



Emami..... reaching audience as a news



EMAMI PAPER MILLS LIMITED
ANNUAL REPORT 2011-12

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CORPORATE INFORMATION

Board of Directors

Shri R.S. Goenka (Executive Chairman)
Shri R.S. Agarwal
Shri Manish Goenka (Whole time Director)
Shri A.V. Agarwal
Shri P.S. Patwari (Executive Director)
Shri S.K. Todi
Shri J.K. Khetawat
Shri U.G. Bhat
Shri N. Mishra
Shri H.M. Marda
Shri J.N. Godbole
Shri S. Balasubramanian

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

Works

- Balgopalpur,
Balasore 756020 (Orissa)
- R.N. Tagore Road, Dakhineswar,
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

Management's Discussions and Analysis

Global Economy

The global economy rebounds in 2010, improves marginally in 2011 led by demand revival in key global economies. In Asia and Middle East, Europe and Latin America, demand grew by over 7 per cent during the year on the back of a revival in the macroeconomic environment. Growing domestic demand has encouraged large capacity additions in Asia where around 41 million tonnes of paper and board capacity are likely to be added over the next 5 years. Of this, China alone is expected to add around 30 million tonnes of capacity while India would add 4 to 5 million tonnes.

Indian Economic Overview

The Indian Economy is estimated to grow over 7 per cent during 2012 and it is further expected that the growth momentum is likely to continue over the next few years.

With the increasing per capita income, growing emphasis on inclusive growth and faster development of infrastructure, education and health sector, India is well poised for major leap forward. Twelfth Five Year Plan in India is expected to further boost up the aforesaid sectors resulting in the great demand for cultural grade and industrial grade paper required for education, media and industrial sectors. But rising costs and inflation is a matter of concern. We do hope that effective steps will be taken to curb this trend without sacrificing the current growth momentum.

Indian Paper Industry

Consumption of paper and paper board is closely linked to the economic development of a country. In India, though the per capita consumption of paper is low, it is gradually improving with buoyant economic growth. Industrial production, expenditure incurred on the print media, government spending on educa-

tion, population growth and literacy levels are other contributing factors. With stable economic growth in the country, domestic demand for paper (including newsprint) has been steadily increasing over the years. It has grown at a 4-year CAGR of around 7 per cent to reach around 11.6 million tonnes in 2011-12 and expected to reach around 17 – 17.5 million tonnes in 2016-17.

The paper industry's market size (including newsprint) in 2010-11 has been estimated at Rs.44500 crores. It has grown at a CAGR of 8.7 per cent over the last 4 years from around Rs.32000 crores in 2006-07. Of all the segments, paperboard has been the highest value segment in 2010-11 accounting for a share of around 42 per cent of the total market size. This was followed by W&P paper at about 37 per cent and newsprint at about 13 per cent. Specialty paper segment accounted for about 8 percent in 2010-11.

Around 215,000 new educational institutions are expected to be established in the country between 2010-11 and 2015-16, as an outcome of the Indian government's Right to Education Act (RTE) initiative. In 2009, the government had passed the RTE to stimulate the spread of education in the country. Correspondingly, the Gross Enrolment Ratio is expected to increase to 90 per cent by 2015 from 71 per cent in 2008. Additionally, initiatives like Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan have boosted demand for W&P paper.

The paperboard segment caters to the packaging of manufactured goods. It can be further classified into tertiary packaging, which includes kraft paper and consumer packaging, which includes greyback paperboard, white-back board, folding box board (FBB) and solid bleached board (SBB). Demand for paperboard is closely linked to the level of industrial activity in the country.

Out of total industrial demand in 2010-11, kraft paper accounted for nearly 60 per cent, recycled boards like

greyback / whiteback accounted for 31 per cent and virgin boards like FBB / SBB accounted for 9 per cent. Demand for paperboard has increased at a CAGR of 6.9 per cent to an estimated 5.0 million tonnes in 2010-11 from around 3.9 million tonnes in 2006-07.

The business environment in the sector is quite challenging and the companies producing high quality product and pricing at competitive rates alone can sustain and flourish in the domestic and international markets.

Paper industry has been granted a status of a priority sector for foreign collaboration and foreign equity participation upto 100% and is entitled to receive automatic approval from the Reserve Bank of India. More foreign players are expected to join the industry in the coming years.

Demand for paper and paperboard closely follow the economic growth of a country and have a positive correlation to the prevailing economic trends. In India, the demand drivers and growth triggers have come from a combination of factors:

- the rising level of national income;
- the growing per capita disposable income;
- rising aspiration levels of the people;
- increasing size of the population;
- spread of education and literacy throughout the country;
- government's several initiatives that focus on education; and
- higher level of industrial activity and corporate spending.

Consistent economic growth in India is expected to result in the robust demand for paper, which has grown on an average 8% for past few years. During the past 5 years, newsprint has registered a growth of 13% while writing & printing paper registered growth of 7 ½%. Your Company operates in these sectors.

Emami Paper mill is the largest newsprint manufacturer in India and producing world class product and selling the same against stiff competition with the imported newsprint. With the constant high demand of its product, EPM expects strong financial performance in the coming years.

Indian Newsprint Industry

The newsprint market in India is characterized with voluminous demand and high growth rate. However capacity of Indian paper mills is insufficient to meet the demand and almost 62% of the demand is met by way of import of newsprint. Thus this market is still very much open to absorb further expansions by the Indian Players, provided quality newsprint as per customer requirements are supplied at a competitive price.

CRISIL Research estimates demand for newsprint to grow by 9-10 per cent CAGR from 2.1 million tonnes in 2011-12 to 3.4 million tonnes in 2016-17, faster than the growth in circulation of print media. The sharper rise is also attributed to the expected rise in the number of pages per newspaper, mainly driven by rise in advertising spends of corporate. Rising literacy levels in the country have been driving the growth of print media in the country.

The National Youth Readership study in 2009 discloses following interesting facts those have major bearing over the Indian newsprint market.

- Nearly 24% of the household have newspaper subscription.
- Four out of every seven households of graduates and three of every eight urban households with literates buy a newspaper.
- Despite television being the most popular source of information (78%), followed by newspapers (53%), the later cored over television for news and current affairs information source.
- Literacy increased from 64.83% in 2001 to 74.04% in 2011, as per census 2011.

India has more daily newspaper than any other nation and out of world's 100 largest newspapers 20 are Indian.

Manufacturing newsprint through the waste paper is prevalent in India. Since India does not have a developed waste paper collection system, raw material availability is low and prices are high. Consequently, imports of waste paper accounts for 55-60% of the total waste paper consumed (mostly from the US, the world's largest waste paper market).

Industry drivers

Education: In Budget 2011-12, the government allocated Rs.52,057 crore for education, increasing it 24% over the last year. Also Rs.21,000 crore for Sarva Siksha Abhiyaan (the government's programme that secures the right of children to free, compulsory education) was allocated, increasing it 40% from the last year Rs.15,000 crore.

Literacy: India's effective literacy touched 74.04% (provisional census data 2011), catalysing paper demand. As literacy rises further, annual paper consumption is expected to double in India to 20 million tonnes by 2020.

Regional: There is a substantial growth in the market for vernacular newspapers, the first spin-off benefit of an increase in literacy rate in Tier II and Tier III Indian locations.

Service industry: The Indian GDP growth was catalysed largely by the growth of the service sector, which is expected to grow at 10.3% in 2011-12, accounting for 68% of the GDP. Service sector growth is catalysing the demand for paper.

Per capita consumption: India emerged as the fastest growing major global market for writing and printing paper consumption, reporting a significant rise in 2010-11 even as its per capita consumption

remained a modest 9.6 kg compared with 350 kg in some developed countries – a large potential upside.

Advertisement revenues: Advertisement revenues for newspaper companies grew at a CAGR of 14.7% over the last five years (Source: CRISIL). Advertising revenues accounted for over 60% of total newspaper revenues. The print media is expected to generate advertising revenue of US\$2.2 billion in 2011, expected to grow at a healthy 12% between FY10-14P. This is expected to widen newspaper reach, readership, content increase and circulation.

Emami's industry presence

The Indian paper industry is expected to attract Rs 10,000 crore investments in three to five years across greenfield and brownfield projects. Emami Paper Mills Limited (EPML) is the largest newsprint manufacturer in India with an installed capacity of 145,000 TPA. EPML recorded another strong financial performance this year and achieved record production utilising the plant capacity of almost 100%.

The company enjoys a locational advantage owing to its proximity to the Haldia Port (200 Km), Coal availability from Mahanadi Coalfield (250 Km) ensuring lower logistic cost. It is also connected with dedicated feeder of 132 KV EHT line to ensure uninterrupted power supply.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Lowest cost manufacturer with modernized production method • Strategic location – proximity to raw materials, logistics advantage and nearness to the market • Pan India presence • In-house technical team to ensure better end-product • Qualified and technical manpower • Strong Research and Development team for continuous product development and cost reduction 	<p>Weakness</p> <ul style="list-style-type: none"> • The Company produces paper and newsprint from 100% recycled fibre which is scarce in our country
<p>Opportunities</p> <ul style="list-style-type: none"> • Large and growing domestic market • Huge potential in export market • Capacity expansion 	<p>Threat</p> <ul style="list-style-type: none"> • Increasing coal and logistic cost • Small and unorganised industry players • Cheap dumping from export countries • Negative budgetary policies for paper industry

IT support

EPM runs on SAP, which support company's complex business process at ease. SAP helps to streamline business processes, better connectivity and information flow across the Company resulting in quality services to its internal as well as external customers. The Company enjoys tremendous confidence of its customers for maintaining its delivery schedule with quality products and execution of contracts with system integration offered under SAP. The Company is also in process for implementing SAP-HR in the current Financial year.

A Centralised Data Centre has been installed at Emami's Corporate House, Kolkata having technologically advanced Server with modern operating system to comply with SAP landscape. Firewalls and other security solutions like Unified Threat Management (UTM) and end-point security measures have been taken to enforce strict security practices in all nodes to mitigate risks and protect IT assets from any threats & vulnerabilities.

