



EMAMI PAPER MILLS LIMITED

Scripting a new growth story

ANNUAL REPORT 2012-13

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. Wherever possible, we have tried 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 subjects 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.

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

• Management Discussions and Analysis	02
• Directors' Report	05
• Report on Corporate Governance	15
• Auditors' Report	27
• Financial Statements	30

CORPORATE INFORMATION

Board of Directors

Shri A.V.Agarwal (*Executive Chairman*)

Shri Manish Goenka (*Whole Time Director*)

Shri P.S.Patwari (*Executive Director*)

Shri J.N.Godbole

Shri H. M. Marda

Shri.J.K.Khetawat

Shri S. Balasubramanian

Shri U. G. Bhat

Vice President(Finance) and Secretary

Shri G. Saraf

Auditors

M/s S.K. Agrawal & Company

Chartered Accountants,

4A Council House Street

Kolkata 700001

Unit Auditors

M/s Salarpuria Jajodia & Company

Chartered Accountants

7 C R Avenue

Kolkata 700072

Bankers

State Bank of India

ICICI Bank Limited

DBS Bank Limited

State Bank of Bikaner and Jaipur

State Bank of Hyderabad

Indian Overseas Bank

IDBI Bank Limited

Axis Bank

Indusind Bank

Allahabad Bank

Export-Import Bank of India

Works

Balgopalpur,

Balasore 756020 (Orissa)

R.N. Tagore Road, Dakshineswar,

Kolkata 700035 (West Bengal)

Registered Office

687 Anandpur

E M Bye Pass, Kasba Golpark

Kolkata 700107

Tel: 033 6613 6264

Fax: 033 6613 6400

Email: emamipaper@emamipaper.in

Website: www.emamipaper.in



MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

The global economy remained sluggish on the back of risks related to the viability of the Eurozone or major US fiscal policies and the fresh crisis in Cyprus. Policy tightening in response to capacity constraints and concerns about the potential for deteriorating bank loan portfolios, weaker demand from advanced economies and country-specific factors slowed GDP growth in emerging markets and developing economies from about 9 percent in late 2009 to about 5.25 percent in 2012 (*Source: IMF*). The IMF staff's Global Projection Model suggests that more than half of the downward revisions to real GDP growth in 2012 are rooted in domestic developments. However, a gradual strengthening of activity in 2013 is expected.

Indian economy

The Indian economy made significant strides over the last few years with gross domestic product (GDP) projected to grow at an average of 5.3-5.5 percent in 2012-13, keeping the country as one of the fastest-growing economies of the world.

India is the world's third largest economy in terms of the purchasing power parity (PPP) and has investments amounting to nearly USD 1 trillion lined up in partnership with the private sector over the coming years. The largely broad-based nature of the country's economy is represented by the fact that agriculture accounts for 17 percent, industrial 18 percent and services-based sectors 65 percent (*Source: IBEF*).

Indian paper industry

The Indian paper industry is estimated at between Rs. 30,000-35,000 cr and accounts for over 2.5 percent of the world's paper and paperboard production even though the country accounts for nearly 17 percent of the global population. The industry is currently populated with over 700 mills with less than 50 mills having a production capacity of 50,000 MTPA, demonstrating the potential of consolidation in the sector. Over the past five years, the Indian paper industry has invested between Rs.10,000-12,000 cr towards increasing productivity through the adoption of more efficient and

cleaner technologies to enhance corporate sustainability.

India is rated as one of the fastest growing paper markets on the back of healthy GDP growth. As per projections, the paper and paperboards industry is expected to cross 20 MTPA by 2020 and 40 MTPA by 2030 with an annual growth rate of between 7-8 percent.

The paper industry has an important role to play in the Indian economy. Paper consumption in India is pegged at about 12 kg per capita making it a highly potential market when one considers the global per capita consumption of paper at 56 kg (*Source: SME India Mart*). In order to serve this upcoming demand, Indian paper industry needs to upgrade capacity and technology.

Newsprint sector

India led the world in terms of newspaper circulation with a massive pile of 374 million newspapers circulated daily (*Source: Registrar of Newspapers for India*) with the total number of registered newspapers at over 86,000. According to the National Readership Survey, India has more daily newspaper than any other nation; out of the world's 100 largest newspapers, 20 are Indian. The demand for newsprint in the country is expected to grow at a rate of 9 percent and India's paper consumption is expected to increase from 2.1 MTPA in 2012-13 to 3.0 MTPA by 2015-16 and 3.5 MTPA by 2017-18 (*Source: CRISIL*).

The Indian newsprint market is characterised with voluminous demand and a high growth rate. However, the capacity of Indian paper mills is insufficient to meet the demand; almost 50 percent of the demand of about 2 MTPA is addressed by way of newsprint imports. Manufacturing newsprint through waste paper is prevalent in India, since the country does not have a developed waste paper collection system, with raw material availability being low and prices being relatively high. Consequently, imports of waste paper accounted for 55-60 percent of the total waste paper consumed.

Printing and publishing sector

Over the years, the global printing industry has grown,



making giant strides through improved equipment (scope, technology and speed). The Indian publishing sector is one of the largest in the world; the country is counted among the top-seven publishing nations.

The size of the Indian publishing and printing industry is estimated at USD 1.9 billion and USD 25 billion, respectively. The size of the Indian book printing market is estimated at about Rs. 7,000 cr and projected to touch Rs. 10,000 cr by 2016 (Source: *Pira International*). Moreover, India is emerging as an outsourcing hub of publishing and printing services, the country accounting for a 60 percent share of the global publishing outsourcing business. This robust growth in printing and publishing sector leaves immense scope for the Indian paper industry to grow at a pace in line or even ahead of GDP growth.

Packaging sector

The Indian packaging industry is estimated at Rs. 63,000 cr, growing at 11 percent annually and expected to cross Rs. 95,000 cr by the year 2015 (Source: *CRISIL*). Demand for packaging is driven by a high growth in volume sales most consumer goods categories. Growth in organised and modern retailing channels (supermarkets and hypermarkets) represent the main driver of this shift towards packaged goods. As these modern retail outlets are better equipped to showcase packaged products compared to traditional retail outlets, the role of packaging in influencing purchasing in-store decisions is greatly increasing. This has made packaging a more potent marketing tool than before.

The use of packaged goods products is trickling down from India's large cities to rural masses. The rise in competition among consumer goods manufacturers and an increasing focus in providing consumers convenient closures are among the key growth drivers. India's retail industry is expected to grow 7 percent over the next decade, reaching a size of USD 850 billion by 2020. Traditional retail is expected to grow at 5 percent and reach a size of USD 650 billion while organised retail is expected to grow at 25 percent and reach a size of USD 200 billion by 2020 (Source: *CRISIL*).

Key industry drivers

Rise of vernacular newspapers: CRISIL expects demand for newsprint to grow 9.5-10.5 percent CAGR over the next five years - from 2.1 MTPA in 2012-13 to 3.5 million tonnes in 2017-18 - driven by higher literacy and increase in the number

of pages per newspaper due rising advertising spends.

Advertising revenues growth in print media: A report by Motilal Oswal indicates that the Indian print media industry, which accounted for 45 percent of the total advertising spend in the country, is headed for a rebound with advertising growth (revenue) improving 4-5 percent year-on-year and to 11 percent over FY13-15 on the back of stable GDP growth, anticipated easing in interest rates and a low-base effect.

Local print media proliferation: New newspapers being published in India will continue to grow at around 6 percent annually. While the era of 24-hour news channels on television has had its impact on the circulation numbers of newspapers, it is evident that India still wakes up to the newspaper. The highest circulated daily in India still remains a regional language newspaper (Source: *TMT India 2013*).

Growth in education, office space to drive demand for W&P paper: Demand for W&P (writing and printing paper) is projected to grow at 6.5-7 percent CAGR from 3.8 MTPA in 2012-13 to 5.3 MTPA by 2017-18. Strong growth is expected in the copier, coated and maplitho segments. Within W&P, demand growth for copier paper is likely to be the strongest at around 14 percent CAGR from 2012-13 to 2017-18. Rise in office space absorption is likely to translate into stronger demand for high-quality copier paper from the office printing segment and hence the share of copier paper in the total demand pie for W&P will increase from 17 percent in 2012-13 to around 20 percent in 2017-18.

Rising demand for paperboard: Demand for paperboard is projected to grow at 7-7.5 percent CAGR from 5.6 MTPA in 2012-13 to 7.9 MTPA in 2017-18, driven by growth in industrial production and sustained demand for consumer goods due to increase in penetration of organised retail. CRISIL Research expects paperboard to account for 56 percent of packaging board demand in volume terms in 2012-13. Trends like change in lifestyle and socio-economic factors have led to a sharp rise in demand for packaging paper as reflected in the improved packaging of FMCG products, rising spends on healthcare and over-the-counter medicines and increasing preference for ready-to-eat food products.

Emami's industry presence

Emami Paper Mills Limited, part of the Emami Group of Industries has paper mills located in Balasore (Odisha) and Dakhineshwar (Kolkata) manufacturing newsprint and value-



added writing and printing (W&P) paper. Unit 1 at Balasore is one of the most environmentally-friendly paper mills in Eastern India, consuming waste paper for the manufacture of internationally-benchmarked newsprint.

The Company is in the presence of undertaken a landmark move for establishing a new paper machine for the manufacture of multi-layered coated board at its existing facility at Balasore. Once completed, Emami Paper will emerge as Eastern India's largest manufacturer of such value-added packaging paper varieties in Eastern India.

IT support

The Company has implemented a SAP ECC 5.0 - ERP in July 2010. The implementation was done at the centralised data centre covering the Kolkata Corporate Office, Balasore and Kolkata plant. The entire implementation was completed in record 10 months with business processes for materials management, sales and distribution, production, quality and accounting, mapped in SAP.

SAP supports the Company's complex business process with ease. SAP helps streamline business processes and improves connectivity and information flow across the Company. It also facilitates accelerated and informed decision-making by providing flawless information and wide scope of data analysis within a minimal time span. It also reduces paper work by the online use of information system and achieves reduced cycle time of order processing and is now a single platform for all users to share and view data. After overcoming the initial challenges, the system has become stabilise and meeting our customised information requirements.

Human resource

The Company recognises the importance of people in its growth and has formulated a structured human resource development strategy comprising need-based training. Employees were encouraged to attend seminars, lectures and training. Key performance indicators by department heads were subjected to a monthly management review meetings.

Internal audit and control

The Company continues to ensure proper and adequate systems and procedures commensurate with its size and

nature of its business. The control system ensures that –

- All assets are safeguarded and protected against any loss, wastage and unauthorised usage or disposition
- All transactions are authorised, recorded and reported correctly
- Accounting records are properly maintained with an adequate internal control system which is properly documented with policy guidelines, authorisation and approval procedures
- Reliable financial statements are prepared according to an established management information system (MIS)

These internal control systems are subject to review by the Audit Committee and Board of Directors. The Company's statutory auditors, in their report, confirmed the adequacy of internal control procedures by the Company.

Your Company's extensive system of internal controls comprises the following features –

- Clearly defined organisational structure
- Transparency in all spheres of activities in line with the Quality Management System
- Adherence with and monitoring of the internal control system through independent internal auditors reporting directly to the Audit Committee, which reviews the Committee's functioning and findings

Cautionary statement

Statements in the 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 and regulations. Actual results could differ materially from those expressed or implied. The important factors that could make a difference to the Company's operations include global and Indian demand and supply conditions, finished goods prices, raw material availability and prices, cyclical demand, changes in government regulations, environmental laws, tax regimes, economic developments within India and the world, as well as other factors such as litigation and industrial relations.



DIRECTORS' REPORT

Dear members

Your Directors take pleasure in presenting their Thirty First Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

Rs./lacs

		2012-13	2011-12
Operational Income		51001.61	49507.76
Profit before interest and depreciation		7348.31	6514.37
Less: Interest		3022.16	2637.15
Profit Before Depreciation & Tax		4326.15	3877.22
Depreciation	3082.14		
Less :Transfer from revaluation reserve	49.24	3032.90	2716.22
Profit Before Taxation		1293.25	1161.00
Less : Provision for current taxation (MAT)	253.83	-	230.11
MAT Credit entitlement	(253.83)	-	(230.11)
Provision for deferred tax	137.77	137.77	330.30
Profit after Tax		1155.48	830.70
Add : Surplus brought forward		941.58	1032.76
Balance available for appropriation		2097.06	1863.46
Appropriations			
Proposed Dividend on Equity Shares		363.00	363.00
Proposed Dividend on Preference Shares		1.75	
Tax on Dividend		61.99	58.88
Transfer to General Reserve		500.00	500.00
Balance carried forward		1170.32	941.58
		2097.06	1863.46



Financial Performance

Your Company continued to reinforce its leadership position in the Indian newsprint industry and remained one of the lowest cost manufacturers of Newsprint. Emami Paper's commitment of delivering superior quality products to a wide segment of pride-enhancing customers has been a major reason for the Company in maintaining an impressive position in the industry.

Despite several obstacles of challenging economic environment, high interest rates, stubborn inflation levels and an overall suppressed consumer demand, your Company registered a growth in the turnover from Rs. 493.50 crores in 2011-12 to Rs.499.89 crores in 2012-13. By achieving continued operational efficiency enhancements and tight cost structures, your Company's operating profit (PBDIT) increased 12.77% from Rs.65.14 crores in 2011-12 to Rs.73.46 crores in 2012-13. The company has achieved record production of 145816 tonne for the year 2012-13 which is more than 100% of installed capacity.

