leasehold land.
- Leasehold Land represents the amount paid to Karnataka Industrial Area Development Board (KIADB), Bangalore against allotment of land at Kesarolli village, Haliyal on Lease-cum-sale basis.
- Capital work in progress includes Rs.6370.39 Lacs (Previous Year Rs.14221.72 Lacs) for Project Expenses and Rs.678.98 Lacs (Previous Year Rs.3401.73 Lacs) for advances to suppliers/contractors.

## SCHEDULES Annexed to and forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

Description No.of	(Amount in Rs.Lacs)			
	2010		2009	
	Value Shares	No.of (Rs. in Lacs)	Value Shares	(Rs. in Lacs)
<b>7 INVESTMENTS</b>				
<b>[1] TRADE INVESTMENTS</b>		NIL		NIL
<b>[2] NON TRADE INVESTMENTS</b>				
<b>Long Term Investments</b>				
<b>(A) In Government Securities:</b>				
6 Year National Savings Certificate	-	0.10	-	0.10
<b>Total [A]</b>		<b>0.10</b>		<b>0.10</b>
<b>(B) In Equity Shares</b>				
<b>(a) Listed &amp; Quoted:</b>				
Jayshree Chemicals Ltd.,	542,399	94.96	98,618	28.40
Fort Gloster Industries Ltd.,	4,016,680	-	4,016,680	-
Rama Newsprint & Papers Ltd.,	21,124,791	4,540.86	21,124,791	4,540.86
<b>Total (a)</b>		<b>4,635.82</b>		<b>4,569.26</b>
<b>(b) Listed But not Quoted:</b>				
The Kilkotagiri Tea & Coffee Estate Co.Ltd.,	55,545	28.23	55,545	28.23
The Thirumbadi Rubber Co.Ltd.,	14,000	7.04	14,000	7.04
<b>Total (b)</b>		<b>35.27</b>		<b>35.27</b>
<b>(c) Unquoted:</b>				
Speciality Coatings & Lamination Ltd.,	1,850,130	-	1,850,130	-
Digvijay Investments Ltd.,	7	0.01	7	0.01
<b>Total (c)</b>		<b>0.01</b>		<b>0.01</b>
<b>Grand Total</b>		<b>4,671.20</b>		<b>4,604.64</b>

INVESTMENTS	(Amount in Rs.Lacs)			
	As at 31.03.2010		As at 31.03.2009	
	Book Value	Market Value	Book Value	Market Value
<b>(A) LONG TERM INVESTMENT</b>				
(Investment in shares				
Listed (Quoted & Unquoted)	4,671.09	4,708.85	4,604.53	2,714.44
<b>(B) UNLISTED</b>				
Shares/Securities	0.11	-	0.11	-

Note: Investment listed but not quoted has been taken at face value.

Mutual Fund Units Purchased and Sold during the year:

S. No.	Mutual Funds Units	No. of Units	Cost (Rs.in Lacs)
1	TEMPLETON MUTUAL FUND - Super IP Growth	4,418,495	500.00
2	RELIANCE MUTUAL FUND - Reliance Liquid Fund	41,539	500.00
3	RELIANCE MUTUAL FUND - Reliance Liquid Fund	41,811	500.00
4	CANARA ROBECO - TA Fund Super IP Growth	3,740,387	500.00
5	CANARA ROBECO - Liquid Fund	3,772,554	500.00
6	ICICI PRUDENTIAL LIQUID Growth Fund	6,107,779	1,000.00
7	HSBC MUTUAL FUND - Cash Fund	4,997,202	500.00
8	HSBC MUTUAL FUND - Floating Rate Fund	3,601,183	500.03
9	LIC MF - Saving Plus	20,000,000	2,000.00
<b>TOTAL</b>		<b>46,720,950</b>	<b>6,500.03</b>





