

Defining **Growth** and **Focus**



WEST COAST PAPER MILLS LIMITED

Your partner in progress...

ANNUAL REPORT 2018-19



PAPER & DUPLEX BOARD DIVISION AT DANDELI



TELECOM CABLE DIVISION AT MYSURU

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements -written and oral-that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identifying such statements by using words such as 'anticipates,' 'estimate,' 'aspects,' '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 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 materialized, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Reader should bear this in their mind.

We undertake no obligation to publicly updated any forward looking statements, whether as a results of news information, future events or otherwise.

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Corporate Information

BOARD OF DIRECTORS

Shri S. K. Bangur, Chairman & Managing Director
Shri Saurabh Bangur, Vice Chairman
Smt. Shashi Bangur
Shri P. N. Kapadia
Lt. Gen.[Retd.] Utpal Bhattacharyya
Shri Krishna Kumar Karwa
Shri M. P. Taparia
Shri Amitav Kothari
Shri Sudarshan Somani
Shri Rajendra Jain, Executive Director

MANAGEMENT TEAM

Paper and Duplex Board Division

Shri B. H. Rathi, President (Technical)
Shri B. K. Bhuyan, Senior Vice-President (PD &P)
Shri S. N. Patil, Senior Vice-President (Human Resource)
Shri P. C. Maloo, Senior Vice-President (Marketing)
Shri A. K. Sharma, Senior Vice-President (Finance & Accounts)

Telecom Cable Division

Shri Virendraa Bangur, Chief Executive
Shri Anil Tanwani, Chief Executive Officer
Shri Shiv Shankar Gupta, Chief Financial Officer
Shri Raghu Nair, Vice President (Projects)

COMPANY SECRETARY

Shri Brajmohan Prasad

BANKER

Central Bank of India
State Bank of India
Syndicate Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Standard Chartered Bank
Axis Bank Ltd.

STATUTORY AUDITORS

Singhi & Co., Kolkata

COST AUDITOR

Shri S. K. Tikare, Belgaum

SECRETARIAL AUDITOR

Shri Naman G. Joshi, Bangalore

LEGAL ADVISORS

Khaitan & Co., Mumbai

REGISTERED OFFICE

Bangur Nagar, Dandeli – 581 325
District. Uttara Kannada, Karnataka
Phone: (08284) 231 391-395 Fax: (08284) 231 225
E-mail: co.sec@westcoastpaper.com

CORPORATE OFFICE & EAST ZONE

31, Chowringhee Road
Kolkata – 700 016
Phone: (033) 7150 0500
Fax: (033) 2226 6086
E-mail: sales.ho@westcoastpaper.com

ZONAL OFFICES

North Zone

Vishnu Bhavan, 1st Floor, 5 Ansari Road
Daryaganj, New Delhi – 110 002
Phone: (011) 2326 9806, 2327 3679, 2324 6254
Fax: (011) 2328 4913
E-mail: wcpm.north@westcoastpaper.com

West Zone

Shreeniwas House
H.Somani Marg, Fort, Mumbai – 400 001
Phone: (022) 2207 0041-44
Fax: (022) 2207 0001
E-mail: wcpm.west@westcoastpaper.com

South Zone-1

23/1 Kanakasri Nagar
Off Cathedral Road, Chennai – 600 086
Phone: (044) 2811 1654, 2811 1299, 4235 9709
Fax: (044) 2811 7013
E-mail: wcpm.south@westcoastpaper.com

South Zone -2

"Chandrakiran Building", 4th Floor,
10/A, Kasturba Road,
Bangalore – 560 001
Phone: (080) 2223 1828-1829
E-mail: wcpm.south2@westcoastpaper.com

South Zone -3

2-2-51/119, 3rd Floor (302,303),
Mittal Chambers, M.G. Road,
Secunderabad – 500 003,
Phone: (044) 4027 6854,
E-mail: wcpm.south3@westcoastpaper.com

