emami

emami paper mills limited

687, Anandapur, E.M.Bypass, Kolkata – 700 107
CIN : L21019WB1981PLC034161

Notice

NOTICE TO MEMBERS

Notice is hereby given that the Thirty Second Annual General Meeting of EMAMI PAPER MILLS LIMITED will be held on Monday, the 11th August, 2014 at 11.00 a.m. at 687, Anandapur, E. M. Bypass, Kolkata – 700107 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2014 and the reports of the Board of Directors and Auditors thereon.

2. To declare dividend on Equity and Preference Shares for the year ended 31st March, 2014.

3. To appoint Auditors and Unit Auditors (Kolkata Unit) of the Company and authorize the Board of Directors to fix their remuneration and in that connection to consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

   "RESOLVED THAT pursuant to section 139 and other applicable provisions, if any of the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force, M/s.S. K. Agrawal & Co., Chartered Accountants, (Registration No.306033E) be and are hereby appointed as Auditors and M/s.Salarpuria Jajodia & Co., Chartered Accountants,(Registration No.302111E) be and are hereby appointed as unit Auditors (Kolkata Unit) for a further period of three years till the conclusion of 35th Annual General Meeting of the Company, subject to ratification by the shareholders in every Annual General Meetings of the Company, at a remuneration and the other terms and conditions as may be fixed by the Board of Directors."

SPECIAL BUSINESS

4. **Appointment of Shri H. M. Marda, as an Independent Director of the Company.**

   To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

   "RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with schedule IV to the Companies Act, 2013, Shri H. M. Marda (Holding DIN:00855466), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act,2013 signifying his intention to propose Shri H.M.Marda, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a consecutive period of 5 years and to hold office up to 31st March, 2019 not liable to retire by rotation."

5. **Appointment of Shri U. G. Bhat, as an Independent Director of the Company.**

   To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

   "RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with schedule IV to the Companies Act, 2013, Shri U. G. Bhat (Holding DIN:00353361), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Shri U. G. Bhat, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a consecutive period of 5 years and to hold office up to 31st March, 2019 not liable to retire by rotation."

6. **Appointment of Shri J. K. Khetawat, as an Independent Director of the Company.**

   To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

   "RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with schedule IV to the Companies Act, 2013, Shri J. K. Khetawat (Holding DIN:00920819), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act,2013 signifying his intention to propose Shri J. K. Khetawat, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a consecutive period of 5 years and to hold office up to 31st March, 2019 not liable to retire by rotation."

7. **Appointment of Shri J. Godbole, as an Independent Director of the Company.**

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with schedule IV to the Companies Act, 2013, Shri J. Godbole (Holding DIN:00056830), Director of the Company, in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Shri J. Godbole, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a consecutive period of 5 years and to hold office up to 31st March, 2019 not liable to retire by rotation."

8. **Appointment of Shri S. Balasubramanian, as an Independent Director of the Company.**

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with schedule IV to the Companies Act, 2013, Shri S. Balasubramanian (Holding DIN:02849971), Director of the Company, in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act,2013 signifying his intention to propose Shri S. Balasubramanian, as a candidate for office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a consecutive period of 5 years and to hold office up to 31st March, 2019 not liable to retire by rotation."

9. To appoint Shri M. B. S. Nair, (DIN. 03086056) as a Director, liable to retire by rotation and also as a Whole Time Director designated as Director (Operations) and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of section 149 of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Company, Shri M. B. S. Nair, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 25th April, 2014 and who holds office until the date of the Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri M. B. S. Nair as a candidate for the office of a Director of the Company liable to retire by rotation.

"RESOLVED FURTHER THAT in accordance with the provisions of Sections 196,197 and 203 read with schedule V and all other applicable provisions, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of managerial personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the appointment of Shri M. B. S. Nair (Holding DIN.03086056) as a Whole-Time Director, designated as Director (Operations) of the Company for a period of three years, with effect from 25st April, 2014 on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this meeting with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board") to alter and vary the terms and conditions of the said reappointment and/or remuneration as it may deem fit and as may be acceptable to Shri M. B. S. Nair subject to the same not exceeding the limit specified under schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT pursuant to the provision of Section 197 of the Act, where in any financial year during currency of the terms of office, the Company has no profits or its profits are inadequate, it may pay remuneration to Shri M. B. S. Nair by way of salary and perquisites as Minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in Schedule V of the Companies Act, 2013 or any modification thereof from time to time."

"RESOLVED FURTHER THAT subject to the provisions of Section 152 of the Companies Act, 2013, Shri M. B. S. Nair shall be liable to retire by rotation during his tenure as a Whole-Time Director of the Company."

"RESOLVED FURTHER THAT Shri P. S. Patwari, Executive Director and Shri G. Saraf, Vice President(Finance) & Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient, usual or proper to give full effect to this resolution."

10. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2015 and in this regards to consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s.V.K.Jain & Company, Cost Auditors reappointed by the Board of Directors of the Company to conduct the Audit of the Cost Records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the statement annexed to the Notice convening this meeting."

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

11. To re-appoint Shri P. S. Patwari, (DIN.00363356) as Executive Director and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**.

"RESOLVED THAT, in accordance with the provisions of Sections 196,197 & 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Company's (Appointment & Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval of the Central Government and such other consents, approvals or permissions as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Shri P. S. Patwari (DIN.00363356) as Executive Director for a period of 3 (three) years with effect from 1st April, 2014, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice convening this meeting, with liberty to the Board of Directors(hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration as it may deem fit and as may acceptable to Shri P. S. Patwari, which may exceed the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT pursuant to the provision of Section 197 of the Act, where in any financial year during currency of the terms of office, the Company has no profits or its profits are inadequate, subject to the approval of Central Government, it may pay remuneration to Shri P. S. Patwari by way of salary and perquisites as Minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in Schedule V of the Companies Act, 2013 or any modification thereof from time to time."

"RESOLVED FURTHER THAT Shri Manish Goenka, Director, and Shri G. Saraf, Vice President (Finance) & Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, and things and furnish such information/ clarifications/declarations, certificate and other papers as may be required in this regard, to file any e-forms as may be required and to authorize any other person to represent before the Central Government in this regard."

12. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution.**

INCREASE IN THE SHARE CAPITAL OF THE COMPANY AND ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY.

"RESOLVED THAT pursuant to the provisions of Sections 13, 14 and 61 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014 as may be applicable including any statutory modification or re-enactment thereof for the time being in force ("the Act") and the rules and regulations enacted thereunder and the enabling provisions of the Memorandum and Articles of Association of the Company, the existing Authorised Share Capital of the Company be and is hereby increased from ₹ 62,40,00,000 (Rupees Sixty Two Crores Forty Lac) consisting of 6,20,00,000 (Six Crores Twenty Lac) Equity Shares of ₹ 2/- (Rupees Two) each and 50,00,000 (Fifty Lac) Preference Shares of ₹ 100/- (Rupees Hundred) each to ₹ 73,65,00,000/- (Rupees Seventy three crores Sixty five Lac) divided into 6,20,00,000 (Six Crores Twenty Lac) Equity Shares of ₹ 2/- (Rupees Two) each and 61,25,000 (Sixty One Lac and twenty five thousand) Preference Shares of ₹ 100/- (Rupees Hundred) each by creation of 11,25,000(Eleven Lac Twenty Five Thousand) Preference Shares of ₹ 100/- (Rupees One hundred) each."

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be deleted and be substituted by the following new clause :

'V. The Authorised Share Capital of the Company is ₹ 73,65,00,000/- (Rupees Seventy three Crores and Sixty five Lac) divided into 6,20,00,000 (Six Crores Twenty Lac) Equity Shares of ₹ 2/-(Rupees Two) each and 61,25,000 (Sixty One Lac and twenty five thousand) Preference Shares of ₹ 100/- (Rupees Hundred) each with power to increase or reduce the capital and to divide the shares for the time being into several classes and attach thereto respectively such preferential, qualified or special rights and privileges as may be determined in accordance with the provisions of the Companies Act, 2013.' "

13. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution.**

ISSUE OF CUMULATIVE REDEEMABLE NON-CONVERTIBLE PREFERENCE SHARES TO THE PROMOTERS ON PREFERENTIAL BASIS :

"RESOLVED THAT pursuant to the provisions of Sections 42, 55, 62 and all other applicable provisions, if any of the Companies Act,2013 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the relevant provisions of the Memorandum and the Articles of Association of the Company, the Rules / Regulations / guidelines / notifications / circulars, if any, prescribed by the Securities and Exchange Board of India and / or any other Regulatory Authority, the Listing Agreement entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to the consent of all concerned authorities, if any and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, which unless specifically stated, would include a Committee constituted / to be constituted by the Board of Directors to exercise its powers conferred by this Resolution and the powers conferred by the Board of Directors from time to time (hereinafter referred to as 'the Board'), the consent of the Company be and is hereby accorded to the Board to offer/issue and allot, Cumulative Redeemable Non-Convertible Preference Shares of the face value of Rs. 100/- (Rupees Hundred) each for an amount not exceeding Rs.45,00,00,000/-(Rupees Forty five crores) in one or more tranches within a period of 1 year from the date of passing of the resolution, to the promoters of the Company on the basis of Preferential allotment on such terms and conditions including the rate of dividend, amount of premium, amount of premium on redemption, if any redemption period, manner of redemption and matters incidental thereto as may be decided by the Board in the best interest of the Company."

"RESOLVED FURTHER THAT 11,25,000 8% Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- (Rupees Hundred) each shall be subject to the following conditions.

a) The Preference Shares will have priority with respect to payment of dividend or repayment of capital vis-à-vis Equity shares.

b) The Shareholder of such shares will not be entitled to participate in surplus fund.

c) The Shareholders of such shares shall not be entitled to participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid along with arrear of dividend, if any.

d) The payment of dividend on such shares shall be on Cumulative basis.

e) The shareholders of such shares shall have no option of conversion of Preference Shares into Equity Shares.

f) In case the dividend on such shares remains unpaid for a period of 2 years or more, the shareholders of such shares shall have a right to vote on all the resolutions placed before the Company.

g) The redemption of preference shares shall be made at the expiry of 12 years from the date of allotment with an option to the Company to redeem it earlier in one or more tranches and in such case the premium to be paid on such shares will be decided mutually between the Company and the Preference Shareholders at a meeting of Preference Shareholders called for this purpose.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds of issue and the Board be and is hereby authorized further to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notifications, rules and regulations, to the extent applicable, as SEBI or any other Regulatory Authority may prescribe from time to time and to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to make and accept any modification in the proposal as may be considered necessary or as may be required by the relevant authorities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by the above resolutions to any Director or to any Committee of Directors or any other officers or officers of the Company to give effect to the aforesaid resolution."

14. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution.**

BORROWING POWERS OF THE BOARD OF DIRECTORS :

"RESOLVED THAT in supersession of the Ordinary Resolution passed by the Members at the Twenty Sixth Annual General Meeting of the Company held on 26th September, 2008 consent of the Company be and is hereby accorded pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof) read with the applicable provisions of the Companies (Meeting of the Board and its powers) Rules, 2014 and the Articles of Association of the Company and all other provisions of applicable law, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), to borrow monies (including non-fund based facilities) from time to time, from Banks, Financial Institutions non-banking finance companies, co-operative bank, investment institutions and their subsidiaries, mutual funds, trusts and other body corporate (hereinafter referred to as the "Lending Agencies") whether by way of advances, loans, issue of debentures/bonds and or other instruments or otherwise which together with monies already borrowed by the Company (apart from temporary loans, overdrafts obtained or to be obtained from the Company's Bankers in the ordinary course of business), may at any time, exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) provided that the total amount so borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 5,000 crores (Rupees five thousand crores only) and that the Board of Directors be and is hereby empowered and authorized to arrange or settle the terms and conditions of all such money to be borrowed from time to time as to interest, repayment, security or otherwise as they may in their absolute discretion think fit."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, matters, deeds and things and to settle execute all documents and writings as may be necessary or desirable for giving effect to the aforesaid resolution."

15. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution.**

TO CREATE ADDITIONAL MORTGAGE, CHARGE AND OR HYPOTHECATION OF THE ASSETS OF THE COMPANY.

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013(the "Companies Act") read with applicable provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and the Articles of Association of the Company and all other provisions of applicable law, consent of the members be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), to create mortgage, charge and/or hypothecation in addition to the existing mortgages, charges and hypothecation created by the Company as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with granting the power to take over the management of the Company in certain events, to or in favour of financial institutions, non-banking finance companies, co-operative banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate (hereinafter referred to as the "Lending Agencies") or trustees for the holders of debentures/bonds and/or other instruments or otherwise, to secure rupee term loans/foreign currency loans, Debentures, bonds and other instruments loan equivalent aggregate value not exceeding ₹ 5,000 croress (Rupees Five thousand crores only) together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or redemption, costs, charges, expenses and all other moneys payable by the Company to the trustees under the trust deed and to the Lending Agencies under their respective agreements/loan agreements/security trustee agreements to be entered into by the Company in respect of the borrowings of the Company or borrowings of any other company as the Board may deem necessary."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with such Lending Agencies /trustees, the terms and conditions and the documents for creating the aforesaid mortgage or charge and/or hypothecations and to accept any modifications to or to modify, alter or vary, the terms and conditions or the documents and to do and execute all such acts, deeds, matters and things and take all such steps as may be necessary or desirables to give effect to the above Resolution."

16. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution.**

TO ADOPT NEW ARTICLES OF ASSOCIATION OF THE COMPANY CONTAINING REGULATIONS IN CONFORMITY WITH THE COMPANIES ACT, 2013.

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules,2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company except the Article No.117 renumbered as Article No.171 relating to the First Directors of the Company at the time of incorporation."

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

Registered Office :
687, Anandapur E.M. Bypass,
Kolkata – 700 107
Dated 25th April, 2014

By order of the Board

G. Saraf
Vice President (Finance) & Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. The Company has notified closure of Register of members and Share Transfer Books of the Company Monday,4th August, 2014 to Monday, 11th August, 2014(both days inclusive) for determining the names of members eligible for dividend on Equity shares and Preference shares, if declared at the meeting.

4. Explanatory statements pursuant to section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting under Item No.4 to 16 is Annexed hereto.

   Shri H.M.Marda, Shri U. G. Bhat and Shri J. K. Khetawat, Independent Directors are liable to retire by rotation at this Annual General Meeting under the provisions of erstwhile Companies Act, 1956, but in view of the provisions of section 149 and other applicable provisions of the Companies Act, 2013, they are proposed to be appointed as Independent Directors for a consecutive period of 5 years and will not liable to retire by rotation. Hence their appointments have been considered as Special Business as set out in Agenda No. 4 to 6 of the Notice with Explanatory Statement.

5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Relevant documents referred in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, (except Saturdays, Sundays and public holidays) during business hours up to the date of Meeting.

8. Dividend on Equity and Preference Shares for the Financial year ended 31st March, 2014, if declared at the Annual General Meeting, shall be paid to those members whose names (in case of shares held in electronic form) appear as beneficial owners as at close of business hours on 3rd August, 2014 and for the shares held in physical form, whose names appear in the Register of Members on the date of the Annual General Meeting.

9. In order to provide protection against fraudulent encashment of dividend warrants, the members holding shares in physical form are requested to provide, if not already provided, their bank account number, name and address of the Bank and Branch latest by 30th June, 2014 to enable the Company to incorporate the same in the dividend warrants.

   In case the shares are held in dematerialized form, the above intimation, along with any request for effecting changes in the details provided earlier, should only be forwarded to the respective depository participant.

10. Members are requested to immediately notify to the Company their change of Address, Mandate, Bank Particulars etc. to ensure prompt action. Members are requested to clearly mention their Registered Folio Number in every correspondence with the Company. In case the shares are held in dematerialized form, the above mentioned intimation is to be forwarded to the respective depository participant.

11. Those members who have not encashed dividend warrant for the Financial years 2006-07 (Final) to 2012-13 may return the time barred dividend warrant or write to the Company's Share Transfer Agents, M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata-700 001 for issue of duplicate dividend warrant.

12. Pursuant to the provisions of section 205A(5) and 205(c) as of the Companies Act, 1956, as amended, dividend for the Financial Year 2006-07(Final) and thereafter which remain unclaimed for a period of 7 (Seven) years will be transferred to the Investor Education and Protection Fund (The Fund) constituted by the Central Government under section 205C of the Companies Act, 1956. Unclaimed Equity Dividend for the Financial Year 2006-07 (Final) will fall due for transfer to the said fund on 11th October, 2014. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, the Company

has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 13th August, 2013 (Date of last Annual General Meeting) on the website of the Company (www.emamipaper.in) as also on the website of the Ministry of Corporate Affairs.

13. Additional information pursuant to clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting are furnished and forms a part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment/re-appointment.

14. The Securities and Exchange Board of India(SEBI) has mandated the submission of Permanent Account Number (PAN) by every participants in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining demat accounts. Members holding shares in physical form can submit their PAN to the Company/Registrar M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001, Phone : 033 2243 5029/5809, Fax : 033 2248 4787, E-mail : mdpldc@yahoo.com

15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar M/s Maheshwari Datamatics Pvt. Ltd. for consolidation into a single folio.

16. Non-Resident Indian Members are requested to inform M/s Maheshwari Datamatics Pvt. Ltd. immediately of :

    (a) Change in their residential status on return to India for permanent settlement.

    (b) Particulars of their bank account, maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

17. Members who have not registered their email addresses so far are requested in register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.

18. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means, as an alternate to all its members to enable them to cast their votes electronically instead of casting their votes at the meeting. Please note that the voting through electronic means is optional. The members who wish to vote physically in the meeting (instead of e-voting) can do the same by voting in the meeting dated 11th August, 2014. Members have option to vote either through e-voting or physically. If a member has opted for e-voting, then he/she should not vote physically also and vice-versa. However, in case members cast their vote physically and e-voting, then e-voting shall prevail and voting done by physically shall be treated as invalid.

    a) For this purpose, the Company has signed an agreement with the Central Depository Services (India) Limited (CDSL) for facilitating e-voting.

    b) The voting through electronic means will commence on 4th August, 2014 at 10 a.m. and will end on 6th August, 2014 at 6 p.m.

    c) The members will not be able to cast their vote electronically beyond the date and time mentioned above.

    d) The Company have appointed M/s. Sandip Kumar Kejriwal, Practicing Company Secretaries, # 332, 3rd Floor, Martin Burn House, 1 R. N. Mukherjee Road, Kolkata - 700 001 to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

    e) The scrutinizer will submit his report to the Chairman, within a period not exceeding three working days from the date of conclusion of e-voting period. The results of the voting on the resolutions at the meeting shall be announced by the Chairman on 11th August, 2014.

    f) The results declared along with the scrutinizer's report, will be posted on the website of Company and Bombay Stock Exchange on 11th August, 2014.

    g) **The instructions for members for voting electronically are as under :-**

       In case of members receiving e-mail :

       (i) Log on to the e-voting website www.evotingindia.com

       (ii) Click on "Shareholders" tab.

       (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT".