This performance is testimony to the Company's inherently robust business and operating model, enabling it to continue to outperform the industry average. With the increased focus on literacy by the Government of India through such grassroots programmes as Sarva Siksha Abhiyan and allocation of large funds for the education and the print media sector, demand for newsprint in the country is expected to continue to report substantial growth of between 8-10 percent over the next decade.

Dividend

Your Directors are pleased to recommend dividend of 30% (Re.0.60 per share) on Equity Shares of Rs.2/- each and 8% pro-rata dividend (Re.0.09 per share) on Preference shares of Rs.100/- each for the financial year ended March 31, 2013. The Dividend, if approved by the shareholders, will absorb Rs.426.74 lacs (including the dividend tax of Rs.61.99 lacs).

Mill Expansion And Development Plan

Leveraging a rich experience of over 30 years in the business of manufacturing and marketing various grades of paper,

readymade and well-laid infrastructure in terms of land, energy (captive power and grid transmission and distribution), water availability, MOEF clearance and skilled resources, your Company is undertaking a landmark expansion by setting-up a 100,000 TPA paper machine for manufacturing multi-layer coated board (packaging paper grades) at its existing location in Balasore. With a view to reinforce its competitiveness in the market and secure energy availability, the new mill complex will also have a 10 MW captive power plant, providing 100 percent self-reliance.

When completed by March 2015, your Company will emerge as the largest manufacturer of Multi-Layer Coated Board in Eastern India and one of the largest in the country.

Multi-layer coated board (comprising grey back, white back, folding box board, solid bleached board and liquid packaging board) is one of the fastest growing segments of the paper industry, growing at an annual rate of between 14-20 percent per year, even faster than the overall rate of growth of the domestic paper industry at about 10 percent.

Multi-layer coated board is used in several industries such as FMCG, pharmaceuticals and several other packaging-centric industries and with the upcoming boom in retail, especially enabled by the 49 percent FDI being permitted into the industry, the demand for duplex/ coated boards is expected to increase to 3.2 million tonne by 2016-17, up from 2.2 million tonne in 2012-13.

The project capital cost is optimally funded through a mix of promoter funds and foreign currency debt (ECB/ FCNR).

Issue Of Preference Shares

During the year the Company has issued 20,00,000, 8% Cumulative Redeemable, Non-Convertible Preference Shares of the face value of Rs.100/- each at a premium of Rs.300/- each aggregating to Rs.80.00 Crores.

Environment Management

Emami Paper Mills has embraced several proactive environmental measures to mitigate the risks of its operations on the environment. The Company promoters are of the firm



belief that they are as much environmentalists as industrialists and as such, have contributed to the development of several state-of-the-art environmental assets across its manufacturing facilities. Your Company believes in achieving growth but not at the expenses of the environment. The Company has undertaken necessary steps and actions for ensuring high levels of environmental management by ensuring health, hygiene and safety for surrounding communities in all the locations where it operates.

Towards achieving its environmental objectives, the Company is focused on:

- Cleaner production
- Resource conservation
- Responsible waste management
- Minimum pollution load

Your Company is among the few in the industry to have adopted one of the best Integrated Management Systems (IMS) certified by DNV (Det Norske Veritas AS, the Netherlands) through their surveillance and recertification audits, encompassing the following:

- ISO 9001:2008 - Quality Management System
- ISO 14001:2004 - Environment Management System
- OHSAS 18001:2007 - Occupational Health & Safety Management System.

At Emami Paper, there has been substantial development in energy conservation by installing energy efficient equipment. Hundred percent of the energy requirement of the Balasore plant is sourced from the mill's 20 MW captive power plant. Some of the other environmental assets possessed by the Company include:

- State-of-the-art effluent treatment plant (ETP)
- Sludge dewatering system
- Solid waste recycling
- Feeding of ETP sludge to boiler for power generation
- Rainwater harvesting

These assets have enabled the Company to achieve declining water and energy consumption per tonne of paper produced to benchmarks even lower than the standards. To optimise

chemical and water consumption even further, the Company undertook the following measures:

- Conducted detailed study of water and wastewater management practices in different processes and domestic level assessing the opportunities for water and cost savings by performance enhancement of existing and future facilities
- Integrated the water management with process needs by adopting the 'Reduce, Re-use and Recycle' concept to optimise discharge quantities
- Explored opportunities for reducing energy and chemical consumption in water and wastewater treatment systems
- Adopted the latest water and wastewater treatment technologies
- Propagated water saving equipment and devices besides organising training programmes on water management

Corporate Social Responsibility (CSR)

At Emami Paper Mills, we are not just another business organization driven by the sole objective of our bottomline. We are a positive change initiator, touching people's lives, enhancing incomes and creating a happier society. The company's conviction is in line with a maturing governance culture that no company can hope to succeed as a profitable island in an underprivileged environment.

It is with this conviction that Emami Paper engaged in corporate social responsibility when it went into business in 1983. The company directed its CSR for the benefit of those living in the vicinity of its Balasore plant, benefiting the tribal community. The Company's CSR initiatives were conducted with the singular objective to extend the benefits of its corporate growth to its societal stakeholders.

Over the years, the company made relevant interventions in the areas of education, health and general welfare. The result is that Emami Paper has emerged as a responsible corporate citizen in the locations of its presence.

At Emami, our corporate social responsibility is not an adhoc



response; this institutionalized initiative is driven by a CSR committee comprising eight executives. The result is that the company's footprint and portfolio have progressively increased, benefiting around 30,000 people.

Youth

Over the years, Emami Paper has increasingly invested in youth-building through a larger investment in schools and youth-centric activities. During the year under review, the company allocated 24% of its CSR budget on youth.

Miscellaneous

Emami Paper also intends to invest in schemes related to animal welfare, grass and food cultivation, biogas generation, power and electricity and solar energy in Balasore. The company intends to engage in research related to water management, waste management and superior land utilization.

CSR initiatives, 2012-13

Education

- The company funded the building of Remuna College, Balasore.
- Provided scholarships to deserving students (including tribals).
- Funded the entire science section of Remuna College.
- Emphasised and funded girl education.
- Commissioned Bal Vikas Kendras, providing free education to the poor.
- Provided free meals and exercise books to school children.
- Donated desks, tables and water coolers to schools.

Health

- Conducted free health camps (diagnosis and medicines).
- Adopted 57 families of Fulkiari village; provided health insurance, benefiting tribals.
- Started rural mobile health camps.
- Started free ayurvedic, homeopathic and allopathic health camps.

- Built toilets for tribals; provided tube wells for drinking water.

Infrastructure

Built roads in the area; constructed temples.

General

- Trained women with tailor competence.
- Provided firewood to tribals.
- Started free veterinary services for animals.
- Supported victims of burnt houses, failed marriages and orphans; distributed free clothes to villagers.

Corporate Governance

The sections of Corporate Governance and Management's Discussion & Analysis are set out as Annexure-III in this Report.

Directors' Responsibility Statement

Your Directors have:-

1. Followed the applicable accounting standards in the preparation of the Annual Accounts;
2. Selected prudent accounting policies;
3. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company as well as preventing fraud and other irregularities; and
4. Prepared the annual accounts on a going concern basis.

Directors

Shri R. S. Goenka resigned from the Board as Executive Chairman with effect from 13th August, 2012. Your Directors wish to place on record their gratitude for his excellent and valuable service to the Company by his commendable leadership during his tenure as Executive Chairman of the Company.

Shri R. S. Agarwal was appointed as Director with effect from



26/03/1994 and he resigned with effect from 13th August, 2012. Your Directors wish to place on record their gratitude for his excellent and valuable service to the Company by his commendable leadership during his tenure as Director of the Company.

Shri P. S. Patwari, Shri Aditya Vardhan Agarwal and Shri S. Balasubramanian retire by rotation and being eligible, offer themselves for reappointment.

Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

Auditors

M/s S. K. Agrawal & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. M/s Salarpuria Jajodia & Co. have expressed their willingness to continue as Unit Auditors for the Gulmohar unit, if appointed.

Energy, Technology And Foreign Exchange

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 are given in Annexure-I to the Report.

Delisting Of Equity Shares

The Company's Equity Shares are listed with Bombay Stock Exchange, Calcutta Stock Exchange and U.P. Stock Exchange.

Bombay Stock Exchange Limited (BSE) provides a nationwide trading terminals and unrestricted, unhindered access to the investors to trade in the Shares of the Company. As no trading of the Company's shares has been reported in U. P. Stock Exchange and trading volume in Calcutta Stock Exchange is very insignificant, the Board has approved delisting of the Equity Shares of the Company from U.P. Stock Exchange and Calcutta Stock Exchange.

Personnel

Information pursuant to Section 217(2A) of the Companies Act, 1956 is given in Annexure-II attached to this Report.

Acknowledgement

The Board acknowledges the understanding and support shown by its lending financial institutions, banks, distributors, customers, suppliers, employees and other business associates. Your Company operated efficiently due to a culture of professionalism, integrity and continuous improvement leading to sustainable and profitable growth.

For and on behalf of the Board

Kolkata
April, 30, 2013

A.V. AGARWAL
Executive Chairman



Annexure-I

TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March, 31, 2012.

A. Conservation Of Energy:

i) Energy conservation measures taken:

- PP#2: Cooling Water Circulation pump replaced with energy efficient pump and saved 145 kWh energy.
- ETP: Installation of VFD in Air Blower Motor to regulate the actual air quantity required for the diffused aeration system and saved 26 kWh energy.
- PM # III: Installation of VFD in Blend Chest Pump
- PM # III: Installation of VFD in Transfer chest pump
- PM # III: Improvement made in heat transfer areas for additional thermal insulation in machine steam piping and pocket ventilation system, reduced steam consumption by 60 kg per ton of paper production.
- DIP # III: Thermal Insulation of Bleach Tower to avoid radiation heat loss and reduced steam consumption by 20 kg per tonne of pulp.
- PM # II: With the study on approach flow system , the Buffer stock requirement has been reduced by avoiding a storage chest and one pump and agitator operation was stopped
- PM # I: Vacuum system requirement study conducted, based on that one 45 kWh vacuum pump has been stopped.
- PM # II: Vacuum system requirement study conducted, based on that one 55 kWh vacuum pump has been stopped.
- DIP # III: Installation of VFD in process pumps

and system optimization done to reduce Energy Consumption.

ii) Additional investment and proposal for reduction in energy consumption

- One stage of Boiler Feed Pump will be reduced for energy saving.
- Installation of Heat Pump for heating DM Water before de-aeration. Heat recovery from Cooling Water Circulation in Power Plant.
- Stage-wise replacement of HPSV Lamps and HPMV Lamps with magnetic Induction Lamps.
- Proposal of Harmonic filters is under study in PM # III Drives section. Additional Capacitors for Power Factor improvement.
- Capacity optimization through correct capacity pumps installation, speed reduction and impeller trimming in protector feed pump, loop 2 primary feed pump and screen feed pump of DIP # 3.
- Reduction of fresh water consumption by increasing recycling and reuse of water by installing filtration system
- Use of Solar Energy for Street lighting & water heaters.

iii) Impact of the measures

Consumption of power, steam, water and other inputs are reduced as a result of the above measures.

iv) Power and Fuel Consumption

As per Form "A" Annexed.



FORM "A"

Form for the Disclosure of Particulars with respect to the conservation of energy.

Power & Fuel Consumption

		2012-13	2011-12
1. Electricity:			
(a) Purchased Units (in Lacs)	Kwh	132.32	131.78
Total amount	Rs. In lacs	895.27	781.92
Rate/unit	Rs./Kwh	6.77	5.93
(b) Own generation (through steam turbine) (in lacs)	Kwh	1,242.36	1,257.84
Variable cost	Rs. In lacs	5041.99	5,269.93
Rate/unit	Rs./Kwh	4.06	4.19
2. Coal:			
Quantity	MT	1,99,192	1,93,038
Total cost	Rs. In lacs	5,448.14	5,643.67
Average rate	Rs./MT	2,735	2,924
3. Furnance Oil:			
	Ltrs		-

Consumption per unit of production

		2012-13	2011-12
Electricity	Kwh	833	850
Furnace Oil	Ltrs	-	-
Coal	Kgs/MT	1,366	1,332



B. TECHNOLOGICAL ABSORPTION

i) Research & Development

1. Specific areas in which in-house R&D projects were carried out by the Company;

- Dosing of de-inking chemical in liquid (50gpl) form in place of using direct solid in pulper for manufacturing news print grade pulp to improve the effectiveness of deinking chemical.
- Use of kaolin powder at PM#3 for improving the brightness and increasing the scattering coefficient thereby reducing the show through of Standard Newsprint paper.
- Use of BTMP pulp @10% in de-inked pulp for improving Newsprint Quality (Printability).
- Enzymatic starch dosing increased from 12 to 24kg/T of paper at PM-I size press to eliminate the fluff generation at printing end and improve the rattling of the paper
- Plant trial of water base defoamer at PM#3 for better results.
- Plant trial of alternate Hydrogen Peroxide stabiliser for de-inked newsprint pulp for cost reduction.
- Studies and Plant trial of alternate RDA programme at PM#3 for better machine runnability and cost reduction.
- Studies on alternate anti stickies programme at PM # 3 for sheet breaks reduction
- Studies and Plant trial of alternate polymers at screw press for cost reduction.
- Studies and plant trial for eliminating foam layer at Primary clarifier-3 for improving ETP performance.