TELECOM CABLE DIVISION

West Coast Optilinks (Sudarshan Telecom)

Plot No. 386/387, KIADB, Electronic City
Hebbal Industrial Area, Mysore – 570 016
Phone: (0821) 240 4060, Fax: (0821) 240 4061
E-mail: info@westcoastoptilinks.com

Company website : www.westcoastpaper.com



Ten Year Highlights

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PRODUCTION											
PAPER/PAPER BOARD & MULTILAYER BOARD	Tonnes	304957	290844	313311	306960	300514	310002	317808	308230	267005	173638
OPTICAL FIBRE CABLE	Km	40097	28405	29802	42989	30438	20686	20242	20184	27951	18003
JFTC	CKm	-	-	-	-	-	-	-	-	78	-
CONTROL CABLE	CKm	-	-	-	-	-	-	-	341	251	14
SALES											
PAPER/PAPER BOARD & MULTILAYER BOARD	Tonnes	301931	291512	317951	315146	302978	298682	321018	305818	267992	175194
OPTICAL FIBRE CABLE	Km	37930	28665	30936	40545	30368	21053	20161	20308	27985	17790
JFTC	CKm	-	-	-	-	-	-	-	-	78	-
CONTROL CABLE	CKm	-	-	-	-	-	-	-	337	248	14
OPERATING RESULTS											
TURNOVER	₹/Lakhs	196852	172222	187028	179953	174715	165483	154125	136620	110887	65050
GROSS PROFIT(PBDT)	₹/Lakhs	50068	33878	28272	18927	17853	14114	20084	15866	18919	10524
DEPRECIATION	₹/Lakhs	17526	11622	11077	11081	12220	12719	17629	20535	9610	2377
EXCEPTIONAL ITEMS	₹/Lakhs	-	-	-	5324	5160	-	-	-	-	-
TAXATION	₹/Lakhs	6800	4551	3654	598	-	166	372	-	1900	1400
MAT CREDIT ENTITLEMENT	₹/Lakhs	(2129)	(4551)	(3654)	(598)	-	(154)	(335)	-	(1809)	(1370)
DEFERRED TAX	₹/Lakhs	(1735)	(67)	4938	1637	362	720	607	(1314)	210	2647
NET PROFIT/(LOSS)	₹/Lakhs	29631	22267	12258	885	111	663	1811	(3356)	9008	5470
DIVIDEND	₹/Lakhs	3302	2642	1651	660	-	660	660	206	1807	1807
FINANCIAL POSITION											
GROSS BLOCK	₹/Lakhs	244131	229298	215871	210374	207934	205632	201596	198706	185045	186542
DEPRECIATION	₹/Lakhs	141919	126044	115432	104040	93035	80866	69565	52570	32205	31290
NET BLOCK	₹/Lakhs	102212	103254	100439	106334	114899	124766	132031	146136	152840	155252
PAID UP CAPITAL	₹/Lakhs	1321	1321	1321	1321	1321	1321	1321	1255	7755	7755
RESERVES & SURPLUS	₹/Lakhs	109031	82580	62594	58547	58456	58345	58455	55698	59293	52378
NET WORTH	₹/Lakhs	110352	83901	63915	59868	59777	59666	59776	56953	67048	60133
BORROWINGS	₹/Lakhs	40021	30416	49986	74393	91042	106608	108063	126365	121246	123471
CAPITAL EMPLOYED	₹/Lakhs	150373	114317	113901	134261	150819	166274	167839	183318	188294	183604
SOME SELECTED RATIOS											
EARNINGS PER SHARE (₹ 2) (BASIC)	₹	44.82	33.80	19.46	1.34	0.17	1	9	4	14	9
BOOK VALUE PER SHARE	₹	167	127	97	91	91	90	91	91	107	96
DIVIDEND [EQUITY SHARES]	%	250	200	125	50	-	50	50	10	100	100
DEBT EQUITY RATIO		27:73	27:73	44:56	55:45	60:40	64:36	64:36	69:31	64:36	67:33



Directors' Report

Your Directors are pleased to present the 64th Annual Report of your Company, together with the audited financial statements for the year ended 31st March 2019.