       (iv) Now Enter your User ID :

          a. For CDSL: 16 digits beneficiary ID;

          b. For NSDL: 8 Character DP IDfollowed by 8 Digits Client ID;

          c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

       (v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). ▪ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ▪ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. – Sequence number is communicated in the Attendance Slip/ Covering Letter.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. ▪ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the Electronic Voting Sequence Number (EVSN) for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy :

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins from 10.00 a.m. on 4th August 2014 and ends at 6.00 p.m. on 6th August 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 4th July 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

ITEM NO. 4

Shri H.M.Marda is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 27th January, 2009. Shri H.M.Marda retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of section 149 and other applicable provisions of Companies Act, 2013 Shri H.M.Marda being eligible and seeking reappointment, is proposed to be appointed as an Independent Director for a terms of 5 (five) years.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing candidature of Shri H.M.Marda for the office of Independent Director, to be appointed as such under the provisions of section 149 of the Companies Act, 2013. The Company has received from Shri H.M.Marda (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment and qualification of Director) Rules, 2014, to the effect that he is not disqualified under sub-section(2) of the section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

The resolution seeks the approval of the members for the appointment of Shri H.M.Marda, as an Independent Director of the Company up to 31st March, 2019 pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri H.M.Marda, the Independent Director proposed to be appointed, fulfills the conditions specified in the act and the rules made thereunder and he is independent of the Management.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail the services of Shri H.M.Marda as an Independent Director.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

The Board recommends the resolution set forth in Item No.4 for the approval of the members.

ITEM NO. 5

Shri U.G.Bhat is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 26th September, 2003. Shri U.G.Bhat retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of section 149 and other applicable provisions of Companies Act, 2013 Shri U.G.Bhat being eligible and seeking reappointment, is proposed to be appointed as an Independent Director for a terms of 5 (five) years.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing candidature of Shri U.G.Bhat for the office of Independent Director, to be appointed as such under the provisions of section 149 of the Companies Act, 2013. The Company has received from Shri U.G.Bhat (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment and qualification of Director) Rules, 2014, to the effect that he is not disqualified under sub-section(2) of the section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

The resolution seeks the approval of the members for the appointment of Shri U.G.Bhat, as an Independent Director of the Company up to 31st March, 2019 pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri U.G.Bhat, the Independent Director proposed to be appointed, fulfills the conditions specified in the act and the rules made thereunder and he is independent of the Management.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail the services of Shri U.G.Bhat as an Independent Director.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board recommends the resolution set forth in Item No.5 for the approval of the members.

ITEM NO. 6

Shri J.K.Khetawat is a Non-Executive Independent Director of the Company. He joined the Board of Directors in 11th August, 2011. Shri J.K.Khetawat retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies

Act, 1956. In terms of section 149 and other applicable provisions of Companies Act, 2013 Shri J.K.Khetawat being eligible and seeking reappointment, is proposed to be appointed as an Independent Director for a terms of 5 (five) years.

The Company has received a Notice in writing under the provisions of section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing candidature of Shri J.K.Khetawat for the office of Independent Director, to be appointed as such under the provisions of section 149 of the Companies Act, 2013. The Company has received from Shri J.K.Khetawat (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment and qualification of Director) Rules, 2014, to the effect that he is not disqualified under sub-section(2) of the section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

The resolution seeks the approval of the members for the appointment of Shri J.K.Khetawat, as an Independent Director of the Company up to 31st March, 2019 pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri J.K.Khetawat, the Independent Director proposed to be appointed, fulfills the conditions specified in the act and the rules made thereunder and he is independent of the Management.

The Board considers that his continued association would be of immense benefit of the Company and it is desirable to continue to avail the services of Shri J.K.Khetawat as an Independent Director.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

The Board recommends the resolution set forth in Item No.6 for the approval of the members.

ITEM NO. 7 & 8

Shri J.Godbole is a Non-Executive Independent Director of the Company, joined the Board of Directors in 17th March, 2007 and Shri S.Balasubramanian is also a Non-Executive Independent Director, joined the Board of Directors in 5th May, 2010. Section 149(4) states that a every listed Company shall have at least one third of the total number of Directors as Independent Directors. Section 149(5) also provides that every Company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notifications of the rules in this regard as may be applicable; comply with the requirements of the provisions of sub section(4).

Section 149(10) of the Companies Act, 2013 inter-alia, provides that subject to the provisions of Section 152, an independent director shall hold office for a term of 5 consecutive years. It is further clarified in the proviso to sub-section (10) and (11) of Section 149 of the Act that, any tenure of an Independent Director on the date of commencement of this Act, shall not counted as a term under those sub-section (10) and (11).

Your Board is of the opinion that Shri J.Godbole and Shri S.Balasubramanian fulfill the conditions specified in the Act for appointment as Independent Directors of the Company.

Your Board considers that their continued association with the Company would be of immense benefit to the Company.

The Company has received separate Notices in writing under the provisions of section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- each proposing candidature of Shri J.Godbole and Shri S.Balasubramanian for the office of Independent Directors, to be appointed as such under the provisions of section 149 of the Companies Act, 2013. The Company has received from Shri J.Godbole and Shri S.Balasubramanian (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment and qualification of Director) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of the section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

Accordingly, your Board recommended for approval of the members under Item No.7 & 8 of the accompanying notice for the appointment of Shri J. Godbole and Shri S. Balasubramanian, as Independent Directors of the Company for a period of up to 5 years pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. They are not liable to retire by rotation.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 & 8 of the Notice.

ITEM NO. 9

The Board at its meeting held on 25th April, 2014 appointed Shri M.B.S.Nair as an Additional Director of the Company with effect from 25th April, 2014, pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri M.B.S.Nair will hold office up to the date of ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Shri M.B.S.Nair for the office of Director.

The Company has received from Shri M.B.S.Nair (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act,2013.

Further the Board of Directors of the Company("the Board") at its meeting held on 25th April, 2014 has, subject to the approval of members appointed Shri M.B.S. Nair as Whole-Time Director designated as Director(Operations) of the Company for a period of 3(three) years at the remuneration recommended by the Nomination and Remuneration Committee ("the Committee") of the Board and approved by the Board.

It is proposed to seek the members approval for the appointment of Shri Shri M.B.S.Nair as Whole-Time Director designated as Director(Operations) of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment of Shri M.B.S.Nair are as under :

REMUNERATION :

(i) Basic Salary : ₹ 3,65,900/- (Rupees Three lac sixty five thousand nine hundred) per month.

(ii) Special Allowance : ₹ 1,38,300/-(Rupees One lac thirty eight thousand three hundred only)per month; Annual increment will be allowed by the Chairman of the Company effective from the month of April every year on the basis of merit and other relevant factors, subject to a monetary ceiling of 15% per annum.

(iii) Period : 25th April, 2014 to 24th April, 2017.

PERQUISITES :

A. **Provident Fund :** Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

B. **Leave :** As per rules of the Company including encashment of unavailed leave as per the rules of the Company.

C. **Gratuity :** Gratuity payable at a rate not exceeding half a months' salary of each completed year of service.

D. **Medical Reimbursement :** Expenses incurred for the Director(Operations) and his family members (Limited to spouse, children and dependent parents) as per the Company's policy in force from time to time.

E. **Leave Travel Allowance :** Reimbursement of Leave Travel Allowance for self and dependent family members(Limited to spouse, Children and dependent parents) as per the Company's policy in force from time to time.

F. **Bonus :** As per rules.

G. **House Rent :** Rent free furnished, accommodation at Company's Colony.

H. **Provision of car :** Provision of chauffeur driven car for official purpose,

I. **Other benefits :** Such other benefits, amenities and facilities as per the Company's rules.

MINIMUM REMUNERATION :

Notwithstanding anything contained in this part where in any financial year during currency of the term of Office, the Company has no profits or its profits are inadequate, it may pay the aforesaid remuneration by way of salary and perquisites as Minimum remuneration subject to the limit provided under schedule - V of the Companies Act, 2013 or any modification thereof from time to time.

Shri M. B. S. Nair, Whole-Time Director shall act in accordance with the Articles of Association of the Company and shall abide by provisions contained in section 166 of the Act with regard to duties of the Director.

Shri M. B. S. Nair, Whole-Time Director shall adhere to the Companies Code of Business Conduct, Ethics for Directors and Management Personnel and Code of Conduct for prevention of Insider Trading in securities of the Company.

The Office of the Whole-Time Director may be terminated by the Company or the concerned Director by giving the other 3(three) month's prior notice in writing.

Shri M. B. S. Nair satisfy all the conditions set out in part 1 of schedule V to the Act as also conditions set out under sub-section(3) of section 196 of the act and he is not disqualified from being appointed as Director in terms of section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Shri M.B.S.Nair under section 190 of the Act.

Brief resume of Shri M. B. S. Nair, nature of his expertise in specific functional areas, names of the Companies in which he hold Directorship and Membership/Chairmanship of Board and Committees, shareholding and relationship amongst Directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

The Board recommends the Special Resolution set out at Item No.9 of the Notice for approval of the shareholders.

MEMORANDUM OF CONCERN OR INTEREST OF DIRECTORS

Except Shri M. B. S. Nair, none of the other Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The statement as per Section II(IV) of Part II of Schedule V to the Companies Act, 2013 for appointment of Shri M. B. S. Nair as

Whole Time Director is set out as Annexure-I to this Explanatory Statement.

ITEM NO. 10

The Board, on the recommendation of the Audit Committee, has approved the reappointment of M/s V. K. Jain & Co., as Cost Auditor to conduct the audit of cost records of the Company for the financial year ending March 31, 2015 at a remuneration of ₹ 1,00,000 (Rupees One lac only) per annum.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the Notice.

ITEM NO. 11

Shri P. S. Patwari was re-appointed as the Executive Director of the Company for a period of 3 years w.e.f.1st April, 2011 with the approval of the Shareholders in the Annual General Meeting held on 13th August, 2011 and also with the approval of Central Government.

Further, the Board of Directors of the Company ("the Board") at its meeting held on 21st January, 2014 has subject to approval of the Members and Central Government re-appointed Shri P. S. Patwari, as Executive Director, for a period of 3 years w.e.f. 1st April, 2014 at the remuneration recommended by the Remuneration Committee ("the Committee") of the Board and approved by the Board.

It is proposed to seek the members approval for the reappointment of and remuneration payable to Shri P.S.Patwari, as Executive Director, in terms of the provisions of the act.

Broad particulars of the terms of re-appointment and remuneration payable to Shri P.S.Patwari as Executive Director are as under :-

A. **PERIOD OF APPOINTMENT :** 1st April, 2014 to 31st March. 2017.

B. **i) SALARY :** Basic salary shall be in the range of ₹ 7,50,000/- per month to ₹ 11,00,000/-per month, payable monthly.

The Annual increment, which will be effective from 1st April, each year, will be decided by the Chairman of the Company on the basis of merit and other relevant factors.

ii) BONUS : As per rules of the Company.

iii) PERQUISITES :

a) **House Rent Allowance :** House Rent Allowance of ₹ 1,00,000/- per month Fixed.

b) **Special Allowance :** Special Allowance of ₹ 8400/- (Rupees Eight Thousand Four Hundred only) per month.

c) Reimbursement of medical expenses for self and family and Leave Travel concession as per the rules of the Company.

d) Use of Company's Car for official purposes and reimbursement of mobile, telephone expenses at residence (including payment for local calls and long distance official calls.)

e) Shri P.S.Patwari shall also be eligible to the following perquisites which shall not be included in the computation to the ceiling on remuneration.

A) Contribution to Provident Fund, Super-annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

B) Gratuity payable at a rate not exceeding half a month's salary of each completed year of service,

C) Leave as per Rules of the Company including encashment of un-availed leave at the end of the tenure and

D) The above remuneration shall be subject to the ceiling prescribed under Section 196,197 read with Schedule V of the Companies Act, 2013 (hereinafter called the said Act) and the Remuneration Committee is authorized to make such changes in remuneration, if such changes are required to be made as per the said Act.

iv) OTHER TERMS AND CONDITIONS :

a. Shri P. S. Patwari, Executive Director, shall discharge duties and functions under the superintendence, direction and control of the Board of Directors and/or Chairman from time to time.

b. Shri P. S. Patwari, Executive Director shall be liable to retire by "Rotation".

c. The Executive Director, so long as he functions, as such, undertakes not to become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.

d. Shri P. S. Patwari, Executive Director shall not during the continuance of his employment with the Company or at any time thereafter divulge or disclose to any person whomsoever any information or knowledge obtained by him during his employment as to the business or affairs of the Company or its methods or as to any trade secrets and shall use his best endeavours to prevent any other person from doing so. However, such divulgence or disclosure by him to officers and employees of the Company and others for the purpose of business of the Company shall not be deemed to be a contravention of this clause.

e. As long as Shri P. S. Patwari, Executive Director, no sitting fees will be paid to him for attending the meeting of the Board of Directors or Committee thereof.

f. The terms and conditions of the said re-appointment may be altered, amended, varied and modified from time to time by the Board of Directors or Committee thereof as it may be permissible and if deemed fit in terms of the Companies Act, 1956 or any amendments or modifications or re-enactments made thereto in consultation with Shri P. S. Patwari.

g. Shri P. S. Patwari, Executive Director shall assume the responsibilities as an "Occupier" of the Company's Factory situated at Balasore, Odisha (Unit : Balasore) and Dakshineswar, Alambazar, Kolkata - 700 035 (Unit-Gulmohar) as defined under section 2 of the Factories Act.

C. MINIMUM REMUNERATION

Notwithstanding anything contained in this part where in any financial year during currency of the term of Office, the Company has no profits or its profits are inadequate, it may pay the aforesaid remuneration by way of salary and perquisites as Minimum remuneration subject to the limit provided under Schedule-V of the Companies Act, 2013 or any modification thereof from time to time.

Shri P. S. Patwari, Executive Director shall act in accordance with the Articles of Association of the Company and shall abide by provisions contained in section 166 of the Act with regard to duties of the Director.

Shri P. S. Patwari, Executive Director shall adhere to the Companies Code of Business Conduct and Ethics for Directors and Management Personnel.

Shri P. S. Patwari satisfy all the conditions set out in part 1 of schedule V to the Act as also conditions set out under sub-section(3) of section 196 of the act and he is not disqualified from being appointed as Director in terms of section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Shri P. S. Patwari under section 190 of the Act.

The Resolution set out in Item No.11 of the accompanying Notice is intended to obtain the consent of the shareholders relating to remuneration payable to Shri P. S. Patwari.

MEMORANDUM OF CONCERN OR INTEREST OF DIRECTORS

Except Shri P. S. Patwari, none of the other Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.11 of the Notice.

The Board recommends the resolutions as set out in the accompanying Notice for your approval as Special Resolution in the interests of the Company.

The Agreement entered into with Shri P. S. Patwari will be opened for inspection by the members at the Registered Office of the Company on all working days (except Saturday and Sunday) between 10.00 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

The statement as per Section II(IV) of Part II of Schedule V to the Companies Act,2013 for appointment of Shri P.S.Patwari, as Executive Director, is set out as Annexure-II to this Explanatory Statement.

ITEM NO.12

The present Authorized Share Capital of the Company is ₹ 62,40,00,000 (Rupees Sixty two crores forty lac) consisting of 6,20,00,000 (six crore twenty lac) Equity Shares of ₹ 2/- (Rupees two) each and 50,00,000 (Fifty Lac) Preference Shares of ₹ 100/- (Rupees One hundred) each. The present Paid-up Share capital of the Company is ₹ 62,09,98,100 (Sixty two crore nine lac ninety eight thousand one hundred) comprising of 6,04,99,050 (Six crores four lac ninety nine thousand fifty) Equity Shares of ₹ 2/- (Rupees two) each and 50,00,000 (Fifty lac) Preference Shares of ₹ 100/- (Rupees One hundred) each.

The Board of Directors at its meeting held on 25th April, 2014 recommended issue of 11,25,000 8% Cumulative Redeemable Non-Convertible Preference Shares of ₹ 100/- each to the Promoters on Preferential basis. Such further issue of Preference Shares by the Company warrants an increase in the present Authorised Share Capital of the Company. As such, it is necessary to increase the existing Authorised Shares Capital of the Company to ₹ 73,65,00,000/- divided into 6,20,00,000 Equity Shares of ₹ 2/- each and 61,25,000 Preference Shares of ₹ 100/- each by creation of further 11,25,000 Preference Shares of ₹ 100/- each. The alteration proposed in the Memorandum of Association of the Company is only consequential to reflect the increase in the Authorised Share Capital of the Company, as aforesaid.

As per Section 61 of the Companies Act, 2013 any alteration in the Capital clause of Memorandum of Association of the Company shall have to be approved in its General Meeting.

The Board recommends the resolutions as set out at Item No.12 in the accompanying Notice for your approval as Special Resolution in the interests of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives are concerned or interested, directly or indirectly, in the aforesaid resolution except to the extent of their shareholding, if any.

ITEM NO.13

With a view to part finance of the ongoing Expansion Project for setting up a 1,32,000 TPA paper machine for manufacturing Multi-Layer Coated Board (MLCB) at its existing location at Balasore, Odisha, the Company proposes to raise finance, at appropriate times in one or more tranches within a period of 12 months, as the Board/Committee may decide, by issue of Preference Shares to the promoters on preferential basis. The Company does not intend to get the preferential listed at any Stock Exchange.

The terms and conditions including price, dividend, redemption period etc., for issue of proposed preference shares have been decided by the Board of Directors at their meeting held on April, 25, 2014 as per Companies(Share Capital & Debentures) Rules, 2014 :-

Sl.No	Material facts related to the issue	Details
A	Size of the Issue	₹ 45.00 Crores (Rupees Forty five crores)
	Number of Preference Shares	11,25,000
	Nominal Value of each Share	₹ 100 per share
B	Nature of Issue	Cumulative Redeemable Non-convertible
C	Objective of Issue	Part finance of the Expansion Project at Balasore, Odisha
D	Manner of Issue of shares	Private Placement to the promoters of the company in one or more tranches.
E	Price at which shares are proposed to be issued	₹ 400 per share (Nominal Value ₹ 100/- & Premium of ₹ 300/-)
F	The basis on which the price has been arrived at	Based on fair value arrived at using Discounted Cash Flow Method, keeping in view rate of dividend and premium payable on redemption.
G	The terms of issue, including terms and rate of dividend on each shares etc.	Tenure – 12 years (with an option to the Company to redeem earlier); Coupon rate – 8% per annum. Full payment is payable on application.
H	The terms of redemption, including the tenure of redemption, redemption of shares at premium.	Premium on redemption ₹ 600 per share. On redemption before maturity, premium to be decided mutually between the Company and the Preference shareholders at a Meeting of Preference Shareholders called for this purpose.
I	Manner and modes of Redemption	Redeemable in Cash, out of profits of the Company or out of proceeds of the fresh issue of shares
J	Current Shareholding pattern of Equity Shares* (as on 31st March, 2014)	<u>**Category**</u> <u>**No.of Shares**</u> <u>**% of holding**</u> Promoters 45358136 74.97 Public 15140914 25.03 60499050 100.00 *Detailed shareholding pattern is available on the website of the Company i.e. www. emamipaper.in and is also available on the website of the BSE Limited i.e. www. bseindia.com
K	The expected dilution in equity share capital upon conversion of Preference shares.	The Preference Shares are non-convertible and redeemable, there will be no dilution in equity share capital of the Company.
L	The class or classes of persons to whom the allotment is proposed to be made :	Promoters of the Company.
M	Intention of promoters, directors or key managerial personnel to subscribe to the offer :	Subscription will be made by the promoters only as their contribution to the Expansion Project.
N	The proposed time within which the allotment shall be completed;	12 months from the date of passing Special Resolutions.