Human resource

The Company consider the importance of people as the main contributing factor for the development and growth of industry. The performance of Management System of the company has become stronger with timely goal / target setting by the individual / head of departments (HODs). The monthly review of performance is taking place in more relaxed atmosphere thereby ensuring better commitment and participation from the employees.

The Company believes in "Open Door Policy" and employees are encouraged to meet the senior management at any time to highlight key issues and share ideas. Interactions with senior management are also organised on a periodic basis to provide a platform for voicing employees views and concerns.

Employee engagement is essential to develop a feeling of ownership for the Company and enable them to deliver optimal performance. A number of initiatives like festival celebrations in office, family get together and outings, sports, employee reward and recognition and

suggestion schemes are undertaken to boost employee engagement.

Internal audit and control

The Company continues to update its systems and procedures to keep it adequate and to ensure its effectiveness with the 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.

The internal audit department of the Company reviews the internal control system on a regular basis to improve its effectiveness. Regular internal audits are conducted based on annual internal audit programme as agreed with audit committee of board covering all the offices, factories and key areas of business. The findings are then taken up by audit committee along with management for suitable action. The audit committee also reviews the effectiveness of Company's internal controls and regularly monitors implementation of audit recommendations.

The Company has a comprehensive budgetary control system in operation and key performance goals are set for each of the units and product lines. These are monitored and reviewed on a periodic basis and corrective actions as needed are initiated.

Risk Management

The Company has systematic process for analysing and mapping the risks based on discussions with different stakeholders and study of past records. Outside experts are also consulted to provide an external perspective to the risks. The risks so identified are addressed by an appropriate risk mitigation plan.

Each plant has a risk management committee headed by the plant head. This committee meets on a regular basis and reviews the systems and procedures. Suitable modifications are made where necessary after the deliberations, if found necessary. These are further reviewed at the corporate office once on a biannual basis.

Similarly, the risks are thoroughly analysed for any new project prior to the implementation. These risks are segregated into market risks, operating risks, financial risks etc. These project risks are taken care off through regular monitoring and taking appropriate action to address them.

Training is also imparted to executives for effective analysis of various risks and formulation of appropriate mitigating strategies.

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

Your Directors take pleasure in presenting their Thirtieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

	Rs./Lacs	
	2011-12	2010-11
Operational Income	48,969.00	42,984.01
Profit before interest and depreciation	6,943.07	7,207.68
Less: Interest	3,065.85	2,740.35
Profit Before Depreciation & Tax	3,877.22	4,467.33
Depreciation	2,773.19	
Less: Transfer from Revaluation Reserve	<u>56.97</u>	2,657.59
Profit Before Taxation	1,161.00	1,809.74
Less : Provision for Current Taxation	-	
Income tax for earlier years	98.51	
Provision for deferred tax	<u>231.79</u>	423.22
Profit after Tax	830.70	1,386.52
Add : Surplus brought forward	1,032.76	568.13
Balance available for appropriation	1,863.46	1,954.65
Appropriations		
Proposed Dividend	363.00	363.00
Tax on Dividend	58.88	58.89
Transfer to General Reserve	500.00	500.00
Balance carried forward	941.58	1,032.76
	1,863.46	1,954.65

Financial Performance

Your Company strengthened its leadership in the newsprint segment and continued to be the lowest cost manufacturer in the country. The Company's commitment in delivering high quality products to customers has been a major reason for maintaining prestigious

position in the industry and allowed the Company to achieve better sales realization against the stiff competition with imported newsprint.

Your Company registered a considerable growth of 13.92% in the turnover from Rs.429.84 crores in 2010 - 11 to Rs.489.69 crores during the year under



review. The Company achieved another landmark by registering a record production of 144920 MT for the year. Operating profit (PBDIT) was marginally lower at Rs.69.43 crores as against Rs.72.08 crores last year despite sharp increase in the cost of raw material, coal and financing charges. Directors are pleased to inform that in spite of turbulent business environment, your company, based on its intrinsic strength, has maintained its performance and outperformed the industry.

With the increased focus on the literacy by the Government and allocation of large funds for education and print media sector, demand of the company's products is expected to be very promising. Therefore, overall performance of your Company is expected to be improved substantially in the coming years.

Dividend

Your Directors are pleased to recommend a dividend of 30% for the financial year ended March 31, 2012. The Dividend, if approved by the shareholders, will absorb Rs.421.88 lacs (including the dividend tax of Rs.58.88 lacs).

Environment Management

Your Company continued with its commitment towards ensuring a safe and healthy workplace for all employees, guests and visitors, by maintaining the highest levels of safety and occupational health standards. Manufacturing units of your Company have best-in-class infrastructure, competent resources and state-of-art protection measures. The Environment, Occupational Health and Safety Management Systems conform to the best international standards.

Emami Paper Mills Limited (EPM) has adopted one of the best Integrated Management Systems (IMS), duly certified by M/s DNV, through their Surveillance and Recertification Audits, covering the following:

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

EPM committed to its responsible manufacturing practices and has implemented several environment-friendly

processes under its well-defined Environment Policy. The occupational health and safety process is implemented through periodic safety audit, safety observation and environment audit. EPM always makes constant efforts to better the stipulated standards, ensuring sufficient energy conservation with higher waste recycling. EPM has implemented its policies as under:

- Complying with all relevant legislative requirements
- Reducing pollution load in terms of liquid discharge, air emission and land conservation
- Saving energy and preserving natural resources like water, raw material, fuels
- Generating awareness on environment, safety and health
- Minimizing unsafe acts and working conditions
- Promoting comprehensive programmes to propagate health and environmental safety
- Adoption of superior technology and equipment with respect to resource conservation, energy and eco-friendliness.

The Company is well-renowned for its environmental management practices. It possesses:

- State-of-art effluent treatment plant
- Sludge dewatering system
- Feeding of ETP sludge to FBC boiler for power generation
- Recharging cum Rainwater harvesting system
- Development of green belt.

The aforesaid steps have resulted in declining water and energy consumption, reflected in the data submitted for energy conservation in this report.

Corporate Social Responsibility (CSR)

The CSR projects focus on promoting Economic, Social, Environmental and Cultural growth of the community at large in an equitable and sustainable manner in the peripheral areas around the factories. Over the years, we have worked with dedication towards enriching lives across the community. The company is consistently taking up various community welfare ini-

tiatives for the benefit of the people. A sense of responsibility towards society is inherent to Emami's concept of entrepreneurship. Under CSR, the major thrust areas include education, health care, drinking water and community service schemes to neighbouring villages and supporting them during natural calamities.

Health Care: Our healthcare activities range from operating local first aid centers, free health care services and health camps through which we also provide ayurvedic, homeopathic and allopathic medicines.

Education: Infrastructural support has been provided to 30 schools in the neighbouring villages covering 2500 students and distributed notebooks, given scholarship to meritorious students, supplied accessories like desks, benches, fans, water filter etc. Besides, regular contribution made to the Friends of Tribals Society (FTS) for education to tribals in rural areas and also to various schools and Colleges. The company also sponsored tribal students for their better education.

Villages Adoption: The company adopted Fulkhari village, comprising 200 villagers living below the poverty level, having single-room temporary houses with no toilets, for onward development with a significant expenditure covering the following activities: Toilets, insurance cover, safe drinking water with water filters, bore wells, education for children, medical and health camps and women's self-employment.

Community Service: In the community service schemes, Emami is always ahead in installing and maintaining tube wells, street lights, road repairs, road construction, sponsoring sports activities, mass marriages, distributing blankets in winter, extending helping hand to orphanage homes to meet their requirements, religious and social activities through local groups. The Company undertook the construction and renovation of Temples in the nearby villages.

The Company's CSR activities and its continuing policy of social and community services have made a visible impact in the upliftment of local villages in the vicinity of its plant at Balgopalpur and surrounding areas.

Awards

The Company received the following awards during the year under review:

Energy Award:

2011- 'National Award for Excellence in Energy Management- 2011' by CII – GBC Hyderabad. This prestigious award was received from Dr. Ajay Mathur, Director General, and Bureau of Energy Efficiency in 10th Energy Efficiency Summit 2011.

For Energy Management, Emami has also received the First Prize for "NATIONAL ENERGY CONSERVATION AWARD" for the Pulp & Paper Sector from the Ministry of Power, Government of India for the year 2009-10

Excellence Award:

2011- Silver Certificate of Merit of The Economic Times India Manufacturing Excellence Award 2011 for the efforts taken by the Plant and its personnel in enhancing manufacturing and supply chain excellence. This award is jointly hosted by The Economic Times in collaboration with Frost & Sullivan.

Group for Interse Transfer of Shares

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid Regulations, are given in the Annexure IV attached herewith and forms part of this Annual Report.

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.C. Mall was appointed as Director in the category of Executive with effect from 11th August 2011 under section 260 of the companies Act, 1956 and he resigned with effect from 23rd April, 2012. Your Directors wish to place on record their gratitude for his guidance and advice during his tenure as Director in the category of Executive.

Shri J.K. Khetawat was appointed as Additional Directors of the Company with effect from 11th August 2011 under section 260 of the companies Act, 1956 to hold office till the date of ensuing Annual General Meeting. Notice under section 257 of the Companies Act, 1956 was received by the Company from members signifying their intention to propose Shri J.K. Khetawat as candidate for the Office of Directors.

Shri Manish Goenka and Shri J. Godbole retire by rotation and being eligible, offer themselves for re-appointment. Shri S. K. Todi and Shri N. Mishra would also retire by rotation at the ensuing Annual General Meeting but they do not seek / offer for reappointment in the ensuing Annual General Meeting.

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 re-appointment. 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.

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

Place : Kolkata

Dated : May17, 2012

R. S. Goenka

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 31st March, 2012.