FINANCIAL RESULTS:

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

Particulars	31st March, 2019	31st March, 2018
	(₹ in Crores)	
Profit Before Finance Cost, Depreciation and Tax (PBIDT)	529.65	380.43
Finance Cost	28.97	41.65
Profit Before Depreciation and Tax	500.68	338.78
Depreciation	175.26	116.22
Tax Expenses (Including Deferred Tax)	29.36	(0.67)
Profit After Tax (PAT)	296.06	223.23
Other Comprehensive Income (Net of Tax)	0.25	(0.56)
Total Comprehensive Income	296.31	222.67

DIVIDEND:

Your Directors are pleased to recommend a dividend of ₹ 5.00 per equity share (250%) for the year ended 31st March, 2019, subject to shareholders' approval at the forthcoming Annual General Meeting.

PERFORMANCE:

The performance of the Company during the year under review has been better compared to the previous year. This is despite production loss on account of major shut taken for 15 days for PM-6 rebuild for increasing capacity by 10%.

The improved performance is also due to good demand along with better product mix, improved operating parameters, reduction in imported chips consumption and reduction in finance cost. However, there was significant increase in rates of chemicals, coal, furnace oil and employee cost.

The Company shall continue to focus on improving operating efficiencies and minimizing cost for better financial performance.

DIVISION WISE PERFORMANCE:

PAPER AND PAPERBOARD DIVISION, DANDELI

The production of Paper, Paperboard and Hardwood Pulp was 304957 MT (95% capacity utilization) during the year against 290844 MT in the last year (91% capacity utilization) i.e., higher by 14113 MT. The sale of Paper and Paperboard was



HBL ACCUMULATOR - 2



TRPE PULP WASH PRESS



Directors' Report (Contd.)

301931 MT during the year against 291512 MT in the last year i.e., higher by 10419 MT. Turnover during the year was ₹ 1851 Crores as against ₹ 1624 Crores (exclusive of excise duty) in the last year, i.e., higher by ₹ 227 Crores. The growth was driven by higher sales quantity and better realization. The EBITDA margin was 26.43% during the year.

CABLE DIVISION, MYSORE

The production of Optical Fibre Cable was 40097 Kms during the year against 28405 Kms in last year, thereby higher production by 11692 Kms. The sale of Optical Fibre Cable was 37930 Kms during the year as against 28665 Kms in the last year i.e., higher by 9265 MT. Turnover was ₹ 117 Crores during the year as against ₹ 74 Crores in the last the year i.e., higher by ₹ 43 Crores. The EBITDA margin was 14.81% during the year.

EXPORTS:

Export of Paper and Paperboard in foreign currency during the year was 2530 MT worth ₹ 17 Crores (FOB) as against 3388 MT worth ₹ 18 Crores (FOB) in the last year. Similarly Cable worth ₹ 4 Crores (FOB) was exported during the year as against ₹ 2 Crores in the last year.

FUTURE PLAN:

Company has made an ambitious plan for growth cum modernization for phase-wise investment in next 3 years time period at Company's Paper Division and Cable Division. Company's Paper Division at Dandeli, focuses on increase marginal paper production from existing machines, improve paper quality, produce new speciality products and reduction of usage of steam, power, chemical, water and also minimize the breakdown of machines. In this regard the Company has invested ₹ 127 Crores and has plans to invest around ₹ 75 Crores further in financial year 2019-20.