O	The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them;	Name of the proposed allotees 1. Diwakar Viniyog Pvt. Ltd. 2. Emami Limited 3. Suntrack Commerce Pvt. Ltd. 4. Bhanu Vyapaar Pvt. Ltd. 5. Emami Enclave Makers Pvt. Ltd. 6. Emami High Rise Pvt. Ltd. 7. Suraj Viniyog Pvt. Ltd. 8. Zandu Realty Ltd. 9. Emami Estates Pvt. Ltd. 10. Oriental Sales Pvt. Ltd. 11. Emami Realty Ltd. 12. Pan Emami Cosmed Ltd. 13. Sneha Gardens Pvt. Ltd. 14. Sneha Enclave Pvt. Ltd. Post preferential offer capital - 100% holding of the Preference Shares will be with the promoters.
P	The change in control, if any, in the Company that would occur consequent to the preferential offer	There will be no change in the control of the Company as the Preference Shares proposed to be issued are Non-Convertible.
Q	The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.	Nil *
R	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.	Not applicable
S	The pre issue and post issue shareholding pattern of the Company in the prescribed format [rule 13(2)(d) (xiii) – Companies (Share Capital & Debentures) Rules, 2014]	As per details below

Sl.No.	Category	Pre-Issue		Post Issue	
		No. of Share held	% of Shareholding	No. of Share held	% of Shareholding
A.	**Promoters' holding**				
1	Indian	–	–	–	–
	Individual	–	–	–	–
	Bodies Corporate	50,00,000	100%	61,25,000	100%
	Sub Total	50,00,000	100%	61,25,000	100%
2	Foreign Promoters	–	–	–	–
	Sub Total(A)	**50,00,000**	**100%**	**61,25,000**	**100%**
B.	**Non-Promoters' holding**	–	–	–	–
1	Institutional Investors	–	–	–	–
2	Non-Institution	–	–	–	–
	Private Corporate Bodies	–	–	–	–
	Directors and Relatives	–	–	–	–
	Indian Public	–	–	–	–
	Others (Including NRIs)	–	–	–	–
	Sub Total(A)	**–**	**–**	**–**	**–**
	GRAND TOTAL	**50,00,000**	**100%**	**61,25,000**	**100%**

*Offer in respect of the proposed issue will be made only after completion of the allotment in respect of 7,50,000 8% Cumulative Redeemable Non-Convertible Preference Shares of ₹400/- (Face value ₹100/- & Premium ₹300/- each) aggregating to ₹ 30.00 crores approved by the shareholders through Postal Ballot on 1st August, 2013, for which firm commitments have already been received from the offerees/subscribers.

The Company has sufficient authorization in its Articles of Association to issue such shares however, since the proposed Preference Shares are likely to be issued / offered to the persons other than the existing shareholders of the Company, the consent of the shareholders is being sought by a special resolution in terms of Section 55 & 62 of the Companies Act, 2013.

There will not be any change in the shareholding of the Equity Share Capital of the Company consequent to the proposed issue.

The Board recommends the resolutions as set out at Item No.13 in the accompanying Notice for your approval as Special Resolution in the interests of the Company.

The Directors, Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in this Resolution to the extent any Preference Share may be offered to and /or subscribed for by them directly or through any company or body corporate of which they are directors or members. Save as aforesaid, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in anyway, financially or otherwise concerned or interested in this resolution.

ITEM NO. 14 & 15

The members of the Company had on September 26, 2008 by way of Ordinary Resolutions passed at the Annual General Meeting had accorded its approval under section 293(1)(a) of the Companies Act, 1956 for borrowing of sums by the Company up to a limit not exceeding ₹ 5000 crores (Rupees Five thousand crores) and to create securities for such borrowings by creation of mortgage, charge and/or hypothecation on movable and immovable assets of the Company.

Upon notification of Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of members of the Company by way of Special Resolution, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business in excess of the aggregate of the paid-up share capital and its free reserve and create securities for such borrowings by creation of mortgage and/or charge on movable and immovable assets of the Company.

Further the Ministry of Corporate Affairs had vide its Circular dated March, 25, 2014 clarified that the resolution(s) passed by the Companies under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings (subject to the limits prescribed/approved by the members) and/or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the Companies Act, 2013.

Nonetheless, taking into account the business operations and future growth plans of the Company and to cater to the working capital needs, fresh resolutions are proposed to borrow monies, from to time, for the purpose of the Company's business, notwithstanding that the monies to be borrowed by the Company together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the Company's paid up share capital and free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be so borrowed by the Board and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 5000 crores (Rupees Five thousand crores) and to create security for the borrowings by way of suitable, mortgage, hypothecation or charge on all or any of the movable and/or immovable properties of the Company, it is clarified that these resolutions do not increase the limits in this regard which were already approved by the members of the Company vide their resolution dated September 26, 2014.

Accordingly, the Board of Directors of your Company recommends the passing of resolutions as set out Item Nos.14 & 15 as the Special Resolutions.

None of the Directors, Key Managerial Personnel of the Company and their relatives are financially or otherwise concerned or interested in the resolutions.

ITEM NO. 16

The Articles of Association ("AoA") of the Company as presently in force since then when the Company was incorporated in 1981. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

With the coming into force of the Act, several regulations of the existing Articles of Association of the Company require alteration or deletions in several articles. Given this position the Board of Directors of the Company believe that it is desirable that the relevant clauses in the Articles of Association of the Company be revised so that they fully reflect not only the law governing the Company and rules and regulation made thereunder, but must also be in conformity with the provisions of the Companies Act,2013 and Rules made thereunder and must also comply with the revised clause 49 of the SEBI Guidelines which will come into effect from 1st October, 2014.

Since the required alterations, detections, insertions etc. to the Existing Articles of the Company would be numerous; it is felt prudent to substitute the Existing Articles bearing numbers 1 to 213 and adopt the new articles (New Articles) bearing numbers 1 to 312.

Further, the existing Articles No.117 relating to first Directors of the Company remains unaltered except for requisite renumbering only as Article No.171 to bring it in consonance with the reference numbers of the New Articles.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, the amendment of Articles of Association requires approval of members by way of Special Resolution.

The Company will furnish a copy of the New Articles on demand to every member, Members may also download a copy of the New Articles from the website of the Company.

The Board recommends the Special Resolution set out at Item No.16 of the Notice for approval by the shareholders.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, financially or otherwise concerned or interested in the proposed special resolution, except to the extent of securities of the Company held by them.

ANNEXURE I TO THE NOTICE OF ANNUAL GENERAL MEETING

STATEMENT OF INFORMATIONS FOR SHRI M.B.S.NAIR

PROVIDED IN TERMS OF THE SECTION II(IV) OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

I. GENERAL INFORMATION

1) **Nature of Industry :** Manufacturing and selling of 'PAPER' including 'Newsprint'

2) **Expected date of Commencement of Commercial Production :** Not applicable

3) **In case of new companies expected date of commencement of activities as per project approved by Financial Institution appearing in the prospectus.**

   - Not applicable.

4) **Financial Performance/Key indicators during last three years :**

(₹ in Lacs)

		2013-14	2012-13	2011-12
a)	Paid up Share Capital	5459.98	3209.98	1209.98
b)	Reserve & Surplus (Excluding Revaluation Reserve)	29973.50	22086.83	15368.45
c)	Sale/Income from operation	54656.51	51001.61	48969.00
d)	Total Income	54994.25	51182.41	49558.49
e)	Profit before Tax	2315.00	1293.25	1161.00
f)	Profit after Tax	1861.30	1155.48	830.70

II. Information about the appointee :

1) Shri M. B. S. Nair, B.Sc(Che) and Paper Tech. from IPT – Saharanpur, aged about 63 years, joined the Company in the year 1999 and was elevated to the position of Director(Operations). He has about 40 years of extensive knowledge of Paper Technology and also setting up of New Paper Mill Project. He is the operational head and unit incharge of Balasore Unit. His dedication, contribution during the critical phase of the unit and outstanding ability for efficient operation of the Paper unit soon made him the Senior Executive of the Company. He has always an excellent flavor of public relation.

   He is associated with various federations and social organizations.

2) **Past Remuneration** : Nil

   Appointed as Whole Time Director, designated as Director(Operations) in the meeting of the Board of Directors held on 25th April, 2014.

3) **Recognition, Award & Achievements :**

   He has been awarded by various chamber of commerce, National Safety Council for Environmental Best Practice, Safety Management and Environmental Protection.

4) **Job profile and his suitability :**

   Being a Director (Operations), Shri M.B.S.Nair is overall in-charge of operation of Balasore Unit including setting up of new paper mill project subject to superintendence, control and direction of the Board of Directors of the Company.

He has contributed significantly to the consolidating the paper business during the critical integration phase before and after the merger of two units of the Company including commissioning of PM-III at Balasore, Orissa. Keeping in view his overall performance, contribution, expertise, dedication and experience towards running of the paper mills and all round progress of the Company the Board of Directors of the Company in their meeting held on 25th April, 2014, appointed him as Whole-Time Director designated as Director (Operations) of the Company for a period of 3 years w.e.f. 25th April, 2014, subject to approval of the Shareholders at the ensuing Annual General Meeting of the Company.

5) **Remuneration Proposed :**

(i) **Basic Salary :** ₹ 3,65,900/- (Rupees Three lac sixty five thousand nine hundred) per month.

(ii) **Special Allowance :** ₹ 1,38,300/- (Rupees One lac thirty eight thousand three hundred only) per month; Annual increment will be allowed by the Chairman of the Company effective from the month of April every year on the basis of merit and other relevant factors, subject to a monetary ceiling of 15% per annum.

(iii) **Period :** 25th April, 2014 to 24th April, 2017.

PERQUISITES :

A. **Provident Fund :** Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

B. **Leave :** As per rules of the Company including encashment of unavailed leave as per the rules of the Company.

C. **Gratuity :** Gratuity payable at a rate not exceeding half a months' salary of each completed year of service.

D. **Medical Reimbursement :** Expenses incurred for the Director(Operations) and his family members (Limited to spouse, children and dependent parents) as per the Company's policy in force from time to time.

E. **Leave Travel Allowance :** Reimbursement of Leave Travel Allowance for self and dependent family members (Limited to spouse, Children and dependent parents) as per the Company's policy in force from time to time.

F. **Bonus :** As per rules.

G. **House Rent :** Rent free furnished, accommodation at Company's Colony.

H. **Provision of car :** Provision of chauffeur driven car for official purpose,

I. **Other benefits :** Such other benefits, amenities and facilities as per the Company's rules.

MINIMUM REMUNERATION :

Notwithstanding anything contained in this part where in any financial year during currency of the term of Office, the Company has no profits or its profits are inadequate, it may pay the aforesaid remuneration by way of salary and perquisites as Minimum remuneration subject to the limit provided under Schedule-V of the Companies Act, 2013 or any modification thereof from time to time.

Shri M.B.S.Nair, Whole-Time Director shall act in accordance with the Articles of Association of the Company and shall abide by provisions contained in section 166 of the Act with regard to duties of the Director.

Shri M.B.S.Nair, Whole-Time Director shall adhere to the Companies Code of Business Conduct, Ethics for Directors and Management Personnel and code of Conduct for Prevention of Insider Trading in securities of the Company.

The Office of the Whole-Time Director may be terminated by the Company or the concerned Director by giving the other 3(three) month's prior notice in writing.

Shri M.B.S.Nair satisfy all the conditions set out in part 1 of schedule V to the Act as also conditions set out under sub-section(3) of section 196 of the act and he is not disqualified from being appointed as Director in terms of section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Shri M.B.S.Nair under section 190 of the Act.

Brief resume of Shri M.B.S.Nair, nature of his expertise in specific functional areas, names of the Companies in which he hold Directorship and Membership/ Chairmanship of Board and Committees, shareholding and relationship amongst Directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are annexed.

6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :**

Considering the size, complexity and nature of business the remuneration and other pecuniary benefits proposed to be paid to the Whole-Time Director are commensurate with the increased job requirements, responsibilities and is in the line with other similar companies

However, in the event of loss or inadequacy of profits in any financial year, during the currency of tenure of service of the Whole-Time Director, the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Schedule V of the Companies Act, 2013 and the Remuneration Policies of the Company.

7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :**

Excepting the payment of remuneration for his service as Whole-Time Director as detailed hereinabove, he has no other pecuniary relationship with the Company or any relationship with the managerial personnel of the Company.

III. Steps taken for improvement

1) The Company has adopted the following strategy to restructure the Company thoroughly to make itself capable of handling the adverse market conditions in the present global competitive scenario :

- Continued efforts on reduction of cost of production with its special emphasis on the conservation of energy.
- Redesign the financial structure of the Company to bring down the Interest Costs on its Term Loan and Working Capital.
- Adopt flexibility in the product-mix in line with the customers' requirements.
- Concentrated efforts to improve its productivity, reduction of break-down, increase in efficiency at all level and creation of an atmosphere to build a profitable culture through involvement of 100% employees-simultaneously implementing Total Productive Maintenance (TPM).

2) **Steps proposed to be taken :**

a) Continuous research on improvement of pulp yield of Waste Paper resulting in optimization.

b) Conduct studies on optimization of wet-end chemicals for writing and printing paper.

c) Conduct studies on optimization of de-inking and bleaching chemicals for newsprint and writing & printing pulp.

d) Studies on optimization of moisture in writing & printing paper.

e) Exploring new markets.

IV. Disclosures :

a) The details of remuneration to Shri M.B.S.Nair are given in the proposed resolution and the explanatory statements annexed herewith. This may be treated as an abstract for the purpose of Section 190 of the Companies Act, 2013.

The Remuneration Package and other terms applicable to the Directors shall be disclosed in the Corporate Governance Report forming part of the Annual Report of the Company. – Not applicable, since the appointment has been made on 25th Apil, 2014.

ANNEXURE II TO THE NOTICE OF ANNUAL GENERAL MEETING

STATEMENT OF INFORMATIONS FOR SHRI P.S.PATWARI

PROVIDED IN TERMS OF THE SECTION II(IV) OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

I. GENERAL INFORMATION

1) **Nature of Industry :** Manufacturing and selling of 'PAPER' including 'Newsprint'

2) **Expected date of Commencement of Commercial Production :** Not applicable

3) **In case of new companies expected date of commencement of activities as per project approved by Financial Institution appearing in the prospectus.**

- Not applicable.

4) **Financial Performance/Key indicators during last three years :** (₹ in Lacs)

		2013-14	2012-13	2011-12
a)	Paid up Share Capital	5459.98	3209.98	1209.98
b)	Reserve & Surplus (Excluding Revaluation Reserve)	29973.50	22086.83	15368.45
c)	Sale/Income from operation	54656.51	51001.61	48969.00
d)	Total Income	54994.25	51182.41	49558.49
e)	Profit before Tax	2315.00	1293.25	1161.00
f)	Profit after Tax	1861.30	1155.48	830.70

II. INFORMATION ABOUT THE APPOINTEE :

1) Shri P.S. Patwari, B.Com, FCA aged about 59 years, joined the Company in the year 1984. He was elevated to the position of Executive Director on 01.12.1996. He has an extensive knowledge of Finance, Accounting, Marketing, Corporate Planning, Business Development, Strategy formulation and overall management. His brilliance, dedication and outstanding ability coupled with keen insight, tenacity and fair-sightedness, soon made him the Senior Executive of the Company. He has always an excellent flavor of Public relation.

   He is associated with various federations and social organizations.

2) **Past Remuneration** (₹ in Lacs)

2013-14	2012-13	2011-12
105.73	90.29	74.85

3) **Recognition, Award & Achievements :**

   Has been awarded "CA Business Achiever Award" in SME category for excellent management for the year 2010 by the Institute of Chartered Accountants of India.

4) **Job profile and his suitability :**

   Being Executive Director, Shri P.S. Patwari is overall in-charge of Finance and other affairs of the Company subject to superintendence, control and direction of the Board of Directors of the Company.

   He has contributed significantly to the consolidating the paper business during the critical integration phase before and after the merger of two units of the Company including commissioning of PM-III at Balasore, Orissa. Considering his overall performance and all round progress of the Company under his stewardship as Executive Director and with a view to avail his corporate acumen, leadership qualities in strategic activities and decision for more focused growth of the Company the Board of Directors of the Company reappointed him as Executive Director of the Company for a period of 3 years w.e.f. 1st April, 2011, with the approval of the Shareholders in the General Meeting of the Company and also with the approval of the Central Government. As Executive Director of the organization, he is always been in the forefront for the improved performance and all round progress of the Company. Keeping in view his expertise, dedication and experience the Board recommend for re-appointment of Shri P. S. Patwari for a period 3 years w.e.f. 1st April, 2014.

5) **Remuneration Proposed :**

   A) **SALARY :** Basic salary shall be in the range of ₹ 7,50,000/- per month to ₹ 11,00,000/-per month, payable monthly.

   The Annual increment, which will be effective from 1st April, each year, will be decided by the Chairman of the Company on the basis of merit and other relevant factors.

   B) **BONUS :** As per rules of the Company.

   C) **PERQUISITES :**

   i. **House Rent Allowance :** House Rent Allowance of ₹1,00,000/- per month Fixed.

   ii. **Special Allowance :** Special Allowance of ₹8400/- (Rupees Eight Thousand Four Hundred only) per month.

   iii. Reimbursement of medical expenses for self and family and Leave Travel concession as per the rules of the Company.

   iv. Use of Company's Car for official purposes and reimbursement of mobile, telephone expenses at residence (including payment for local calls and long distance official calls.)

   v. Shri P.S.Patwari shall also be eligible to the following perquisites which shall not be included in the computation to the ceiling on remuneration.

   A. Contribution to Provident Fund, Super-annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,

   B. Gratuity payable at a rate not exceeding half a month's salary of each completed year of service,

   C. Leave as per Rules of the Company including encashment of un-availed leave at the end of the tenure and

   D. The above remuneration shall be subject to the ceiling prescribed under Section 196 & 197 read with Schedule V of the Companies Act, 2013 (hereinafter called the said Act) and the Remuneration Committee is authorized to make such changes in remuneration, if such changes are required to be made as per the said Act.

MINIMUM REMUNERATION :

To be paid by way of Salary, Perquisites and allowances, notwithstanding that such remuneration is in excess of the limits specified in Schedule-V of the Companies Act, 2013 or any modification thereof from time to time.

6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :**

Considering the size, complexity and nature of business the remuneration and other pecuniary benefits proposed to be paid to the Executive Director are commensurate with the increased job requirements, responsibilities and is in the line with other similar companies.