A. Conservation of Energy:

i) Energy conservation measures taken:

- PM # III: Improvement in steam and condensate system by proper tuning, pocket ventilation system and insulation.
- PM # III: Vacuum Pump #4 pipeline modification done to avoid pressure drop across the pipeline.
- PM # III: Installation of VFD in Vacuum system for reduction of power.
- PM # II: PM # I and PM # II Air compressor piping connection carried out to operate one compressor on optimum load.
- CPP # II: Reduction of Power Consumption of the Fan due to installation of VFD in Cooling Tower.
- DIP # III: Installation of VFD in process pumps to reduce Energy Consumption.
- DIP # III: Reduction of Energy Consumption after interconnection of pumps for process optimization in Loop 1 and 2.
- DIP # III: Reduction of Energy Consumption by replacing the Disperser tackles of different design.
- PM # I: Steam condensate system improvement by resizing the pipeline and trap replacement. Insulation quality also improved.
- Water conservation of 480 M³/day by recycling of PM # III Uhle box back water through Delta purge of DIP # III.

ii) Additional investment and proposal for reduction in energy consumption

- Based on Audit Report submitted by CII, Some new steps are to be taken for

- CPP # II: Procuring and commissioning of correct size Cooling water Pump within few months.
- PM # III: Optimization of the compressed air in Calendar area.
- DIP # III: Installation of 3 VFDs in process pump.
- One stage of Boiler Feed Pump will be reduced for energy saving.
- Installation of Heat Pump for heating DM Water before de-aeration.
- Replacing HPSV Lamps and HPMV Lamps with magnetic Induction Lamps.
- Installation of Harmonic filters in PM # III Drives section.
- 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.
- Reduction of fresh water consumption by increasing recycling and reuse of water.
- Non-conventional Energy Projects are being identified and will be implemented.

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

		2011-12	2010-11
1. Electricity:			
(a) Purchased Units (in Lacs)	Kwh	131.78	132.28
Total amount	Rs. In lacs	781.92	688.84
Rate/unit	Rs./Kwh	5.93	5.21
(b) Own generation (through steam turbine) (in lacs)	Kwh	1,257.84	1,284.52
Variable cost	Rs. In lacs	5,269.93	3,523.85
Rate/unit	Rs./Kwh	4.19	2.74
2. Coal:			
Quantity	MT	1,93,038	1,98,994
Total cost	Rs. In lacs	5,643.67	3,618.89
Average rate	Rs./MT	2,924	1,819
3. Furnace Oil:	Ltrs	-	-

CONSUMPTION PER UNIT OF PRODUCTION

		2011-12	2010-11
Electricity	Kwh	850	866
Furnace Oil	Ltrs	-	-
Coal	Kgs/MT	1,332	1,375

B. Technological Absorption

i) Research & Development

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

- Preparation of enzymatic starch using raw starch & enzyme and its application in size press at PM # I.
- Development and plant trial of three new shades developed for State Bank of India i.e. Sky blue colour wove, Green colour wove and Ledger.
- Optimization of defoamer at PM # I.
- Optimization of deinking and bleaching chemicals at DIP # III.
- Plant trial of wet end starch for optimization at PM # I, PM # II & PM # III.
- Improvement in paper moisture, reel building, uniform smoothness and bulk by installing kuster calendar in PM # I.
- Plant trial of new polymers at DAF along with utilization of uhle box back water for reduction of turbidity & suspended solid in DAF outlet clarifier water.
- Use of size press additives to reduce AKD consumption at wet end in PM # I
- Use of coagulant in place of Alum and Sulphuric Acid along with flocculent optimization for improving sludge dewatering efficiency.
- Optimization of RDA programme at PM # III.

2. Benefits derived as a result of the above R&D projects

- Reduction in cost of size press starch in PM # I
- Three new developed shades successfully commercialized at PM # I
- Reduction in consumption of de-foamer at PM # I
- Reduction in cost of newsprint pulp production due to optimization of de-inking and bleaching chemicals.
- Reduction in cost of wet end starch at PM # I, PM # II & PM # III.

- Quality of writing & printing paper improved.
- Better quality of more clarified water and reduction in fresh water consumption at PM #III.
- AKD dosing optimized by introducing new additives at size press resulting minimization in reversion.
- Safe and better operation by substituting sulphuric acid and alum with coagulant in screw press at lesser cost.
- Improvements in the first pass fiber & filler retention.

3. Future plan of action

- Studies on alternative dyes for Writing & Printing paper to reduce the dyes cost.
- Studies on optimization of deinking chemical along with enzyme in news print de-inked pulp.
- Studies on optimization of anti stickies programme for minimization of paper breaks due to stickies at PM # I
- Studies on alternate anti stickies programme for minimization of paper break due to stickies at PM # III.
- Studies on size press additives to increase the surface strength of Writing & Printing paper.
- Studies on alternate RDA programme for better retention at lesser cost in PM # III.
- Improvement of filler reduction in Writing & Printing paper.

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.

ii) Technology absorption, adaptation & innovation.

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

- In-house renovation of screening system in Deinking Plant # I reduced the Power consumption and improved the productivity.

- Continuous improvement resulted in reduction of cycle time and enhanced manufacturing productivity.
- Innovation in manufacturing and engineering technologies through indigenous interventions.
- Installation of QCS in PM # I - Improved productivity and quality
- Installation of new S.S.D. Diffuser Nozzles in PM-I Head box for quality improvement
- PM # I back water / silo underflow utilization improved by which the ash level in paper is improved
- In pulping process the entire system operates in a closed loop and optimized the raw water requirement.
- Fiber recovery system in PM # III & DIP # III optimized for yield improvement

- In DIP # I – Optimized the fresh water utilization

b) Benefits derived as a result of the above efforts namely product improvement, cost reduction, product development and import substitution among others.

- Improved quality and differentiated products.
- Improved Productivity.
- Improved products leading to increased market share.
- Conservation of fuel and reduction of emissions.
- Reduction in carbon foot print.

iii) Foreign exchange earning and outgo

(Rs./Lacs)

	2011-12	2010-11
i) Export	213.87	558.97
ii) Total Foreign exchange used	11,273.28	8,416.68
iii) Total Foreign exchange earned	213.87	473.81

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, 2012.

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	R.S. Goenka (65)	M.Com. LLB	Executive Chairman	01.09.1994	42	75,33,451	Advisor, Kemco Chemicals
2	P.S. Patwari (57)	B.Com. FCA	Executive Director	28.11.1994	32	74,85,200	Commercial Executive, Hindustan Motors Ltd

Report on Corporate Governance

Annexure-III to Directors' 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 11.08.2011	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	3	Yes	# 8	2	1
Mr. R. S. Agarwal	Non Executive	3	Yes	\$ 8	-	1
Mr. P. S. Patwari	Executive	4	Yes	1	-	1
Mr. Manish Goenka	Executive	1	Yes	\$\$ 4	-	-
Mr. A. V. Agarwal	Non Executive	2	Yes	9	-	2
Mr. S. K. Todi	Non Executive, Independent	1	Yes	12	2	1
Mr. U. G. Bhat	Non Executive, Independent	3	Yes	2	-	-
Mr. N. Mishra	Non Executive, Independent	4	Yes	4	1	6
Mr. J. Godbole	Non Executive, Independent	4	Yes	13	2	10
Mr. H. M. Marda	Non Executive, Independent	3	Yes	2	2	1
Mr. S. Balasubramanian	Non Executive, Independent	3	No	5	-	1
Mr. J. K. Khetawat **	Non Executive, Independent	2	No	8	-	-
Mr. R. C. Mall ***	Executive	2	No	-	-	-
Mr. S. K. Khaitan *	Non Executive, Independent	1	No	-	-	-

* Resigned w.e.f.11.08.2011

** Appointed w.e.f.11.08.2011

*** Appointed w.e.f.11.08.2011 and Resigned w.e.f.23.04.2012

No. of Directorship reduced to 3 w.e.f. 14.05.2012

\$ No. of Directorship reduced to 1 w.e.f. 14.05.2012

\$\$ No. of Directorship reduced to 2 w.e.f 14.05.2012

During the year, Four Board Meetings were held on 30th May 2011, 11th August, 2011, 09th November 2011 and 14th February 2012.

3. Information Placed Before the Board of Directors

As required under the clause 49 all the information's 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 Joint 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 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.

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. S. K. Todi, as Chairman, Mr. R. S. Agarwal, Mr. J. Godbole, Mr. N. Mishra and Mr.H. M. Marda as other members. All of them are Non-Executive Directors and four of them are 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 attendance of each member director at the Audit Committee Meeting held during the Financial Year 2011-12 is furnished below:

Sl. No.	Name of Director	Position	Audit Committee Meeting	
			Held	Attended
01.	Mr. S. K. Todi	Chairman Non-Executive Independent Director	4	1
02.	Mr. R. S. Agarwal	Member Non Executive Director	4	3
03.	Mr. J. Godbole	Member Non Executive Independent Director	4	4
04.	Mr. N. Mishra	Member Non Executive Independent Director	4	4
05.	Mr. H. M. Marda	Member Non Executive Independent Director	4	3

The above meetings were held on 30th May, 2011, 11th August, 2011, 09th November, 2011 and 14th February, 2012.

The Audit Committee presently consist with the following members :

Mr. S. K. Todi, Chairman

Mr. R. S. Agarwal, Member

Mr. J. Godbole, Member

Mr. N. Mishra, Member

Mr. H. M. Marda, Member

Shri S. K. Todi, Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 11th August, 2011.

6. Remuneration Committee

The attendance of each member director at the Remuneration Committee Meeting held during the Financial Year 2011-12 is furnished below:

Sl. No.	Name of Director	Position	Remuneration Committee Meeting	
			Held	Attended
01.	Mr. S. K. Todi	Chairman Non-Executive Independent Director	2	2
02.	Mr. J. Godbole	Member Non Executive Independent Director	2	2
03.	Mr. S. K. Khaitan	Member Non Executive Independent Director	2	1
04.	Mr. H. M. Marda	Member Non Executive Independent Director	2	1

During the year two meetings of the Remuneration Committee was held on 30.05.2011 and 11.08.2011.