## SCHEDULES Annexed to and forming part of the Balance Sheet as at 31st March, 2010 (Contd.)

	(Amount in Rs.Lacs)	
	2010	2009
<b>8. CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>[a] Inventories (As certified by Management) :</b>		
Stores, spares, machinery/machinery parts, Building materials etc.	6,271.02	4,925.10
Loose Tools	86.20	84.89
Finished Goods	2,719.30	3,372.04
Raw Materials	8,345.04	5,465.10
Work-in-Process	198.07	293.81
Stock of Scrap	285.91	227.34
	<b>17,905.54</b>	<b>14,368.28</b>
<b>[b] Sundry Debtors (Unsecured)</b>		
Considered good		
Over Six months	144.74	166.33
Others	3,279.43	4,174.12
	<b>3,424.17</b>	<b>4,340.45</b>
<b>[c] Cash &amp; Bank Balances</b>		
Cash on hand	44.78	15.00
Bank Balances with Scheduled Banks:		
In Current Accounts including remittance in transit	579.76	17,271.49
In Fixed Deposit Accounts	10,929.87	11,056.13
In Unpaid Dividends Accounts	67.73	66.86
In Fixed Deposit (Employees' Security Deposits)	36.95	33.90
	<b>11,659.09</b>	<b>28,443.38</b>
<b>[d] Loans and Advances (Unsecured)</b>		
(Considered good except stated otherwise)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	1,973.16	904.89
Balance with Customs, Excise, Port Trust and other Authorities	13,694.03	11,703.72
Advance tax/tax paid at source [Net of provision]	1,095.85	1,514.66
MAT Credit Entitlement	1,370.17	-
<b>Deposits:</b>		
- With Electricity supply companies	104.47	104.47
- With others	93.53	97.73
	<b>18,331.21</b>	<b>14,325.47</b>
<b>Total</b>	<b>51,320.01</b>	<b>61,477.58</b>

## SCHEDULES Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2010

	(Amount in Rs.Lacs)	
	2010	2009
<b>9. TURNOVER</b>		
Sale of Paper and Board	61,188.19	61,831.70
Sale of Cables	3,819.92	4,344.21
Sale of Power	49.01	35.36
Exchange Rate Difference	(6.85)	59.52
<b>Total</b>	<b>65,050.27</b>	<b>66,270.79</b>
<b>10. OTHER INCOME</b>		
Dividend (Non-trade)	4.39	3.70
Interest (Gross)		
Banks	43.34	233.02
Others	57.85	22.76
[Income Tax deducted at source Rs.46.64 lacs (Rs.66.14 lacs)]		
Profit on Sale of Fixed Assets	-	0.85
Excess Provision Written back	6.63	1.07
Profit on sale of Investments	24.96	145.50
Miscellaneous Income	495.07	381.37
<b>Total</b>	<b>632.24</b>	<b>788.27</b>
<b>11. VARIATION IN STOCK OF FINISHED GOODS</b>		
Closing Stock:		
Paper and Board	2,676.73	3,367.89
Cables	42.56	4.15
	2,719.29	3,372.04
Less: Opening Stock:		
Paper and Board	3,367.89	2,149.79
Cables	4.15	2.35
	3,372.04	2,152.14
	<b>(652.75)</b>	<b>1,219.90</b>
Add/Less:		
Variation in Excise duty on opening and closing stock of Finished goods		
Paper and Board	80.77	31.53
Cables	(4.04)	(0.04)
	76.73	31.49
<b>Total</b>	<b>(576.02)</b>	<b>1,251.39</b>



## SCHEDULES Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2010 (Contd.)

	(Amount in Rs.Lacs)	
	2010	2009
<b>12. RAW MATERIALS COST</b>		
Opening Stock	5,465.10	4,501.32
Add: Purchases including expenses thereon	25,087.10	24,045.47
	<b>30,552.20</b>	<b>28,546.79</b>
Less: Closing Stock	8,345.04	5,465.10
	<b>22,207.16</b>	<b>23,081.69</b>
Accretion / Decretion to Stocks:		
Add: Opening Stock of work-in-process	293.81	395.02
Less: Closing Stock of work-in-process	198.07	293.81
<b>Total</b>	<b>22,302.90</b>	<b>23,182.90</b>
<b>13. MANUFACTURING EXPENSES</b>		
Stores & Spareparts etc.consumed	11,650.81	11,324.41
Coal and Oil consumed	6,733.72	6,659.46
Electricity Charges	491.37	541.99
<b>Repairs and Maintenance:</b>		
- Buildings	533.81	350.57
- Plant and Machinery	382.08	398.14
- Other Assets	120.98	139.90
Water Charges/Cess	59.89	56.20
<b>Total</b>	<b>19,972.66</b>	<b>19,470.67</b>
<b>14. PAYMENTS TO EMPLOYEES</b>		
Salaries, Wages and Bonus	4,544.83	4,224.16
<b>Contribution to:</b>		
- Provident and Family Pension Funds	350.43	338.69
- Employees' State Insurance	97.07	106.65
- Gratuity Fund	46.31	318.92
- Superannuation Fund	50.89	98.62
- Employees' Group Insurance Scheme	9.96	9.86
Employees' Welfare Expenses	418.12	355.78
<b>Total</b>	<b>5,517.61</b>	<b>5,452.68</b>