- Studies and plant trial for replacement of Alum with coagulant for PM-1, PM-2 & DIP-1 influent for improving ETP performance
2. Benefits derived as a result of the above R&D projects
- Reduction in de-inking chemical @ 0.3kg/T of Newsprint grade pulp.
 - Newsprint quality and printability improved and acknowledged by customers.
 - Fluff problem in writing and printing grades eliminated.
 - Water base defoamer regularized for better foam control at PM#3.
 - Reduction in cost of H₂O₂ stabiliser.
 - Improved machine runnability along with substantial reduction in cost of RDA programme at PM#3.
 - Performance of ETP improved as foam layer of Primary clarifier-3 eliminated.
3. Future plan of action
- Studies and optimisation of deinking chemical at PM-I
 - Studies on alternative dyes for colored writing & Printing paper to reduce the dyes cost.
 - Studies on replacement of 5% imported magazine with indigenous ONP in the news print grade furnish without any adverse effect on brightness and final quality of pulp.
 - Studies on optimisation of reductive bleaching cost with alternate chemical by replacing Sodium Hydrosulphite.
 - Studies on screw press polymers for reducing the



cost of polymers/T of BD sludge and improvement in dryness of final sludge.

4. Expenditure on R & D.

No separate accounting for Research and Development activities was made as the same was connected with process and product development.

i) **Technology absorption, adaptation & innovation.**

a) Efforts, in brief, made towards technology absorption, adaptation and innovation and benefits derived.

- In-house manufacturing of poire perforate plate in DIP-I for import substitute.
- In DIP#3, rebuild of inside lining of HD cleaner cone by BELZONA after failure of ceramic lining.
- Indigenous Wire and press felts developed in PM#3(which was 100% imported earlier) to reduce imports.
- Replacement of front panel of head box by 18 nos. micro adjustment from earlier 12 nos. at PM-I for control of CD profile and also reduced L/b ratio from 2.3 to 1.0 for improving paper formation
- In PM#1, open draw from couch to press reduced with suitable modifications of wire table.
- In PM#2, replaced the rigid doctor of Calendar roll by Maxiflex doctor to improve the calendar roll life.
- In DIP#3, provision for additional dilution in Pulper provided through DCS logic modification before end of pulp discharge to avoid fibre loss.
- In DIP#3, disperger screw modified with additional

flyte to avoid pulp jamming and load hunting in disperger.

- In DIP#3, two discs out of 11 discs removed to maintain the vat level. Two vacuum release points also provided to avoid Disc filter jamming and gear box damage.
 - In PM#3, Polyurethane covered Press Top Nipco Roll replaced with hard roll to improve top felt life.
- b) Benefits derived as a result of the above efforts namely product improvement, cost reduction, product development and import substitution among others.
- Indigenous development and cost reduction for DIP#1, DIP#3 & PM#3
 - Quality of paper improved by better CD profile control and formation of paper (PM#1)
 - Better deckle utilisation (PM#1)
 - Calendar roll life increased from six month to eight-month along with better paper roll level building. (PM#2)
 - Improved quality and differentiated product.
 - Improved productivity

iii) **Foreign exchange earning and outgo**

Rs./lacs

	2012-13	2011-12
i) Export	28.05	213.87
ii) Total Foreign exchange used	7,693.43	11,273.28
iii) Total Foreign exchange earned	28.05	213.87



Annexure-II TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2013.

PART-I

Sl no.	Name and age	Qualification	Designation	Date of joining	Experience (in years)	Remuneration (Rs)	Previous employment
A	Employment throughout the year						
1	P.S. Patwari (58)	B.Com. FCA	Executive Director	28.11.1994	33	90,29,200	Commercial Executive, Hindusthan Motors Ltd



REPORT ON CORPORATE GOVERNANCE

Annexure-III to Director's Report

1. Company's philosophy on Code of Governance

The Company's philosophy on Corporate Governance refers to a Professional System of management leading to the efficient conduct of business. This comprises transparency and accountability with the objective of serving the best interest of all the stakeholders – shareholders, customers, lenders, employees, government and society.

2. Board of Directors

- Composition

The composition of Board of Directors and other details are as under:

Name of the Director	Executive / Independent/ Non executive	No. of Board Meetings attended	Attendance at previous AGM on 13.08.2012	No. of outside Directorship held in other Public Limited companies	No. of membership/ chairmanship in other Board/ Committee	
					Chairman	Member
Mr. R. S. Goenka*	Chairman, Executive	-	No	-	-	-
Mr. R. S. Agarwal*	Non-Executive	-	No	-	-	-
Mr. P. S. Patwari	Executive	4	Yes	5	-	-
Mr. Manish Goenka	Executive	3	No	3	-	-
Mr. A. V. Agarwal\$	Non-Executive	3	Yes	6	-	2
Mr. S. K. Todi**	Non-Executive, Independent	1	No	-	-	-
Mr. U. G. Bhat	Non-Executive, Independent	4	Yes	2	-	-
Mr. N.Mishra**	Non-Executive, Independent	1	Yes	-	-	-
Mr. J. Godbole	Non-Executive, Independent	4	Yes	14	2	13
Mr. H. M. Marda	Non-Executive, Independent	4	Yes	3	-	4
Mr.S.Balasubramanian	Non-Executive, Independent	3	Yes	4	-	1
Mr. J.K Khetawat	Non-Executive, Independent	3	Yes	7	-	5
Mr.R.C.Mall#	Executive, Independent	-	No	-	-	-

* Resigned w.e.f.13th August, 2012\$ Appointed as Executive Chairman w.e.f.08th November, 2012

** Retired by rotation at 30th AGM, held on 13th August, 2012

Resigned w.e.f.23rd April, 2012



During the year, Four Board Meetings were held on 17th May, 2012, 13th August, 2012, 08th November, 2012 and 12th February, 2013.

3. INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS

As required under the Clause 49 all the informations were placed before the Board.

4. CODE OF CONDUCT

The Board framed Code of Conduct for the Company. The Board designated the Executive Director as Chief Executive Officer (CEO) and President as Chief Financial Officer (CFO) for the purpose of Corporate Governance.

The CEO and CFO informed the Board that provisions of this Code have been complied with by the members of the Board and Committees and employees working at level of Executives and above. A declaration signed by the CEO and CFO in this regard is annexed at the end of this Report.

Code for prevention of insider-trading practices

As per SEBI (Prohibition of Insider Trading) Regulations 1992, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosures Practices. All the Directors on the Board, employees at senior management level at all locations and other employees who could be privy to unpublished price sensitive information of the Company are governed by this Code.

5. Audit Committee

The terms of reference of the Committee cover the matters

specified for Audit Committee under Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956. The Audit Committee presently consists of Mr. J. Godbole, as Chairman, Mr. H. M. Marda and Mr. J.K. Khetawat other members. All of them are Non-Executive Independent Directors.

a) Brief Description of Terms of Reference

The role of the Audit Committee and its Terms of Reference comprised review of the operations, financial management, audit plan, audited quarterly/half-yearly/annual returns, findings of internal/statutory auditors and compliance of the policy decisions of the Company with all the powers and authorities as mentioned in Clause 49 of Listing Agreement with the Stock Exchanges and / or SEBI guidelines from time to time. The Audit Committee also acts as a link between the Board of Directors and the Statutory / Internal Auditors.

b) Composition, Name of Members and Chairman

The Audit Committee was restructured on 13/08/2012 after Mr. S. K. Todi, Chairman and Mr. N. Mishra, Member were retired by rotation at the 30th Annual General Meeting held on 13/08/2012 and Mr. R. S. Agarwal also resigned from directorship at the Board Meeting held on 13th August, 2012. Mr. J. Godbole, an Independent Director was appointed as Chairman of the Audit Committee and Mr. J.K. Khetawat, an Independent Director and Mr. A.V. Agarwal were appointed as member of the Committee in the meeting held on 13th August, 2012.

The Audit Committee was further restructured on 8th November, 2012 when Mr. A. V. Agarwal was appointed as Whole-Time Director, designated as Executive Chairman of the Company and thereby resigned from the Audit Committee w.e.f. 12th February, 2013.



The attendance of each member director at the Audit Committee Meeting held during the Financial Year 2012-13 is furnished below:

Sl.No.	Name of Director	Position	Audit Committee Meeting	
			Held	Attended
1	Mr.R. S. Agarwal #	-	4	-
2	Mr.S. K. Todi*	-	4	1
3	Mr. N. Mishra *	-	4	1
4	Mr. A. V. Agarwal **	-	4	1
5	Mr. J. Godbole\$	Chairman, Non-Executive Independent Director	4	4
6	Mr. H.M.Marda	Member, Non-Executive Independent Director	4	4
7	Mr. J. K. Khetawat***	Member, Non-Executive Independent Director	4	1

Resigned w.e.f. 8th November, 2012 \$Appointed as Chairman w.e.f.13th August, 2012.

* Retired by rotation at 30th Annual General Meeting held on 13th August, 2012 .

** Appointed as Whole-Time Director, designated as Executive Chairman in the Meeting held on 08/11/2012 and thereby resigned from the Audit Committee w.e.f.12th February, 2013.

*** Appointed as member w.e.f.13th August, 2012.

The above meetings were held on 17th May, 2012, 13th August, 2012, 08th November, 2012 and 12th February, 2013.

The Audit Committee presently consists with the following members:

Mr. J. Godbole, Chairman
Mr. H. M. Marda, Member
Mr. J. K. Khetawat, Member

Mr.S.K.Todi, Chairman of the Audit Committee was not present in the Annual General Meeting but Mr. J.Godbole, Member of the Audit Committee was present at the Annual General Meeting of the Company held on 13th August, 2012.

6. Remuneration Committee

The attendance of each member director at the Remuneration Committee Meeting held during the Financial Year 2012-13 is furnished below:

Sl.No.	Name of Director	Position	Remuneration Committee Meeting	
			Held	Attended
1	Mr. S. K.Todi*	-	2	1
2	Mr. J. Godbole	Chairman, Non-Executive Independent Director	2	2
3	Mr. H.M Marda	Member, Non-Executive Independent Director	2	2
4	Mr.J.K.Khetawat**	Member, Non-Executive Independent Director	1	-

* Retired at 30th Annual General Meeting held on 13/08/2012 .

** Appointed as member w.e.f.13/08/2012.

During the year two meetings of the Remuneration Committee was held on 17.05.2012 and 08.11.2012.

The Remuneration Committee was restructured on 13th August, 2012 after Mr.S. K. Todi, Chairman of the Committee was retired by rotation at the 30th Annual General Meeting held on 13/08/2012 and Mr. J. Godbole was appointed as Chairman of the Committee in the meeting held on 13/08/2012. Mr.J.K.Khetawat was also inducted in the Committee as member in the said meeting. The present Remuneration Committee consists of the following Non-Executive Independent Directors:

- | | | |
|----|-----------------|----------|
| a. | Mr. J. Godbole | Chairman |
| b. | Mr. H.M Marda | Member |
| c. | Mr.J.K.Khetawat | Member |

a) Remuneration Policy :

The Remuneration Policy of the Company rewards performance based on achievement and existing industry benchmarks. The remuneration of the Executive Directors is governed by the terms and conditions approved by the Remuneration Committee, the Board of Directors, the Shareholders and the Central Government (if required). The remuneration structure comprises of salary and commission linked to profits, perquisites and allowances, contribution to Provident Fund, super annuity and gratuity as per schedule XIII and other applicable provisions of the Companies Act 1956.

b) Remuneration paid to the Directors of the company for the year ended 31-03-2013. (Amount in Rs.)

Name of Directors	Salary, Perquisites & Allowances	Provident Fund	Total
Mr. R. S. Goenka\$	35,45,463/-	4,24,258/-	39,69,721/-
Mr. Manish Goenka	36,93,835/-	4,39,200/-	41,33,035/-
Mr. P. S. Patwari	83,09,200/-	7,20,000/-	90,29,200/-
Mr. A. V. Agarwal\$\$	16,36,416/-	1,94,480/-	18,30,896/-
Mr.R. C. Mall \$\$\$	3,16,411/-	24,840/-	3,41,251/-
Total :	1,75,01,325/-	18,02,778/-	1,93,04,103/-

* Perquisites include Leave Travel Assistance, reimbursement of Medical Expenses, Cost of accommodation including rent, maintenance, electricity etc.

\$ For part of the year, resigned w.e.f. 13/08/2012 and payment of his remuneration is subject to approval of the Central Government.

\$\$ For part of the year, appointed as ,Whole-Time Director w.e.f.08/11/2012.

\$\$\$ For part of the year, resigned w.e.f.23/04/2012.

Shares held by the Non-Executive Directors as on March, 31, 2013

Sl.No	Salary, Perquisites & Allowances	Category	No.of Shares
01	Mr.U. G. Bhat	Non-Executive, Independent	NIL
02	Mr.J.Godbole	Non-Executive, Independent	NIL
03	Mr.H. M. Marda	Non-Executive, Independent	2,150
04	Mr.S.Balasubramanian	Non-Executive, Independent	NIL
05	Mr. J.K. Khetawat	Non-Executive, Independent	NIL



Remuneration to Non-Executive Directors:

- They are paid only sitting fees for attending Board / Committee meetings.
- Directors who are in whole time employment of the Company, are not paid any sitting fees.