The present Remuneration Committee consists of the following Non-Executive Independent Directors :

- a. Mr. S. K. Todi Chairman
- b. Mr. J. Godbole Member
- c. Mr. H. M. Marda 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 31st March, 2012

(Amount in Rs.)

Name of Directors	Salary, Perquisites & Allowances	Commission	Provident Fund	Total
Mr. R. S. Goenka	67,31,386/-		8,02,065/-	75,33,451/-
Mr. Manish Goenka	16,81,003/-		1,98,194/-	18,79,197/-
Mr. P. S. Patwari	69,09,200/-		5,76,000/-	74,85,200/-
Mr. R. C. Mall **	34,54,701/-		2,48,748/-	37,03,449/-
Total :	1,87,76,290/-		18,25,007/-	2,06,01,297/-

* 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. 23.04.2012.

Notes : 1) The payment of remuneration to Shri R.S.Goenka, Executive Chairman and Shri P. S. Patwari, Executive Director for the year 2011-12 is subject to the approval of the Central Government.

2) The Company had submitted two separate applications to the Central Government under Section 309(5B) of the Companies Act, 1956 for waiver of excess remuneration paid to Shri R. S. Goenka, Executive Chairman for the year 2008-09 and 2009-10 amounting to Rs.2,35,000/-and Rs.49,90,000/- respectively and the same have been rejected by Ministry of Corporate Affairs, Government of India vide letter dated 22nd Dec, 2011. In view of this, the Company has recovered the aforesaid amount from him during the year.

Shares held by the Non-Executive Directors as on 31st March, 2012

Sl.No	Name of the Directors	Category	No.of Shares
01	Mr. R. S. Agarwal	Promoter / Non-Executive	4,50,500
02	Mr. A. V. Agarwal	Non-Executive	12,500
03	Mr. S. K. Khaitan	Non-Executive	NIL
04	Mr. S. K. Todi	Non-Executive, Independent	NIL
05	Mr. U. G. Bhat	Non-Executive, Independent	NIL
06	Mr. N. Mishra	Non-Executive, Independent	NIL
07	Mr. J.Godbole	Non-Executive, Independent	NIL
08	Mr. H. M. Marda	Non-Executive, Independent	2,150
09	Mr. S. Balasubramanian	Non-Executive, Independent	NIL
10	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 employments 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. R. S. Agarwal	60,000
Mr. S. K. Khaitan	20,000
Mr. U. G. Bhat *	30,000
Mr. S. K. Todi	30,000

(continued)

Continued

Name of the Directors	Total Rupees
Mr. A. V. Agarwal	20,000
Mr. N. Mishra	80,000
Mr. J. Godbole	1,00,000
Mr. H. M. Marda	70,000
Mr. S. Balasubramanian	30,000
Mr. J. K. Khetawat	20,000
Total :	4,60,000

* During the year, the Company has paid Rs.76,15,668/- including Service Tax of Rs.7,18,168/- as Professional fees to M/s. SPB Projects & Consultancy Ltd. a Company in which Mr.U. G. Bhat is interested as Deputy Managing Director. Except this, there were no other pecuniary relationship 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.

There were no Investors complaints during the year 2011-12.

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

8. General Body Meeting :

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

Financial Year	Venue	Date	Time
2008 - 09	687 Anandapur 8th Floor Kasba Golpark Kolkata 700 107	17.07.2009	10.45 a.m.
2009 - 10	-do-	30.07.2010	10.45 a.m.
2010 - 11	-do-	11.08.2011	11.00 a.m.

Whether special Resolutions were passed in previous three AGMs

The following Special Resolutions were passed in previous three AGMs :

• YEAR 2010-11 :

- 1) Approval for re-appointment of Shri 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 Shri 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 Shri P. S. Patwari as Executive Director for a further period of 3 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**

- **YEAR 2008-09:**

Approval of Re-stated Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date along with all the schedules and Directors' Report and Auditors' Report thereon.

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

: None

9. Subsidiary Company :

The Company does not have any subsidiary Company.

10. 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 the risk but also to minimize the risk. This policy is periodically reviewed by the Management and updated as per requirement.

11. Management Discussion & Analysis Report

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

12. Details of Appointment / Reappointment of Directors :

Mr. Manish Goenka and Mr. J. Godbole would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr.S. K. Todi and Mr. N. Mishra would also retire by rotation at the ensuing Annual General Meeting and they do not seek / offer for reappointment in the ensuing Annual General Meeting.

The information pertaining to these Directors are as follows :

Name of Director	Mr. Manish Goenka	Mr. J. Godbole
Age	About 38 years	About 67 years
Date of Appointment	01.02.2000	17.03.2007
Expertise in Specific Functional areas	Well known Industrialist. Rich and varied experience in marketing, Corporate Planning, Business Development, Strategy formulation and overall management.	He is former Chairman of IDBI having extensive experience in the area of Finance, in particular Bank Finance, Accounting, Corporate Planning and strategy formulation.
Qualification	M.B.A.	B.Tech(Hons), IIT Powai Certificate in Fin.Management
Chairman / Director of other Companies.	<ul style="list-style-type: none"> - AMRI Hospitals Ltd. - Emami Group of Companies Pvt.Ltd. - Bhanu Vyapaar(P) Ltd - Prestige Vyapaar Ltd. 	<ul style="list-style-type: none"> - J. K. Cement Ltd. - Embio Ltd. - Gillander Arbuthnot & Co. Ltd. - IMP Powers Ltd. - The Oudh Sugars Mills Ltd. - Madhya Bharat Papers Ltd. - Zuari Industries Ltd. - Saurashtra Cement Ltd. - Gujarat Alkalies & Chemicals Ltd. - Kesar Terminals & Infrastructure Ltd. - Midas Asset Reconstruction Co. Pvt. Ltd. - IDBI Asset Management Ltd. - Zuari Holdings Ltd. - Kesar Multimodal Logistic Ltd.
Membership / Chairmanship in other Board / Committee	NIL.	<ul style="list-style-type: none"> - Gujarat Alkalies & Chemicals Ltd. - Embio Ltd. - Gillander Arbuthnot & Co. Ltd. - Zuari Holdings Ltd. - Madhya Bharat Papers Ltd. - Zuari Industries Ltd. - Kesar Terminals & Infrastructure Ltd. - IDBI Asset Management Ltd. - Atal Bihari Indian Institute of Information Technology & Management.
Equity Shares held in the Company	35000	NIL

CEO / CFO Certification

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

13. 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 The 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.

14. Shareholders Information

a) Unclaimed Dividend

Unclaimed dividend for the year prior to and including the financial year 2003-04 has 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 2003-04 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 undernoted years, if remaining unclaimed for 7 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 2004-05 is due for transfer to IEPF on 24.08.2012.

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

(Rs./lac)

Financial year	Dividend ID No.	Date of Payment of dividend	Total Amount of Dividend	Unclaimed dividend as on 31.03.2012		Due date for transfer to I.E.P.F. on
				Rs.	%	
2004-05	23rd	16/08/2005	181.50	0.36	0.20	14/08/2012*
2005-06	24th	21/07/2006	544.49	0.40	0.07	20/07/2013
2006-07	25th Interim 25th Final	26/03/2007	242.00	0.27	0.11	25/03/2014
		12/10/2007	121.00	0.17	0.14	11/10/2014
			363.00	0.44		
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

*It will not be possible to entertain any claim received by us after 11/08/2012.

b) 30th Annual General Meeting :

Date : Suggested – 13th August, 2012.

Time : Suggested – 11.00 a.m.

Venue : Suggested – 687 Anandapur E M Bye Pass Kasba Golpark Kolkata 700107

c) Date of Book Closure :

Suggested – 9th August, 2012 to 13th August, 2012 (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 9th August, 2012.

d) Date of Payment of Dividend :-

Within 30 days of approval by the shareholders.

e) Financial Calendar of the Company :

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

f) 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.

g) 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.

h) Stock Price Date :

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

Market Price Data : High / Low in each month in the Financial Year 2011-12.

Month	BSE		CSE	
	High Price	Low Price	High Price	Low Price
April, 2011	64.00	47.00	-	-
May, 2011	52.80	46.10	-	-
June, 2011	49.70	45.00	-	-
July, 2011	47.90	41.00	-	-
Aug, 2011	45.00	37.10	-	-
Sept, 2011	43.70	36.00	40.00	37.50
Oct, 2011	42.50	33.60	40.80	35.00
Nov, 2011	41.80	34.00	40.75	36.05
Dec, 2011	40.00	27.10	38.15	28.90
Jan, 2012	38.95	30.00	35.85	31.75
Feb, 2012	35.00	30.00	34.85	32.45
Mar, 2012	33.95	29.00	33.70	29.60

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

Maheshwari Datamatics Pvt. Ltd.

6 Mangoe Lane (Surender Mohan Ghosh Sarani)

2nd Floor Kolkata 700 001

j) 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.

k) Distribution of Shareholding and Shareholding Pattern as on 31st March, 2012

Category	Number of shares held	% of Shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	53,01,050	8.76
Corporate	3,99,12,087	65.97
- Foreign Promoters	1,25,000	0.21
Sub-total	4,53,38,137	74.94
B. Non-promoters' holding		
1. Institutional investors		
a. Mutual Funds and UTI	-	-
b. Banks, financial institutions and Insurance companies	-	-
c. Central Govt. / State Govt.	-	-
d. Foreign Institutional Investors	-	-
Sub-total	-	-
2. Others		
a. Private corporate bodies	66,82,531	11.05
b. Indian public	84,61,600	13.98
c. NRI / OCBs	16,707	0.03
d. Others	75	-
Sub-total	1,51,60,913	25.06
Grand-total	6,04,99,050	100.00

Analysis of Shareholding :

	No. of Shareholders	Number of Shares held	% of Shareholding
1 – 50	348	6,389	0.0106
51 – 100	242	23,477	0.0388
101 – 250	377	82,423	0.1362
251 – 500	279	1,21,467	0.2008
501 – 1000	228	1,99,187	0.3292
1001 – 5000	323	8,29,115	1.3705
5001 and above	182	5,92,36,992	97.9139
Total :	1,979	6,04,99,050	100.0000



l) Dematerialisation of Shares

89.93 percent and 9.40 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, 2012.

m) 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.

n) Plant Locations :

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

o) Address for correspondence :

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

Place : Kolkata

Date : 17th May, 2012

R. S. Goenka
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, 2012 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 (Finance) & CFO

For **Emami Paper Mills Limited**

P. S. Patwari

Executive Director(CEO)

Place : Kolkata

Dated : 17th May, 2012

Annexure-IV

To The Directors' Report

Group for inter se transfer of shares

"Group" for inter se transfer of shares under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997.