However, in the event of loss or inadequacy of profits in any corporate financial year, during the currency of tenure of service of the Executive Director, the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed under Schedule V of the Companies Act, 2013 and the Remuneration Policies of the Company.

7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :**

Excepting the payment of remuneration for his service as Executive Director as detailed hereinabove, he has no other pecuniary relationship with the Company or any relationship with the managerial personnel of the Company.

III. STEPS TAKEN FOR IMPROVEMENT

1) The Company has adopted the following strategy to restructure the Company thoroughly to make itself capable of handling the adverse market conditions in the present global competitive scenario :

- Continued efforts on reduction of cost of production with its special emphasis on the conservation of energy.
- Redesign the financial structure of the Company to bring down the Interest Costs on its Term Loan and Working Capital.
- Adopt flexibility in the product-mix in line with the customers' requirements.
- Concentrated efforts to improve its productivity, reduction of break-down, increase in efficiency at all level and creation of an atmosphere to build a profitable culture through involvement of 100% employees-simultaneously implementing Total Productive Maintenance(TPM).

2) Steps proposed to be taken :

a) Continuous research on improvement of pulp yield of Waste Paper resulting in optimization.

b) Conduct studies on optimization of wet-end chemicals for writing and printing paper.

c) Conduct studies on optimization of de-inking and bleaching chemicals for newsprint and writing & printing pulp.

d) Studies on optimization of moisture in writing & printing paper.

e) Exploring new markets.

IV. DISCLOSURES :

a) The details of remuneration to Shri P. S. Patwari are given in the proposed resolution and the explanatory statements annexed herewith. This may be treated as an abstract for the purpose of Section 190 of the Companies Act, 2013.

b) The Remuneration Package and other terms applicable to the Directors shall be disclosed in the Corporate Governance Report forming part of the Annual Report of the Company.

ANNEXURE – III TO THE NOTICE OF ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	**Mr. U. G. Bhat**	**Mr. H. M. Marda**	**Mr. J. K. Khetawat**
Date of Birth	15/04/1938	01/01/1943	24/09/1940
Date of Appointment	26/09/2003	27/01/2009	11/08/2011
Expertise in Specific Functional areas	A Well known Technocrat professional and a reputed project consultants in paper industry with rich and varied experience in setting up of project.	An Industrialist with extensive business experience over 3 decades in the area of Accounting, Corporate Planning, Strategy formulation and overall management.	An Industrialist with extensive business experience in the area of Accounting, Corporate Planning, Strategy formulation and overall management.
Qualification	B.Sc. B.E.	B.Com, ACA	Sr.Cambridge
Chairman/Director of other Companies	- SPB Project and Consultancy Ltd. - Shree Sakthi Paper Mills Limited	- Emami Infrastructure Ltd. - Emami Realty Ltd. - Zandu Realty Ltd. - Chandramukhi Impex Ltd. - Prabhu Polycolor Ltd. - Prabhu Poly Pipes Ltd. - Frontier Garment Pvt. Ltd. - Sheraa Exports Pvt. Ltd.	- South City (Projects) Kolkata Ltd. - Kolkata Metropolitan South City Development Ltd. - South City International School - South City Developers Pvt. Ltd. - Indocean Developers Pvt. Ltd. - Kolkata Metropolitan South City Logistics Ltd. - South City Bel-Air Property Management Pvt. Ltd. - Khetawat Towers Pvt. Ltd. - Rameswara Developers Pvt. Ltd. - East End Towers Pvt. Ltd. - Dheeraj Properties Pvt. Ltd. - RTL Logistics Limited - Gopala Polyplast Limited - Indus developers Pvt. Ltd. - Rameswara Estate Pvt. Ltd. - G.S. Mining Co. Pvt. Ltd. - Vijaybhan Investment And Consultancy (P) Ltd.
Shareholding in the Company	NIL	2150	NIL

Name of Director	Mr. J. Godbole	Mr. S. Balasubramanian
Date of Birth	17/02/1945	03/11/1942
Date of Appointment	17/03/2007	05/05/2010
Expertise in Specific Functional areas	He is former Chairman of IDBI having extensive experience in the area of Finance, in particular Bank Finance, Accounting, Corporate Planning and strategy formulation.	He is former Chairman of Company Law Board, has rich and varied experience in the Corporate Law. He is a well known personality for his valuable contribution to the Corporate world. He was also former member of Indian Postal Service and having senior level experience in public sector.
Qualification	B. Tech (Hons), IIT Powai Certificate in Financial Management	B. Com., L.L.B, A.C.A, A.C.S., AICWA, DMA (ICA)
Chairman/Director of other Companies	- J.K.Cements Ltd. - Gilander Arbhutnot & Co. Ltd. - Kesar Terminals & Infrastructure Ltd. - Zuari Agro Chemicals Ltd. - Gujrat Alkalies and Chemicals Ltd. - IITL Projects Ltd. - Embio Ltd. - IDBI Asset Management Ltd. - Kesar Multimodal Logistics Ltd. - Zuari Global Ltd. - Saurashtra Cement Ltd. - Madhya Bharat Papers Ltd. - IMP Powers Ltd.	- GVK Power & Infrastructure Ltd. - Jaypee Infratech Ltd. - Machino Plastics Ltd. - Twenty First Century Wire Rods Limited - Malnad Projects Pvt. Ltd.
Shareholding in the Company	NIL	NIL

Name of Director	Mr. P. S. Patwari	Mr. M. B. S. Nair
Date of Birth	16/03/1955	03/09/1951
Date of Appointment	28/11/1994	25/04/2014
Expertise in Specific Functional areas	Extensive experience in the area of Finance, Accounting, Corporate Planning, Business Development, Strategy formulations and overall management.	A renowned paper technologist with rich and varied experience of 40 years in Paper Industry. He is the operational head and unit in charge of Balasore Unit, varied experience in setting up of paper mill project.
Qualification	B.Com., F.C.A.	B.Sc. (Che), Paper Technology from IPT Saharanpur.
Chairman/Director of other Companies	- Emami Cement Limited. - Emami Biotech Limited - Emami Power Limited - Pan Emami Cosmed Limited - Bengal Emami Housing Limited - Emami Institute of Corporate Solutions Pvt. Ltd.	- NOCCI Balasore Infrastructure Company,
Shareholding in the Company	NIL	1000

Emami Paper Mills Limited

Annual Report 2013-14

Performing
Integrating
Expanding

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri A. V. Agarwal
(Executive Chairman)

Shri Manish Goenka
(Whole Time Director)

Shri P. S. Patwari
(Executive Director)

Shri M. B. S. Nair
(Director - Operations)

Shri J. N. Godbole
Shri H. M. Marda
Shri J. K. Khetawat
Shri S. Balasubramanian
Shri U. G. Bhat

SR. PRESIDENT

Shri S. K. Jain

PRESIDENT (FINANCE) & CFO

Shri S. K. Khetan

VICE PRESIDENT (FINANCE) AND SECRETARY

Shri G. Saraf

AUDITORS

M/s S. K. Agrawal & Company
Chartered Accountants
4A, Council House Street
Kolkata – 700001

BANKERS

State Bank of India
ICICI Bank Limited
DBS Bank Limited
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
Indian Overseas Bank
IDBI Bank Limited
Axis Bank
Indusind Bank
Allahabad Bank
Export Import Bank of India

WORKS

Balgopalpur,
Balasore – 756020 (Odisha)

R.N.Tagore Road, Dakshineswar
Kolkata – 700035 (West Bengal)

REGISTERED OFFICE

687, Anandapur, E. M. Bypass
Kolkata – 700107
Email: emamipaper@emamipaper.in
Website: www.emamipaper.in

UNIT AUDITORS

M/s Salarpuria Jajodia & Company
Chartered Accountants
7, C. R. Avenue
Kolkata – 700072

CONTENTS

Management Discussion and Analysis

GLOBAL SCENARIO

There is a paradigm shift in the global paper and paperboard industry, with Asia continuing to grow faster than the rest of world. This trend is expected to continue in 2014, with developing countries expected to grow by 6%. More significantly, China and India are expected to outpace and register higher than the regional average growth. Developed countries are expected to report a flat demand growth, as against a 2% decline they saw in the past two years. India is likely to be one of the fastest rising markets at an estimated 6.5% growth. Such shift in demand, coupled with relatively low per capita consumption of paper in India offers attractive opportunities for paper industries.

Globally, demand of paper is unevenly distributed as nearly 70% of the world's paper is consumed by 22% of the world's population - in the US, Europe and Japan. The world demand for paper is expected to grow by around 3.2% annually, reaching an estimated 500 million tons by 2020, with significant growth coming out of Asia and Eastern Europe.

INDIAN ECONOMY

The Indian economy made significant strides over the last few years with gross domestic product (GDP) projected to grow at an average of 6.5% in 2013-14, keeping the country as one of the fastest-growing economies of the world. India is the world's third largest economy in terms of the purchasing power parity (PPP) and has investments amounting to nearly USD 1 trillion lined up in partnership with the private sector over the coming years. The largely broad-based nature of the country's economy is represented by the fact that agriculture accounts for 17%, industrial 18% and services-based sectors 65% *(Source : IBEF)*.

INDIAN PAPER INDUSTRY

The total installed capacity of paper in India is approximately 12 million tons. The industry is highly fragmented with over 700 mills. Only 50 mills have capacity of 50,000 TPA. While India accounts for nearly 15 per cent of the world population, it consumes only 3% of the global paper production. At about 9 kgs, the country's per capita paper consumption is low as compared to the world average of around 55 kgs *(Source : CRISIL)*. India is rated as one of the fastest growing paper markets on the back of healthy GDP growth. As per projections, the paper and paperboards industry is expected to cross 20 MTPA by 2020 and 40 MTPA by 2030 with an annual growth rate of between 7-8%.

Over the years, aspiration levels of the growing middle class, improving standards of living, better educational opportunities and governmental support are some of the prime reasons for the rising trend in consumption. This trend is expected to continue. It is estimated that an increase in consumption by one kg per capita can potentially increase annual paper demand by a million tons.

Over the years, in line with the improvement in the wellbeing of people and rising literacy and aspiration levels, paper usage has increased. The estimated turnover of the industry is ₹ 35,000 crores approximately and the industry provides employment to more than 370,000 people directly and 1,300,000 indirectly.

The paper industry is divided into four segments i.e. Newsprint, (NP), Writing & Printing Paper (WPP), Industrial Paper and Specialty Paper. EPML produces 1.3 lakh tons per annum of Newsprint, approximately 15% of the total production of newsprint in the country.

Management Discussion and Analysis

Nationwide Writing & Printing Paper accounts for about 35%, Newsprint 19%, Industrial paper 40% and specialty papers 6% of total production. The domestic paper industry is broadly divided into three categories i.e. wood-based 40%, agro-based 30% and waste paper based (recycled fiber) 30%. EPML uses waste paper as the primary raw material.

Newsprint sector

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

The Indian newsprint market is characterised with voluminous demand and a high growth rate. However, the capacity of Indian paper mills is insufficient to meet the demand; almost 60% of the demand of about 2.4 MTPA is addressed by way of newsprint imports.

Printing and publishing sector

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

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

Packaging sector

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

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

KEY INDUSTRY DRIVERS

Rise of vernacular newspapers : CRISIL expects demand for newsprint to grow 9.5-10.5% CAGR over the next five years - from 2.1 MTPA in 2012-13 to 3.5 million tonnes in 2017-18, driven by higher literacy and increase in the number of pages per newspaper due to rising advertising spends.

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

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

Management Discussion and Analysis

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

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

EMAMI'S INDUSTRY PRESENCE

Emami Paper Mills Limited, part of the Emami Group of Industries has paper mills located in Balasore (Odisha) and Dakhineshwar (Kolkata) manufacturing quality newsprint and writing and printing (W&P) paper. Unit 1 at Balasore is one of the most environmentally-friendly paper mills in Eastern India, consuming waste paper for the manufacture of internationally-benchmarked newsprint.

The market for value-added paperboard is expected to grow faster at a compound annual growth rate of 12% driven by higher demand for branded packaged products in the FMCG and Pharma sectors, increasing number of product categories catering to aspirational lifestyles, higher rural demand, and higher penetration of organized retail and increasing salience of packaging in driving brand awareness. Towards this end, your Company is going to commission a state-of-the-art and highly energy efficient paper machine with an installed capacity of over 1.32 lakh tonnes per annum at the Balasore plant. The implementation of this project has already been started and will be completed by March, 2015. Your Company is also setting up 10.5MW Turbine Generator and 65 tonnes per hour (TPH) Boiler to meet the 100% energy requirements of this expansion. Once completed, Emami Paper will emerge as largest manufacturer of such value added packaging paper varieties in Eastern India. The project will provide direct and indirect employment opportunity to about 1,000 people.

IT SUPPORT

Enterprise wide IT and ERP infrastructure is monitored and supported by a dedicated in house IT team in areas such as SAP support, Data Centre Management, Networking, Software development and systems administration, Hardware Capacity Planning. The Company has implemented a SAP ECC 5.0 - ERP in July2010. The implementation was done at the centralised data centre covering the Kolkata Corporate Office, Balasore and Kolkata plant. SAP supports the Company's complex business process with ease. SAP helps streamline business processes and improves connectivity and information flow across the Company. It also facilitates accelerated and informed decision-making by providing flawless information and wide scope of data analysis within a minimal time span. It also reduces paper work by the online use of information system and achieves reduced cycle time of order processing and is now a single platform for all users to share and view data. SAP Project System functionality has been implemented to manage the expansion project effectively. Firewalls and end-point security measures have been taken to enforce strict security practices in all nodes to mitigate risks and protect IT assets from all threats & vulnerabilities.

RISK MANAGEMENT

EPML has established a Risk Management Framework under which the risks covering the entire operation have been identified and categorized as high, medium and low. All the risks are discussed periodically at Senior Management Committee meetings to ensure that the risk mitigation plans are implemented and adverse impact of the risks are minimized.

HUMAN RESOURCE

Your Company is believer of the fact that Human Asset is the biggest asset for any organization to grow successfully and recognizes people as the primary source of its competitiveness, and continues to focus on people development by leveraging technology and

Management Discussion and Analysis

developing a continuously learning human resource base to unleash their potential and fulfill their aspirations. The company has been growing year after year on the strength of its strong human assets. The human resources team has been continually focusing on the means to achieve the company's goals of meeting such growth targets through external recruitment & right skilling and by improving the capabilities of existing people through people development initiatives. The Company's HR initiatives have fostered a culture whereby the workforce is happy and driven to continually improve upon their performance standard.

SAFETY

EPML has adopted a clearly defined Occupational Health and Safety Policy. Suitable Personal Protective Equipment (PPE) is provided to all employees. Periodical Training Programs are conducted on handling of hazardous chemicals, Material handling, Usage of PPEs, firefighting etc. to improve safety awareness among the employees and contract workmen. Mill wide Safety Audit, HAZOP study and Risk Analysis are carried out periodically through experts in industrial safety and their recommendations are implemented rigorously. Material Safety Data Sheets (MSDS) are displayed at all the hazardous chemical storage areas. Testing of Pressure Vessels, Lifting tackles, Safety belts, Conveyor Systems, Building Stability, Chemical stored FRP tanks etc., are carried out through competent persons. An updated Onsite Emergency Plan (OEP) and Off-site Emergency Plan are available to mitigate emergencies. Periodic mock drills on hazardous chemical leakages and fire incident are conducted to ensure the effectiveness of emergency preparedness. The entire Mill is covered with fire hydrant points with pressurized water mains for firefighting. Also fire extinguishers are provided at strategic points. In addition, one mobile fire tender is available to tackle any emergency. Since inception, EPML has maintained an excellent safety record.

INTERNAL AUDIT AND CONTROL

The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business. Implementation of SAP has also contributed to tightening of control systems. Your Company has been able to adapt adequately to this ERP package and is placed to derive significant benefits from the same. The control system ensures that :

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

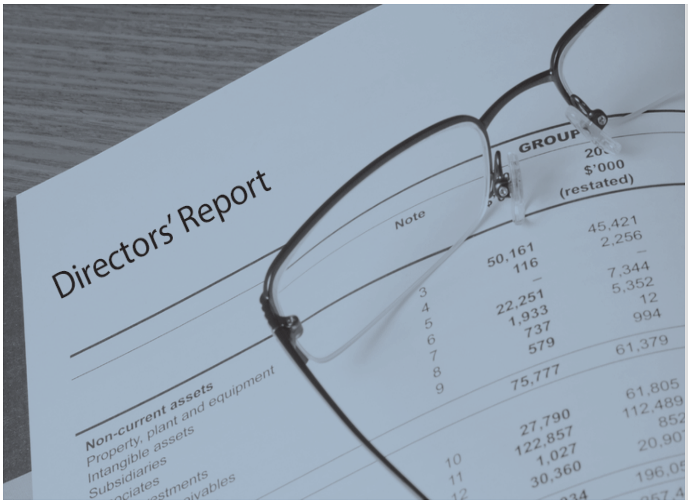
These internal control systems are subject to review by the Audit Committee and Board of Directors. The Company's statutory auditors, in their report, confirmed the adequacy of internal control procedures by the Company.

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

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. The important factors that could make a difference to the Company's operations include global and Indian demand and supply conditions, finished goods prices, raw material availability and prices, cyclical demand, changes in government regulations, environmental laws, tax regimes, economic developments within India and the world, as well as other factors such as litigation and industrial relations.



Directors' Report

Dear Shareholders

Your Directors take pleasure in presenting their Thirty Second Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2014.

FINANCIAL RESULTS (₹ in Lacs)

		2013-14	2012-13
Operational Income		**54,656.51**	**51,001.61**
Profit before interest and depreciation		7,383.71	7,348.31
Less : Interest		1,902.80	3,022.16
Profit Before Depreciation & Tax		**5,480.91**	**4,326.15**
Depreciation	3,208.53		
Less : Transfer from Revaluation Reserve	42.62	3,165.91	3,032.90
Profit Before Taxation		**2,315.00**	**1,293.25**
Less : Provision for Current Taxation (MAT)	477.15		
MAT Credit entitlement	(235.93)		
Provision for deferred tax	212.48	453.70	137.77
Profit after Tax		**1,861.30**	**1,155.48**
Add : Surplus brought forward		1,170.32	941.58
Balance available for Appropriation		**3,031.62**	**2,097.06**
Appropriations :			
Proposed Dividend on Equity Shares		363.00	363.00
Proposed Dividend on Preference Shares		243.55	1.75
Tax on Dividend		103.08	61.99
Transfer to General Reserve		500.00	500.00
Balance carried forward		1,821.99	1,170.32
		3,031.62	**2,097.06**

FINANCIAL PERFORMANCE

Your Company continued to maintain its leadership position in the Indian Newsprint industry as a preferred supplier to the leading newspaper publishers. Emami Paper's firm Commitment of delivering superior quality products at competitive price has been a major factor for its prestigious position in the industry.

Directors' Report

During the year, your Company registered a growth in the turnover from ₹ 499.89 crores in 2012-13 to ₹ 545.38 crores in 2013-14. By achieving continued operational efficiency enhancements at all levels of operations, your Company's profit after tax (PAT) has shown growth from ₹ 11.55 crores in 2012-13 to ₹ 18.61 crores in 2013-14.

