



THE WEST COAST PAPER MILLS LIMITED

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

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

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

NOTICE

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

ORDINARY BUSINESS :

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

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

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

SPECIAL BUSINESS :

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

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

1. Emoluments :

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

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

2. Perquisites :

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

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

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

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

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

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

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

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

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

By Order of the Board

Place : Mumbai
Date : 13th May 2014

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

NOTES :

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

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

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

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

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

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

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

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

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

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

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

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

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

ANNEXURE TO THE NOTICE

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

ITEM NO.6

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

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

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

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

Minimum Remuneration :

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

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

Reimbursement of Expenses :

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

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

Other terms :

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

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

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

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

The Directors recommend the resolution for your approval.

ITEM NO.7

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

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

The Directors recommend the resolution for your approval.

By Order of the Board

Place : Mumbai
Date : 13th May 2014

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

PROXY FORM

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

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

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

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

1. Name _____
 Address _____

 E-mail ID _____
 Signature _____, or falling him/her
2. Name _____
 Address _____

 E-mail ID _____
 Signature _____, or falling him/her
3. Name _____
 Address _____

 E-mail ID _____
 Signature _____

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

ORDINARY BUSINESS :**No. Resolutions**

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

SPECIAL BUSINESS :**No. Resolutions**

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

Signed this _____ day of July, 2014

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp

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



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

ANNUAL REPORT 2013-14



Resourceful

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FORWARD LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements-written and oral-that we periodically make, contain forwardlooking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Management Discussion & Analysis

A) INDUSTRY STRUCTURE & DEVELOPMENT

Paper Division

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

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

The Indian paper industry currently has a turnover (net of taxes) of over ₹ 55,000 Crores and contributes over ₹ 5,500 crores to the national exchequer. Even more importantly it is providing employment opportunities to over 1.5 million people, mostly in rural areas.

The domestic demand for all varieties of paper in India is estimated at around 13.1 million tonnes in 2013-14 which is 3% of global demand of 400 million tonnes even though population of 121 crores as per 2011 census is 17% of world population. Of this, writing & printing paper accounts for approx. 4.1 million tonnes, packaging grades for approx. 5.9 million tonnes and newsprint for about 2.50 million tonnes apart from speciality grade about 0.60 million tonnes.

Even though our domestic paper consumption has been growing steadily, it is still only 11 kg per capita, which is abysmally low when compared to even highly populated and developing economies. For example, per capita consumption in China & Indonesia is estimated at 60 kgs and 23 kgs respectively with world average of 58 kgs.

We have no doubt that given India's projected GDP growth, the renewed thrust on universal education through Sarva Shiksha Abhiyan and Right to Education and the consequent changes in lifestyle, paper demand per capita will gradually move to 19-20 million tonnes by 2020 in our country.

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

Industry has upgraded process technologies, installed most modern fiber lines and high-speed paper machines with shoe press to boost the production, conserve energy & water and improve financial performance. Many mills have adopted extended delignification processes, Elemental Chlorine Free bleaching to modernize the fiber lines. In the area

Management Discussion & Analysis (Contd.)

of paper making, adopted alkaline sizing, replacing clay & talk with Grounded Calcium Carbonate & Precipitated Calcium Carbonate fillers and increase the ash content in paper to reduce usage of fiber. Industry has progressed in spite of challenges, improved environmental performance in terms of reduction of effluent volumes, reduction in terms of usage of steam, power, AOX reduction, apart from many other successful achievements in process technologies.

Ministry of New & Renewable Energy, Government of India vide its letter dt.09.01.2012 had confirmed that Black Liquor Dry Solids is a Renewable Biomass Source which is a byproduct of wood, generated in the Pulp & Paper Industries and accordingly the integrated Pulp & Paper Mills are eligible for Renewable Energy Certificates for power generated by using steam from recovery boilers wherein, Black Liquor Dry Solids are fired which will generate additional revenue for these Mills, however, its benefits are, by & large, not available for want of grid connectivity.

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

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

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

The Company has also focused on social forestry and has cultivated more than 45,000 acres of land so far within a radius of 250–300 kms., so as to enhance availability of wood. The Company is also distributing seedlings to the farmers at concessional rates so that plantations are taken up by them without any commitment for its supply to the Company. However, this is bound to increase the overall availability of raw material for the industry.

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