Sitting fees paid to each of them for attending Board / Committee Meetings are as follows:

Name of the Directors	Total Rupees
Mr. U. G. Bhat *	40000
Mr. S. K. Todi	30000
Mr. A. V. Agarwal	30000
Mr. N. Mishra	20000
Mr. J. Godbole	100000
Mr.H.M.Marda	110000
Mr.S.Balasubramanian	30000
Mr. J.K. Khetawat	40000
Total :	4,00,000

*During the year, the Company has paid Rs.98,40,088/- including Service Tax of Rs.10,42,770/- as Professional Fees to M/s SPB Projects and Consultancy Ltd, a Company in which Mr.U.G.Bhat is interested as a Deputy Managing Director.

Except this, there were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

7. Shareholders' Committee :

The Committee was constituted in the year 1989 to deal with matters relating to transfers / transmissions of shares and monitor redressal of complaints from shareholders. The Committee was reconstituted on 31st October, 2008, when Mr. J. Godbole was resigned from the membership as well as

Chairman of the Committee and Mr. N. Mishra was assigned to head the Committee as Chairman. Mr.H.M.Marda, who was appointed as an additional Independent Director on 27th January, 2009, also nominated as member of the Committee.

The Committee was further restructured on 13/08/2012 as under:-

- Mr. S. Balasubramanian Chairman
- Mr. P. S. Patwari Member
- Mr. Manish Goenka Member

There were no Investors complaints during the year 2012-13.

Mr.G. Saraf, Vice President (Finance) & Secretary is the Compliance Officer of the company.

8. Preference Shares Committee :

The Committee was constituted on 12.02.2013 to deal with the matters relating to Preference Share i.e. to decide and finalise the terms and conditions for issuance of Preference Shares, including the rate of dividend, amount of premium, if any, on issue and redemption, manner of redemption and matters incidental thereto, to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the proceeds of issue and to vary, modify or alter any of the terms and conditions.

The Committee presently consists with the following members:

- Mr. H.M.Marda Chairman
- Mr. P. S. Patwari Member
- Mr. Manish Goenka Member

During the year one meeting of the Preference Share Committee held on 28.03.2013.

9. General Body Meeting :

Location and time where the last three Annual General Meetings were held:-

Financial Year	Venue	Date	Time
2009 – 10	687, Anandapur, E.M.Bye pass, Kasba-Golpark, Kolkata – 700 107	30.07.2010	10.45 a.m.
2010 – 11	-do-	11.08.2011	10.45 a.m.
2011– 12	-do-	13.08.2012	11.00 a.m.

Whether special Resolutions were passed in previous three AGMs

The following Special Resolutions were passed in previous three AGMs:

- **YEAR 2011-12 :**

1) Approval for re-appointment of Mr. Manish Goenka, as Whole-Time Director for a further period of 3 years, including payment of remuneration for that period.

- **YEAR 2010-11 :**

1) Approval for reappointment of Mr. R. S. Goenka as an Executive Chairman of the company for a further period of three years, including payment of remuneration for that period, subject to the approval of Central Government.

2) Approval for waiver of excess remuneration paid to Mr. R. S. Goenka, Executive Chairman of the Company, for the financial year 2008-09 and 2009-10 due to inadequacy of profit.

3) Approval for re-appointment of Mr. P. S. Patwari as Executive Director for a further period of three years, including payment of remuneration for that period, subject to the approval of the Central Government.

4) Approval for keeping and inspection of Registers, Index of Members, Returns etc. at other place under Section 163(1) of the Companies Act 1956.

- **YEAR 2009-10 : None**

Whether Special Resolutions passed last year through Postal Ballot – Details of Voting Pattern.

Special Resolution 1:

Alteration in Clause 5 (a) of the Articles of Association of the Company.

Voting Pattern:

Votes received as	Total shares representing the voting	Percentage of total votes casted
Assents to the resolution	45408785	99.99%
Dissents to the resolution	4000	00.01%
Total :	45412785	100.00%

Special Resolution 2:

To offer/issue and allot, Cumulative Redeemable Non-Convertible Preference Shares of the face value of Rs.100/- (Rupees One hundred) each for an amount not-exceeding Rs.80,00,00,000/- (Rupees Eighty crores) on preferential basis.

Voting Pattern:

Votes received as	Total shares representing the voting	Percentage of total votes casted
Assents to the resolution	45408785	99.99%
Dissents to the resolution	4000	00.01%
Total :	45412785	100.00%

Person who conducted Postal Ballot exercise:

M/s. Vinod Kothari & Company, Practicing Company Secretaries at 1012 Krishna, 224, A.J.C.Bose Road, Kolkata – 700 017, as scrutiniser, conducted the Postal Ballot voting process.

10. GREEN INITIATIVES DRIVE BY THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA:

The Company, as a responsible corporate citizen welcomes and supports the green initiatives taken by the Ministry of Corporate Affairs, Government of India by as circular, enabling electronic delivery of documents to the shareholders. The Company has sent the communication to the shareholders by electronic mode at their e-mail addresses registered with the Depository/Registrar & Share Transfer Agent and all such communications were immediately uploaded on Company's website.

11. SUBSIDIARY COMPANY:

The Company does not have any subsidiary Company.

12. DISCLOSURES:

Related party transactions:

The Company has not entered into any transaction of material nature with the promoters, directors or the management, the



subsidiaries or relatives, etc that may have potential conflict with the interest of the Company.

Compliances by the Company:

There have been no cases of non-compliance by the Company or penalties/strictures imposed on the Company by the Stock Exchanges or SEBI or any other authority on any matter relating to capital markets during the last three years.

Accounting treatment in preparation of financial statement.

The Company has followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India in preparation of Financial Statements.

Risk Management

The Company has framed comprehensive management

policy not only to manage risks but also to minimise risks. This policy is periodically reviewed by the Management and updated as per requirement.

13. MANAGEMENT DISCUSSION & ANALYSIS REPORT

This Annual Report contains a separate and detailed Management Discussion and Analysis section.

14. DETAILS OF APPOINTMENT/ REAPPOINTMENT OF DIRECTORS:

Mr. P. S. Patwari, Mr. A. V. Agarwal and Mr. S. Balasubramanian would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The information pertaining to these Directors are as follows:

Name of Director	Mr.P.S.Patwari	Mr.A V. Agarwal	Mr.S.Balasubramanian
Age	About 58 years	About 38 years	About 71 years
Date of Appointment	28.11.1994	23.10.2000	05.05.2010
Expertise in specific functional areas	Extensive experience in the area of finance, accounting, corporate planning, business development, strategy formulations and overall management.	Well-known industrialist. Rich and varied experience in marketing, corporate planning, business development, strategy formulation and overall management.	He is former Chairman of Company Law Board, has rich and varied experience in corporate law. He is a well-known personality for his valuable contribution to the corporate world. He was also former member of Indian Postal Service and having senior level experience in public sector.
Qualification	B.Com., F.C.A.	B.Com.	B.Com, L.L.B., A.C.A. A.C.S., AICWA, DMA(ICA)
Chairman/ Director of other Companies.	Emami Cement Ltd. Emami Biotech Ltd. Emami Power Ltd. Pan Emami Cosmed Ltd. Bengal Emami Housing Ltd. Emami Institute of Corporate Solutions Pvt.Ltd.	Emami Limited T.M.T.Viniyogan Ltd. Emami Cement Ltd. Emami Group of Companies (P) Ltd. Suntrack Commerce Pvt.Limited Merchants Chamber of Commerce Emami (Bangladesh) Ltd. Emami(U.K.) Ltd. Emami International FZE. Ajanta Suppliers Pvt.Ltd.	GVK Power & Infrastructure Ltd. JaypeelInfratech Ltd. Crest Animation Studios Ltd. Machino Plastics Ltd



Name of Director	Mr.P.S.Patwari	Mr.A.V. Agarwal	Mr.S.Balasubramanian
Membership/ Chairmanship in other Board/ Committee	-	Emami Limited Member – Finance Committee Member – Share Transfer Committee	
Equity Shares held in the Company	15,000	12,500	NIL

CEO/CFO CERTIFICATION

The CEO and CFO certification as required by Clause 49 is enclosed at the end of the Report.

15. COMPLIANCE REPORT

The details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause are given below:

MANDATORY REQUIREMENTS:

The Company has fully complied with the mandatory requirements of Clause 49.

NON MANDATORY REQUIREMENTS:

- MAINTENANCE OF CHAIRMAN'S OFFICE: The Company has an Executive Chairman.
- TENURE OF INDEPENDENT DIRECTORS: The Board has not decided any specific tenure for the Independent Directors.
- REMUNERATION COMMITTEE: Separately covered under the Report.

SHAREHOLDERS' RIGHTS:

The quarterly and half-yearly financial results are published in widely circulated national and local dailies and also displayed on Company's website www.emamipaper.in. Hence, these are not individually sent to the shareholders.

AUDIT QUALIFICATION:

There is no Audit Qualification given in the Auditors' Report.

TRAINING OF BOARD MEMBERS:

All Board members are experienced and professionals, acquainted with business knowledge, obviating the need for

formal training. However, with respect to Executive Directors, the Company arranged need-based training to help them discharge their responsibilities in the most effective way.

MECHANISM FOR THE EVALUATION OF NON-EXECUTIVE DIRECTORS:

The role of Non-Executive Directors of the Company is important; the peer group comprising the entire Board, except the Director being evaluated, evaluates his/her performance. On the basis of such evaluation, it is decided as to whether his/her appointment should be extended or continued.

WHISTLE BLOWER POLICY:

Any employee may report unethical attitude at the work place without fear and reach the Chairman of the Audit Committee or alternatively may report to the Head-HR.

Means of Communication

The quarterly and half-yearly financial results are generally published in The Economic Times/Business Standard/The Times of India, Kolkata(English) and Dainik Statesman/Ekdin(Bengali) and are also displayed on company's website www.emamipaper.in. Hence, these are not individually sent to the shareholders.

Management's Discussion and Analysis is a part of Directors' Report to the shareholders.

16. Shareholders Information

a) Issue of Preference Shares

During the year the Company has issued 20,00,000, 8% Cumulative Redeemable Non-Convertible Preference Shares of the face value of Rs.100/- each at a premium of Rs.300/- each aggregating to Rs.80.00 Crores.



b) Unclaimed Dividend

Unclaimed dividend for the year prior to and including the financial year 2004-05 have been transferred to the General Revenue Account of the Central Government / the Investor Education and Protection Fund established by the Central Government (IEPF), as applicable.

Shareholders who have not encashed their dividend warrants to financial year(s) up to and including 2004-05 may claim such dividend (transferred to the General Revenue Account) from the Registrar of Companies, West Bengal, Government of India, Nizam Palace, II MSO Building, 2nd Floor, 234/4 A.J.C. Bose Road, Kolkata-700 020 by applying in the prescribed form.

The dividend for the under noted years, if remaining unclaimed for seven years, will be statutorily transferred by the Company to IEPF in accordance with the schedule given below. Communication has been sent by the Company to the concerned Shareholders advising them to write to the Company with respect to their unclaimed dividend. Attention is drawn that the unclaimed dividend for the financial year 2005-06 is due for transfer to IEPF on 20.07.2013.

Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

(Rs.in lac)

Financial year	Dividend ID No.	Date of Payment of dividend	Total Amount of Dividend	Unclaimed dividend as on 31.03.2013		Due date for transfer to I.E.P.F. on
				Rs.	%	
2005-06	24th	21/07/2006	544.49	0.40	0.07	20/07/2013*
2006-07	25th Interim	26/03/2007	242.00	0.27	0.11	25/03/2014
	25th Final	12/10/2007	<u>121.00</u> 363.00	<u>0.17</u> 0.44	0.14	11/10/2014
2007-08	26th	13/10/2008	604.99	0.83	0.14	12/10/2015
2008-09	27th	29/07/2009	363.00	0.57	0.16	28/07/2016
2009-10	28th	11/08/2010	363.00	0.66	0.18	10/08/2017
2010-11	29th	24/08/2011	363.00	0.75	0.21	23/08/2018
2011-12	30th	21/08/2012	363.00	0.69	0.19	20/08/2019

*It will not be possible to entertain any claim received by us after 13/07/2013.

c) 31st Annual General Meeting :

Date : Suggested – 13th August, 2013.
Time : Suggested– 11.00 a.m.
Venue : Suggested– 687, Anandapur, E.M.Bye Pass, Kasba-Golpark, Kolkata-700107

d) Date of Book Closure :

Suggested–6th August, 2013 to 13th August, 2013(both days inclusive) for the shareholders holding shares in physical form. The Shareholders holding shares in demat form are eligible for dividend for their holding as on 6th August, 2013.

e) Date of Payment of Dividend:-Within 30 days of approval by the shareholders.

f) Financial Calendar of the Company:

- April to March
- First Quarter Results – 2nd week of August
- Half –yearly Results – 2nd week of November
- Third Quarter Results – 2nd week of February
- Results for the year ending 31st March – by May.

g) Listing of Equity Shares on Stock Exchange:

The Company's shares are listed at Calcutta, Bombay and U.P. Stock Exchanges.