Promoters :

Sl.No.	Name of the Directors
01.	Shri Radheshyam Agarwal
02.	Shri radheshyam Goenka

Promoters Group :

Sl.No.	Name
03	Smt. Usha Agarwal
04	Smt. Shanti Devi Agarwal
05	Shri Madan Lal Agarwal
06	Shri Aditya Vardhan Agarwal
07	Smt. Priti Sureka
08	Smt. Mansi Agarwal
09	Ms. Vidula Agarwal
10	Shri Rohin Raj Sureka
11	Smt. Saroj Goenka
12	Smt. Meena Goenka
13	Smt. Santosh Goenka
14	Smt. Indu Goenka
15	Shri Mohan Goenka
16	Smt. Rachna Bagaria
17	Shri Dhiraj Agarwal
18	Shri Pradeep Agarwal
19	Smt. Puspa Agarwal
20	Shri Saswat Goenka
21	Ms. Nimisha Goenka
22	Shri Yogesh Goenka
23	Shri Amitabh Goenka
24	Shri Jayant Goenka
25	Ms. Smriti Goenka
26	Shri R S Agarwal (HUF)
27	Shri Raj Kr. Goenka (HUF)

Sl.No.	Name
28	Shri Bajrangelal Agarwal
29	Smt. Savitri Devi Agarwal
30	Smt. Kusum Agarwal
31	Shri Harsh Vardhan Agarwal
32	Smt. Richa Agarwal
33	Shri Vibhash Vardhan Agarwal
34	Ms. Vidishree Agarwal
35	Ms. Avishi Sureka
36	Shri Raj Kumar Goenka
37	Shri Suresh Kumar Goenka
38	Shri Sushil Kumar Goenka
39	Smt. Laxmi Devi Agarwala
40	Shri Manish Goenka
41	Smt. Rashmi Goenka
42	Smt. Meena Devi Goenka
43	Shri Promod Kumar Agarwal
44	Smt. Jyoti Goenka
45	Ms. Shreya Goenka
46	Shri Prashant Goenka
47	Smt. Puja Goenka
48	Shri Ashish Goenka
49	Shri Sachin Goenka
50	Ms. Sobhna Agarwal
51	Shri R S Goenka (HUF)
52	Shri D D Agarwal (HUF)

Sl.No.	Name
53	Shri Sushil Kr.Goenka (HUF)
54	Ms. Jyoti Agarwal
55	Shri Mohan Goenka HUF
56	Smt. Sanjana Goenka
57	Smt. Shruti Goenka
58	Goenka Trading Co HUF
59	Master Manan Goenka
60	Shri H V Agarwal HUF
61	Shri Aditya Vardhan Agarwal HUF
62	Smt. Divya Agarwal
63	Shri Raj Kr. Sureka

Sl.No.	Name
64	Shri Suresh Kr. Goenka (HUF)
65	Ms. Smriti Agarwal
66	K D Goenka & Sons HUF
67	Shri Ashish Goenka HUF
68	Master Devarsh Goenka
69	Shri Prashant Goenka HUF
70	Smt. Rachana Goenka
71	Master Vihan Vardhan Agarwal HUF
72	Smt. Sangita Agarwal
73	Shri Bajrang Lal Agarwal HUF
74	Shri Rajesh Bagaria

Corporate :

Sl.No	Name of Group Companies
75	Pan Emami Cosmed Ltd.
76	Suraj Viniyog (P) Ltd.
77	Suntrack Commerce(P) Ltd.
78	Emami Frank Ross Ltd.
79	TMT Viniyogan Ltd.
80	Emami Capital Markets Ltd.
81	Emami International Pvt.Ltd.
82	Premier Ferro Alloys & Securities Ltd.
83	Emami Cement Ltd.
84	Aviro Vyapaar(P) Ltd.
85	South City Projects(Kolkata) Ltd.
86	Emami Bangladesh Ltd.
87	AMRI Hospitals Ltd.
88	Auto Hitech Pvt. Ltd.
89	Emami Vridhi Commercial Pvt.Ltd.
90	New Age Realty Pvt.Ltd.
91	Emami Skyhigh Pvt Ltd.
92	Emami Properties Pvt.Ltd.
93	Emami Construction Pvt.Ltd.
94	Orbit Projects Pvt.Ltd.
95	Swastik Promoters Pvt.Ltd.
96	Zandu Realty Ltd.
97	Bansilal Janki Devi Agarwal Trust
98	CRI International Ltd.
99	Emami Home Pvt Ltd.
100	Karan Business Pvt.Ltd.
101	Sneha Abasan Pvt.Ltd.
102	Sneha Gardens Pvt.Ltd.
103	Ajanta Suppliers Pvt.Ltd.
104	Emami High Rise Pvt.Ltd.
105	Emami Enclave Makers Pvt.Ltd.

Sl.No.	Name of Group Companies
106	Bhanu Vyapaar(P) Ltd.
107	Diwakar Viniyog(P) Ltd.
108	Emami Ltd.
109	EPL Securities Ltd.
110	Emami Realty Ltd.
111	Emami Group of Companies Pvt. Ltd.
112	Emami Biotech Ltd.
113	Newway Constructions Ltd.
114	Prestige Vyapaar Ltd.
115	Emami Infrastructure Ltd.
116	CRI Limited.
117	Emami UK Ltd.
118	Emami International FZE
119	EFL Foods Ltd.
120	Emami Rainbow Niketan Pvt.Ltd.
121	Nathvar Tracon Pvt.Ltd.
122	Octagon BPO Pvt.Ltd.
123	Emami Ashiana Pvt.Ltd.
124	Delta PV Ltd.
125	A Rajabasan Pvt Ltd.
126	Basera Enclave Makers Pvt.Ltd.
127	Orbit Realty Infrastructure Ltd.
128	Emami Foundation
129	Kesar Deo Ratni Devi Goenka Trust
130	CRI (Sanghai) Co.Ltd.
131	Medal Chemical & Research Works Ltd
132	Zen Business Pvt.Ltd.
133	Sneha Enclave Pvt.Ltd.
134	Sneha Niketan Pvt.Ltd.
135	Aviro Vanijya Pvt.Ltd.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Emami Paper Mills Ltd.

We have examined the compliance of conditions of Corporate Governance by Emami Paper Mills Limited for the year ended 31.03.2012 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants Of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **S. K. Agrawal & Co.**
Chartered Accountants
Registration No. 306033E

S. K. Agrawal
Partner
Membership No. 9067

Place : Kolkata
Dated : 17th May, 2012

Auditors' Report

To
The Members of
Emami Paper Mills Limited

We have audited the attached Balance Sheet of Emami Paper Mills Limited as at 31st March 2012, the Statement of Profit and Loss Account 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. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 accounts as required by law have been kept by the Company so far as appears from our examination of such books.
- d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement referred to in this report are in agreement with the books of accounts and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as on 31st March, 2012
 - 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.



As required by the Companies (Auditors Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

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.303.21 lacs and the year end balance of such loan amounted to Rs.303.21 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.4151.70 lacs and the year end balance of such loan amounted to Rs.4151.70. The rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company. The company is regular in payment of interest and principal.
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 Rs.5 lacs 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, 2012 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, 2012 on account of dispute are given below:

Particular	Financial Year to which the matter pertains	Forum where matter is pending	Amount (Rs. in Lacs)
Excise Duty	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
CST	1993-94	Tribunal	16.26
	2004-05	Tribunal	0.53
	2004-05	Addl. Comm.	0.68
	2006-07	Addl. Comm.	0.79
	2007-08	Addl. Comm.	3.37
	2008-09	Addl. Comm.	26.25
VAT (Orissa)	2005-06	Addl. Comm.	1.68
	2006-07	Addl. Comm.	0.59
	2007-08	Addl. Comm.	0.79
Entry Tax (Orissa)	2006-07	Addl. Comm.	1.30
	2007-08	Addl. Comm.	0.11
	2008-09	Addl. Comm.	32.00
OST	1989-90	High Court	0.79
ESIC	1996-97	ESI Court	0.22



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 not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
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 & Co.**
Chartered Accountants
Registration No- 306033E

Place: Kolkata
Dated: 17th May, 2012

S. K. Agrawal
Partner
Membership No: 9067

Balance Sheet

As At 31st March, 2012

Particulars	Note No.	(Rs./Lacs)	
		As at 31st March'2012	As at 31st March'2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	1,209.98	1,209.98
Reserves and surplus	2.2	16,089.58	15,738.30
Non-current liabilities			
Long-term borrowings	2.3	29,168.10	20,825.26
Deferred tax liabilities (Net)	2.4	3,689.07	3,457.28
Other long term liabilities	2.5	25.66	26.87
Long-term provisions	2.6	62.75	49.39
Current liabilities			
Short-term borrowings	2.7	11,475.49	10,889.74
Trade payables	2.8	908.22	797.31
Other current liabilities	2.9	11,204.46	7,492.80
Short-term provisions	2.10	421.88	423.29
Total		74,255.19	60,910.22
ASSETS			
Non-current assets			
Fixed Assets	2.11		
Tangible Assets		44,121.69	38,561.71
Intangible Assets		50.95	48.41
Capital Work In Progress		6,967.46	1,026.54
Non-current investments	2.12	57.65	57.65
Long-term loans and advances	2.13	2,807.84	3,611.06
Current assets			
Inventories	2.14	7,814.25	7,646.04
Trade Receivables	2.15	5,045.72	7,125.60
Cash and Bank Balances	2.16	2,285.07	409.88
Short Term Loans and Advances	2.17	5,104.56	2,423.33
Total		74,255.19	60,910.22
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 : 17th May, 2012