## SCHEDULES Annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2010 (Contd.)

	(Amount in Rs.Lacs)	
	2010	2009
<b>15. ADMINISTRATIVE EXPENSES</b>		
Insurance Charges	112.81	75.30
Rent	76.37	80.22
Lease Charges	-	132.09
Rates and Taxes	25.27	16.28
Vehicles Maintenance	163.70	148.92
Miscellaneous Expenses	781.29	745.44
<b>Payment to Auditors:</b>		
- Audit Fees	7.00	7.00
- Tax Audit Fees	0.75	0.65
- Company Law Matters	0.20	0.20
- Other Services	3.22	1.08
- Out of pocket Expenses	2.34	1.40
Cost Auditors' Remuneration and Expenses	0.40	0.40
Forwarding Charges on Sales	778.04	930.83
Commission on Sales	496.18	438.88
Commission to Director	376.00	463.00
Directors' Fees and Expenses		
- Sitting Fees	4.30	2.80
- Travelling Expenses	14.53	14.46
[including Executive Director's Rs.4.15 Lacs (Rs.4.17 lacs)]	18.83	17.26
Charity and Donation	41.97	39.00
Obsolete Assets written off	28.63	-
Loss on sale of Fixed Assets (Net)	0.77	-
<b>Total</b>	<b>2,913.77</b>	<b>3,097.95</b>

Note: Lease charges include depreciation of Rs. Nil (Rs. 111.68 Lacs) and interest of Rs. Nil (Rs. 20.41 Lacs).

	2010	2009
<b>16. INTEREST AND FINANCING CHARGES</b>		
Interest :		
Term Loans	181.27	-
Debentures	46.61	4.45
Others (Net)	949.88	545.54
Bank Charges	175.79	71.90
Exchange rate difference (Net)	(137.82)	152.52
<b>Total</b>	<b>1215.73</b>	<b>774.41</b>



## SCHEDULES Notes annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date

### 17 NOTES ON ACCOUNTS

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

- Bank Guarantees outstanding : Rs. 1958.10 lacs (Rs. 2194.81 lacs).
- Letters of Credit outstanding : Rs. 4144.43 lacs (Rs. 9532.23 lacs).
- Corporate Guarantees given by the Company to the Banks & Institution : Rs.12132.42 lacs (Rs.13415.47 lacs).
- Demand raised by the Income Tax department and Sales Tax department disputed by the Company : Rs. 6322.69 lacs (Rs.2798.17 lacs) and Rs. 30.66 lacs (Rs. 30.66 lacs) respectively.
- Various demands of employees pending for adjudication : amounts not ascertainable

(2) a) The Income tax assessments of the Company have been completed upto Assessment Year 2007-08.

- The Total demand outstanding as on 31.03.2010 on account of income tax dues for various assessment years is Rs.6322.69 lacs (Rs. 2798.17 lacs). These dues will get substantially reduced once the order giving effect is passed by the Income Tax Department. The Company and the Income Tax Department are in appeal before the Appellate authorities for various assessment years. Since most of the issues raised in these years are already covered by the decisions of Hon'ble Income Tax Appellate Tribunal in Company's favour, the Company is of the opinion that the demands are likely to be either deleted or substantially reduced in appeal before appellate authorities and in view of this, the Company has decided to adjust the short/excess provision, if any, after the appeals are disposed off.

(3) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 3806.22 lacs (Rs.32016.16 lacs).