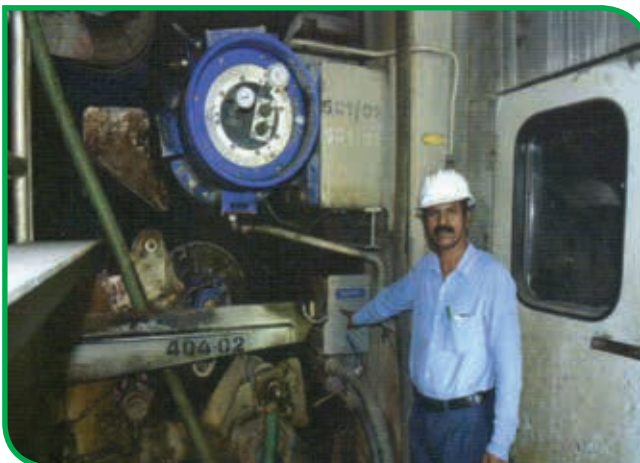
Additionally, the Company is also planning for putting up a new line for producing Specialty Products at Dandeli. EIA study is currently going on and post the approval, the Company will take appropriate decision on investment in new line.

The Company is also working on growth by way of inorganic acquisition in the same line of business and has entered into a Share Purchase Agreement (SPA) on 29th May 2019 for acquiring controlling stake in International Paper APPM Limited (IPAPPM). The acquisition is expected to be completed by 3rd quarter of the financial year 2019-20. In this regard necessary application has been filed for approval from various statutory authorities as per applicable laws.

The Company's Cable Division is also working on Green field expansion in Telangana for backwards integration of raw material required for Optical Fibre Cable which is expected to be completed in next 2 years with an investment plan of around ₹ 120 Crores. The Land has already been acquired from the Government of Telangana.

RAW MATERIALS:

The Company consumed 8.16 Lakhs MT of Indigenous Pulpwood and 1.68 Lakhs MT of Imported Chips i.e 83% and 17% respectively as against 57% and 43% in previous year.



DUO CLEANER EXCEL



MARUSHI REAM WRAPPING MACHINE



Directors' Report (Contd.)

The substantial reduction in comparatively costlier imported chips consumption has been possible due to various steps taken by the Company to optimize the process conditions like Opti-C cooking system in Fibreline and renovation of ESP of Enmas Recovery Boiler.

EXCHANGE RATE VARIATION:

The Company has reinstated foreign currency loans of USD 15.04 Million at the exchange rate prevailing as on 31st March 2019 and the exchange rate difference of ₹ 6.87 Crores has been added to the cost of Fixed Assets, as per Accounting Standard AS-11 issued vide Notification No.G.S.R. 225(E) dated 31.03.2009 (as last amended vide Notification No GSR 913 (E) dated 29.12.2011) by the Ministry of Corporate Affairs.

RISK MANAGEMENT POLICY:

The Board of Directors had adopted risk policy for Forex exposure in the meeting held on 28.06.2004. The foreign exchange exposure of the Company is reviewed from time to time by the Board. The Company has taken Mega Risk Insurance Policy to insure its fixed assets and inventory which cover known and unknown risk including Fire, Loss of Profit and Machinery Breakdown. The Company has also taken STOP Policy for its input and finished goods movement.

RELATED PARTY DISCLOSURE AND TRANSACTIONS:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons.

All related party transactions are placed before the Audit Committee as also the Board for approval. The details of related party disclosure and transactions as required by the Accounting Standards (Ind AS 24) and AOC - 2 have been made in the notes to the Financial Statements.

The Company has developed a related party transaction policy for the purpose of identification and monitoring of such transactions. The policy on related party transactions as approved by the Board is uploaded on the Company's website: www.westcoastpaper.com.

ANNUAL RETURN:

As per the Companies (Amendment) Act, 2017 dated 3rd January, 2018 read with notification dated 9th February, 2018 a copy of Annual Return is available at the weblink : <http://www.westcoastpaper.com/investors/>.

CORPORATE SOCIAL RESPONSIBILITY:

The Company has framed a Corporate Social Responsibility (CSR) Policy as required under Section 135 of the Companies Act, 2013. CSR Committee has been framed pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, to oversee the CSR activities initiated by the Company during the financial year under review. Annual Report on CSR in the prescribed format is attached and forms a part of this report & policy may be accessed on the Company's website: www.westcoastpaper.com.