S. K. Khetan
President (Finance) & CFO
G. Saraf
V. P. (Finance) & Secretary

R. S. Goenka
S. K. Todi
P. S. Patwari
Directors



Statement of Profit and Loss

for the year ended 31st March, 2012

				(Rs./Lacs)
Particulars	Note No.	2011-12	2010-11	
Net Revenue from Operations	2.18	48,969.00	42,984.01	
Other income	2.19	589.49	696.39	
Total Revenue		49,558.49	43,680.40	
Expenses:				
Cost of materials consumed	2.20	28,003.87	26,282.83	
(Increase) / Decrease in inventories of Finished Goods & Work-in-Progress	2.21	624.30	(966.22)	
Employee benefits expense	2.22	2,974.11	2,792.17	
Finance costs	2.23	3,065.85	2,740.35	
Depreciation	2.24	2,716.22	2,657.59	
Other expenses	2.25	11,013.14	8,363.94	
Total expenses		48,397.49	41,870.66	
Profit before exceptional and extraordinary items and tax		1,161.00	1,809.74	
Exceptional items		-	-	
Profit before extraordinary items and tax		1,161.00	1,809.74	
Extraordinary Items		-	-	
Profit before tax		1,161.00	1,809.74	
Tax expense:				
Current Tax	2.26	-	-	
Income Tax For Earlier Years		98.51	2.49	
Deferred Tax		231.79	420.73	
Profit after Tax		830.70	1,386.52	
Earnings per equity share:				
(1) Basic		1.37	2.29	
(2) Diluted		1.37	2.29	

In terms of our attached Report of even date

For **S. K. Agrawal & Co.**
Chartered Accountants

S. K. Agrawal
Partner
Place : Kolkata
Date : 17th May, 2012

S. K. Khetan
President (Finance) & CFO
G. Saraf
V. P. (Finance) & Secretary

R. S. Goenka
S. K. Todi
P. S. Patwari
Directors

Cash Flow Statement

for the year ended 31st March, 2012

DESCRIPTION	2011-12	2010-11
(Rs./Lacs)		
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	1,161.00	1,809.74
Adjustment for :		
Depreciation	2,773.19	2,723.61
Notional Forex Loss / (Gain)	(106.42)	(174.54)
Provision for Gratuity (Net)	13.36	4.51
Transferred from Revaluation Reserve on account of Depreciation	(56.97)	(66.02)
Interest & Financial Charges	3,065.85	2,157.87
Dividend Income	(10.89)	(9.33)
Interest Income	(431.43)	(582.48)
(Profit) / Loss on Sale of Fixed Assets	(5.13)	(4.79)
(Profit) / Loss on Sale of Investments	-	68.42
Operating Profit Before Working Capital Changes :	6,402.56	5,926.99
Add: Decrease / Increase in Working Capital		
(Increase) / Decrease in Trade & Other Receivables	(444.79)	1,968.36
(Increase) / Decrease in Bank Balances (other than cash / cash equivalent)	19.21	76.49
(Increase) / Decrease in Inventories	(168.21)	(658.77)
Increase / (Decrease) in Trade and other Payables	154.26	33.32
Cash generated from operations	5,963.03	7,346.39
Taxes paid	(192.69)	(60.59)
Cash flow before Extraordinary items	5,770.34	7,285.80
Net Cash from Operating Activities	(A) 5,770.34	7,285.80
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(12,103.49)	(2,155.68)
(Increase) / Decrease in Capital Advances	692.30	(195.97)
Sale of Fixed Assets	19.10	36.35
Sale / (Purchase) of Investments	-	174.33
Dividend Received	10.89	9.33
Interest Income	479.96	743.43
Net Cash used in Investing Activities	(B) (10,901.24)	(1,388.21)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings (Net)	9,815.99	(6,313.54)
Increase / (Decrease) in Short Term Borrowings	376.20	2,915.26
Interest paid	(2,743.62)	(2,218.79)
Dividend & Dividend Tax Paid	(423.28)	(423.28)
Net Cash used in Financing Activities	(C) 7,025.29	(6,040.35)
Net increase in Cash & Cash Equivalents (A+B+C)	1,894.39	(142.76)
* Cash & Cash Equivalents (Opening Balance)	269.12	411.88
* Cash & Cash Equivalents (Closing Balance)	2,163.51	269.12
* Represents Cash and Bank Balances as indicated in Schedule .		

Note: Cash & Cash Equivalents represents "Cash and Bank Balances" except Rs.4.00 Lacs (Rs.3.51 Lacs) lying in designated Account with Scheduled Banks on account of unclaimed dividend and Rs.117.56 lacs (Rs.137.25 lacs) lying as fixed deposits with banks that are being pledged as security, which are not readily available for use by the company.

AUDITORS CERTIFICATE

We have verified the above cash flow statement of Emami Paper Mills Limited derived from the audited annual financial statements for the year ended 31st March, 2012 and found the same to be drawn in accordance therewith of Clause 32 of the listing agreements with stock exchanges.

For **S. K. Agrawal & Co.**
Chartered Accountants

S. K. Agrawal

Partner

Place : Kolkata

Date : 17th May, 2012

S. K. Khetan

President (Finance) & CFO

G. Saraf

V. P. (Finance) & Secretary

R. S. Goenka

S. K. Todi

P. S. Patwari

Directors

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.

Significant Accounting Policies

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 are 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.

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, sales during trial run and is net of commission to agents.

Significant Accounting Policies

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 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.

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 by the weighted average number of equity shares outstanding during the period. The weighted average number 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.

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.

Notes

on Financial Statements for the year ended 31st March, 2012

2.1 Share Capital

(Rs./Lacs)

Particulars	2011-12	2010-11
Authorised		
6,25,00,000 Equity Shares of Rs.2/- each	1,250.00	1,250.00
10,000 6% Redeemable Non Cumulative Preference Share of Rs.100/- each	10.00	10.00
Issued, Subscribed & Paid up		
6,04,99,050 Equity Shares of Rs.2/- each fully paid	1,209.98	1,209.98
Total	1,209.98	1,209.98

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

Equity Shares

Particulars	2011-12		2010-11	
	Number	Amount	Number	Amount
At the beginning of the period	6,04,99,050	1,209.98	6,04,99,050	1,209.98
At the end of the period	6,04,99,050	1,209.98	6,04,99,050	1,209.98

- b) Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.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.

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

Name of Shareholder	No.	% of Holding	No.	% of Holding
a) Diwakar Viniyog Private Ltd.	98,05,737	16.21%	98,05,737	16.21%
b) Emami Ltd.	79,46,000	13.13%	79,46,000	13.13%
c) Suntrack Commerce Private Ltd.	76,33,900	12.62%	76,33,900	12.62%
d) Bhanu Vyapaar Private Ltd.	60,05,250	9.93%	60,05,250	9.93%

Notes

on Financial Statements for the year ended 31st March, 2012

2.2 Reserves & Surplus

Particulars	(Rs./Lacs)	
	2011-2012	2010-2011
a. Capital Reserve	133.50	133.50
b. Securities Premium Account	1,793.37	1,793.37
c. Revaluation Reserve		
Opening Balance as per Last Balance Sheet	778.67	844.69
Less: Written Back in Current Year	56.97	66.02
Adjustment on Sale of Assets	0.57	-
Closing Balance	721.13	778.67
d. General Reserve		
Opening Balance as per Last Balance Sheet	12,000.00	11,500.00
Add: Transfer during the year	500.00	500.00
Closing Balance	12,500.00	12,000.00
e. Surplus		
Opening balance	1,032.76	568.13
Add: Net Profit / (Net Loss) for the current year	830.70	1,386.52
Less: Appropriations		
Proposed Dividends	363.00	363.00
Corporate Dividend Tax	58.88	60.29
Earlier Year Dividend Tax	-	(1.40)
Transfer to General Reserve	500.00	500.00
Total Appropriations	921.88	921.89
Net Surplus in the Statement of Profit & Loss	941.58	1,032.76
Total	16,089.58	15,738.30

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

Notes

on Financial Statements for the year ended 31st March, 2012

2.3 Long Term Borrowings

a) Secured Loans

Particulars	(Rs./Lacs)	
	2011-12	2010-11
From Banks	22,128.10	20,825.26
Sub Total	22,128.10	20,825.26

Nature of Security :

- (i) Term loans of Rs.20,524.15 Lac (Rs.20,825.26 Lac) 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 pasu basis. Term loans from banks are also secured by second charge on current assets on pari pasu basis.
- (ii) Term Loans of Rs.1,603.95 Lac (Nil) are supported by personal guarantee of some of directors and second / subservient charge on all movable assets on a pari pasu basis.

Terms of Repayment of Term Loans :

- (i) ECB \$ 23 Million from ICICI Bank Ltd (Rs.4388.40 Lacs) is repayable in 9 quarterly instalments
- (ii) ECB \$ 16.50 Million from ICICI Bank Ltd (Rs.3847.80 Lacs) is repayable in 11 quarterly instalments
- (iii) ECB \$ 10 Million (Rs.1908 Lacs) from State Bank of India is repayable in 6 quarterly instalments
- (iv) ECB \$ 4.50 Million (Rs.2289.60 Lacs) from DBS Bank repayable in 2 annual instalments
- (v) FCNR (B) \$ 21 million from State Bank of India (Rs.10,046.28 Lacs) is repayable in 13 quarterly instalments
- (vi) FCNR (B) \$ 7.878 Million from State Bank of India (Rs.1460.47 Lacs) is repayable in 5 quarterly instalments
- (vii) Rupee Term Loan from SBH (Rs.5000 Lacs) Repayable in 12 quarterly instalments with 2 years moratorium.
- (viii) Loan from Indusind Bank (Rs.1638.57 Lacs) is repayable in 9 quarterly instalments.
- (ix) Loan from Axis Bank (Rs.1889.28 Lacs) is repayable in 19 monthly instalments.