Despite poor performance of the paper industry particularly newsprint, the performance of your Company should be considered satisfactory.

DIVIDEND

Your Directors are pleased to recommend dividend of 30% (₹ 0.60 per share) on Equity Shares of ₹ 2/- each and 8% pro-rata dividend on Preference shares of ₹ 100/- each for the financial year ended March 31, 2014. The Dividend, if approved by the shareholders, will absorb ₹ 709.62 Lacs (including the dividend tax of ₹ 103.08 Lacs).

MILL EXPANSION AND DEVELOPMENT PLAN

The Company's diversification project for setting up 1,32,000 TPA paper machine for manufacturing Multi Layer Coated Board at its existing location at Balasore is progressing satisfactorily and will be completed by March, 2015.

Your Company will emerge as the largest manufacturer of Multi Layer Coated Board in eastern India and one of the largest in the country.

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

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

ISSUE OF PREFERENCE SHARES

During the year the Company has issued 22,50,000, 8% Cumulative Redeemable, Non-Convertible Preference Shares on preferential basis to the promoters of the face value of ₹ 100/- each at a premium of ₹ 300/- each aggregating to ₹ 90.00 Crores as promoters contribution for Mill Expansion and Development Plan.

ENVIRONMENT MANAGEMENT

Your Company's approach towards environmental protection is guided by Environmental Policy, commitment towards a sustainable planet and a clean environment as well as a healthy workplace for employees. The Company focuses on environmental management not only to comply with the applicable regulatory regime but also strives to contribute positively to the communities around its operations through varied community initiatives, encouraging biodiversity and nature conservation.

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

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

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

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

Directors' Report

At Emami Paper, there has been substantial development in energy conservation by installing energy efficient equipment and during the year a continuous (real time) ambient air quality monitoring system was installed. Some of the environmental assets possessed by the Company include :

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

These assets have enabled the Company to achieve declining water consumption per tonne of paper produced to benchmarks even lower than the standards. To optimise chemical and water consumption even further, the Company undertook the following measures :

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 initiatives 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.

Education :

- Funded the building and Science Section of Remuna College, Balasore.
- Provided scholarships to deserving students (including tribals).
- Emphasized and funded girl education.
- Commissioned Bal Vikas Kendras, providing free education to the poor.
- Provided free meals and Exercise Note Books to school children.
- Donated desks, tables and water coolers to schools.
- Infrastructural support to 30 schools in the neighbouring villages covering 2500 students.
- Contribution to Friends of Tribals Society (FTS).

Health :

- Conducted free health camps (diagnosis and medicines).
- Started rural mobile health camps.
- Started free Ayurveidc, Homeopathic and Allopathic health camps.
- Built toilets for tribals.

Directors' Report

Community Service :

- Built roads in the area, constructed temples.
- Installing and maintaining tube wells, street lights.
- Sponsoring sports activities.
- Extending helping hand to orphanage homes.

Natural Calamities and Disaster Relief :

- Contribution to Chief Minister's Relief Fund for natural calamities – 'Pheline'.
- Organized flood relief camps and distribution of dry foods, essential household and waterproof shelters.

General :

- Trained women with tailor competence.
- Provided firewood to tribals.
- Started free veterinary services for animals.

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 & RECOGNITION

It is a matter of great pride that Company's endeavor and commitment to achieve higher level of operational performance and environmental excellence has been recognized at various forums. Company has earned number of awards and honors as mentioned below :

- Environmental Best Practices Award-2013 by Karnataka State Pollution Control Board in November, 2013 for the process modifications made to the 'Effluent Treatment Plant (ETP)' and endorsed by the Confederation of Indian Industries (CII) as an 'Innovative Environmental Project'.
- Greentech Safety Award-2013 under Silver category in the paper sector for the strides made in the areas of safety management.
- Greentech Environment Award-2013 under Silver category in the paper sector for the efforts made in environmental protection.
- Gold Award 2013-14 for CSR by Greentech Foundation for effort by Company to serve the community as a good corporate citizen.

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

Dr. Y. S. P. Thorat was appointed as an Additional Director in the category of Non-Executive Independent Director with effect from 8th November, 2013 under section 260 of the Companies Act, 1956 and he resigned w.e.f. 23rd February, 2014. Your Directors place on record their gratitude for his guidance and advice during his tenure of Director.

Shri M. B. S. Nair was appointed as an Additional Director (Whole-Time Director) designated as Director (Operations) of the Company

Directors' Report

with effect from 25th April, 2014 under section 161 of the Companies Act, 2013 to hold office till the date of ensuing Annual General Meeting. Notice under section 160 of the Companies Act, 2013 was received by the Company from members signifying their intention to propose Shri M.B.S.Nair as candidate for the Office of Directors.

Out of present five independent directors Shri U.G.Bhat, Shri H.M.Marda and Shri J.K.Khetawat would retire by rotation at the ensuing Annual General Meeting under the provision of the erstwhile Companies Act, 1956, and they are eligible, offer themselves for re-appointment. In terms of Section 149 and any other applicable provisions of Companies Act, 2013, they will be appointed for a term of 5 years and not liable to retire by rotation.

In order to comply with the provisions of section 149 of the Companies Act, 2013, the Board recommends for appointment of all the present five Independent Directors including the retiring directors for a consecutive period of 5 years and seek approval by the shareholders of the company at the next General Meeting.

1) Shri U. G. Bhat
2) Shri H. M. Marda
3) Shri J. K. Khetawat
4) Shri J. Godbole
5) Shri S. Balasubramanian

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.

DELISTING OF EQUITY SHARES

As no trading of the Company's shares has been reported in U. P. Stock Exchange and trading volume in Calcutta Stock Exchange is very insignificant, Equity Shares of the Company have been voluntarily delisted from U.P.Stock Exchange and Calcutta Stock Exchange, under clause 6(a) of SEBI (Delisting of Equity Shares Regulation, 2009).

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
Date : 25th April, 2014

A. V. Agarwal
Executive Chairman

Annexure to the Directors' Report

ANNEXURE - I TO THE DIRECTORS' REPORT

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March, 31, 2014.

A. CONSERVATION OF ENERGY

i) Energy conservation measures taken :

- **PM#2:** Reduction of Power Consumption after replacing old 250 kW vacuum pump with NASH make 250 kW motor by which one number of 55 kW vacuum pump is stopped.
- **ETP:** Reduction of Energy Consumption by shifting the Secondary sludge belt press to a new location with an improved belt press and stopped one belt press.
- **DIP#III:** Reduction of heat radiation loss by insulating the Bleach pulp storage tank, saving about 10Kg per tonne of pulp in steam consumption.
- **PM#III:** Reduction of steam consumption by making additional thermal insulation in machine steam piping and pocket ventilation system. Saving of 20 Kg per tonne of paper in steam consumption.
- **DIP#III:** Installation of VFD in high pressure spray pump by which 2 kWh per tonne of Pulp energy consumption reduced.
- **PM#3 and CPP:** Reduction of Energy Consumption by reducing the Compressed Air pressure from 5.4 to 5.2 Kg/Cm^2 power saved on 1kWh per tonne of paper.

ii) Additional investment and proposal for reduction in energy consumption :

- DC drives of paper machines consume more energy and propose to change to AC drives in PM#1 and PM#2.
- To install Harmonic filters in the drives for better efficiency of Generating Sets.
- Optimizing the performance of Feed water pump of CPP#2 by reducing one operating stage of the pump for power reduction.
- Energy conservation in lighting system by replacing stage wise of induction lamps to HPSV and HPMV lamps.
- Reduction of fresh water consumption by increasing recycling and reuse of water by installing filtration system.
- Utilization of Solar Energy for Street lighting & water heaters.
- Power Factor correction in HT motors not having capacitor banks (4 motors).

iii) Power and Fuel Consumption :

- As per Form "A" Annexed.

Annexure to the Directors' Report

FORM "A"

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

Power & Fuel Consumption

		2013-14	2012-13
1. Electricity			
(a) Purchased Units (in Lacs)	KWH	126.60	132.32
Total Amount	₹ in Lacs	863.23	895.27
Rate/Unit	₹/KWH	6.82	6.77
(b) Own generation (through steam turbine) (in Lacs)	KWH	1,268.60	1,242.36
Variable Cost	₹ in Lacs	5,357.65	5,041.99
Rate/Unit	₹/KWH	4.22	4.06
2. Coal			
Quantity	MT	2,04,693	1,99,192
Total Cost	₹ in lacs	5,665.86	5,448.14
Average Rate	₹/MT	2,768	2,735
3. Furnance Oil	Ltrs.	–	–
Consumption per unit of production			
Electricity	KWH	850	833
Furnace Oil	Ltrs.	–	–
Coal	Kgs/MT	1,408	1,366

B. TECHNOLOGICAL ABSORPTION

i) Research & Development (R&D) :

1. Specific areas in which in-house R&D projects were carried out by the Company during 2013-14 :

- Reduction of Imported Magazines and to increase local ONP in the newsprint furnish for cost reduction and saving of foreign exchange.
- Optimization of waste paper slushing time at DIP#3 pulper for improvement in quality of pulp and reduction of rejection level.
- Use of alternate deinking chemical at DIP#3 for better result in flotation cell in order to improve the brightness of pulp.
- Use of alternate reductive bleaching chemical Polytron CR for newsprint furnish at DIP#3 by replacing Sodium Hydrosulphite to improve the brightness of pulp.
- Development of alternate supplier of Sodium Silicate for cost reduction.
- Developments of alternate supplier of size press optical whitener in PM#I for cost reduction.
- Development of alternate supplier of Rhodamine dye in PM#2 & PM#3 for newsprint shade for reduction of dye consumption and cost saving.
- Study and Plant trial for development of alternate supplier of pigment dye for Writing & Printing paper for cost reduction.

Annexure to the Directors' Report

- Studies and Plant trial for development of alternate supplier for screw press sludge dewatering polymers for cost reduction and improvement in dryness of primary sludge.
- Optimization of Coagulant and Floculant dosing in influent to ETP for better settling in order to improve primary over flow characteristics and final treated waste water quality.
- Improvement in performance of Primary Clarifloculator #1 by sprinkling of water over the foam and stopping the agitators in order to improve the quality of its overflow for better quality of final treated water.
- Improvement in activated sludge process during boil out and caustic wash in Paper machines by introducing shock load tank for storage of overflow of Primary Clarifier #3 for further clarification process.

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

- 3% Imported magazine replaced with ONP.
- Improvement in quality of pulp and reduction of rejection level at DIP#3.
- Reduction in cost of Sodium Silicate.
- Reduction in cost of Size press optical whitener at PM#1.
- Reduction in cost of dye for newsprint shade by reduction of Rhodhamine consumption at PM#2 and PM#3.
- Improvement in Primary Clarifloculator#1 over flow and final treated waste water characteristics.
- Improvement in Primary Clarifier #3 over flow and final treated waste water characteristics.
- Improvement in final treated waste water characteristics with improved activated sludge process during caustic wash & boil out on Paper machines.

3. Future plan of action :

- Studies on foam control at PM #3.
- Studies on better ash retention for PM # 3 & thereby improvement in yield.
- Studies and alternate deinking chemical development at DIP-1 and DIP-3.
- Studies on alternative dyes for colored Writing & Printing paper for cost reduction.
- Studies on polymers for secondary sludge to reduce the cost of polymer and improvement in the dryness.
- Studies on commissioning of online dissolved oxygen meter for better activated sludge process and reduction in power consumption.
- Studies on sludge volume index reduction in the aeration system.

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, adoption & innovation

a) Efforts, in brief, made towards technology absorption, adoption and innovation :

- Introduced chemical treatment in PM#3 in the cleaning shower of suction rolls to prevent roll jamming.
- In PM#3, improvement of sheet release in ceramic roll and life of doctor blade by using cleaning bands which resulted in improvement of "Ra Value" of ceramic roll.
- Replacement of three vacuum pumps of $50M^3$ each in PM#1 by single Nash vacuum pump CL 6002 to reduce power consumption.

Annexure to the Directors' Report

- In PM#1, replacement of SS diffuser of head box with HDPE diffuser for uniform flow of stock on wire.
- Replacement of second press roll with higher dia in PM#2 for improvement of dryness after press and steam consumption reduced.
- Introducing hot water lubrication in PM#2 at press and wire for improvement of machine runability and reduction of drag load on wire.
- Introduced 100% indigenous clothing in PM#2 for cost reduction.
- Replacement of fiberizer vent line from 100 mm to 200 mm in DIP#3 to eliminate frequent jamming of fiberizer with plastic and prevent fiber loss.
- Replacement of fresh water with final treated water of ETP though Amid filter by 50% for sealing and cooling purpose in DIP#3 for reduction water consumption.

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

- Higher productivity on reduction of roll jamming in PM#3.
- Improvement in life of doctor blade and Ra value of ceramic roll in PM#3.
- Improvement of uniform flow of stock on wire in PM#1.
- Reduction of steam consumption in PM#2.
- Reduction of water consumption in DIP#3.
- Improved quality.
- Improved Productivity.

iii) Foreign exchange earnings and outgo :

(₹ in Lacs)

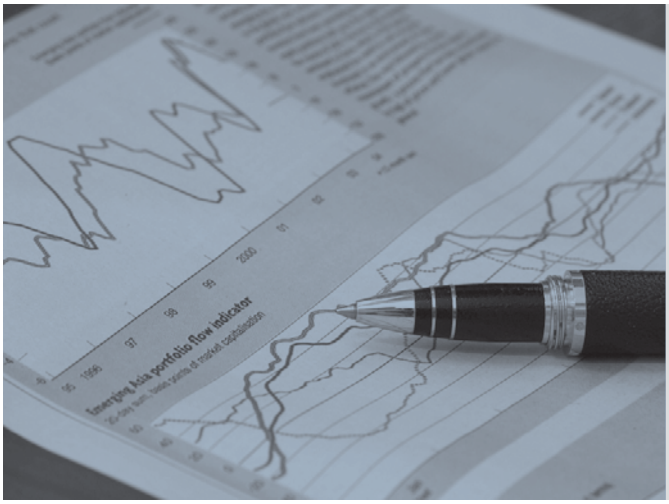
	2013-14	2012-13
i) Export	Nil	28.05
ii) Total Foreign exchange used	9508.27	7693.43
iii) Total Foreign exchange earned	Nil	28.05

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 2014.

PART - I

Sl. No.	Name and age	Qualification	Designation	Date of joining	Experience (in years)	Remuneration (₹)	Previous employment
A. Employment throughout the year							
1.	P. S. Patwari (59)	B.Com., FCA	Executive Director	28.11.1994	34	1,05,73,200/-	Commercial Executive, Hindusthan Motors Ltd.



Report on Corporate Governance

ANNEXURE - III TO THE 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 13.08.2013	No. of outside Directorship held in other Public Limited Companies	No. of membership/ chairmanship in other Board/ Committee	
					Chairman	Member
Mr. A. V. Agarwal	Chairman, Executive	5	Yes	6	–	2
Mr. Manish Goenka	Executive	5	Yes	3	–	–
Mr. P. S. Patwari	Executive	4	Yes	5	–	1
Mr. U. G. Bhat	Non-Executive, Independent	4	Yes	2	–	–
Mr. J. Godbole	Non-Executive, Independent	5	Yes	13	3	10
Mr. H. M. Marda	Non-Executive, Independent	4	Yes	6	3	1
Mr. S. Balasubramanian	Non-Executive, Independent	4	Yes	4	–	3
Mr. J. K. Khetawat	Non-Executive, Independent	5	Yes	5	–	–
Dr. Y. S. P. Thorat *	Non-Executive, Independent	1	No	8	–	–

* Appointed as Additional Director w.e.f. 8th November, 2013 and resigned w.e.f. 23rd February, 2014.

During the year Five Board Meetings were held on 30th April, 2013, 14th June, 2013, 13th August, 2013, 8th November, 2013 and 21st January, 2014.

Report on Corporate Governance

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 President (Finance) 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 & Employees working at level of Executives and above. A declaration signed by the CEO and CFO in this regard is annexed at the end of this Report.

Code for prevention of insider-trading practices :

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

5. AUDIT COMMITTEE

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

a) Brief Description of Terms of Reference :

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

b) Composition, Name of Members and Chairman :

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

The attendance of each member director at the Audit Committee Meeting held during the Financial Year 2013-14 is furnished below :

Sl. No.	Name of the Director	Position	Audit Committee Meeting	
			Held	Attended
01.	Mr. J. Godbole	Chairman Non-Executive Independent Director	4	4
02.	Mr. H. M. Marda	Member Non-Executive Independent Director	4	3
03.	Mr. J. K. Khetawat	Member Non-Executive Independent Director	4	4

Report on Corporate Governance

The above meetings were held on 30th April, 2013, 13th August, 2013, 8th November, 2013 and 21st January, 2014.

The Audit Committee presently consist with the following members :

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

Mr. J. Godbole, Chairman of the Audit Committee was present in the Annual General Meeting of the Company held on 13th August, 2013.

6. REMUNERATION COMMITTEE

The attendance of each member director at the Remuneration Committee Meeting held during the Financial Year 2013-14 is furnished below :

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

During the year one meeting of the Remuneration Committee was held on 21.01.2014.

a) Remuneration Policy :

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

b) Remuneration paid to the Directors of the company for the year ended 31-03-2014 :

(Amount in ₹)

Name of Directors	Salary, Perquisites & Allowances	Provident Fund	Total
Mr. A. V. Agarwal	41,06,757	4,89,600	45,96,357
Mr. Manish Goenka	41,08,547	4,89,600	45,98,147
Mr. P. S. Patwari	97,09,200	8,64,000	1,05,73,200
Total	**1,79,24,504**	**18,43,200**	**1,97,67,704**

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

Report on Corporate Governance

Shares held by the Non-Executive Directors as on March 31, 2014 :

Sl. No.	Name of Directors	Category	No. of Shares
01.	Mr. U. G. Bhat	Non-Executive, Independent	NIL
02.	Mr. J. Godbole	Non-Executive, Independent	NIL
03.	Mr. H. M. Marda	Non-Executive, Independent	2,150
04.	Mr. S. Balasubramanian	Non-Executive, Independent	NIL
05.	Mr. J. K. Khetawat	Non-Executive, Independent	NIL
06.	Dr. Y. S. P. Thorat	Non-Executive, Independent	NIL

Remuneration to Non-Executive Directors :

i. They are paid only sitting fees for attending Board / Committee meetings.

ii. 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. J. Godbole	1,00,000
Mr. H. M. Marda	90,000
Mr. U. G. Bhat	40,000
Mr. S. Balasubramanian	40,000
Mr. J. K. Khetawat	1,00,000
Dr. Y. S. P. Thorat	10,000
Total	**3,80,000**

i) During the year, the Company has paid ₹ 46,06,760/- as professional fees to M/s SPB Projects & Consultancy Ltd. a Company in which Mr. U. G. Bhat is interested as Deputy Managing Director.

ii) During the year, the Company has paid ₹ 16,92,028/- for Purchase of Materials to M/s Sree Sakthi Paper Mills Ltd., a Company in which Mr. U. G. Bhat is itnerested as Director.

iii. Except these, 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.