The relevant Listing Fees for the year was paid.

h) Stock Code:

The Bombay Stock Exchange Ltd. - 533208
The Calcutta Stock Exchange Association Ltd. - 17054
The U.P. Stock Exchange Association Ltd. - G0033

The ISIN Number of Company's Equity Shares (of face value Rs.2/- per share) for NSDL & CDSL: INE 830CO1026.

i) Stock Price Data:

No Trading of the company's shares was reported by the Calcutta Stock Exchange and U.P. Stock Exchange. However Market Price Data on the Bombay Stock Exchange Ltd. (BSE), Mumbai is given hereunder:-

Market Price Data: High/Low in each month in the Financial Year 2012-13.

BSE		
Month	High Price	Low Price
April, 2012	37.00	29.05
May, 2012	36.90	24.55
June, 2012	30.50	23.05
July, 2012	42.95	25.35
Aug, 2012	40.95	30.50

BSE		
Month	High Price	Low Price
Sept, 2012	39.85	33.00
Oct, 2012	39.80	31.20
Nov, 2012	36.00	32.00
Dec, 2012	35.80	29.80
Jan, 2013	35.00	30.65
Feb, 2013	32.00	27.75
Mar, 2013	27.85	23.60

j) Registrars & Transfer Agents (Physical & Demat):

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane (Surender Mohan Ghosh Sarani)
2nd Floor, Kolkata-700 001

k) Share Transfer System:

The shares of the company are eligible for trading in the demat mode also. The shares received for transfers in physical form are first registered normally within three weeks (if in order and complete in all respects) and a demat option form is sent to the shareholders for exercising the option to receive the shares in demat form within 30 days of receipt unless the shareholders desires to get back the physical share certificate. Thereafter shares are confirmed to the respective accounts.

l) Distribution of Shareholding and Shareholding Pattern as on 31.03.2013. (Equity)

Category	Number of shares held	% of Shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	54,98,073	9.09
Corporate	3,97,35,063	65.67
- Foreign Promoters	1,25,000	0.21



Category	Number of shares held	% of Shareholding
Sub-total	4,53,58,136	74.97
B. Non-promoters' holding		
1. Institutional investors		
a. Mutual Funds and UTI	-	-
b. Banks, financial institutions and Insurance companies	-	-
c. Central Government /State Government	-	-
d. Foreign Institutional Investors	-	-
Sub-total	-	-
2. Others		
a. Private corporate bodies	1,15,08,448	19.02
b. Indian public	36,16,066	5.98
c. NRI / OCBs	15,900	0.03
d. Others	500	-
Sub-total	1,51,40,914	25.03
Grand-total	6,04,99,050	100

Analysis of Shareholding:

	No. of Shareholders	Number of Shares held	% of Shareholding
1 – 50	360	6260	0.01
51 – 100	245	23629	0.04
101 – 250	351	77338	0.13
251 – 500	257	112781	0.19
501 – 1000	214	187415	0.31
1001 – 5000	295	750681	1.24
5001 and above	139	59340946	98.08
Total :	1861	60499050	100.00

m) Dematerialisation of Shares

81.19 percent and 18.15 percent of the Paid-up Equity Share Capital are held in dematerialized form with National Securities Depository Limited and Central Depository Services Limited respectively as on 31st March, 2013.

n) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has not issued any of the aforesaid instruments.

o) Plant Locations:

1. Vill – Balgopalpur
Balasore – 756 020
Orissa
2. R. N. Tagore Road
Alambazar
Kolkata –700 035
West Bengal

p) Address for correspondence:

EMAMI PAPER MILLS LIMITED
687, Anandapur, E.M. Bye Pass, Kasba Golpark
Kolkata – 700 107
Phone No. (91)(033) 6613 6264
Fax No. (91)(033) 6613 6400
Email: emamipaper@emamipaper.in
Website: www.emamipaper.in

For and on behalf of the Board

Kolkata
April, 30, 2013

A.V. AGARWAL
Executive Chairman

CERTIFICATION BY EXECUTIVE DIRECTOR AND PRESIDENT OF THE COMPANY

We P. S. Patwari, Executive Director and S. K. Khetan, President to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Accounts of the Company for the year ended 31st March, 2013 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information :
 - a. These statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, whichever

applicable, to the Company's auditors and through them to the audit committee of the Company, the following :

- a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
- b. Significant changes in internal control during the year;
- c. Any fraud, which we have become aware of and that involves Management or other employees who have significant role in the Company's internal control systems;
- d. Significant changes in accounting policies during the accounting year;

We further declare that all members of Board and Committees and all employees working at level of Executive and above have affirmed compliance with the Code of Conduct of the Company of the current year.

For Emami Paper Mills Limited

S. K. Khetan
President (CFO)

P. S. Patwari
Executive Director (CEO)

Date : 30th April, 2013
Place : Kolkata



INDEPENDENT AUDITOR'S REPORT

To

The Members of Emami Paper Mills Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Emami Paper Mills Limited ("the company") which comprises the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of Gulmohar unit audited by Branch Auditors, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Forming an Opinion and Reporting on Financial Statements Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2013
 - ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we further report that:
 - a) the report on the accounts of Gulmohar Unit audited by Branch Auditors have been received and properly dealt with in preparing our Report.
 - b) 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;
 - c) 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.
 - d) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - e) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - f) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For, S. K. AGRAWAL & COMPANY
Chartered Accountants
Registration No- 306033E

(S. K. AGRAWAL)

Place: Kolkata

Partner

Dated: 30th April, 2013

Membership No: 9067

Annexure to the Independent Auditors' Report

In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year are such that clauses (xiii) and (xix) of Companies (Auditor's Report) Order, 2003, are not applicable to the Company. In respect of the other clauses, we report as under:

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified during the year by the management in accordance with a program of verification, covering all fixed assets over a period of three years, which in our opinion provides for physical verification of all major items of fixed assets at reasonable intervals.
- c. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
2. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
3. a. The Company has given unsecured loan to a company listed in the register maintained under Section 301 of the Companies Act, 1956 against whom the maximum amount outstanding during the year was Rs 334.42 lacs and the year end balance of such loan amounted to ₹ 334.42 lacs. The rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company. The principal amounts and interest are repayable on demand, therefore the question of overdue amounts does not arise.
- b. The Company has taken unsecured loan from a company listed in the register maintained under Section 301 of the Companies Act, 1956 against whom the maximum amount payable during the year was Rs 4699.53 lacs and the year end balance of such loan amounted to ₹ Nil. The rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company. The principal amounts and interest are repayable on demand, therefore the question of overdue amounts does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
5. In respect of contracts or arrangements referred in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions referred to above and exceeding the value of ₹ 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the maintenance of cost records and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. According to the information and explanations given to us in respect of statutory and other dues:
 - a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax, VAT, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.



b. According to the information and explanations given to us, details of dues of Excise Duty, Sales Taxes and Employees

State Insurance which have not been deposited as on 31st March, 2013 on account of dispute are given below:

Particular	Financial Year to which the matter pertains	Forum where matter is pending	Amount (₹ in Lacs)
The Central Excise Act, 1944 & Service Tax (Finance Act, 1994)	1994-95	ACCE	0.87
	2002-03 to 2006-07	ACCE	1.10
	2006-07	ACCE	72.65
	2005-06 to 2007-08	ACCE	35.28
Central Sales Tax Act	1993-94	Tribunal	16.26
	2004-05	Tribunal	0.53
	2006-07	Addl. Comm.	0.79
	2007-08	Addl. Comm.	3.37
	2008-09	Addl. Comm.	26.25
Values Added Tax Act (Orissa)	2005-06	Addl. Comm.	1.68
	2006-07	Addl. Comm.	0.59
	2007-08	Addl. Comm.	0.79
	2009-10	Addl. Comm.	0.10
Entry Tax Act (Orissa)	2006-07	Addl. Comm.	1.30
	2007-08	Addl. Comm.	0.11
	2008-09	Addl. Comm.	32.00
	2006-07 to 2007-08	Addl. Comm.	69.60
Odisha Sales Tax Act	1989-90	High Court	0.79
ESIC	1996-97	ESI Court	0.22
Income Tax Act 1961	2011-12	Comm. Appeals	29.53

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current year and in the immediately preceding financial year.

11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institution and banks.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. According to the information & explanations given to us, the Company is not dealing in shares, securities debentures and other investment.

14. According to information given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution.

15. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were applied for the purpose for which the loans were obtained.

16. According to the Cash Flow Statement and other records

examined by us and the information and explanations given to us on an overall basis, we report that funds raised on short term basis have, prima facie, not been used for long term investments.

17. The Company has made preferential allotment of Preference Shares to parties and companies covered in the Register maintained under section 301 of the Companies Act 1956, during the year and the price at which shares have been issued is not prejudicial to the interest of the Company.

18. The Company has not raised money by public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.

19. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For, S. K. AGRAWAL & COMPANY
Chartered Accountants
Registration No- 306033E

(S. K. AGRAWAL)

Place: Kolkata

Dated: 30th April, 2013

Partner

Membership No: 9067

BALANCE SHEET as at 31st March, 2013

₹ in lacs

Particulars	Notes	As at 31st March'2013	As at 31st March'2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	3,209.98	1,209.98
Reserves and surplus	2.2	22,758.72	16,089.58
Non-current liabilities			
Long-term borrowings	2.3	26,134.35	29,168.10
Deferred tax liabilities (Net)	2.4	3,826.84	3,689.07
Other long term liabilities	2.5	38.24	25.66
Long-term provisions	2.6	85.33	62.75
Current liabilities			
Short-term borrowings	2.7	11,312.23	11,475.49
Trade payables	2.8	1,411.31	908.22
Other current liabilities	2.9	10,571.77	11,204.46
Short-term provisions	2.10	426.74	421.88
Total		79,775.51	74,255.19
ASSETS			
Non-current assets			
Fixed assets	2.11		
Tangible assets		43,605.84	44,121.69
Intangible assets		58.54	50.95
Capital work In progress		8,887.63	6,967.46
Non-current investments	2.12	57.65	57.65
Long-term loans and advances	2.13	2,994.71	2,807.84
Other non current assets	2.14	1.00	-
Current assets			
Inventories	2.15	7,661.70	7,814.25
Trade receivables	2.16	4,718.53	5,045.72
Cash and bank balances	2.17	7,463.22	2,285.07
Short term loans and advances	2.18	4,324.62	5,104.56
Other current assets	2.19	2.07	-
Total		79,775.51	74,255.19
Significant accounting policies & notes on accounts	1 & 2		

In terms of our attached report of even date
For, S K Agrawal & Co.
Chartered Accountants

S K Agrawal
Partner

Place : Kolkata
Date : 30th April, 2013

S.K.Khetan
President (Finance) & CFO

G. Saraf
V.P.(Finance) & Company Secretary

A.V.Agarwal
Manish Goenka
P.S. Patwari
Directors



STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2013

₹ in lacs

Particulars	Notes	Year ended 31st March 2013	Year ended 31st March 2012
Revenues:			
Net revenue from operations	2.20	51,001.61	49,507.76
Other income	2.21	180.80	158.06
Total Revenue		51,182.41	49,665.82
Expenses:			
Cost of materials consumed	2.22	28,172.90	28,003.87
(Increase) / decrease in inventories of finished goods & work-in-progress	2.23	709.11	624.30
Employee benefits expense	2.24	2,452.22	2,197.91
Finance costs (net)	2.25	3,022.16	2,637.15
Depreciation	2.26	3,032.90	2,716.22
Other expenses	2.27	12,499.87	12,325.37
Total expenses		49,889.16	48,504.82
Profit before exceptional and extraordinary items and tax		1,293.25	1,161.00
Exceptional items		-	-
Profit before extraordinary items and tax		1,293.25	1,161.00
Extraordinary Items		-	-
Profit before tax		1,293.25	1,161.00
Tax expense:			
Current tax	2.28	-	-
Income tax for earlier years		-	98.51
Deferred tax		137.77	231.79
Profit after tax		1,155.48	830.70
Earnings per equity share:			
(1) Basic		1.91	1.37
(2) Diluted		1.91	1.37

In terms of our attached report of even date
For, S K Agrawal & Co.
Chartered Accountants

S K Agrawal
Partner

Place : Kolkata
Date : 30th April, 2013

S.K.Khetan
President (Finance) & CFO

G. Saraf
V.P.(Finance) & Company Secretary

A.V.Agarwal
Manish Goenka
P.S. Patwari
Directors

CASH FLOW STATEMENT for the year ended 31st March, 2013

₹in lacs

DESCRIPTION	Notes	2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax		1,293.25	1,161.00
Adjustment for :			
Depreciation		3,082.14	2,773.19
Notional forex loss/(gain)		(179.57)	(106.42)
Provision for gratuity (net)		22.58	13.36
Transferred from revaluation reserve on account of depreciation		(49.24)	(56.97)
Interest & financial charges		3,022.16	2,637.15
Dividend income		(24.88)	(10.89)
(Profit) / loss on sale of fixed assets		(12.90)	(5.13)
Operating profit before working capital changes :		7,153.54	6,405.29
Add: Decrease / increase in working capital			
(Increase)/decrease in trade & other receivables		1,026.44	(444.79)
(Increase)/decrease in bank balances (other than cash/cash equivalent)		3.70	19.21
(Increase)/decrease in inventories		152.55	(168.21)
Increase/(decrease) in trade and other payables		676.63	154.26
Cash generated from operations		9,012.86	5,965.76
Taxes paid		(243.48)	(192.69)
Cash flow before extraordinary items		8,769.38	5,773.07
Net cash from operating activities	(A)	8,769.38	5,773.07
B CASH FLOW FROM INVESTING ACTIVITIES :			
Investment in fixed assets and CWIP		(3,656.93)	(12,103.49)
(Increase) / decrease in capital advances		(119.13)	692.30
Sale of fixed assets		29.89	19.10
Dividend received		24.88	10.89
Interest received		1,340.32	479.96
Net Cash used in investing activities	(B)	(2,380.97)	(10,901.24)



CASH FLOW STATEMENT for the year ended 31st March, 2013

DESCRIPTION		Notes	2012-13	2011-12
C	CASH FLOW FROM FINANCING ACTIVITIES :			
	Proceeds from issue of preference share capital		8,000.00	-
	Expenses for preference share issue		(10.36)	-
	Net proceeds from / (repayment of) long term borrowings		(4,401.87)	9,815.99
	Increase/(decrease) in short term borrowings		(203.74)	376.20
	Interest and other borrowing cost paid		(4,168.71)	(2,746.35)
	Dividend & dividend tax paid		(421.88)	(423.28)
	Net cash used in financing activities	(C)	(1,206.56)	7,022.56
	Net increase in cash & cash equivalents (A+B+C)		5,181.85	1,894.39
*	Cash & cash equivalents (opening balance)		2,163.51	269.12
*	Cash & cash equivalents (closing balance)		7,345.36	2,163.51
*	Represents cash and bank balances as indicated in schedule .			