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

(a) Imports during the year (CIF) value			(Rs. in Lacs)
[i] Raw Materials & Trade purchases	1,980.74	(2,639.71)	
[ii] Components and Spare parts	956.03	(777.88)	
[iii] Capital goods	6,574.92	(31,625.32)	
(b) Expenditure in Foreign Currencies during the year			
[i] Travelling	6.05	(5.65)	
[ii] Others	613.00	(2,042.81)	

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

	Raw Materials				Components & Spare Parts			
	(Rs in Lacs)		%	%	(Rs in Lacs)		%	%
Indigenous	19,561.80	(19,741.47)	88	(86)	11,123.68	(10,693.16)	95	(94)
Imported (including Duty, Freight and Clearing Expenses etc.)	2,645.36	(3,340.22)	12	(14)	527.13	(631.25)	5	(6)
	<b>22,207.16</b>	<b>(23,081.69)</b>	<b>100</b>	<b>(100)</b>	<b>11,650.81</b>	<b>(11,324.41)</b>	<b>100</b>	<b>(100)</b>

(d) Details of Raw Materials Consumed:

	Unit	Quantity		(Rs. in lacs)	
Wood	(M.T)	384,587	(379,331)	13,908.67	(13,127.57)
Pulp/Waste paper	(M.T)	55,144	(61,266)	5,809.50	(6,942.03)
Optical Fibre	(Kms)	247,131	(295,798)	962.10	(1,136.09)
Nylon	(M.T)	18.46	(0.80)	72.80	(3.66)
Steel Tape	(M.T)	193.67	(229.14)	355.57	(430.08)
Copper	(M.T)	5.12	(-)	19.00	(-)
Other allied inputs	-	-	(-)	1,079.52	(1,442.26)
				<b>22,207.16</b>	<b>(23,081.69)</b>

(e) Earnings in Foreign Exchange during the year:

	(Rs.in lacs)
Export of Paper, Paper Board, Duplex Board & Optical Fibre Cable (F.O.B. Value)	2085.41 (2,446.14)

## SCHEDULES Notes annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date (Contd.)

### 17 NOTES ON ACCOUNTS (Contd.)

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

No. of Non-resident Shareholders		No. of Shares held		Net Dividend remitted : (Rs. In Lacs)	
151	(124)	244,805	(188,601)	4.90	(5.66)

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

(g) Particulars in respect of Capacities & Production:

Class of goods	Unit	Installed Capacity per annum		Production/Generation	
Paper/Paper Board & Multilayer Board	M.T.	180,000	(180,000)	173,638	(173,682)
Optical Fibre Cables	Km.	83,500	(83,500)	18,003	(16,787)
JFTC	Ckm.	1,542,000	(1,542,000)	-	-
Control Cable	Ckm.	5,184	-	14	-
Wind Mills	M.W/Kwh.	1.75	(1.75)	1,785,133	(1,424,285)

(h) Particulars in respect of Sales and Stock:

	Opening Stock (1st April, 2009)		Sales		Closing Stock (31st March, 2010)	
	Quantity (M.T.)	Value (Rs. in lacs)	Quantity (M.T.)	Value (Rs. in lacs)	Quantity (M.T.)	Value (Rs. in lacs)
Paper/Paper Board & Multilayer Board	11,112 (8,116)	3,367.89 (2,149.79)	175,194 (170,686)	61,181.34 (61,891.22)	9,556 (11,112)	2676.73 (3,367.89)
Optical Fibre Cables	73 (Km)	4.15	17,790 (Km)	3,813.10	286 (Km)	42.56
	(48)	(2.35)	(16,762)	(4,344.21)	(73)	(4.15)
	(Km)		(Km)		(Km)	
JFTC	-	-	-	-	-	-
	(CKm)		(CKm)		(CKm)	
	(-)	(-)	(-)	(-)	(-)	(-)
	(CKm)		(CKm)		(CKm)	
Control Cable	-	-	14	6.82	-	-
	(CKm)		(CKm)		(CKm)	
	(-)	(-)	(-)	(-)	(-)	(-)
	(CKm)		(CKm)		(CKm)	
Sale of Power	-	-	1,785,133 (Kwh)	49.01	-	-
	(-)	(-)	(1,424,285) (Kwh)	(35.36)	(-)	(-)

- N.B.: [i] Pulp plant is an integrated part of the Paper plant and therefore the capacity and actual production of pulp are not separately ascertained.  
 [ii] Paper Industry, Cable Industry & Wind Power Generation are delicensed.  
 [iii] The Installed Capacities are certified by Executive Director.  
 [iv] Sale of paper as shown above includes Rs. 23.66 Lacs (56 MT) [Rs. 18.56 Lacs (39 MT)] for internal consumption.