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

a.	Mr. S. Balasubramanian	Chairman
b.	Mr. P. S. Patwari	Member
c.	Mr. Manish Goenka	Member

There were no Investors complaints during the year 2013-14.

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

Report on Corporate Governance

8. PREFERENCE SHARES COMMITTEE

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

The Committee presently consists with the following members :

a.	Mr. H. M. Marda	Chairman
b.	Mr. P. S. Patwari	Member
c.	Mr. Manish Goenka	Member

During the year one meeting of the Preference Share Committee held on 28.03.2014.

9. GENERAL BODY MEETING

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

Financial Year	Venue	Date	Time
2010-11	687, Anandapur, E.M.Bypass, Kolkata - 700 107	11.08.2011	10.45 a.m.
2011-12	-do-	13.08.2012	11.00 a.m.
2012-13	-do-	13.08.2013	10.00 a.m.

Whether special Resolutions were passed in previous three AGMs :

The following Special Resolutions were passed in previous three AGMs :

- **Year 2012-13 :**
  1) Approval for re-appointment of Shri Aditya Vardhan Agarwal, a Whole-Time Director, designated as Executive Chairman for a period of 3 years including payment of remuneration for that period.
  2) Approval to review the remuneration of Shri Shyam Patwari, a relative of Shri P. S. Patwari, Executive Director, deemed to hold office or place of profit, as per provision of Section 314 of the Companies Act, 1956.
- **Year 2011-12 :**
  1) Approval for re-appointment of Shri Manish Goenka, as Whole-Time Director for a further period of 3 years, including payment of remuneration for that period.
- **Year 2010-11 :**
  1) Approval for 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.

Report on Corporate Governance

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

Special Resolution 1 :

To offer/issue and allot, Cumulative Redeemable Non-Convertible Preference Shares of the face value of ₹ 100/- (Rupees One hundred) each for an amount not-exceeding ₹ 1,20,00,00,000/- (Rupees One hundred twenty crores) to the Promoters on preferential basis.

Voting Pattern :

Votes received as	Total shares representing the voting	Percentage of total votes casted
Assents to the resolution	4,74,73,812	100.00%
Dissents to the resolution	NIL	00.00%
Total	**4,74,73,812**	**100.00%**

Person who conducted the Postal Ballot exercise :

M/s. Sushil Tiwari & Associates, Practicing Company Secretaries at 31A, S. P. Mukherjee Road, Kolkata-700 025, as Scrutinizer, conducted the Postal Ballot voting process.

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

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

11. SUBSIDIARY COMPANY

The Company does not have any subsidiary Company.

12. DISCLOSURES

Related party transactions :

The Company has not entered into any transaction of material nature with the promoters, directors or the management, the subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company.

Compliances by the Company :

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

Accounting treatment in preparation of financial statement :

The Company has followed the applicable guidelines of Accounting Standards as recommended 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.

13. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

14. DETAILS OF APPOINTMENT/REAPPOINTMENT OF NON-EXECUTIVE INDEPENDENT DIRECTORS

As per requirement of Section 149 of the Companies Act, 2013 Mr. J. Godbole, Mr. U. G. Bhat, Mr. H. M. Marda, Mr. S. Balasubramanian and Mr. J. K. Khetawat, subject to approval by the members, would be appointed as Independent Director at the ensuing Annual General Meeting.

Report on Corporate Governance

The information pertaining to these Directors are as follows :

Name of Director	Mr. U. G. Bhat	Mr. H. M. Marda	Mr. J. K. Khetawat
Age	About 76 Years	About 71 Years	About 74 Years
Date of Appointment	26.09.2003	27.01.2009	11.08.2011
Expertise in Specific Functional areas	A Well known Technocrat professional and a reputed project consultants in paper industry with rich and varied experience in setting up of project.	An Industrialist with extensive business experience over 3 decades in the area of Accounting, Corporate Planning, Strategy formulation and overall management.	An Industrialist with extensive business experience in the area of Accounting, Corporate Planning, Strategy formulation and overall management.
Qualification	B.Sc. B.E.	B.Com, ACA.	Sr. Cambridge
Chairman/ Director of other Companies	- SPB Project and Consultancy Ltd. - Shree Sakthi Paper Mills Limited	- Emami Infrastructure Ltd. - Emami Realty Ltd. - Zandu Realty Ltd. - Chandramukhi Impex Ltd. - Prabhu Polycolor Ltd. - Prabhu Poly Pipes Ltd. - Frontier Garment Pvt. Ltd. - Sheraa Exports Pvt. Ltd.	- South City (Projects) Kolkata Ltd. - Kolkata Metropolitan South City Development Ltd. - South City International School - South City Developers Pvt. Ltd. - Indocean Developers Pvt. Ltd. - Kolkata Metropolitan South City Logistics Ltd. - South City Bel-Air Property Management Pvt.Ltd. - Khetawat Towers Pvt. Ltd. - Rameswara Developers Pvt. Ltd. - East End Towers Pvt. Ltd. - Dheeraj Properties Pvt. Ltd. - RTL Logistics Limited - Gopala Polyplast Limited - Indus Developers Pvt. Ltd. - Rameswara Estate Pvt. Ltd. - G. S. Mining Co. Pvt. Ltd. - Vijaybhan Investment and Consultancy (P) Ltd.
Membership/ Chairmanship in other Board/ Committee	NIL	- Emami Infrastructure Ltd. - Zandu Realty Ltd.	- RTL Logistics Limited - Gopala Polyplast Limited - Kolkata Metropolitan South City Logistics Ltd. - South City Bel Air Property Management Pvt. Ltd. - South City Developers Pvt.Ltd. - South City International School - South City Projects (Kolkata) Ltd. - Khetawat Towers Pvt. Ltd. - Rameswara Developers Pvt. Ltd. - East End Towers Pvt. Ltd. - Dheeraj Properties Pvt. Ltd.
Equity Shares held in the Company	NIL	2,150	NIL

Report on Corporate Governance

Name of Director	Mr. J. Godbole	Mr. S. Balasubramanian
Age	About 69 Years	About 71 Years
Date of Appointment	17.03.2007	05.05.2010
Expertise in Specific Functional areas	He is former Chairman of IDBI having extensive experience in the area of Finance, in particular Bank Finance, Accounting Corporate Planning and Strategy Formulation.	He is former chariman of Company Law Board, has rich and varied experience in the Corporate Law. He is a well known personality for his valuable contributiion to the Corporate world. He was also former member of Indian Postal Service and having senior level experience in public sector.
Qualification	B.Tech (Hons), IIT Powai Certificate in Financial Management	B.Com, L.L.B., A.C.A., A.C.S., AICWA, DMA (ICA)
Chairman/ Director of other Companies	- J. K. Cements Ltd. - Gilander Arbhutnot & Co. Ltd. - Kesar Terminals & Infrastructure Ltd. - Zuari Agro Chemicals Ltd. - Gujrat Alkalies and Chemicals Ltd. - IITL Projects Ltd. - Embio Ltd. - IDBI Asset Management Ltd. - Kesar Multimodal Logistics Ltd. - Zuari Global Ltd. - Saurashtra Cement Ltd. - Madhya Bharat Papers Ltd. - IMP Powers Ltd.	- GVK Power & Infrastructure Ltd. - Jaypee Infratech Ltd. - Machino Plastics Ltd. - Twenty First Century Wire Rods Ltd. - Malnad Projects Pvt. Ltd.
Membership/ Chairmanship in other Board/ Committee	- Gujrat Alkalies and Chemicals Ltd. - Embio Ltd. - Gilander Arbhutnot & Co. Ltd. - Zuari Global Ltd. - Kesar Terminals & Infrastructure Ltd. - IDBI Asset Management Ltd. - Zuari Agro Chemicals Ltd. - Kesar Multimodal Logistics Ltd. - IITL Projects Ltd. - IMP Powers Ltd.	- GVK Power & Infrastructure Ltd. - Machino Plastics Ltd.
Equity Shares held in the Company	NIL	NIL

CEO/CFO Certification :

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

Report on Corporate Governance

15. COMPLIANCE REPORT

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

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

Non Mandatory Requirements :

- **Maintenance of Chairman's Office :** The Company has an Executive Chairman.
- **Tenure of Independent Directors :** As specified in Section 149 of the Companies Act, 2013.
- **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/Ei-Samai (Bengali) and are also displayed on company's website www.emamipaper.in. Hence, these are not individually sent to the shareholders.

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

16. SHAREHOLDERS INFORMATION

a) **Issue of Preference Shares :** During the year the Company has issued 22,50,000, 8% Cumulative Redeemable Non-Convertible Preference Shares of the face value of ₹ 100/- each at a premium of ₹ 300/- each to the Promoters on preferential basis, aggregating to ₹ 90.00 Crores.

b) **Delisting of Equity Shares :** During the year Equity Shares of the Company have been voluntarily delisted from Calcutta Stock Exchange vide their letter Ref. No. CSE/LD/8277/2013 dated 28/10/2013 and U.P. Stock Exchange vide their letter Ref. No. UPSE/2013-14/LD/112 dated 10/01/2014 under clause 6(a) of the SEBI (Delisting of Equity Shares Regulation 2009.

c) **Unclaimed Dividend :** Unclaimed dividend for the year prior to and including the financial year 2005-06 have been transferred to the General Revenue Account of the Central Government / the Investor Education and Protection Fund established by the Central Government (IEPF), as applicable.

Shareholders who have not encashed their dividend warrants to financial year(s) up to and including 2005-06 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 2006-07(Final) is due for transfer to IEPF on 11/10/2014).

Report on Corporate Governance

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

Financial year	Dividend ID No.	Date of Payment of dividend	Total Amount of Dividend	Unclaimed dividend as on 31.03.2014	Due date for transfer to I.E.P.F. on
2006-07	25th (Final)	12/10/2007	121.00	0.17	11/10/2014
2007-08	26th	13/10/2008	604.99	0.83	12/10/2015
2008-09	27th	29/07/2009	363.00	0.57	28/07/2016
2009-10	28th	11/08/2010	363.00	0.66	10/08/2017
2010-11	29th	24/08/2011	363.00	0.73	23/08/2018
2011-12	30th	21/08/2012	363.00	0.69	20/08/2019
2012-13	31st	23/08/2013	363.00	1.08	22/08/2020
		Total	**2,540.99**	**4.73**	

d) 31st Annual General Meeting :

Date : 11th August, 2014.

Time : 11.00 a.m.

Venue : 687, Anandapur, E.M.Bypass, Kolkata - 700 107.

e) Date of Book Closure :

4th August, 2014 to 11th August, 2014 (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 4th August, 2014.

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

g) 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.

h) Listing of Equity Shares on Stock Exchange :

The Company's shares are listed at Bombay Stock Exchange only.

The relevant Listing Fees for the year was paid.

i) Stock Code :

The Bombay Stock Exchange Ltd. - 533208

The ISIN Number of Company's Equity Shares (of face value ₹ 2/- per share) for NSDL & CDSL : INE 830C01026.

j) Stock Price Data :

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

Report on Corporate Governance

Market Price Data : High/Low in each month in the Financial Year 2013-14 :

BSE		
Month	**High Price (₹)**	**Low Price (₹)**
April, 2013	27.35	21.55
May, 2013	25.00	22.65
June, 2013	32.45	24.00
July, 2013	30.00	27.25
August, 2013	30.45	26.65
September, 2013	31.00	22.40
October, 2013	23.50	21.55
November, 2013	26.75	21.80
December, 2013	27.50	25.45
January, 2014	29.90	22.90
February, 2014	26.25	20.65
March, 2014	30.00	21.05

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

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane (Surender Mohan Ghosh Sarani)
2nd Floor, Kolkata - 700 001
Phone : 033 2243 5029 / 5809, Fax : 033 2248 4787
E-mail : mdpldc@yahoo.com, mdpl@vsnl.net.in

l) 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.

m) Distribution of Shareholding and Shareholding Pattern as on 31.03.2014 (Equity) :

Category	Number of shares held	% of Shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	54,98,073	9.09
Corporate	3,97,35,063	65.68
- Foreign Promoters	1,25,000	0.21
Sub-total	**4,53,58,136**	**74.98**

Report on Corporate Governance

Category	Number of shares held	% of Shareholding
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	1,19,29,804	19.72
b. Indian public	31,92,666	5.27
c. NRI / OCBs	18,444	0.03
d. Others	–	–
Sub-total	**1,51,40,914**	**25.03**
Grand-total	**6,04,99,050**	**100.00**

Analysis of Shareholding :

Category	No.of Shareholders	Number of Shares held	% of Shareholding
1 – 50	381	6,401	0.0106
51 – 100	243	23,426	0.0387
101 – 250	35	4,763	0.0079
251 – 500	340	77,283	0.1277
501 – 1000	260	1,12,981	0.1867
1001 – 5000	462	8,07,776	1.3352
5001 and above	120	5,94,66,420	98.2931
Total	**1,841**	**6,04,99,050**	**100.0000**

n) Dematerialisation of Shares :

85.81 percent and 13.55 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, 2014.

o) 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.

p) Plant Locations :

1. Vill – Balgopalpur
   Balasore - 756 020, Orissa

2. R. N. Tagore Road, Alambazar
   Kolkata - 700 035, West Bengal

Report on Corporate Governance

q) Address for correspondence :

Emami Paper Mills Limited
687, Anandapur, E.M. Bye Pass, 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 : 25th April, 2014

A. V. Agarwal
Executive Chairman

CERTIFICATION BY EXECUTIVE DIRECTOR AND PRESIDENT OF THE COMPANY

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

1. We have reviewed the Balance Sheet and Profit & Loss Accounts of the Company for the year ended 31st March, 2014 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**

Place : Kolkata
Date : 25th April, 2014

S. K. Khetan
President (Finance) & CFO

P. S. Patwari
Executive Director (CEO)

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 31.03.2014 as stipulated in clause 49 of 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 & COMPANY**
Chartered Accountants
Registration No. 306033E

S. K. Agrawal
Partner
Membership No. 9067

Place : Kolkata
Dated : 25th April, 2014

Independent Auditors' Report

To the Members of
Emami Paper Mills Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Emami Paper Mills Limited** ("the company") which comprises the balance sheet as at 31st March 2014, and the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of Gulmohar unit audited by Branch Auditors, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ("the Forming an Opinion and Reporting on Financial Statements Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2014;

ii) In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and

iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we further report that :
   a) the report on the accounts of Gulmohar Unit audited by Branch Auditors have been received and properly dealt with in preparing our Report;

Independent Auditors' Report

b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

c) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

d) the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

e) in our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

f) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

S. K. Agrawal
Partner
Membership No. 9067

Place : Kolkata
Dated : 25th April, 2014

Annexure to the Independent Auditors' Report

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

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b. The fixed assets were physically verified during the year by the management in accordance with a program of verification, covering all fixed assets over a period of three years, which in our opinion provides for physical verification of all major items of fixed assets at reasonable intervals.

   c. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

2. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.

3. a. The Company has given unsecured loan to two companies listed in the register maintained under Section 301 of the Companies Act, 1956 against whom the maximum amount outstanding during the year was ₹ 4,333.56 Lacs (P.Y. - ₹ 334.42 Lacs) and the year end balance of such loan amounted to ₹ 334.42 lacs (P.Y. - ₹ 334.42 Lacs). The rate of interest and other terms and conditions of the loan are not *prima facie* prejudicial to the interest of the Company. The principal amounts and interest are repayable on demand, therefore the question of overdue amounts does not arise.

   b. The Company has taken unsecured loan from a company listed in the register maintained under Section 301 of the Companies Act, 1956 against whom the maximum amount payable during the year was ₹ 1.42 Lacs (P.Y. - ₹ 4,699.53 Lacs) and the year end balance of such loan amounted to ₹ Nil. The rate of interest and other terms and conditions of the loan are not *prima*

Annexure to the Independent Auditors' Report

facie prejudicial to the interest of the Company. The principal amounts and interest are repayable on demand, therefore the question of overdue amounts does not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
5. In respect of contracts or arrangements referred in Section 301 of the Companies Act, 1956:
   a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956, have been so entered.
   b. In our opinion and according to the information and explanations given to us, the transactions referred to above and exceeding the value of ₹ 5 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, 2014 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, 2014 on account of dispute are given below :

Particular	Financial Year to which the matter pertains	Forum where matter is pending	Amount (₹ in Lacs)
The Central Excise Act, 1994 & Service Tax (Finance Act, 1994)	2006-07	TRIBUNAL	74.81
	2005-06 TO 2007-08	TRIBUNAL	35.24
	2007-08	TRIBUNAL	0.10
Central Sales Tax Act	1993-94	TRIBUNAL	16.26
	2004-05	TRIBUNAL	0.53
	2006-07	TRIBUNAL	3.83
	2007-08	ADDL. COMM.	3.37
	2008-09	ADDL. COMM.	26.25
	2009-10	ADDL. COMM.	17.11
	2010-11	ADDL. COMM.	8.04
Values Added Tax Act (Orissa)	2006-07	ADDL. COMM.	0.59
	2009-10	ADDL. COMM	10.88
	2010-11	ADDL. COMM	25.48
Entry Tax Act (Orissa)*	2006-07	ADDL. COMM. & SELF ASSESSMENT	1.30
	2007-08	ADDL. COMM. & SELF ASSESSMENT	0.11
	2008-09	ADDL. COMM. & SELF ASSESSMENT	51.96

Annexure to the Independent Auditors' Report

Particular	Financial Year to which the matter pertains	Forum where matter is pending	Amount (₹ in Lacs)
Entry Tax Act (Orissa)*	2009-10	ADDL. COMM. & SELF ASSESSMENT	39.71
	2010-11	ADDL. COMM. & SELF ASSESSMENT	52.98
	2011-12	ADDL. COMM. & SELF ASSESSMENT	65.31
	2012-13	ADDL. COMM. & SELF ASSESSMENT	22.08
	2013-14	ADDL. COMM. & SELF ASSESSMENT	36.75
Entry Tax Act (West Bengal)	2013-14	HIGH COURT	49.12
Odisha Sales Tax Act	1989-90	HIGH COURT	0.79
ESIC	1996-97	ESI COURT	0.22

* Question of Law regarding chargeability of entry tax on inter state purchase of goods & import of goods from outside of India is pending before Hon'ble Supreme Court of India.