The amount repayable within next 12 months for above loans has been classified as "current maturities" in Note No.2.9.

(b) Unsecured Loans

Loans from Bodies Corporate	7,040.00	-
Sub Total	7,040.00	-
GRAND TOTAL	29,168.10	20,825.26

Terms of Repayment of Unsecured Loans: Repayable on demand after 31st March 2014.

Notes

on Financial Statements for the year ended 31st March, 2012

2.4 Deferred Tax Liability (Net)

(Rs./Lacs)

Particulars	2011-12	2010-11
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	3,831.13	3,510.43
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statements but allowance under tax law deferred	142.06	53.15
Total	3,689.07	3,457.28

2.5 Other Long Term Liabilities

Trade Deposits	16.00	16.00
Retention Money	9.66	10.87
Total	25.66	26.87

2.6 Long Term Provisions

Gratuity	62.75	49.39
Total	62.75	49.39

2.7 Short Term Borrowings

Secured		
Working Capital Loans		
From Banks	11,475.49	10,889.74
Total	11,475.49	10,889.74

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.

Notes

on Financial Statements for the year ended 31st March, 2012

2.8 Trade Payables

(Rs./Lacs)

Particulars	2011-12	2010-11
Trade Payables		
For Goods	499.12	369.87
For Services	409.10	427.44
Total	908.22	797.31

2.9 Other Current Liabilities

(a) Current Maturities of Long Term Debt	10,340.31	6,768.47
(b) Interest Accrued but not due	511.85	416.60
(c) Unclaimed Dividend	4.00	3.51
(d) Statutory Dues	86.24	48.04
(e) Advance from Customers	78.55	78.17
(f) Trade Deposit	2.00	1.50
(g) Outstanding Liabilities for Expenses	181.51	176.51
Total	11,204.46	7,492.80

2.10 Short Term Provisions

For Dividend	363.00	363.00
For Corporate Dividend Tax	58.88	60.29
Total	421.88	423.29

on Financial Statements for the year ended 31st March, 2012

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block		
	As at 1.4.2011	Additions	Disposals	As at 31.3.2012	As at 1.4.2011	For the year	On disposals	As at 31.3.2012	As at 31.03.2011
Tangible Assets									
Land									
Free Hold Land	568.05	337.03	0.82	904.26	-	-	-	904.26	568.05
Lease Hold Land	269.45	1,059.00	-	1,328.45	35.49	4.49	-	1,288.47	233.96
Buildings									
Factory Building	4,106.57	116.52	-	4,223.09	1,398.42	137.78	-	1,536.20	2,708.15
Non Factory Building	2,133.42	74.98	-	2,208.40	238.02	35.87	-	273.89	1,895.40
Plant and Equipment	49,002.82	6,660.17	7.65	55,655.34	16,574.75	2,423.49	2.93	18,995.31	32,428.07
Office Equipment	69.15	4.67	-	73.82	34.65	13.15	-	47.80	34.50
Furniture and Fixtures	1,040.81	38.94	3.36	1,076.39	466.20	96.63	1.98	560.85	574.61
Vehicles	267.49	29.00	31.85	264.64	148.52	34.37	24.22	158.67	118.97
Total	57,457.76	8,320.31	43.68	65,734.39	18,896.05	2,745.78	29.13	21,612.70	38,561.71
Previous Years	56,813.55	738.04	93.83	57,457.76	16,244.78	2,713.54	62.27	18,896.05	38,561.71
Intangible Assets									
Computer software	63.66	29.95	-	93.61	15.25	27.41	-	42.66	48.41
Total	63.66	29.95	-	93.61	15.25	27.41	-	42.66	48.41
Previous Years	27.66	36.00	-	63.66	5.18	10.07	-	15.25	48.41
Capital Work In Progress	1,026.54	5,940.92	-	6,967.46	-	-	-	6,967.46	1,026.54
Total	1,026.54	5,940.92	-	6,967.46	-	-	-	6,967.46	1,026.54
Previous Years	14.84	1,042.00	30.30	1,026.54	-	-	-	1,026.54	-

(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 increase in value of such assets by Rs. 3097.20 lacs. Due to the said revaluation, there is an additional charge of depreciation of Rs. 56.97 lacs (Rs. 66.02 lacs) for the year and an equivalent amount has been withdrawn from revaluation reserve and credited to Profit & Loss a/c and adjustment in Revaluation Reserve for Rs. 0.57 lacs has been made for sale of revalued asset. The net book value of such revaluation made till date stands at Rs. 721.13 lacs (Rs. 778.68 lacs).

Notes

on Financial Statements for the year ended 31st March, 2012

2.12 Non Current Investments

	(Rs./Lacs)	
Particulars	2011-12	2010-11
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		
307300 Equity Shares of Rs.10/- each fully paid up of Pan Emami Cosmed Ltd.	0.62	0.62
Quoted		
833 Equity Shares of Rs.2/- each fully paid up of Emami Infrastructure Ltd.	0.09	0.09
311000 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	1,257.37	1,246.15
Aggregate book value of Quoted Investment	55.50	55.50
Aggregate book value of Unquoted Investment	2.15	2.15

2.13 Long Term Loans and Advances

Unsecured, considered good		
(a) Capital Advances	286.91	979.20
(b) Advance for Supply of Goods and for rendering Services	-	8.84
(c) Deposits	278.57	355.66
(d) Loans and advances to employees	40.47	31.90
(e) Other loans and advances		
Balance with Central Excise	633.28	801.64
MAT Credit Entitlement	1,296.61	1,157.38
Other Advances	272.00	276.44
Total	2,807.84	3,611.06

Notes

on Financial Statements for the year ended 31st March, 2012

2.14 Inventories

(Rs./Lacs)

Particulars	2011-12	2010-11
Raw Materials and Chemicals	4,690.11	3,969.03
Work-in-progress	337.07	314.33
Finished goods	918.93	1,565.97
Stores and Spares	1,868.14	1,796.71
Total	7,814.25	7,646.04

Inventory includes Inventories in transit under following heads:

Raw Materials & Chemicals	62.88	-
Stores and Spares	22.56	-
Total	85.44	-

2.15 Trade Receivables

Unsecured, considered good Trade receivables outstanding for a period exceeding six months from the date they are due for payment	11.21	27.46
Others	5,034.51	7,098.14
Total	5,045.72	7,125.60

2.16 Cash and Bank Balance

Cash & Cash Equivalents		
Balances with Banks		
Current Account	22.45	253.63
Fixed Deposit with Banks (maturing within 3 months)	2,132.03	7.05
Cash in hand	9.03	8.44
Other Bank Balances		
Balances with Banks in Unpaid Dividend Accounts	4.00	3.51
Fixed Deposit with Banks for Margin (excluding those considered as cash equivalent)		
Maturing after 12 months	53.00	36.00
Others	64.56	101.25
Total	2,285.07	409.88

Notes

on Financial Statements for the year ended 31st March, 2012

2.17 Short Term Loans and Advances

(Rs./Lacs)

Particulars	2011-12	2010-11
Unsecured, considered good		
(a) Advance for Supply of Goods and for rendering Services	3,559.05	933.65
(b) Advance Income Tax (Net of Provision)	44.18	89.23
(c) Deposits	312.92	232.19
(d) Other Loans & Advances		
Prepaid Expenses	57.26	45.83
Interest Receivable	444.33	492.86
Balance with Central Excise	434.36	431.60
Receivable from Sales Tax Authorities	100.87	7.09
Advances to Employees	25.45	45.79
Other Advances	126.14	145.09
Total	5,104.56	2,423.33

2.18 Revenue from Operations

Sale of Paper	49,272.58	43,072.06
Other operating revenues	157.68	154.35
	49,430.26	43,226.41
Less: Excise duty	461.26	242.40
Total	48,969.00	42,984.01

2.19 Other Income

Insurance Claim	74.76	22.85
Dividend	10.89	9.33
Interest [TDS Rs.41.68 Lac, (Rs.57.46 Lac)]	431.43	582.48
Profit on Sale of Fixed Assets	5.13	4.79
Others	67.28	76.94
Total	589.49	696.39

Notes

on Financial Statements for the year ended 31st March, 2012

2.20 Cost of Material Consumed

Particulars	(Rs./Lacs)	
	2011-12	2010-11
Waste Paper & Pulp	24,605.29	23,063.29
Chemical & Others	3,398.58	3,219.54
Total	28,003.87	26,282.83

2.21 Changes in inventories of finished goods & work-in-progress

Opening Stock		
Finished Goods	1,565.97	483.49
Work-in-Progress	314.33	430.59
	1,880.30	914.08
Closing Stock		
Finished Goods	918.93	1,565.97
Work-in-Progress	337.07	314.33
	1,256.00	1,880.30
Total	624.30	(966.22)

2.22 Employee Benefits Expenses

Salaries and Wages including Bonus	2,529.29	2,383.57
Contribution to Provident and Other Funds	246.76	229.27
Workmen & Staff Welfare Expense	198.06	179.33
Total	2,974.11	2,792.17

2.23 Finance costs

Interest Expense	2,536.73	2,667.10
Exchange difference to the extent considered as an adjustment to borrowing cost	393.87	-
Other Borrowing Costs	135.25	73.25
Total	3,065.85	2,740.35

Notes

on Financial Statements for the year ended 31st March, 2012

2.24 Depreciation

(Rs./Lacs)

Particulars	2011-12	2010-11
Depreciation on Tangible Assets	2,745.78	2,713.54
Depreciation on Intangible Assets	27.41	10.07
	2,773.19	2,723.61
Less: Recoupment from Revaluation Reserve	56.97	66.02
Total	2,716.22	2,657.59

2.25 Other Expenses

Consumption of Stores and Spare Parts	1,869.08	1,855.71
Power and Fuel	6,425.59	4,307.73
Rent	39.88	37.46
Repairs - Building	38.78	15.90
- Machinery	130.72	178.96
- Others	119.66	59.60
Insurance	65.87	78.96
Rates and Taxes	511.15	336.06
Donation	32.79	74.10
Directors' Sitting Fees	4.60	5.10
Freight Outward	984.35	986.89
Selling Expenses	31.56	35.61
Foreign Exchange Fluctuation Loss / (Gain)	135.94	(234.23)
Loss on Sale of Investments	-	68.42
Miscellaneous Expenses	623.17	557.67
Total	11,013.14	8,363.94

2.26 Current Tax

Current Tax (MAT)	230.11	359.01
Less: MAT credit entitlement	(230.11)	(359.01)
Total	-	-

Notes

on Financial Statements for the year ended 31st March, 2012

2.27 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 – Rs.563.74 lacs (Rs.2512.60 lacs).
- (ii) Sales tax / VAT / Entry Tax / Central Excise duties / Service tax / ESI Contribution and other taxes under appeal / review (net of advances) – Rs.675.77 lacs (Rs.46.87 lacs).
- (iii) Bonds / Undertakings given under EPCG scheme to Custom Authority – Rs.841.66 lacs (Rs.578.74 lacs)
- (iv) Withdrawal of incentive tariff of electricity by NESCO (net of advance) – Rs.46.26 lacs (Rs.46.26 lacs)

(b) Capital and other commitments

Estimated amounts of capital contracts remaining to be executed and not provided for (net of advances) Rs.555.89 lacs (Rs.3122.80 lacs).