NOTE:

Cash & cash equivalents represents "Cash and bank balances" except ₹ 4.33 Lacs (₹ 4.00 Lacs) lying in designated account with scheduled banks on account of unclaimed dividend and ₹ 114.53 lacs (₹ 117.56 lacs) lying as fixed deposits with banks that are being pledged as security, which are not readily available for use by the company.

In terms of our attached report of even date
For, S K Agrawal & Co.
Chartered Accountants

S K Agrawal
Partner

Place : Kolkata
Date : 30th April, 2013

S.K.Khetan
President (Finance) & CFO

G. Saraf
V.P.(Finance) & Company Secretary

A.V.Agarwal
Manish Goenka
P.S. Patwari
Directors

Significant accounting policies for the year ended 31st March'2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 General

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and comply with the Accounting Standards notified by the Central Government of India and relevant provisions of the Companies Act, 1956.

All the assets & liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act 1956.

The significant accounting policies are as follows:

1.2 Fixed assets

a) Tangible assets

- i) Fixed assets are stated at cost adjusted by revaluation of land, building and plant & machinery wherever applicable, less depreciation. Interest & other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the stabilisation of commercial production.
- ii) All pre-operative and trial run expenditure (net of realization, if any) are capitalized.
- iii) Projects under commissioning and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings.

b) Intangible assets

Intangible assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

1.3 Depreciation

- a) Depreciation is provided on pro-rata basis with reference to the date of commencement of use, at the rates specified in Schedule XIV of the Companies Act, 1956.
 - i) On straight-line method at Balasore in respect of
 - Buildings of paper machine-II & III, ETP-II and power generation unit-II
 - Plant & machinery of paper machine III, ETP-II and power generation unit-II
 - ii) On written down value method in respect of other assets.
- b) Leasehold land is amortised over the period of lease.
- c) Software licenses are amortised over a period of six years.

1.4 Investments

Non- current investments are stated at cost. Diminution in value of non-current investments other than temporary in nature is provided for in the accounts. Current Investments are stated at cost or net realisable value, whichever is lower.

1.5 Inventories

- a) Finished goods, stock-in-process, raw materials, stores, chemicals and spare parts are valued at lower of cost or net realisable value.
- b) Valuation of inventory is being done under weighted average cost formula.

1.6 Retirement benefit

- a) Contribution to provident fund is made at a pre-determined rate and charged to revenue on accrual basis.
- b) Company's liability towards gratuity and leave encashment is actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in revenue. The contribution towards Gratuity and Leave Encashment liability are funded with the LIC.



Significant accounting policies for the year ended 31st March'2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1.7 Foreign currency transactions

- a) Transactions in foreign exchange covered by forward contracts are accounted for at the contracted rates.
- b) Transactions other than those covered by forward contracts are recognised at the exchange rates prevailing on the date of their occurrence.
- c) Monetary assets & liabilities in foreign currency that are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates.
- d) The exchange differences arising from long term foreign currency monetary items relating to the acquisition of a depreciable asset are added to or deducted from the cost of the depreciable capital assets. Other exchange differences arising from long-term foreign currency monetary items are transferred to "Foreign currency monetary item translation difference account" to be amortised over the life of such monetary items but not beyond 31st March 2020. Other exchange differences are recognized as income or expense in the profit & loss account.

1.8 Recognition of income and expenditure

- a) Income & expenditure are recognised on accrual basis.
- b) Sales includes amount recovered towards excise duty and sales during trial run.

1.9 Contingent liabilities and provisions:

Contingent liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved. Provisions are recognized when the company has legal / constructive obligation and on management discretion, as a result of a past event, for which it is probable that a cash outflow may be required and a reliable estimate can be made for the amount of the obligation.

1.10 Borrowing cost:

Borrowings cost that are attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

1.11 Taxation

Provision for tax is made for both current and deferred taxes. Provision for current tax is made at the current tax rates based on assessable income. Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The deferred tax in respect of timing differences that originate during the tax holiday period and reverse during the tax holiday period is not recognized. Deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted.

1.12 Government subsidy/grant:

Capital subsidy granted by the government is treated as capital reserve and interest subsidy is treated as a revenue receipt except to the extent it is capitalized as pre-operative cost which is adjusted from specified assets.

1.13 Earnings per share:

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for the events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects for all dilutive potential equity shares.

Significant accounting policies for the year ended 31st March'2013

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1.14 Impairment of assets

The company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, notified by the Central Government of India, for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, are charged against revenues for the year.

1.15 Segment reporting

Segments have been identified and reported taking into account nature of products, the differing risks and returns associated with operations.

1.16 Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

1.17 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.1 SHARE CAPITAL

₹ in lacs

Particulars	As at 31st March'2013	As at 31st March'2012
Authorised		
6,20,00,000 Equity shares of ₹ 2/- each	1,240.00	1,240.00
10,000 6% Redeemable non cumulative preference shares of ₹ 100/- each	-	10.00
20,00,000 Preference shares of ₹ 100/- each	2,000.00	-
Issued, Subscribed & Paid up		
604,99,050 Equity shares of ₹ 2/- each fully paid	1,209.98	1,209.98
20,00,000 8% Cumulative redeemable non-convertible preference shares (CRNPS) of ₹ 100/- each fully paid up	2,000.00	-
Total	3,209.98	1,209.98

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

I) EQUITY SHARE

₹ in lacs

Particulars	2012-2013		2011-2012	
	Number	Amount	Number	Amount
At the beginning of the year	60,499,050	1,209.98	60,499,050	1,209.98
At the end of the year	60,499,050	1,209.98	60,499,050	1,209.98

II) PREFERENCE SHARE

₹ in lacs

Particulars	2012-2013		2011-2012	
	Number	Amount	Number	Amount
At the beginning of the year	-	-	-	-
Add: Shares issued during the year	2,000,000	2,000.00	-	-
At the end of the year	2,000,000	2,000.00	-	-



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.1 SHARE CAPITAL (Contd.)

b) Terms / rights attached to shares

I) EQUITY SHARES

The company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pay dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

II) PREFERENCE SHARES

During the year ended 31st March'2013 the company issued 20,00,000 cumulative redeemable non-convertible preference shares (CRNPS) of ₹ 100 each fully paid up at a premium of ₹ 300 per share. CRNPSs carry cumulative dividend @8% p.a.

The company declares and pay dividends in indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting. Holders of CRNPS have voting rights on matters pertaining to CRNPS.

In the event of liquidation of the company before redemption of CRNPS, the holders of CRNPS will have priority over equity shares in the repayment of capital. The CRNPS is redeemable on the expiry of 12 years from the date of issue at a premium of ₹ 500 per share with an option to redeem it earlier at a premium of to be decided mutually between the company and the CRNPS Holders at a meeting of CRNPS holders called for this purpose.

c) Shareholders holding more than 5% shares in the company

I) EQUITY SHARES

Name of shareholder	No.	% of Holding	No.	% of Holding
a) Diwakar Viniyog Private Limited	9,628,713	15.92%	9,805,737	16.21%
b) Emami Limited	7,946,000	13.13%	7,946,000	13.13%
c) Suntrack Commerce Private Limited	7,633,900	12.62%	7,633,900	12.62%
d) Bhanu Vyapaar Private Limited	6,005,250	9.93%	6,005,250	9.93%

II) PREFERENCE SHARES

Name of shareholder	No.	% of Holding	No.	% of Holding
a) Emami Estates Private Limited	375,000	18.75%	-	-
b) Zandu Realty Limited	350,000	17.50%	-	-
c) Suraj Viniyog Private Limited	275,000	13.75%	-	-
d) Pan Emami Cosmed Limited	250,000	12.50%	-	-
e) Oriental Sales Agencies India Private Limited	250,000	12.50%	-	-
f) Bhanu Vyapaar Private Limited	225,000	11.25%	-	-
g) Emami Realty Limited	175,000	8.75%	-	-

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.2 RESERVES & SURPLUS

₹ in lacs

Particulars	As at 31st March'2013	As at 31st March'2012
a. Capital reserve	133.50	133.50
b. Securities premium account		
Opening balance as per last balance sheet	1,793.37	1,793.37
Add: Received on issue of preference share	6,000.00	-
Less : Expenses incurred for issue of preference shares	10.36	-
Closing balance	7,783.01	1,793.37
c. Revaluation reserve		
Opening balance as per last balance sheet	721.13	778.67
Less: Written back in current year	49.24	56.97
Less: Adjustment on sale of assets	-	0.57
Closing balance	671.89	721.13
d. General reserve		
Opening balance as per last balance sheet	12,500.00	12,000.00
Add: Transfer during the year	500.00	500.00
Closing balance	13,000.00	12,500.00
e. Surplus		
Opening balance	941.58	1,032.76
Add: Net profit / (net loss) for the current year	1,155.48	830.70
Less: Appropriations		
Proposed dividend on equity shares	363.00	363.00
Proposed dividend on preference shares	1.75	
Corporate dividend tax - equity dividend	61.69	58.88
Corporate dividend tax - preference dividend	0.30	-
Transfer to general reserve	500.00	500.00
Total appropriations	926.74	921.88
Net surplus in the statement of profit & loss	1,170.32	941.58
Total	22,758.72	16,089.58

During the year ended 31st March, 2013 the amount of per share dividend recognized as distributions to equity shareholders is Re. 0.60 (Re. 0.60) per share.

During the year ended 31st March, 2013 the amount of per share dividend recognized as distribution to preference shareholders is Re.0.09 (Re.Nil).

NOTE 2.3 LONG TERM BORROWINGS

₹ in lacs

a) Secured loans

Particulars	As at 31st March'2013	As at 31st March'2012
From Banks	35,889.09	32,468.41
Less : Current maturities of long term debts *	9,754.74	10,340.31
Sub total	26,134.35	22,128.10



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.3 LONG TERM BORROWINGS (Contd.)

Nature of Security :

(i) Term loans of ₹ 34,214.32 Lacs (₹ 28940.55 Lacs) are secured by deposit of title deeds in respect of present and future immovable properties and hypothecation of present and future movable fixed assets on a pari-passu basis. Term loans from banks are also secured by second charge on current assets on pari-passu basis.

(ii) Term loans of ₹ 1,674.77 Lacs (₹ 3,527.86 Lacs) are supported by personal guarantee of some of the promoters and second / subservient charge on all movable assets of the company ranking pari-passu.