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institution and banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information & explanations given to us, the Company is not dealing in shares, securities, debentures and other investment.
14. According to information given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution.
15. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were applied for the purpose for which the loans were obtained.
16. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us on an overall basis, we report that funds raised on short term basis have, *prima facie*, not been used for long term investments.
17. The Company has made preferential allotment of Preference Shares to parties and companies covered in the Register maintained under section 301 of the Companies Act 1956, during the year and the price at which shares have been issued is not prejudicial to the interest of the Company.
18. The Company has not raised money by public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
19. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

S. K. Agrawal
Partner
Membership No. 9067

Place : Kolkata
Dated : 25th April, 2014

Balance Sheet as at 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	5,459.98	3,209.98
Reserves and surplus	2.2	30,602.77	22,758.72
Non-current labilities			
Long-term borrowings	2.3	37,115.91	26,134.35
Deferred tax liabilities (Net)	2.4	4,039.34	3,826.84
Other long-term liabilities	2.5	46.35	38.24
Long-term provisions	2.6	142.87	85.33
Current liabilities			
Short-term borrowings	2.7	11,617.88	11,312.23
Trade payables	2.8	2,556.45	1,411.31
Other current liabilities	2.9	7,415.72	10,571.77
Short-term provisions	2.10	709.63	426.74
Total		**99,706.90**	**79,775.51**
ASSETS			
Non-current assets			
Fixed assets	2.11		
- Tangible assets		45,185.13	43,605.84
- Intangible assets		58.12	58.54
- Capital work in progress		16,749.45	8,887.63
Non-current investments	2.12	57.15	57.65
Long-term loans and advances	2.13	6,377.35	2,994.71
Other non current assets	2.14	1.18	1.00
Current assets			
Current investments	2.15	0.40	–
Inventories	2.16	7,307.23	7,661.70
Trade receivables	2.17	4,603.39	4,718.53
Cash and bank balances	2.18	16,483.45	7,463.22
Short-term loans and advances	2.19	2,884.05	4,324.62
Other current assets	2.20	–	2.07
Total		**99,706.90**	**79,775.51**
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 : April 25, 2014

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

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

Statement of Profit & Loss for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2014	Year ended 31st March, 2013
REVENUES			
Revenue from operations	2.21	54,656.51	51,001.61
Other income	2.22	337.74	180.80
Total Revenue		**54,994.25**	**51,182.41**
EXPENSES			
Cost of materials consumed	2.23	30,936.08	28,172.90
Changes in inventories of finished goods & work-in-progress	2.24	(156.51)	709.11
Employee benefits expense	2.25	2,870.90	2,452.22
Finance costs (net)	2.26	1,902.80	3,022.16
Depreciation & amortisation	2.27	3,165.91	3,032.90
Other expenses	2.28	13,960.07	12,499.87
Total Expenses		**52,679.25**	**49,889.16**
Profit before exceptional and extraordinary items and tax		2,315.00	1,293.25
Exceptional items		–	–
Profit before extraordinary items and tax		**2,315.00**	**1,293.25**
Extraordinary Items		–	–
Profit before tax		**2,315.00**	**1,293.25**
Tax expense			
Current tax	2.29	241.22	–
Deferred tax		212.48	137.77
Profit after tax		**1,861.30**	**1,155.48**
Earnings per equity share	2.41		
(1) Basic		2.61	1.91
(2) Diluted		2.61	1.91

In terms of our attached report of even date
For **S. K. AGRAWAL & CO.**
Chartered Accountants

S. K. Agrawal
Partner
Place : Kolkata
Date : April 25, 2014

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

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

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Description		2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		2,315.00	1,293.25
Adjustment for			
Depreciation		3,208.53	3,082.14
Notional forex loss/(gain)		79.75	(179.57)
Provision for gratuity (net)		57.54	22.58
Transferred from revaluation reserve on account of depreciation		(42.62)	(49.24)
Interest & Financial charges		1,902.80	3,022.16
Dividend income		(38.88)	(24.88)
Income from mutual fund		(211.62)	–
(Profit) / Loss on sale of fixed assets		(4.69)	(12.90)
Operating profit before working capital changes		**7,265.81**	**7,153.54**
Add : Decrease/Increase in working capital			
(Increase)/Decrease in trade & other receivables		1,389.56	1,026.44
(Increase)/Decrease in bank balances (other than cash/cash equivalent)		(66.02)	2.60
(Increase)/Decrease in inventories		354.47	152.55
Increase/(Decrease) in trade and other payables		1,051.51	676.63
Cash generated from operations		**9,995.33**	**9,011.76**
Taxes paid		(509.67)	(243.48)
Cash Flow before extraordinary items		**9,485.66**	**8,768.28**
Net cash from operating activities	**(A)**	**9,485.66**	**8,768.28**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investment in Fixed assets and CWIP		(10,460.42)	(3,656.93)
(Increase)/Decrease in capital advances		(2,999.96)	(119.13)
Sale of fixed assets		22.42	29.89
Dividend received		38.88	24.88
Interest received		1,628.91	1,340.32
Income from mutual fund		211.62	–
(Increase)/Decrease in investments		0.10	–
Net cash used in investing activities	**(B)**	**(11,558.45)**	**(2,380.97)**

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Description		Year ended 31st March, 2014	Year ended 31st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of preference share capital		9,000.00	8,000.00
Expenses for preference share issue		(15.00)	(10.36)
Net proceeds from/(repayment of) long term borrowings		6,117.65	(4,401.87)
Increase/(Decrease) in short term borrowings		(411.85)	(203.74)
Interest and other borrowing cost paid		(3,237.06)	(4,168.71)
Dividend & dividend tax paid		(426.74)	(421.88)
Net cash used in financing activities	**(C)**	**11,027.00**	**(1,206.56)**
Net increase in cash & cash equivalents (A+B+C)		**8,954.21**	**5,180.75**
* Cash & cash equivalents (opening balance)		7,344.26	2,163.51
* **Cash & cash equivalents (closing balance)**		**16,298.47**	**7,344.26**

* Represents cash and bank balances as indicated in schedule.

Note : Cash & cash equivalents represents "Cash and bank balances" except ₹ 3.93 Lacs (₹ 4.33 Lacs) lying in designated account with scheduled banks on account of unclaimed dividend and ₹ 116.72 Lacs (₹ 114.53 Lacs) lying as fixed deposits with banks that are being pledged as security,which are not readily available for use by the Company.

In terms of our attached report of even date
For **S. K. AGRAWAL & CO.**
Chartered Accountants

S. K. Agrawal
Partner

Place : Kolkata
Date : April 25, 2014

S. K. Khetan
President (Finance) & CFO

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

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

Notes to Financial Statements for the year ended 31st March, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General :

The Financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and comply with the Accounting Standards notified by the Central Government of India and relevant provisions of the Companies Act, 1956 / Companies Act, 2013 (wherever applicable).

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, interest on borrowings and effect of foreign exchange fluctuations 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 and amortization :

a) Depreciation is provided on pro-rata basis with reference to the date of commencement of use, at the rates specified in Schedule XIV of the Companies Act, 1956.

i) On straight-line method at Balasore in respect of :

- Buildings of paper machine-II & III, ETP-II and power generation unit-II
- Plant & machinery of paper machine III, ETP-II and power generation unit-II

ii) On written down value method in respect of other assets.

b) Leasehold land is amortised over the period of lease.

c) Software licenses are amortised over a period of six years.

1.4 Investments :

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

1.5 Inventories :

a) Finished goods, stock-in-process, raw materials, stores, chemicals and spare parts are valued at lower of cost or net realisable value.

b) Valuation of inventory is being done under weighted average cost formula.

1.6 Retirement benefits :

a) Contribution to provident fund is made at a pre-determined rate and charged to revenue on accrual basis.

b) Company's liability towards gratuity and leave encashment is actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in revenue. The contribution towards Gratuity and Leave Encashment liability are funded with the LIC.

1.7 Foreign currency transactions :

a) Transactions in foreign exchange covered by forward contracts are accounted for at the contracted rates.

Notes to Financial Statements for the year ended 31st March, 2014

b) Transactions other than those covered by forward contracts are recognised at the exchange rates prevailing on the date of their occurrence.

c) Monetary assets & liabilities in foreign currency that are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates.

d) The exchange differences arising from long term foreign currency monetary items relating to the acquisition of a depreciable asset are added to or deducted from the cost of the depreciable capital assets. Other exchange differences arising from long-term foreign currency monetary items are transferred to "Foreign currency monetary item translation difference account" to be amortised over the life of such monetary items but not beyond 31st March, 2020. Other exchange differences are recognized as income or expense in the Profit & Loss Account.

1.8 Recognition of income and expenditure :

a) Income & expenditure are recognised on accrual basis.

b) Sales includes amount recovered towards excise duty and sales during trial run.

1.9 Contingent liabilities and provisions :

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

1.10 Borrowing cost :

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

1.11 Taxation :

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

1.12 Government subsidy/grant :

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

1.13 Earnings per share :

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

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

1.14 Impairment of assets :

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

1.15 Segment reporting :

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

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

1.16 Operating lease :

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

1.17 Cash and cash equivalents :

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

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.1 SHARE CAPITAL		
Authorised		
6,20,00,000 Equity shares of ₹ 2/- each	1,240.00	1,240.00
50,00,000 (20,00,000) Preference shares of ₹ 100/- each	5,000.00	2,000.00
Issued, Subscribed & Paid up		
6,04,99,050 Equity shares of ₹ 2/- each fully paid	1,209.98	1,209.98
42,50,000 (20,00,000) 8% Cumulative redeemable non-convertible preference shares (CRNPS) of ₹ 100/- each fully paid up	4,250.00	2,000.00
Total	**5,459.98**	**3,209.98**

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

i) Equity shares

Particulars	2013-2014		2012-2013	
	Number	**Amount**	**Number**	**Amount**
At the beginning of the year	60,499,050	1,209.98	60,499,050	1,209.98
At the end of the year	60,499,050	1,209.98	60,499,050	1,209.98

ii) Preference shares

At the beginning of the year	2,000,000	2,000.00	–	–
Add : Shares issued during the year	2,250,000	2,250.00	2,000,000	2,000.00
At the end of the year	**4,250,000**	**4,250.00**	**2,000,000**	**2,000.00**

b) Terms / rights attached to shares

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

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

ii) **Preference shares :** During the year ended 31st March, 2014 the Company issued 22,50,000 (20,00,000) cumulative redeemable non-convertible preference shares (CRNPS) of ₹ 100 each fully paid up at a premium of ₹ 300 per share. CRNPSs carry cumulative dividend @8% p.a.

The Company declares and pay dividends in indian rupees on pro-rata basis from the date of allotment. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Holders of CRNPS have voting rights on matters pertaining to CRNPS.

In the event of liquidation of the company before redemption of CRNPS, the holders of CRNPS will have priority over equity shares in the repayment of capital. The CRNPS is redeemable on the expiry of 12 years from the date of issue at a premium

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

of ₹ 500 per share with an option to redeem it earlier at a premium of to be decided mutually between the company and the CRNPS holders at a meeting of CRNPS holders called for this purpose.

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

i) Equity shares

Name of Share Holders	2013-14		2012-13	
	Number	% of Holding	Number	% of Holding
a) Diwakar Viniyog Private Limited	9,628,713	15.92%	9,628,713	15.92%
b) Emami Limited	7,946,000	13.13%	7,946,000	13.13%
c) Suntrack Commerce Private Limited	7,633,900	12.62%	7,633,900	12.62%
d) Bhanu Vyapaar Private Limited	6,005,250	9.93%	6,005,250	9.93%

ii) Preference shares

a) Emami Estates Private Limited	375,000	8.82%	375,000	18.75%
b) Zandu Realty Limited	1,030,000	24.24%	350,000	17.50%
c) Suraj Viniyog Private Limited	427,000	10.05%	275,000	13.75%
d) Pan Emami Cosmed Limited	250,000	5.88%	250,000	12.50%
e) Oriental Sales Agencies (India) Private Limited	550,000	12.94%	250,000	12.50%
f) Bhanu Vyapaar Private Limited	604,000	14.21%	225,000	11.25%
g) Suntrack Commerece Private Limited	317,000	7.46%	–	–
h) Diwakar Viniyog Private Limited	318,000	7.48%	–	–
g) Emami Realty Limited	175,000	4.12%	175,000	8.75%

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.2 RESERVES AND SURPLUS		
a. Capital Reserve	**133.50**	**133.50**
b. Securities premium account		
Opening balance as per last balance sheet	7,783.01	1,793.37
Add : Received on issue of preference share	6,750.00	6,000.00
Less : Expenses incurred for issue of preference shares	15.00	10.36
Closing balance	**14,518.01**	**7,783.01**
c. Revaluation reserve		
Opening balance as per last balance sheet	671.89	721.13
Less : Written back in current year	42.62	49.24
Closing balance	**629.27**	**671.89**
d. General reserve		
Opening balance as per last balance sheet	13,000.00	12,500.00
Add : Transfer during the year	500.00	500.00
Closing balance	**13,500.00**	**13,000.00**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
e. Surplus		
Opening balance	1,170.32	941.58
Add : Net profit / (net loss) for the current year	1,861.30	1,155.48
Less : Appropriations		
Proposed dividend on equity shares	363.00	363.00
Proposed dividend on preference shares	243.55	1.75
Corporate dividend tax - equity dividend	61.69	61.69
Corporate dividend tax - preference dividend	41.39	0.30
Transfer to general reserve	500.00	500.00
Total appropriations	**1,209.63**	**926.74**
Net surplus in the statement of profit & loss	**1,821.99**	**1,170.32**
Total	**30,602.77**	**22,758.72**

During the year ended 31st March, 2014 the amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.60 (₹ 0.60) per share.

During the year ended 31.03.2014 the amount of per share dividend recognized as distribution to preference shareholders is as follows :

ISIN No.	Allotment date	No. of Shares	Dividend (₹ / Share)	
INE830C04012	28.03.2013	20,00,000	8.00	(0.09)
INE830C04020	13.08.2013	15,00,000	5.06	(issued in 2013-14)
In physical form	21.01.2014	4,80,000	1.53	(issued in 2013-14)
In physical form	28.03.2014	2,70,000	0.09	(issued in 2013-14)

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.3 LONG-TERM BORROWINGS		
a. Secured Loans		
From Banks	43,933.43	35,889.09
Less : Current maturities of long term debts *	6,817.52	9,754.74
Sub Total	**37,115.91**	**26,134.35**

b. Nature of Security :

(i) Term loans of ₹ 43,719.09 Lacs (₹ 34,214.32 Lacs) are secured by deposit of title deeds in respect of present and future immovable properties and hypothecation of present and future movable fixed assets on a pari-passu basis and second charge on current assets on pari-passu basis.

(ii) Term loans of ₹ 214.34 Lacs (₹ 1,674.77 Lacs) are supported by personal guarantee of some of the promoters and second / subservient charge on all movable assets of the company ranking pari-passu.

Terms of repayment of term loans :

(i) ICICI ECB USD 0.96 million equivalent to ₹ 574.04 Lacs (USD 4.79 million equivalent to ₹ 2,601.40 Lacs) carries interest @ 6 M Libor + 1.70% p.a. is repayable in the quarter ended 30th June, 2014.

Notes to Financial Statements for the year ended 31st March, 2014

(ii) ICICI ECB USD 2.06 million equivalent to ₹ 1,235.44 Lacs (USD 4.81 million equivalent to ₹ 2,612.71 Lacs) carries interest @ 6 M Libor + 1.00% p.a. is repayable in 3 quarterly installments upto December, 2014.

(iii) Allahabad Bank ECB USD 8.70 million equivalent to ₹ 5,211.30 Lacs (Nil) carries interest @ 6 M Libor + 4.50% p.a. is repayable in 20 quarterly installments commencing from June, 2016.

(iv) Exim Bank ECB USD 0.72 million equivalent to ₹ 432.15 Lacs (Nil) carries interest @ 6 M Libor + 4.75% p.a. is repayable in 28 quarterly installments commencing from June, 2016.

(v) Axis Bank ECB USD 4.50 million equivalent to ₹ 2,695.50 Lacs (Nil) carries interest @ 6 M Libor + 4.65% p.a. is repayable in 20 quarterly installments commencing from October, 2016.

(vi) IDBI Bank ECB USD 4.00 million equivalent to ₹ 2,396 Lacs (Nil) carries interest @ 6 M Libor + 5.00% p.a. is repayable in 24 equal quarterly installments commencing from April, 2017.

(vii) SBI FCNR (B) USD 11.43 million equivalent to ₹ 6,845.37 Lacs (USD 16.41 million equivalent to ₹ 8,911.37 Lacs) carries interest @ 6 M Libor + applicable Spread p.a. is repayable in 5 quarterly installments upto June, 2015.

(viii) Indusind Bank FCNR (B) USD 0.36 million equivalent to ₹ 214.34 Lacs (USD 1.79 million equivalent to ₹ 971.33 Lacs) carries interest @ Libor + 5.00 % p.a. is repayable in the quarter ended 30th June, 2014.

(ix) SBI FCNR (B) USD 12.97 million equivalent to ₹ 7,771.29 Lacs (₹ 7,000.00 Lacs) carries interest @ 6 M Libor + applicable spread p.a. is repayable in 20 quarterly installments starting from June, 2015.

(x) SBH Rupee Term loan amounting to ₹ 4,999.71 Lacs (₹ 4,999.71 Lacs) carries interest @ SBH Base Rate + 3% p.a. is repayable in 12 quarterly installments commencing from June, 2014. The company has entered into principal only swap for this loan in USD, value of which as on 31.03.2014 is ₹ 5,590.82 Lacs.

(xi) ICICI Rupee Term loan amounting to ₹ 6,000 Lacs (₹ 6,000 Lacs) carries interest @ ICICI Bank base rate + applicable spread p.a. is repayable in 20 quarterly installments commencing from Deccember, 2014. The company has entered into principal only swap for this loan in USD, value of which as on 31.03.2014 is ₹ 6,753.32 Lacs.

(xii) ICICI Rupee Term loan amounting to ₹ 4,000 Lacs (Nil) carries interest @ ICICI Bank base rate + applicable spread p.a. is repayable in 20 quarterly installments commencing from September, 2015. The Company has entered into principal only swap for this loan in USD, value of which as on 31.03.2014 is ₹ 4,213.86 Lacs.

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

(₹ in Lacs)

Particulars		As at 31st March, 2014	As at 31st March, 2013
Note 2.4	**DEFERRED TAX LIABILITY (NET)**		
Deferred tax liabilities			
Tax impact due to difference between tax depreciation and book depreciation		4,101.00	3,895.12
Deferred tax assets			
Tax Impact of expenses charged off in financial statements but allowance under tax law deferred		61.66	68.28
Total		**4,039.34**	**3,826.84**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.5 OTHER LONG TERM LIABILITIES		
Trade deposits	31.39	27.50
Retention money	14.96	10.74
Total	**46.35**	**38.24**
Note 2.6 LONG-TERM PROVISIONS		
Gratuity	142.87	85.33
Total	**142.87**	**85.33**
Note 2.7 SHORT-TERM BORROWINGS		
Secured		
Working Capital Loans		
- From Banks	10,161.25	10,339.50
Buyers Credit for Capital goods	1,456.63	972.73
Total	**11,617.88**	**11,312.23**

Nature of Security :

Short Term Borrowings 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.