MEETINGS OF THE BOARD:

During the year under review, four Board Meetings held and details thereof are mentioned in the Report on Corporate Governance forms a part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 is as below :

The appointment policy for Independent Directors, Key Managerial Personnel & Senior Executives is as under-

(A) Independent Directors:

Independent Directors are appointed based on the criteria mentioned under section 149(6) of the Companies Act, 2013 and in accordance with other applicable provisions of the Companies Act, 2013, Rules made there under & Listing Agreements entered with Stock Exchanges.



Directors' Report (Contd.)

(B) Key Managerial Personnel (KMP):

KMP are appointed by the resolution of the Board of Directors of the Company, based on the qualification, experience and exposure in the prescribed fields. Removal of the KMP is done by the resolution of the Board of Directors of the Company. Appointment/Removal is in accordance with provisions of the Companies Act, 2013, Rules made there under & Listing Agreements entered with Stock Exchanges.

(C) Senior Executives:

Senior Executives are appointed by the Chairman & Managing Director and/or Executive Director of the Company based on their qualification, experience & exposure. Removal of the Senior Executives is also done by Chairman & Managing Director and/or Executive Director. Further, appointment & removal is noted by the Board as required under clause 8(3) of Companies (Meetings of the Board and its Powers) Rules, 2014.

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS:

Criteria for performance evaluation of Independent Directors as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith forms a part of this report.

MANAGERIAL REMUNERATION:

The requisite details as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith forms a part of this report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS :

A comprehensive Management's Discussion and Analysis Report, as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith forms a part of this report.

CORPORATE GOVERNANCE:

Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Corporate Governance Report is annexed herewith forms a part of this report.

A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith, forms a part of this report.

The Company is complying with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Personnel 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 29.05.2019.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement, as required under Section 134(5) of the Companies Act, 2013, is annexed herewith forms a part of this report.

DIRECTORS:

Retirement by Rotation

Shri Rajendra Jain (DIN:07250797) will retire from the office by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Appointment

There was no appointment of Director during the year.



Directors' Report (Contd.)

Re-appointment

Shri Amitav Kothari (DIN: 01097705) was appointed as Independent Director to hold office for 3(three) consecutive years not liable to retire by rotation with effect from February 12, 2016, the said term was completed on 11.02.2019. The Board of Directors in their meeting held on 08.02.2019, as recommended by the Nomination and Remuneration Committee on the basis of report of performance evaluation, have re-appointed as an Independent Director of the Company not liable to retire by rotation and to continue to hold office for further period of 3(three) consecutive years w.e.f. 12.02.2019 subject to approval of members of the Company at the Annual General Meeting.

Shri P.N.Kapadia (DIN: 00042090) was appointed as Independent Director to hold office for 3(three) consecutive years not liable to retire by rotation with effect from May 30, 2016, the said term will be completed on 29.05.2019. The Board of Directors in their meeting held on 29.05.2019, as recommended by the Nomination and Remuneration Committee on the basis of report of performance evaluation, have re-appointed as an Independent Director of the Company not liable to retire by rotation and to continue to hold office for further period of 3(three) consecutive years w.e.f. 30.05.2019 subject to approval of members of the Company at the Annual General Meeting.

The notice convening the AGM includes the proposal for re-appointment of Directors.

APPOINTMENT OF KMP:

There was no appointment of KMP during the year.

DECLARATION BY DIRECTORS:

The Company has received declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of meeting the criteria of independence provided under Section 149(6) of the Companies Act, 2013 and clause (b) of sub-regulation (1) of the Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

REPORTING OF FRAUDS:

The auditors of the Company have not reported any fraud as specified under the 2nd proviso to Section 143(12) of the Companies Act, 2013.

BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. The manner of evaluation has been explained in the Corporate Governance Report.