## SCHEDULES Notes annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date (Contd.)

### 17 NOTES ON ACCOUNTS (Contd.)

(5) Managerial Remuneration		(Rs. in Lacs)	
	Year ended 31-3-2010	Year ended 31-3-2009	
Salary (including leave encashment)	63.06	50.62	
Commission	376.00	463.00	
Contribution to Provident, Gratuity and Superannuation Funds	19.17	14.69	
Reimbursement of Medical & LTC Expenses	0.10	0.03	
Other perquisites	2.87	3.26	
	<b>461.20</b>	<b>531.60</b>	
<b>Remuneration to Chairman &amp; Managing Director :</b>			
Computation of Net Profit in accordance with section 198 / 349 of the Companies Act, 1956			
Profit before Taxation	8,147.21		
Less: Profit on sale of Investments	24.95		
	<b>8,122.26</b>		
<b>Remuneration to CMD</b>			
1. Commission	376.00		
2. Salary	29.05		
<b>TOTAL</b>	<b>405.05</b>		
Percentage of Profit as per Section 349 of Companies Act, 1956	5		
(6) Disclosure pertaining to Micro, Small and Medium Enterprises Development Act, 2006 (as per information available with the Company) : Principal amount due outstanding as at 31st March, 2010 is Rs.72.44 Lacs and interest paid or payable is Rs.NIL.			
(7) The Company has been advised that its activity of investing surplus funds in Shares / Mutual Funds does not constitute trading activities, as such the details of purchases, opening and closing stocks and turnover in respect of aforesaid activities are not required to be furnished.			
(8) The Company used to adjust the foreign currency exchange rate differences on amounts borrowed for acquisition of fixed assets, to the carrying cost of fixed assets in compliance with Schedule VI to the Companies Act, 1956 as per legal advice, which was at variance to the treatment prescribed as per Accounting Standard 11.			
The Ministry of Corporate Affairs, G.O.I. vide Notification No.G.S.R. 225 (E) dated 31st March 2009, notified the Companies (Accounting Standards) Amendment Rules, 2009 (the said Rules) wherein option is given for adding or deducting the exchange rate variation from the cost of depreciable capital assets in respect of long term foreign currency loans upto 31.03.2011. The Company has, therefore, opted for adjusting the foreign currency exchange rate difference to the carrying cost of fixed assets as per the said Rules and the exchange gain of Rs. 546.77 lacs has been reduced from the Fixed Assets / Capital work in progress (exchange loss of Rs. 3417.88 lacs included in capital work in progress in the previous year), due to which the depreciation for the current financial year is lower by Rs. 3.94 lacs.			
(9) As per the Accounting Standard on 'Related Party Disclosures' (AS 18), issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows :			
A] Associate Company	1) Fort Gloster Industries Ltd., Kolkata (FGI)		
	2) Rama Newsprint & Papers Limited (RNPL)		
B] Key Management Personnel	1) Shri.S.K.Bangur		
	Chairman & Managing Director		
	2) Shri.K.L.Chandak		
	Executive Director		

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

#### (a) Subsidiary and Associated Companies :

		(Rs. in Lacs)	
		Associate Companies	
Particulars	F.G.I.	R.N.P.L.	
<b>INCOME</b>			
Rent	-	1.50	
Interest	-	43.40	
<b>EXPENDITURE</b>			
Rent	1.08	-	
<b>ASSETS</b>			
Loans & Advances [at the end of the year outstanding NIL]	-	500.00	
<b>CORPORATE GUARANTEES</b>	-	12,132.42	

## SCHEDULES Notes annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date (Contd.)

### 17 NOTES ON ACCOUNTS (Contd.)

#### (b) Key Managerial Personnel

Managerial Remuneration Rs. 461.20 Lacs (Rs. 531.60 Lacs)

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

#### Basic :

Particulars	2009 - 2010	2008 - 2009
Net Profit after tax as per P & L Account (Rs. in Lacs)	5,470.21	9,053.82
Number of shares issued (Rs. 2 each)	62,748,908	60,375,330
Basic EPS (Rupees) / Face Value of Rs. 2 each	8.80	15.74
Diluted EPS (Rupees)	8.80	15.74

#### (11) Segment Reporting :

Information about Business Segments (Information provided in respect of revenue items for the year ended 31.03.2010 and in respect of assets / liabilities as at 31.03.2010)