Terms of repayment of term loans :

- (i) ECB \$ 23 million from ICICI Bank Ltd carries interest @ 6m libor + 1.70% p.a. - ₹ 2601.40 lacs outstanding as on 31.03.2013 is repayable in 5 quarterly installments (₹ 4388.40 lacs is repayable in 9 quarterly installments).
- (ii) ECB \$ 16.50 million from ICICI Bank Ltd carries interest @ 6m libor + 1.00% p.a. - ₹ 2612.71 lacs outstanding as on 31.03.2013 is repayable in 7 quarterly installments (₹ 3847.80 lacs is repayable in 11 quarterly installments).
- (iii) ECB \$ 10 million from State Bank of India carries interest @ 6m libor + 165 bp p.a. - ₹ 678.63 lacs outstanding as on 31.03.2013 is repayable in 2 quarterly installments (₹ 1908.00 lacs is repayable in 6 quarterly installments)
- (iv) ECB \$ 4.50 million from DBS Bank carries interest @ applicable benchmark rate plus 295 bps p.a. ₹ 1221.53 lacs outstanding as on 31.03.2013 is repayable in 1 annual Installment (₹ 2289.60 lacs is repayable in 2 annual Installments).
- (v) FCNR (B) 21 million from State Bank of India carries interest @ 6m libor + applicable Spread p.a. - ₹ 8911.37 lacs outstanding as on 31.03.2013 is repayable in 9 quarterly installments (₹ 10,046.28 lacs is repayable in 13 quarterly installments).
- (vi) Rupee term loan from State Bank of Hyderabad carries interest @ SBH base rate + 3% p.a. - ₹ 4999.71 lacs outstanding as on 31.03.2013 is repayable in 12 quarterly installments from the end of 27 month from the date of disbursement (₹ 5000 lacs is repayable in 12 quarterly installments from the end of 27th month from the date of disbursement).
- (vii) Corporate loan from SBI carries interest @ 2.30% above base rate p.a. - ₹ 7000 lacs outstanding as on 31.03.2013 is repayable in 20 quarterly installments after 2 years moratorium period (nil).
- (viii) Rupee term loan from ICICI Bank Ltd carries interest @ ICICI Bank base rate + applicable Spread p.a. ₹ 6000 lacs outstanding as on 31.03.2013 is repayable in 20 quarterly installments commencing from the end of 27th month from the date of first drawdown.
- (ix) Loan from Indusind Bank carries interest @ 6m libor + 5.00 % p.a. - ₹ 971.33 lacs outstanding as on 31.03.2013 is repayable in 5 Quarterly installments (₹ 1638.57 lacs is repayable in 9 quarterly installments).
- (x) Loan from Axis Bank carries interest @ 6m libor + 5.00% p.a. - ₹ 703.44 lacs outstanding as on 31.03.2013 is repayable in 7 monthly installments (₹ 1889.28 lacs is repayable in 19 monthly installments).

* The amount repayable within next 12 month for the above loans has been classified as "Current maturities" in Note No. 2.9.

(b) Unsecured loans

Particulars	₹ in lacs	
	As at 31st March'2013	As at 31st March'2012
Loans from bodies corporate	-	7,040.00
Sub total	-	7,040.00
Total	26,134.35	29,168.10

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.4 DEFERRED TAX LIABILITY (NET)

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Deferred tax liabilities		
Tax impact due to difference between tax depreciation and book depreciation	3,895.12	3,831.13
Deferred tax assets		
Tax Impact of expenses charged off in financial statements but allowance under tax law deferred	68.28	142.06
Total	3,826.84	3,689.07

NOTE 2.5 OTHER LONG TERM LIABILITIES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Trade deposits	27.50	16.00
Retention money	10.74	9.66
Total	38.24	25.66

NOTE 2.6 LONG TERM PROVISIONS

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Gratuity	85.33	62.75
Total	85.33	62.75

NOTE 2.7 SHORT TERM BORROWINGS

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Secured		
Working Capital Loans		
From Banks	11,312.23	11,475.49
Total	11,312.23	11,475.49

Nature of Security :

Working Capital facilities from banks are secured by hypothecation of present and future stock of materials, stock-in-process, finished goods, stores and spares, book debts, outstanding money, claims receivable and further secured by way of second charge on all immovable and movable properties/fixed assets both present and future on a pari passu basis.

NOTE 2.8 TRADE PAYABLES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Trade payables (other than micro, small and medium enterprises)		
For goods	986.93	499.12
For services	424.38	409.10
Total	1,411.31	908.22



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.9 OTHER CURRENT LIABILITIES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
(a) Current maturities of long term debt	9,754.74	10,340.31
(b) Interest accrued but not due	303.77	511.85
(c) Unclaimed dividend	4.34	4.00
(d) Statutory dues	185.98	86.24
(e) Advance from customers	133.34	78.55
(f) Trade deposit	2.00	2.00
(g) Outstanding liabilities for expenses	187.60	181.51
Total	10,571.77	11,204.46

NOTE 2.10 SHORT TERM PROVISIONS

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Dividend on equity shares	363.00	363.00
Dividend on preference shares	1.75	-
Tax on equity dividend	61.69	58.88
Tax on preference dividend	0.30	-
Total	426.74	421.88

NOTE 2.11 FIXED ASSETS

₹ in lacs

Fixed assets	Gross block				Accumulated depreciation				Net block		
	As at 1.4.2012	Additions	Disposals	As at 31.3.2013	As at 1.4.2012	For the year	On disposals	As at 31.3.2013	As at 31.3.2013	As at 31.03.2012	
Tangible assets											
Land											
Free hold land	904.26	7.40	-	911.66	-	-	-	-	911.66	904.26	
Lease hold land	1,328.45	-	-	1,328.45	39.98	15.63	-	55.61	1,272.84	1,288.47	
Buildings											
Factory building	4,223.09	8.65	-	4,231.74	1,536.20	136.56	-	1,672.76	2,558.98	2,686.89	
Non factory building	2,208.40	1.02	-	2,209.42	273.89	36.24	-	310.13	1,899.29	1,934.51	
Plant and equipment											
Office equipment	55,655.34	2,512.37	175.84	57,991.87	18,995.31	2,752.59	174.43	21,573.47	36,418.40	36,660.03	
Furniture and fixtures	73.82	11.60	12.62	72.80	47.80	4.63	12.62	39.81	32.99	26.02	
Vehicles	1,076.39	3.43	62.00	1,017.82	560.85	87.05	49.83	598.07	419.75	515.54	
Total	65,734.39	2,565.32	266.20	68,033.51	21,612.70	3,064.18	249.21	24,427.67	43,605.84	44,121.69	
Previous year	57,457.76	8,320.31	43.68	65,734.39	18,896.05	2,745.78	29.13	21,612.70	44,121.69		
Intangible assets											
Computer software	93.61	25.55	-	119.16	42.66	17.96	-	60.62	58.54	50.95	
Total	93.61	25.55	-	119.16	42.66	17.96	-	60.62	58.54	50.95	
Previous year	63.66	29.95	-	93.61	15.25	27.41	-	42.66	50.95		
Capital work In progress	6,967.46	1,920.17	-	8,887.63	-	-	-	-	8,887.63	6,967.46	
Total	6,967.46	1,920.17	-	8,887.63	-	-	-	-	8,887.63	6,967.46	
Previous year	1,026.54	5,940.92	-	6,967.46	-	-	-	-	6,967.46		

(a) Revaluations

Land, buildings and plant & machinery of the Gulmohar unit and paper machine-1 of Balasore unit were revalued as on 01.04.98 and 01.04.99 respectively by independent approved valuers appointed for the purpose. The revaluation has resulted in

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.11 FIXED ASSETS (Contd.)

₹ in lacs

increase in value of such assets by ₹ 3097.20 lacs. Due to the said revaluation, there is an additional charge of depreciation of ₹ 49.24 lacs (₹ 56.97 Lacs) for the year and an equivalent amount has been withdrawn from revaluation reserve and credited to Profit & Loss Account; and adjustment in Revaluation Reserve for ₹ nil (₹ 0.57 Lacs) has been made for sale of revalued asset. The net book value of such revaluation made till date stands at ₹ 671.89 lacs (₹ 721.13 lacs).

NOTE 2.12 NON CURRENT INVESTMENTS

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Non trade		
Government securities		
6 Years national saving certificates (lodged with government authorities)	0.02	0.02
7 Years national saving certificates (lodged with government authorities)	1.51	1.51
Shares		
Unquoted		
3,07,300 (3,07,300) Equity shares of ₹ 10/- each fully paid up of Pan Emami Cosmed Ltd.	0.62	0.62
Quoted		
833 (833) Equity shares of ₹ 2/- each fully paid up of Emami Infrastructure Ltd.	0.09	0.09
3,11,000 (3,11,000) Equity shares of Re.1/- each fully paid up of Emami Ltd.	55.41	55.41
Total	57.65	57.65
Market value of quoted investment	1,872.22	1,257.37
Aggregate book value of quoted investment	55.50	55.50
Aggregate book value of unquoted investment	2.15	2.15

NOTE 2.13 LONG TERM LOANS AND ADVANCES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Unsecured, considered good		
(a) Capital advances	406.04	286.91
(b) Deposits	392.06	278.57
(c) Loans and advances to employees	29.56	40.47
(d) Other loans and advances		
Balance with central excise	342.60	633.28
MAT credit entitlement	1,551.89	1,296.61
Other advances	272.56	272.00
Total	2,994.71	2,807.84

NOTE 2.14 OTHER NON CURRENT ASSETS

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Deposits with banks	1.00	-
Total	1.00	-



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.15 INVENTORIES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Raw materials and chemicals	5,176.89	4,690.11
Work-in-progress	92.88	337.07
Finished goods	454.01	918.93
Stores and spares	1,937.92	1,868.14
Total	7,661.70	7,814.25

Inventory includes following inventories in transit :

Particulars	As at 31 st March'2013	As at 31 st March'2012
Raw materials & chemicals	37.38	62.88
Stores and spares	70.23	22.56
Total	107.61	85.44

NOTE 2.16 TRADE RECEIVABLES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	3.73	11.21
Others	4,714.80	5,034.51
Total	4,718.53	5,045.72

NOTE 2.17 CASH AND BANK BALANCE

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Cash & cash equivalents		
Balances with banks		
Current account	335.35	22.45
Fixed deposit with banks (maturing within 3 months)	7,001.10	2,132.03
Cash in hand	8.91	9.03
Other bank balances		
Balances with banks in unpaid dividend accounts	4.33	4.00
"Fixed deposit with banks for margin (excluding those considered as cash equivalent)"		
Maturing after 12 months	86.69	53.00
Others	26.84	64.56
Total	7,463.22	2,285.07

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.18 SHORT TERM LOANS AND ADVANCES

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Unsecured, considered good		
(a) Advance for supply of goods and for rendering services	948.92	1,559.05
(b) Loans & advances to related parties	2,000.00	2,000.00
(c) Advance income tax (net of provision)	32.37	44.18
(d) Deposits	195.45	312.92
(e) Other loans & advances		
Prepaid expenses	75.91	57.26
Interest receivable	190.98	444.33
Balance with central excise	523.28	434.36
Receivable from sales tax authorities	95.84	100.87
Advances to employees	52.33	25.45
Other advances	209.54	126.14
Total	4,324.62	5,104.56

NOTE 2.19 OTHER CURRENT ASSETS

₹ in lacs

Particulars	As at 31 st March'2013	As at 31 st March'2012
Deferred premium on forward contract	2.07	-
Total	2.07	-

NOTE 2.20 REVENUE FROM OPERATIONS

₹ in lacs

Particulars	2012-2013	2011-2012
Sale of paper	50,524.44	49,811.34
Other operating revenues	1,013.14	157.68
	51,537.58	49,969.02
Less: Excise duty	535.97	461.26
Total	51,001.61	49,507.76

NOTE 2.21 OTHER INCOME

₹ in lacs

Particulars	2012-2013	2011-2012
Insurance claim	102.39	74.76
Dividend from long-term investment	24.88	10.89
Profit on sale of fixed assets	12.90	5.13
Interest on income tax refund	1.93	-
Others	38.70	67.28
Total	180.80	158.06

NOTE 2.22 COST OF MATERIAL CONSUMED

₹ in lacs

Particulars	2012-2013	2011-2012
Waste paper & pulp	24,728.30	24,605.29
Chemical & others	3,444.60	3,398.58
Total	28,172.90	28,003.87



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.23 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS ₹ in lacs

Particulars	2012-2013	2011-2012
Opening stock		
Finished goods	918.93	1,565.97
Work-in-progress	337.07	314.33
	1,256.00	1,880.30
Closing stock		
Finished goods	454.01	918.93
Work-in-progress	92.88	337.07
	546.89	1,256.00
Total	709.11	624.30

NOTE 2.24 EMPLOYEE BENEFITS EXPENSES ₹ in lacs

Particulars	2012-2013	2011-2012
Salaries and wages including bonus	2,038.91	1,812.33
Contribution to provident and other funds	196.64	187.52
Workmen & staff welfare expense	216.67	198.06
Total	2,452.22	2,197.91

NOTE 2.25 FINANCE COSTS ₹ in lacs

Particulars	2012-2013	2011-2012
Interest expense	3,255.98	2,536.73
Exchange difference to the extent considered as an adjustment to borrowing cost	668.53	393.87
Other borrowing costs	184.62	137.98
	4,109.13	3,068.58
Less: Interest received	1,086.97	431.43
Total	3,022.16	2,637.15

NOTE 2.26 DEPRECIATION ₹ in lacs

Particulars	2012-2013	2011-2012
On Tangible assets	3,064.18	2,745.78
On Intangible assets	17.96	27.41
	3,082.14	2,773.19
Less: Recoupment from revaluation reserve	49.24	56.97
Total	3,032.90	2,716.22

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.27 OTHER EXPENSES

₹ in lacs

Particulars	2012-2013	2011-2012
Consumption of stores and spare parts	1,844.45	1,869.08
Power and fuel	6,343.41	6,425.59
Manufacturing expenses	825.54	776.20
Rent	40.81	39.88
Repairs - Building	26.51	38.78
- Machinery	174.14	130.72
- Others	95.97	119.66
Insurance	74.14	65.87
Rates and taxes	706.74	511.15
Donation	38.10	32.79
Bad debts written off	2.78	-
Directors' sitting fees	4.00	4.60
Freight outward	908.86	984.35
Selling expenses	593.13	570.32
Foreign exchange fluctuation loss / (gain)	228.62	135.94
Miscellaneous expenses	592.67	620.44
Total	12,499.87	12,325.37

NOTE 2.28 CURRENT TAX

₹ in lacs

Particulars	2012-2013	2011-2012
Current tax (MAT)	253.83	230.11
Less : MAT credit entitlement	(253.83)	(230.11)
Total	-	-

NOTE 2.29 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities not provided for in respect of:

- i) Outstanding guarantees and letters of credit furnished by the bankers on behalf of the Company secured by hypothecation of current assets, as specified in Note 2.7 - ₹ 664.44 lacs (₹ 563.74 lacs).
- ii) Sales tax / VAT / entry tax / central excise duties / service tax / ESI contribution and other taxes under appeal / review (net of advances) - ₹ 1,144.45 lacs (₹ 675.77 lacs).
- iii) Bonds / undertakings given under EPCG scheme to custom authority - ₹ 851.93 lacs (₹ 841.66 lacs)
- iv) Withdrawal of incentive tariff of electricity by NESCO (net of advance) - ₹ 46.26 lacs (₹ 46.26 lacs)

b) Capital and other commitments:

Estimated amounts of capital contracts remaining to be executed and not provided for (net of advances) ₹ 11,238.78 lacs (₹ 555.89 lacs).