SHARE CAPITAL:

The paid up Equity Share Capital as on 31st March, 2019 was ₹ 1320.98 lakhs comprising of 6,60,48,908 Equity Shares of ₹ 2/-each. During the year under review, the Company has not issued any further shares to the members or general public.

RATING:

Credit Rating of the Company done by India Ratings and Research Limited (Fitch Group) as under:-

- a) Long Term: Upgraded to IND AA -/Stable
- b) Short Term: Affirmed at IND A1+

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of Loans, Guarantees and Investments cover under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the Financial Statements.

FAMILIARIZATION POLICY:

Pursuant to Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has framed a policy to familiarize the Independent Directors about the Company. The Policy is available on the website of the Company: www.westcoastpaper.com.



Directors' Report (Contd.)

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The vigil mechanism of the Company incorporates a policy under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 7 of the Companies (Meeting of the Board and its Power) Rules 2014, provide the mechanism for Employees and Directors of the Company to approach the Executive Director and the Chairman of the Audit Committee of the Board. Protected disclosures can be made by a Whistle Blower by means of e-mail or telephone or letter to the Executive Director or to the Chairman of the Audit Committee. The policy on Vigil Mechanism may be accessed on the Company's website: www.westcoastpaper.com.

BUSINESS RISKS MANAGEMENT:

Pursuant to Regulation 17(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a framework to inform the Board about the particulars of Risks Assessment and Minimization Procedures (Risks Management) Plan. The Risks Management Plan is available on the website of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT:

There are no significant and material orders passed by the Regulators or Courts, which would impacts the status of the Company and its future operations.

AUDITORS' REPORT:

The Notes on Accounts and the observations of the Auditors in their Report on the Accounts of the Company are self explanatory and in the opinion of the Directors, do not call for any clarifications.

AUDITORS:

a. Statutory Auditors and their Report

Messer's Singhi & Co. Chartered Accountants, Kolkata appointed as Statutory Auditors at the 62nd Annual General Meeting of the Company pursuant to the provision of rotation under section 139 and 141 of the Companies Act, 2013 and rule 7 of the Companies (Audit and Auditors) Rules, 2014, for a period of 5 consecutive years ending on 31.03.2022 and consent of the members accorded at the 63rd Annual General Meeting held on 22nd August, 2018 to continue the appointment thereof, as the Auditors of the Company for the remaining term without any further ratification by the shareholders, pursuant to the amended provisions of Section 139 of the Companies Act, 2013 and Rules made there under, notified by Ministry of Corporate Affairs as on 07.05.2018. The observations of the Auditors in their report for the financial year 2018-19 on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

b. Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed Mr. Naman Joshi, Bangalore practicing Company Secretary as Secretarial Auditor to carry out Secretarial Audit of the records maintained by the Company for the financial year 2018-19. The Report given by him for the said financial year in the prescribed form No: MR 3 is annexed to this report.

c. Cost Auditor and Cost Audit Report

Pursuant to revised order of the Central Government dated 31.12.2014 Cost Audit of the Cost Records of the Company is mandatory from the financial year starting 1st April 2015 and Shri S.K.Tikare Cost Accountant, Belgaum has been appointed as Cost Auditor of the Company to conduct Cost Audit of Cost Records maintained by the Company for the financial year 2019-20. Accordingly matter relating to the appointment will be placed in next Annual General Meeting.

INTERNAL CONTROL SYSTEM:

There are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inputs, availing of services, fixed assets, for the sale of goods and providing of services. Full-fledged Internal Audit department carries out pre and post audit of all significant transactions throughout the year. Based on the Annual Internal Audit programme as approved by Audit Committee of Board, regular internal audits are conducted. Company has also appointed M/s S.S.Kothari Mehta & Co., Chartered Accountants, New Delhi (outsourced) as Internal Auditor. Findings are placed before Audit Committee, which reviews and discuss the actions taken with the Management.