Particular	Year ended 31.03.2010	Year ended 31.03.2009
<b>1. Segment Revenue (Net Sale / Income from)</b>		
a) Paper and Paper Board	58,791.72	57,980.66
b) Telecommunication Cable	3,549.98	3,959.12
c) Others	49.01	35.36
<b>Net Sales / Income from operations</b>	<b>62,390.71</b>	<b>61,975.14</b>
<b>2. Segment Results - Profit / (Loss) before Tax and Interest from Segment</b>		
a) Paper and Paper Board	9,785.22	11,234.93
b) Telecommunication Cable	129.70	79.05
c) Others	5.47	(4.15)
<b>Total</b>	<b>9,920.39</b>	<b>11,309.83</b>
Less : i) Interest	1,215.73	774.41
ii) Other un-allocable expenditure net of un-allocable income	557.45	489.51
<b>Total Profit before Tax</b>	<b>8,147.21</b>	<b>10,045.91</b>
<b>3. Capital Employed (Segment Assets - Segment Liabilities)</b>		
a) Paper and Paper Board	172,868.65	159,733.13
b) Telecommunication Cable	2,245.04	2,659.72
c) Others	193.83	224.49
<b>Total Capital employed in segments</b>	<b>175,307.52</b>	<b>162,617.34</b>
Add : Un-allocable Corporate Assets less Corporate Liabilities	16,755.26	17,236.83
<b>Total Capital employed in company</b>	<b>192,062.78</b>	<b>179,854.17</b>

(12) The Deferred Tax Liability Rs. 2647.17 Lacs (Rs.156.91 Lacs Assets) for the current year has been recognised in Profit & Loss Account.

Particulars	As at 31.03.2010	As at 31.03.2009
a) Deferred Tax Liability on account of Depreciation	6,832.77	4,169.28
	<b>6,832.77</b>	<b>4,169.28</b>
b) Deferred Tax Asset on account of disallowances under section 43B of Income Tax Act	-	-
	183.68	167.36
	<b>183.68</b>	<b>167.36</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>6,649.09</b>	<b>4,001.92</b>

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

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



## SCHEDULES Notes annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date (Contd.)

### 17 NOTES ON ACCOUNTS (Contd.)

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

#### Defined Contribution Plan

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

	(Rs. In Lacs)	
	2009-10	2008-09
Employer's Contribution to Provident Fund/Pension Fund	395.29	338.69
Employer's Contribution to Superannuation Fund	50.89	98.62

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

#### Defined Benefit Plan

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

	(Rs. in Lacs)	
	Gratuity (Funded) 2009-2010	Gratuity (Funded) 2008-2009
<b>1) Components of Employer Expenses</b>		
Service Cost	120.86	61.93
Interest Cost	123.98	117.82
Expected Return on Plan Assets	(124.94)	(131.16)
Actuarial (gain)/Loss	(37.15)	270.33
<b>Net expense / (gain) recognised in the Profit and Loss account</b>	<b>82.75</b>	<b>318.92</b>
<b>2) Changes in Benefit Obligations</b>		
Present value of Obligation	1,630.09	1,606.27
Service Cost	120.86	61.93
Interest Cost	123.98	117.82
Actuarial(gain)/Loss	40.07	222.68
Benefits paid	(302.31)	(342.16)
<b>Present value of Obligation</b>	<b>1,612.69</b>	<b>1,666.54</b>
<b>3) Changes in Plan Assets</b>		
Fair value of Plan Assets	1,666.54	1,606.27
Expected return on Plan Assets	124.94	131.16
Employer's contributions	46.30	204.38
Benefit Paid	(302.31)	(342.16)
Actuarial(gain)/Loss	77.22	(47.66)
<b>Fair value of Plan Assets</b>	<b>1,612.69</b>	<b>1,551.99</b>
<b>Category of Plan Assets</b>		
GOI Securities	0.46	0.48
Special Deposit	59.48	63.93
PSU/State Government Securities	6.61	7.12
ICICI Mutual Fund	33.45	28.47
Others	-	-
<b>Actuarial Assumptions</b>		
Discount Rate (per annum)	8.25%	7.75%
Expected Rate of Return on Assets (per annum)	8.00%	8.00%
Salary Escalation over & above highest of salary in the grade	1.00%	1.00%

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

## SCHEDULES Annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date (Contd.)

### 18 SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 2. Use of Estimates:

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

#### 3. Fixed Assets:

- 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.
- Assets under installation or under construction as at balance sheet date are shown as Capital work in progress together with project expenses and advances to suppliers/contractors.
- Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of Modvat / Cenvat.

#### 4. Depreciation:

- 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.
- On the Plant & Machinery of JFTC/ Control Cable at Mysore Division and Duplex Board Plant at Paper Division at Dandeli is provided at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 on written down value method.