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.30 DEFERRAL/CAPITALIZATION OF EXCHANGE DIFFERENCES

The Company has exercised the option permitted by Accounting Standard Amendment Rule, 2009 under the transitional provisions contained in Para 46 of Accounting Standard (AS) 11 (vide GOI Notification No.GSR 225(E) dated the 31st March 2009 as amended by Notification No. GSR 378(E) dated 11th May, 2011 and GSR 913 (E) dated 29th December, 2011). A sum of ₹ 2,015.88 lacs (₹ 3789.43 lacs) being the exchange loss for the year arising on reporting of Long-Term Foreign Currency Monetary Items has been added to the cost of depreciable capital asset as at the 31st March 2013. The net increase of ₹ 6,855.04 lacs (after adjusting net loss of ₹ 4,839.16 lacs up to Financial Year 2011-12) in the carrying amount of the depreciable capital asset(s) would be depreciated over the balance of the life of the assets.

NOTE 2.31 DISCLOSURE AS REQUIRED BY AS 29

₹ in lacs

Particulars	31 st March 2013	31 st March 2012
Opening Balance of Provision for Tax	788.10	926.70
Provided During the year	253.83	230.11
Reversed during the year	198.99	368.71
Closing Balance	842.94	788.10

NOTE 2.32 ENTRY TAX

Against the order of Hon'ble Orissa High Court W P (C) No. 6515 of 2006 dated 18.02.2008 holding that State of Orissa has no jurisdiction to impose entry tax on goods imported from outside and are not manufactured within the state, the State of Orissa has filed a SLP before the Hon'ble Supreme Court which has passed an interim order dated 03.02.2010 directing the company to deposit 1/3rd of the amount of entry tax on such purchases pending disposal of the SLP. In pursuance of the aforesaid order, the company has deposited a sum of ₹ 78.05 lacs (₹ 55.48 lacs) against the entry tax of ₹ 234.15 lacs (₹ 166.44 lacs) for the financial years 2008-09 to 2012-13.

NOTE 2.33

Miscellaneous expenses include ₹ 70.37 lacs (₹ 70.68 lacs) for corporate social responsibility.

NOTE 2.34

There are no outstanding or delayed payments to the Micro, Small and Medium Enterprises and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the Micro, Small and Medium Enterprises Developments Act, 2006 are not required.

NOTE 2.35 CAPITAL WORK-IN-PROGRESS INCLUDES THE FOLLOWINGEXPENSES :

₹ in lacs

Particulars	2012-13	2011-12
Plant & machinery and others	3,286.83	3,285.63
Interest & financial charges	1,795.01	564.73
Foreign exchange fluctuation	1,178.34	1,073.66
Pre-operative expenses	2,627.45	2,043.44
Total	8,887.63	6,967.46

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.36 PAYMENT TO AUDITORS

₹ in lacs

Particulars	31 st March 2013	31 st March 2012
As auditors		
Audit fee	5.62	5.62
Tax audit fees	0.78	0.78
Branch auditors	1.40	1.40
In other capacity		
For certification		
To statutory auditors	2.34	1.84
To branch auditors	0.04	0.02
Out of pocket expenses to branch auditors	0.29	0.22
Total	10.47	9.88

NOTE 2.37 VALUE OF IMPORT ON CIF BASIS DURING THE YEAR

₹ in lacs

Particulars	31 st March 2013	31 st March 2012
a) Raw material & chemicals	4,562.55	4,887.03
b) Stores and spares	316.84	494.41
c) Capital goods	87.05	3,249.03

NOTE 2.38 EXPENDITURE INCURRED IN FOREIGN CURRENCY DURING THE YEAR

₹ in lacs

Particulars	31 st March 2013	31 st March 2012
a) Interest & financial charges paid to banks (registered in India)	2,551.41	2,444.69
b) Other interest	155.14	134.93
c) Travelling expenses	20.44	47.16
d) Professional fees	-	2.28
e) Others	-	13.75

NOTE 2.39

Imported and indigenous raw materials, stores and spare parts consumed during the year

a. Consumption of raw materials & chemicals

Particulars	31 st March 2013		31 st March 2012	
	₹/lacs	%	₹/lacs	%
Indigenous	22,773.68	80.84	21849.11	78.02
Imported	5,399.22	19.16	6154.76	21.98
Total	28,172.90	100.00	28,003.87	100.00

b. Consumption of stores & spares

Particulars	31 st March 2013		31 st March 2012	
	₹/lacs	%	₹/lacs	%
Indigenous	1,594.65	86.46	1337.32	71.55
Imported	249.80	13.54	531.76	28.45
Total	1,844.45	100.00	1869.08	100.00



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.40 EARNINGS IN FOREIGN CURRENCY

₹ in lacs

Particulars	31 st March 2013	31 st March 2012
Export of goods on FOB basis	28.05	213.87

NOTE 2.41 EARNINGS IN FOREIGN CURRENCY

₹ in lacs

Particulars	31 st March 2013	31 st March 2012
Net Profits after tax (₹ In lacs)	1,155.48	830.70
Less:		
Proposed Dividend on Preference Share	1.75	-
Tax on Proposed Preference Dividend	0.30	-
Net Profit available for Equity Share Holder	1,153.43	830.70
Number of equity shares (Nos. lacs)	604.99	604.99
Basic and diluted earnings per share (₹)	1.91	1.37
Nominal Value per share (₹)	2.00	2.00

NOTE 2.42 RELATED PARTY DISCLOSURES

a. Key management personnel

Shri R.S. Goenka *
 Shri R.S. Agarwal *
 Shri P.S. Patwari
 Shri Manish Goenka
 Shri R.C.Mall**
 Shri A. V. Agarwal

b. Relatives of key management personnel

Shri Shyam Patwari

c. Enterprises over which persons described in (a) above are able to exercise significant influence

Emami Limited
 Emami Biotech Limited (up to 10.07.2012)
 Emami Cement Limited
 Emami Foundation
 Oriental Sales Agencies (India) Private Limited
 Suntrack Commerce Private Limited
 Sneha Enclave Private limited
 Sneha Gardens Private limited
 Emami Estates Private limited
 Bhanu Vyapaar Private Limited
 Auto Hi-Tech Private Limited

* Resigned from the Board w.e.f. 13th August,2012

** Resigned from the Board w.e.f. 23th April,2012

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.42 RELATED PARTY DISCLOSURES (Contd.)

Disclosure of transaction between the company and related party and its status of outstanding

₹ in lacs

Particulars	Key management personnel		Relatives of key management personnel		Enterprise described in (c) above		Total	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
Remuneration to key personnel - directors	171.91	187.76	-	-	-	-	171.91	187.76
Directors sitting fees	-	4.60	0.30	-	-	-	0.30	4.60
Rent, maintenance & other charges payable	0.21	-	0.57	-	82.02	78.27	82.80	78.27
Commission paid	-	-	-	-	6.53	10.50	6.53	10.50
Salary paid	-	-	4.79	2.90	-	-	4.79	2.90
Refund of director's remuneration	-	52.25	-	-	-	-	-	52.25
Preference share allotment	-	-	-	-	3,800.00	-	3,800.00	-
Payment for export obligation fulfilment under EPCG scheme	-	-	-	-	-	2,039.16	-	2039.16
Purchase of fixed assets	-	-	-	-	20.21	5.58	20.21	5.58
Sale of fixed assets	-	-	-	-	-	3.37	-	3.37
Reimbursement for SAP maintenance	-	-	-	-	7.57	12.30	7.57	12.30
Reimbursement of consultancy charges	-	-	-	-	4.12	-	4.12	-
Advance for SAP maintenance	-	-	-	-	-	7.57	-	7.57
Inter corporate deposit received	-	-	-	-	-	4,150.00	-	4,150.00
Inter corporate deposit repaid	-	-	-	-	4,150.00	-	4,150.00	-
Interest on Inter Corporate deposit	-	-	-	-	610.59	1.88	610.59	1.88
Dividend received	-	-	-	-	24.88	10.89	24.88	10.89
Closing balance as on 31.03. 2013	-	-	-	-	-	-	-	-
- Investment	-	-	-	-	55.41	55.41	55.41	55.41
- Security deposit given	-	-	-	-	25.83	25.83	25.83	25.83
- ICD (cr.)	-	-	-	-	-	4,150.00	-	4,150.00
- Advance given	-	-	-	-	2,000.00	2000.00	2,000.00	2000.00



Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.43 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT

₹ in lacs

The Company's obligation towards the gratuity fund and leave encashment fund are defined Benefit Plans. The details of actuarial valuation is given below.

Particulars	2012-2013		2011-2012	
	Gratuity	Leave encashment	Gratuity	Leave encashment
A Components of employer expenses				
1 Current service cost	43.12	1.76	52.51	13.52
2 Interest cost	54.46	12.60	41.62	7.97
3 Expected return on plan assets	(46.29)	(15.17)	(35.22)	(11.02)
4 Actuarial losses/(gains)	(23.23)	(6.90)	(1.16)	15.48
5 Total expenses recognized in the statement of profit & loss.	28.06	(7.71)	57.75	25.95
B Net asset/(liability) recognized in balance sheet as at 31st March 2013				
1 Present value of defined benefit obligation	601.72	138.05	569.50	132.90
2 Fair value of plan assets	516.39	174.98	512.23	162.13
3 Net asset/(liability) recognized in balance sheet	(85.33)	36.93	(57.27)	29.23
C Change in defined benefit obligation during the year ended 31st March 2013				
1 Present value of PBO at beginning of period	569.50	132.90	489.68	93.74
2 Current service cost	43.12	1.76	52.51	13.52
3 Interest cost	54.46	12.60	41.63	7.97
4 Actual (gains)/losses	(29.08)	(8.82)	6.34	17.80
5 Benefits paid	(36.28)	(0.40)	(20.66)	(0.13)
6 Present value of PBO at the end of period	601.72	138.04	569.50	132.90
7 Actual Return on plan assets	40.44	13.25	42.72	13.34
D Change in fair value of assets				
1 Plan assets at beginning of period	512.23	162.13	440.28	137.69
2 Expected return on plan assets	46.28	15.17	35.23	11.02
3 Actuarial gains/(loss)	(5.84)	(1.92)	7.50	2.32
4 Actual company contributions	-	-	49.88	11.23
5 Benefits paid	(36.28)	(0.40)	(20.66)	(0.13)
6 Plan assets at the end of period	516.39	174.98	512.23	162.13
E Actuarial assumptions				
1 Mortality table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
2 Discount rate (%)	8.50%	8.50%	8.50%	8.50%
3 Expected return on plan assets (%)	9.30%	9.30%	9.30%	9.30%
4 Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

Notes to Financial Statements for the year ended 31st March'2013

NOTE 2.44

The Company's business activity falls within primary business segment of "Manufacture of paper" and "Real estate business" as per AS-17 "Segment reporting", notified in the Companies (Accounting standard) Rules, 2006. The operating income and segment results includes Rs 900 lacs from Real estate business. Other revenue and segment assets and liabilities are exclusively related to manufacture of paper business.

NOTE 2.45

Amount due and outstanding to be credited to Investor education and protection fund – Nil (PY Nil).

NOTE 2.46

Exchange differences on the principal amount of the foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as mandated by paragraph 4(e) of Accounting Standard – 16 have been disclosed under Notes "Finance cost." Such exchange differences on principal amount of foreign borrowing are not interest on the foreign borrowing.

NOTE 2.47

The Company has entered into operating lease agreements for office space, godowns, and guest house. The total charge to statement of profit and loss for the year on account of operating lease is ₹ 28.41 Lacs (₹ 28.41 Lacs).

Lease rental are charged on the basis of agreed terms. No significant restrictions have been imposed by the lessor on the leases. The leases can be renewed after completion of the lease term by mutually discussing the renewal terms with the lessor.

NOTE 2.48

Previous year's figures have been reclassified/ regrouped / rearranged wherever necessary.

In terms of our attached report of even date
For, S K Agrawal & Co.
Chartered Accountants

S K Agrawal
Partner

Place : Kolkata
Date : 30th April, 2013

S.K.Khetan
President (Finance) & CFO

G. Saraf
V.P.(Finance) & Company Secretary

A.V.Agarwal
Manish Goenka
P.S. Patwari
Directors



EMAMI PAPER MILLS LIMITED