2.28 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 Rs.4863.10 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 2012. The net increase of Rs.5912.82 lacs (after adjusting net loss of Rs.1049.72 lacs up to Financial Year 2010-11) in the carrying amount of the depreciable capital asset(s) would be depreciated over the balance of the life of the assets.

Notes

on Financial Statements for the year ended 31st March, 2012

2.29 Disclosure as required by AS 29

Particulars	Rs./ Lacs)	
	2011-12	2010-11
Opening Balance of Provision for Tax	926.70	764.25
Provided During the year	230.11	359.90
Reversed during the year	368.71	197.45
Closing Balance	788.10	926.70

2.30 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 Rs.55.48 lacs (Rs.23.68 lacs) against the entry tax of Rs.166.44 lacs (Rs.71.04 lacs) for the financial year 2008-09 to 2011-12.

2.31 The payment of remuneration to Shri R.S. Goenka, Executive Chairman and Shri P.S. Patwari, Executive Director for the financial year 2011-12 is subject to the approval of the Central Government.

2.32 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.

2.33 Capital Work-In-Progress includes the following expenses :

Particulars	(Rs./Lacs)	
	2011-12	2010-11
Plant & Machinery	3,285.63	-
Interest & Financial Charges	564.73	-
Foreign Exchange Fluctuation	1,073.66	-
Pre-operative Expenses	2,043.44	1,026.54
	<u>6,967.46</u>	<u>1,026.54</u>

Notes

on Financial Statements for the year ended 31st March, 2012

2.34 Payment to auditors

Particulars	(Rs./Lacs)	
	2011-12	2010-11
As auditor		
Audit Fee	5.62	5.52
Tax Audit Fees	0.78	0.75
Branch Auditors	1.65	1.59
In other capacity		
For Certification	1.83	1.53
Out of pocket expenses	-	0.01
Total	9.88	9.40

2.35 Value of Import on CIF Basis during the year

Particulars	2011-12	2010-11
Raw Material & Chemicals	4,887.03	6,285.47
Stores and Spares	494.41	330.01
Capital Goods	3,249.03	124.49

2.36 Expenditure incurred in Foreign Currency during the year

Particulars	2011-12	2010-11
Interest & Financial charges paid to banks (Registered in India)	2,444.69	1,548.12
Other Interest	134.93	108.37
Travelling Expenses	47.16	17.21
Professional Fees	2.28	3.01
Others	13.75	-

Notes

on Financial Statements for the year ended 31st March, 2012

2.37 Imported and indigenous Raw Materials, Spare Parts and Component Consumed during the year

a. Consumption of Raw Materials & Chemicals

Particulars	2011-12		2010-11	
	Rs./Lacs	%	Rs./Lacs	%
Indigenous	21,849.11	78.02	19,233.04	73.18
Imported	6,154.76	21.98	7,049.79	26.82
Total	28,003.87	100.00	26,282.83	100.00

b. Consumption of Stores & Spares

Indigenous	1,337.32	71.55	1,461.35	78.75
Imported	531.76	28.45	394.36	21.25
Total	1,869.08	100.00	1,855.71	100.00

2.38 Earnings in foreign currency

Export of goods on FOB basis	213.87		558.97	
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2.39 Earnings per share (EPS)

Net Profits after tax (Rs. In lacs)	830.70		1,386.52	
Number of equity shares (Nos. lacs)	604.99		604.99	
Basic and diluted earnings per share (Rs.)	1.37		2.29	
Nominal Value per share (Rs.)	2.00		2.00	

Notes

on Financial Statements for the year ended 31st March, 2012

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

Emami Limited

Emami Biotech Limited

Emami Cement Limited

Emami Foundation

Oriental Sales Agencies (India) Private Limited

Suntrack Commerce Private Limited

Notes

on Financial Statements for the year ended 31st March, 2012

Disclosure of Transaction between the Company and Related Party and its status of outstanding

(Rs/Lacs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise described in (c) above		Total	
	31 st March 2012	31 st March 2011	31 st March 2012	31 st March 2011	31 st March 2012	31 st March 2011	31 st March 2012	31 st March 2011
Remuneration to Key Personnel- Directors	187.76	173.83					187.76	173.83
Directors Sitting Fees	4.60	4.80					4.60	4.80
Rent Maintenance & Other Charges Payable					78.27	72.62	78.27	72.62
Commission Paid					10.50	11.52	10.50	11.52
Salary Paid			2.90				2.90	
Security Deposit given					25.83	25.83	25.83	25.83
Refund of Director's Remuneration	52.25	-			-	-	52.25	-
Donations					-	50.00	-	50.00
Payment for Export Obligation Fulfilment under EPCG Scheme					2,039.16	-	2,039.16	-
Purchase of Fixed Assets					5.58	-	5.58	-
Sale of Fixed Assets					3.37	-	3.37	-
Reimbursement for SAP maintenance					12.30	-	12.30	-
Advance for SAP maintenance					7.57	-	7.57	-
Inter Corporate Deposit received					4,150.00	-	4,150.00	-
Dividend Received					10.89	9.33	10.89	9.33
Balance as on 31 st March 2012								
- Investment					56.12	56.12	56.12	56.12
- Security Deposit Given					25.83	25.83	25.83	25.83
- ICD (Cr.)					4,150.00		4,150.00	

Notes

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2.41 Gratuity and other post-employment benefit

The Company's Obligation towards the Gratuity Fund and Leave Encashment Fund are defined Benefit Plans. The details of actuarial valuation is given below

(Rs./ Lacs)

	Particulars	2011-12		2010-11	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
				Funded	Funded
A	Components of Employer Expenses				
1	Current Service Cost	52.51	13.52	43.74	1.18
2	Interest Cost	41.62	7.97	33.66	7.67
3	Expected Return on Plan Assets	(35.22)	(11.02)	(29.73)	(9.84)
4	Actuarial Losses / (Gains)	(1.16)	15.48	(42.42)	(9.09)
5	Total Expenses recognized in the Statement of Profit & Loss.	57.75	25.95	61.79	(10.08)
B	Net asset / (Liability) recognized in balance sheet as at 31st March 2012				
1	Present value of Defined Benefit Obligation	569.50	132.90	489.68	93.74
2	Fair value of plan assets	512.23	162.13	440.29	137.70
3	Net asset / (liability) recognized in Balance Sheet	(57.27)	29.23	(49.39)	43.96
C	Change in Defined Benefit Obligation during the year ended 31st March 2012				
1	Present value of PBO at beginning of period	489.68	93.74	407.95	92.94
2	Current Service Cost	52.51	13.52	43.74	1.18
3	Interest Cost	41.63	7.97	33.66	7.67
4	Actual (gains) / Losses	6.34	17.80	(37.68)	(7.44)
5	Benefits Paid	(20.66)	(0.13)	(14.53)	(0.61)
6	Present value of PBO at the end of period	569.50	132.90	489.68	93.74
7	Actual Return on Plan Assets	42.72	13.34	34.50	11.49
D	Change in Fair Value of Assets				
1	Plan Assets at beginning of period	440.29	137.70	371.65	123.12
2	Expected Return on Plan Assets	35.23	11.02	29.73	9.84
3	Actuarial Gains / (Loss)	7.50	2.32	4.74	1.65
4	Actual company contributions	49.88	11.23	48.70	3.70
5	Benefits paid	(20.66)	(0.13)	(14.53)	(0.61)
6	Plan assets at the end of period	512.24	162.14	440.29	137.70
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%	7.50%	7.50%
3	Expected Return on Plan Assets (%)	9.30%	9.30%	8.00%	8.00%
4	Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

Notes

on Financial Statements for the year ended 31st March, 2012

- 2.42** As the Company's business activity falls within a single primary business segment which is "Manufacture of Paper" and the Company primarily operates in India, the disclosure requirements of AS-17 "Segment Reporting", notified in the Companies (Accounting Standard) Rules, 2006 are not applicable.
- 2.43** Amount due and outstanding to be credited to Investor Education and Protection Fund – Nil (PY Nil).
- 2.44** Sales are net of commission to selling agents other than sole selling agents Rs.527.49 Lacs (Rs.486.53 Lacs).
- 2.45** 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.
- 2.46** Previous year's figures have been reclassified / regrouped / rearranged wherever necessary.

In terms of our attached Report on even date

For **S. K. Agrawal & Co**
Chartered Accountants

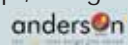
S. K. Agrawal
Partner
Place: Kolkata
Date: 17th May, 2012

S. K. Khetan
President (Finance) & CFO

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

R. S. Goenka
S. K. Todi
P. S. Patwari
Directors

concept, design & print



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