



## **THE WEST COAST PAPER MILLS LIMITED**

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### **RISK ASSESSMENT AND MINIMIZATION PROCEDURE** **(RISK MANAGEMENT) PLAN**

**Title: Procedure to inform members of the board of directors about risk assessment and minimization procedure(Risk Management)Plan pursuant to regulation 17(9) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

#### **I. Areas of Risks:**

- (1) Pulp & Paper demand/supply situation, cyclical impact.
- (2) Availability of Raw material - Pulp wood & cost.
- (3) Availability of Coal.
- (4) Effects of Pollution.
- (5) Developments in Human Resources & Industrial Relations.
- (6) Foreign Exchange Fluctuation.
- (7) Loss due to inadequacy of Internal Control.

#### **II. Risk Minimization (Management)Plan:**

##### **(1) Pulp & Paper demand/supply situation, cyclical impact:**

To minimize the adverse impact, the Company has diversified product base which partially insulate it from the cyclical impact. Developed dealers base throughout India to insulate it from cyclical impact and geographical demand/supply mismatch. Strengthen R&D to develop new product in line with changing market scenario. We have started making pulp sheet by suitable modification in machine capacity, constantly engage with dealers, gather market intelligence and proactively act for constant flow of orders.

##### **(2) Availability of Raw material- Pulp wood & cost:**

To minimize the risk of availability of raw material, developed new sources of imported wood chips. Yearly supply agreements are being signed with Mitsui & Co. Ltd., Marubeni Corporation and other world renowned suppliers. Promote agro forestry within the radius of 200 km of plant and tie-up with the private supplier. Participate in Govt. tenders for auction of pulp wood. Develop new sources of raw material. These measures help control the cost of procurement.

##### **(3) Availability of Coal:**

Company has tied-up with private suppliers of imported coal to ensure smooth operation of power plants in addition to the coal linkage with the subsidiaries of Coal India Ltd.

##### **(4) Effects of Pollution:**

Company has installed state of art Effluent Treatment Plant and has gone for 100% ECF bleaching from 14.02.2010. Further, company has institutionalize the system for meeting all the norms as prescribed under Environment Protection Act, 1986 and other environmental laws as well as CREP requirement consistently.

(5) Human Resources & Industrial Relations:

Institutionalize the process of tripartite long term wage revision settlement between the Company, Joint Negotiations Committee of unions and Labour Department (Govt. of Karnataka) for every 4 years term. Safety department looks after safety of workers and employees in coordination with Security department by providing amenities to the workers & employees.

(6) Foreign Exchange Fluctuation:

To minimize the risk on account of Foreign Currency Fluctuations, company have an effective Risk Management Policy on Foreign Currency Fluctuation, exchange rate are being monitored closely and hedge the exposure appropriately as per the guidelines of Risk Management Policy.

(7) Internal Control and safeguard from loss:

Institutionalize the internal control system for business processes, with regards to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations etc. Clearly defined roles and responsibilities for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. Review the adequacy and effectiveness of internal control systems and take action for strengthening these.

Oracle ERP has been implemented in 2008. Standard Operating Procedures for all key areas has been defined. External chartered accountant firm is engaged to audit the effectiveness of internal financial control and the reports are placed before the management for taking necessary steps for improving the effectiveness of financial control.

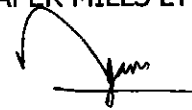
**III. Procedure to inform to Board about risk assessment & minimization:**

Regular and time to time meetings of Finance, Production, Co-ordination committee, ISO meeting, Raw material, Marketing, Plantation and Industrial Relations Department meetings are conducted at the company headed by Chairman & Managing Director and/or Executive Director with concerned departmental heads/officers and risks involved are ascertained and mitigation procedure is considered and same are informed to the Board of Directors in their meetings.

**IV. Review & monitoring:**

Chairman & Managing Director and/or Executive Director shall review and monitor from time to time risk areas and implementation of the risk management plan and may also recommend changes if any to the board for ensuring effective success of the plans.

FOR THE WEST COAST PAPER MILLS LTD.,



RAJENDRA JAIN  
EXECUTIVE DIRECTOR

Place : Mumbai  
Date : 30<sup>th</sup> May 2016