#### 5. Impairment of Assets:

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

#### 6. Investments:

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

#### 7. Valuation of Inventories:

- 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.
- Work in process is valued at cost.
- Finished goods are valued at lower of cost or net realizable value.
- Stock of scrap is valued at realizable value.
- 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.

#### 8. Revenue recognition:

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.

#### 9. Research and Development Expenditure:

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

#### 10. Employee Benefits:

- Contribution to Provident Fund is accounted for on accrual basis. The Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Such shortfall on account of interest, if any, is recognized in the Profit and Loss account.

SCHEDULES

Annexed to and forming part of the Balance Sheet as at  
31st March, 2010 and Profit and Loss Account for the year ended on that date (Contd.)

18 SIGNIFICNT ACCOUNTING POLICIES (Contd.)

- b) Company's defined contributions made to Pension Fund of Government and Superannuation Scheme of Life Insurance Corporation of India are charged to the Profit and Loss account on accrual basis.
- c) Contribution to Gratuity Fund and provision for Leave Encashment is based on actuarial valuation carried out as on the Balance Sheet date as per Projected Unit Credit Method.

11. Foreign Currency Transactions:

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

12. Borrowing Cost:

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

13. Taxation:

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

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

14. Contingent Liabilities:

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

Signature to Schedules from 1 to 18

For **BATLIBOI & PUROHIT**

Chartered Accountants

**R.D. Hangekar**

Partner

Membership No. 30615

F.R. No.101048W

Place : Mumbai

Date : 29<sup>th</sup> May, 2010

**P.K. Mundra**

Company Secretary

**P.N. Kapadia**

Director

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

Director

**Krishna Kumar Karwa**

Director

**Sanjay Kothari**

Director

**K.L. Chandak**

Executive Director

BALANCE SHEET ABSTRACT

Additional information as required under Part IV of Schedule  
VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No. 01936

State Code: 08

Balance Sheet Date: 31 03 2010  
Date Month Year

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

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

4747

III. Position of Mobilisation and deployment of Funds: (Amount in Rs. Thousands)

Total Liabilities

19025379

Sources of Funds

Paid up Capital

775498

Secured Loans

9395830

Total Assets

19025379

Reserves & Surplus

5237828

Unsecured Loans

2951314

Deferred Tax Liability

664909

Investments

467120

Miscellaneous Expenditure

N I L

Application of Funds

Net Fixed Assets

15525236

Net Current Assets

3033023

Accumulated Losses

N I L

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

Turnover including other income  
6244693  
+ - Profit/Loss before tax  
+ 814721  
Earning Per Share in Rs.  
8.80

Total Expenditure  
5429972  
+ - Profit/Loss after tax  
+ 547021  
Dividend Rate (%)  
100

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

Item Code No. (ITC Code)

Product description

480200000  
U N C O A T E D P A P E R  
A N D P A P E R B O A R D S  
U S E D F O R W R I T I N G  
A N D P R I N T I N G

Item Code No. (ITC Code)

Product description

480500000  
O T H E R U N C O A T E D  
P A P E R A N D P A P E R  
B O A R D S I N S H E E T S  
O R R O L L S

Item Code No. (ITC Code)

Product description

900100000  
O P T I C A L F I B R E  
C A B L E S



# Corporate Information

## BOARD OF DIRECTORS

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

## MANAGEMENT TEAM

### Paper And Duplex Board Division

#### Corporate Office

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

#### Works

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

#### Telecom Cable Division

Shri V. Bangur, Chief Executive Officer  
Shri P.K. Ghosh, Vice-President (Technical)

#### V. P. (Finance) & Company Secretary

Shri P.K. Mundra

#### Bankers

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

#### Auditors

Batliboi & Purohit  
Chartered Accountants

#### Cost Auditors

Shri Narottam L. Tola  
Cost Accountant

#### Legal Advisors

Khaitan & Co.

## REGISTERED OFFICE

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District. Uttar Kannada, Karnataka  
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E-mail: wcpm.north@westcoastpaper.com

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E-mail: wcpm.west@westcoastpaper.com

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Off Cathedral Road, Chennai-600 086  
Ph.: 044 28111654, 28111299, Fax: 044 28117013  
E-mail: wcpm.south@westcoastpaper.com

## Telecom Cable Division

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

## Forward Looking Statement

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', '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 realized, 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 materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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