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.8 TRADE PAYABLES		
Other than micro, small and medium enterprises		
For goods	1,054.63	986.93
For services	520.39	424.38
Others		
Project Creditors	731.32	–
Micro, Small and Medium Enterprises		
For goods	103.40	–
For services	24.12	–
Others		
Project Creditors	122.59	–
Total	**2,556.45**	**1,411.31**
Note 2.9 OTHER CURRENT LIABILITIES		
(a) Current maturities of long term debt	6,817.52	9,754.74
(b) Interest accrued but not due	194.81	303.77
(c) Unclaimed dividend	5.00	4.34
(d) Statutory dues	72.63	185.98
(e) Advance from customers	58.55	133.34
(f) Trade deposit	2.00	2.00
(g) Outstanding liabilities for expenses	265.21	187.60
Total	**7,415.72**	**10,571.77**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.10 SHORT-TERM PROVISIONS		
Dividend on equity shares	363.00	363.00
Dividend on preference shares	243.55	1.75
Tax on equity dividend	61.69	61.69
Tax on preference dividend	41.39	0.30
Total	**709.63**	**426.74**

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1.4.2013	Additions	Disposals	As at 31.3.2014	As at 1.4.2013	For the year	On disposals	As at 31.3.2014	As at 31.3.2014	As at 31.3.2013
Note 2.11 FIXED ASSETS										
(a) Current year										
Tangible assets										
Land										
- Freehold land	911.66	4.68	–	916.34	–	–		–	916.34	911.66
- Leasehold land	1,328.45	2.75	–	1,331.20	55.61	15.58		71.19	1,260.01	1,272.84
Buildings										
- Factory buildings	4,231.74	61.19	–	4,292.93	1,672.76	133.82	–	1,806.58	2,486.35	2,558.98
- Non factory buildings	2,209.42	35.01	–	2,244.43	310.13	36.44	–	346.57	1,897.86	1,899.29
Plant and equipments	57,991.87	4,556.63	21.82	62,526.68	21,573.47	2,876.33	9.40	24,440.40	38,086.28	36,418.40
Office equipments	72.80	6.37	–	79.17	39.81	4.91	–	44.72	34.45	32.99
Furniture and fixtures	1,017.82	61.67	–	1,079.49	598.07	84.26	–	682.33	397.16	419.75
Vehicles	269.75	55.54	37.80	287.49	177.82	35.48	32.49	180.81	106.68	91.93
Total	**68,033.51**	**4,783.84**	**59.62**	**72,757.73**	**24,427.67**	**3,186.82**	**41.89**	**27,572.60**	**45,185.13**	**43,605.84**
Intangible Assets										
Computer software	119.16	21.29	–	140.45	60.62	21.71	–	82.33	58.12	58.54
Total	**119.16**	**21.29**	**–**	**140.45**	**60.62**	**21.71**	**–**	**82.33**	**58.12**	**58.54**
Capital work in progress	8,887.63	7,925.32	63.50	16,749.45	–	–	–	–	16,749.45	8,887.63
Total	**8,887.63**	**7,925.32**	**63.50**	**16,749.45**	**–**	**–**	**–**	**–**	**16,749.45**	**8,887.63**

(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 ₹ 3,097.20 Lacs. Due to the said revaluation, there is an additional charge of depreciation of ₹ 42.62 Lacs (₹ 49.24 Lacs) for the year and an equivalent amount has been withdrawn from revaluation reserve and credited to Profit & Loss Account. The net book value of such revaluation made till date stands at ₹ 629.27 Lacs (₹ 671.89 Lacs).

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1.4.2012	Additions	Disposals	As at 31.3.2013	As at 1.4.2012	For the year	On disposals	As at 31.3.2013	As at 31.3.2013	As at 31.3.2012
Note 2.11 FIXED ASSETS										
(b) Previous year										
Tangible assets										
Land										
- Freehold land	904.26	7.40	–	911.66	–	–	–	–	911.66	904.26
- Leasehold land	1,328.45	–	–	1,328.45	39.98	15.63	–	55.61	1,272.84	1,288.47
Buildings										
- Factory buildings	4,223.09	8.65	–	4,231.74	1,536.20	136.56	–	1,672.76	2,558.98	2,686.89
- Non factory buildings	2,208.40	1.02	–	2,209.42	273.89	36.24	–	310.13	1,899.29	1,934.51
Plant and equipments	55,655.34	2,512.37	175.84	57,991.87	18,995.31	2,752.59	174.43	21,573.47	36,418.40	36,660.03
Office equipments	73.82	11.60	12.62	72.80	47.80	4.63	12.62	39.81	32.99	26.02
Furniture and fixtures	1,076.39	3.43	62.00	1,017.82	560.85	87.05	49.83	598.07	419.75	515.54
Vehicles	264.64	20.85	15.74	269.75	158.67	31.48	12.33	177.82	91.93	105.97
Total	**65,734.39**	**2,565.32**	**266.20**	**68,033.51**	**21,612.70**	**3,064.18**	**249.21**	**24,427.67**	**43,605.84**	**44,121.69**
Intangible Assets										
Computer software	93.61	25.55	–	119.16	42.66	17.96	–	60.62	58.54	50.95
Total	**93.61**	**25.55**	**–**	**119.16**	**42.66**	**17.96**	**–**	**60.62**	**58.54**	**50.95**
Capital work in progress	6,967.46	1,920.17	–	8,887.63	–	–	–	–	8,887.63	6,967.46
Total	**6,967.46**	**1,920.17**	**–**	**8,887.63**	**–**	**–**	**–**	–	**8,887.63**	**6,967.46**

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

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.12 NON-CURRENT INVESTMENTS		
Non trade		
Government securities		
(lodged with government authorities)		
5 Years national saving certificates	0.40	–
6 Years national saving certificates	0.62	1.02
7 Years national saving certificates	0.01	0.51
Shares		
Unquoted		
3,07,300 (3,07,300) Equity shares of ₹ 10/- each fully paid up of Pan Emami Cosmed Ltd.	0.62	0.62
Quoted		
833 (833) Equity shares of ₹ 2/- each fully paid up of Emami Infrastructure Ltd.	0.09	0.09
4,66,500 (3,11,000) Equity shares of ₹ 1/- each fully paid up of Emami Ltd. *	55.41	55.41
Total	**57.15**	**57.65**
Market value of quoted investment	2,030.81	1,872.22
Aggregate book value of quoted investment	55.50	55.50
Aggregate book value of unquoted investment	1.65	2.15

* During the year 1,55,500 Equity Shares were received as bonus.

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.13 LONG - TERM LOANS AND ADVANCES		
Secured		
(a) Capital advances	2,477.78	–
Unsecured, considered good		
(a) Capital advances	944.78	406.04
(b) Deposits	528.31	392.06
(c) Loans and advances to employees	23.10	29.56
(d) Other loans and advances		
- Balance with central excise	342.60	342.60
- MAT credit entitlement	1,787.82	1,551.89
- Other advances	272.96	272.56
Total	**6,377.35**	**2,994.71**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.14 OTHER NON CURRENT ASSETS		
Deposits with banks	1.18	1.00
Total	**1.18**	**1.00**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.15 CURRENT INVESTMENTS		
Government securities		
(lodged with government authorities)		
6 Years national saving certificates	0.40	–
Total	**0.40**	**–**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.16 INVENTORIES		
Raw materials and chemicals	4,742.13	5,176.89
Work-in-progress	131.75	92.88
Finished goods	571.65	454.01
Stores and spares	1,861.70	1,937.92
Total	**7,307.23**	**7,661.70**
Inventory includes following inventories in transit :		
Raw materials & chemicals	96.37	37.38
Stores and spares	16.72	70.23
Total	**113.09**	**107.61**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.17 TRADE RECEIVABLES		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	2.48	3.73
Others	4,600.91	4,714.80
Total	**4,603.39**	**4,718.53**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.18 CASH AND BANK BALANCES		
Cash & cash equivalents		
Balances with banks		
- Current account	76.56	335.35
- Fixed deposit with banks (maturing within 3 months)	16,209.70	7,000.00
Cash in hand	12.21	8.91
Other bank balances		
Balances with banks in unpaid dividend accounts	5.00	4.33
Fixed deposit with banks for margin (excluding those considered as cash eqivalent)		
- Maturing after 12 months	–	86.69
- Others	179.98	27.94
Total	**16,483.45**	**7,463.22**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Note 2.19 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Advance for supply of goods and for rendering services	1,647.74	948.92
(b) Loans & advances to related parties	–	2,000.00
(c) Advance income tax (net of provision)	64.89	32.37
(d) Deposits	169.93	195.45
(e) Other loans & advances		
- Prepaid expenses	83.41	75.91
- Interest receivable	121.30	190.98
- Balance with central excise	433.66	523.28
- Receivable from sales tax authorities	86.25	95.84
- Advances to employees	67.59	52.33
- Other advances	209.28	209.54
Total	**2,884.05**	**4,324.62**
Note 2.20 OTHER CURRENT ASSETS		
Deferred premium on forward contract	–	2.07
Total	**–**	**2.07**

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 2.21 REVENUE FROM OPERATIONS		
Sale of paper	55,143.00	50,524.44
Other operating revenues	118.56	1,013.14
	55,261.56	51,537.58
Less : Excise duty	605.05	535.97
Total	**54,656.51**	**51,001.61**
Note 2.22 OTHER INCOME		
Insurance claim	27.79	102.39
Dividend from long-term investments	38.88	24.88
Profit on sale of current investments	211.62	–
Profit on sale of fixed assets	4.69	12.90
Interest on income tax refund	–	1.93
Others	54.76	38.70
Total	**337.74**	**180.80**
Note 2.23 COST OF MATERIALS CONSUMED		
Waste paper & pulp	27,544.73	24,728.30
Chemical & others	3,391.35	3,444.60
Total	**30,936.08**	**28,172.90**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 2.24 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS		
Opening stock		
Finished goods	454.01	918.93
Work-in-progress	92.88	337.07
	546.89	1,256.00
Closing stock		
Finished goods	571.65	454.01
Work-in-progress	131.75	92.88
	703.40	546.89
Total	**(156.51)**	**709.11**
Note 2.25 EMPLOYEE BENEFITS EXPENSES		
Salaries and wages including bonus	2,391.27	2,038.91
Contribution to provident and other funds	220.19	196.64
Workmen & staff welfare expense	259.44	216.67
Total	**2,870.90**	**2,452.22**
Note 2.26 FINANCE COSTS		
Interest expense	2,794.68	3,255.98
Exchange difference to the extent considered as an adjustment to borrowing cost	511.74	668.53
Other borrowing costs	155.61	184.62
	3,462.03	4,109.13
Less : Interest received	1,559.23	1,086.97
Total	**1,902.80**	**3,022.16**
Note 2.27 DEPRECIATION & AMORTISATION		
On Tangible assets	3,186.82	3,064.18
On Intangible assets	21.71	17.96
	3,208.53	3,082.14
Less : Recoupment from revaluation reserve	42.62	49.24
Total	**3,165.91**	**3,032.90**

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Note 2.28 OTHER EXPENSES		
Consumption of stores and spare parts	2,097.63	1,844.45
Power and fuel	6,529.09	6,343.41
Manufacturing expenses	1,033.05	825.54
Rent	45.22	40.81
Repairs - Building	17.01	26.51
- Machinery	234.77	174.14
- Others	107.87	95.97
Insurance	99.31	74.14
Rates and taxes	766.55	706.74
Donation	48.14	38.10
Bad debts written off	3.43	2.78
Directors' sitting fees	3.80	4.00
Freight outward	969.87	908.86
Selling expenses	532.97	593.13
Foreign exchange fluctuation loss / (gain)	755.64	228.62
Miscellaneous expenses	715.72	592.67
Total	**13,960.07**	**12,499.87**

Note 2.29 CURRENT TAX		
Current tax (MAT)	477.15	253.83
Less : MAT credit entitlement	(235.93)	(253.83)
Total	**241.22**	–

Note 2.30 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 amounting to ₹ 937.78 Lacs (₹ 664.44 Lacs) is secured by hypothecation of current assets, as specified in Note 2.7 and that amounting to ₹ 13,807.42 Lacs (Nil) is secured by deposit of title deeds of immovable properties and hypothecation of movable fixed assets, as specified in Note 2.3.

ii) Sales tax / VAT / entry tax / central excise duties / service tax / ESI contribution and other taxes under appeal / review (net of advances) - ₹ 1,658.43 Lacs (₹ 1,300.55 Lacs).

iii) Bonds / undertakings given under EPCG scheme to custom authority - ₹ 1,228.42 Lacs (₹ 851.93 Lacs).

iv) Withdrawal of incentive tariff of electricity by NESCO (net of advance) - ₹ 46.26 Lacs (₹ 46.26 Lacs).

b) Capital and other commitments :

Estimated amounts of capital contracts remaining to be executed and not provided for (net of advances) ₹ 25,537.71 Lacs (₹ 11,238.78 Lacs).

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Note 2.31 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 ₹ 4,119.72 Lacs (₹ 2,015.88 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 2014. The net increase of ₹ 10,974.76 Lacs (after adjusting net loss of ₹ 6,855.04 Lacs up to Financial Year 2012-13) in the carrying amount of the depreciable capital asset(s) would be depreciated over the balance of the life of the assets.

Note 2.32 DISCLOSURE AS REQUIRED BY AS 29

Particulars	31st March, 2014	31st March, 2013
Opening Balance of Provision for Tax	842.94	788.10
Provided During the year	477.15	253.83
Reversed during the year	–	198.99
Closing Balance	1,320.09	842.94

Note 2.33

Pending final decision by the Hon'ble High Court of Orissa in W.P.(C) No. 6629/2013, the Company has not utilized Input Credit amounting to ₹ 101.58 Lacs (₹ Nil) in respect of VAT paid on coal consumed for generation of steam used in production. The same is reflected as Long Term Loans and Advances in the Balance Sheet and will be dealt with as per the final order of the Hon'ble High Court.

Note 2.34

The Company has incurred ₹ 153.79 Lacs (₹ 70.37 Lacs) for corporate social responsibility.

Note 2.35 DISCLOSURES REQUIRED UNDER THE MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT

Delayed payment made during the year on account of principal - Nil (Previous Year - Nil) and delayed payment due as at end of the year on account of principal - Nil (Previous Year - Nil); hence, no interest is paid / payable under MSMED Act, 2006.

Note 2.36 CAPITAL WORK-IN-PROGRESS INCLUDES THE FOLLOWING EXPENSES

Particulars	2013-14	2012-13
Plant & machinery and others	5,602.52	3,286.83
Civil Works	3,812.30	–
Interest & financial charges	2,446.76	1,795.01
Foreign exchange fluctuation	1,287.66	1,178.34
Pre-operative expenses	3,600.21	2,627.45
Total	**16,749.45**	**8,887.63**

Note 2.37 VALUE OF IMPORT ON CIF BASIS DURING THE YEAR

Particulars	31st March, 2014	31st March, 2013
(a) Raw material & chemicals	4,949.60	4,562.55
(b) Stores and spares	372.26	316.84
(c) Capital goods	1,641.84	87.05

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Note 2.38 EXPENDITURE INCURRED IN FOREIGN CURRENCY DURING THE YEAR

Particulars	31st March, 2014	31st March, 2013
(a) Interest & financial charges paid to scheduled banks	2,741.71	2,551.41
(b) Other interest	122.26	155.14
(c) Travelling expenses	26.19	20.44
(d) Professional fees	4.59	–

Note 2.39 IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARE PARTS CONSUMED DURING THE YEAR

a. Consumption of raw materials & chemicals

Particulars	31st March, 2014		31st March, 2013	
	₹ / Lacs	% of Holding	₹ / Lacs	% of Holding
Indigenous	25,545.33	82.57	22,773.68	80.84
Imported	5,390.76	17.43	5,399.22	19.16
Total	**30,936.08**	**100.00**	**28,172.90**	**100.00**

b. Consumption of stores & spares

Particulars	₹ / Lacs (2014)	% of Holding (2014)	₹ / Lacs (2013)	% of Holding (2013)
Indigenous	1,744.97	83.19	1,594.65	86.46
Imported	352.67	18.81	249.80	13.54
Total	**2,097.64**	**100.00**	**1,844.45**	**100.00**

Note 2.40 EARNINGS IN FOREIGN CURRENCY

Particulars	31st March, 2014	31st March, 2013
Export of goods on FOB basis	Nil	28.05

Note 2.41 EARNINGS PER SHARE (EPS)

Net Profits after Tax (₹ In Lacs)	1,861.30	1,155.48
Less		
- Proposed Dividend on Preference Share	243.55	1.75
- Tax on Proposed Preference Dividend	41.39	0.30
Net Profit available for Equity Share Holder	1,576.36	1,153.43
Number of equity shares (Nos. Lacs)	604.99	604.99
Basic and Diluted Earnings Per Share (₹)	2.61	1.91
Nominal Value Per share (₹)	2.00	2.00

Note 2.42 RELATED PARTY DISCLOSURES

a. Key management personnel

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

b. Relatives of key management personnel

Shri R. S. Agarwal
Smt. Usha Agarwal
Shri Harsh Vardhan Agarwal
Smt. Preeti Surekha
Shri Shyam Patwari

* Resigned from the Board w.e.f. 13th August, 2012
** Resigned from the Board w.e.f. 23rd April, 2012

Notes to Financial Statements or the year ended 31st March, 2014

(₹ in Lacs)

Note 2.42 RELATED PARTY DISCLOSURES *(Contd.)*

c. Enterprises where key management personnel and their relatives are able to exercise significant influence

Emami Limited
Emami Biotech Limited (upto 10.07.2012)
Emami Cement Limited
Emami Foundation
Oriental Sales Agencies (India) Private Limited
Suntrack Commerce (P) Ltd.
Sneha Enclave Private Limited
Sneha Gardens Private Limited
Emami Estates Private Limited
Bhanu Vyapaar Private Limited
Auto Hi-Tech Private Limited
Diwakar Viniyog Private Limited

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

Particulars	Key management personnel		Relatives of key management personnel		Enterprise described in (c) above		Total	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013	31st March 2014	31st March 2013	31st March 2014	31st March 2013
Remuneration to key personnel - Directors	197.68	189.69	–	–	–	–	197.68	189.69
Directors Sitting Fee	–	–	–	0.30	–	–	–	0.30
Rent, maintenance & other charges payable	0.53	0.21	1.44	0.57	95.94	84.19	97.91	84.97
Commission paid	-	-	–	–	3.14	6.53	3.14	6.53
Salary paid	–	–	11.41	4.79	–	–	11.41	4.79
Preference share allotment	–	–	–	–	1,314.00	3,800.00	1,994.00	3,800.00
Purchase of fixed assets	–	–	–	–	7.76	20.21	7.76	20.21
Sale of fixed assets	–	–	–	–	0.52	–	0.52	–
Reimbursement for SAP maintenance	–	–	–	–	21.20	7.57	21.20	7.57
Reimbursement of consultancy charges	–	–	–	–	–	4.12	–	4.12
Interest on Inter corporate deposit paid	–	–	–	–	–	610.59	–	610.59
Inter corporate deposit repaid	–	–	–	–	–	4,150.00	–	4,150.00
Advance received back	–	–	–	–	2,000.00	–	2,000.00	–
Interest received	–	–	–	–	296.61	296.61	296.61	296.61
Interest on inter-corporate deposit	–	–	–	–	1.58	610.59	1.58	610.59
Dividend received	–	–	–	–	38.88	24.88	38.88	24.88
Closing balance as on 31.03.2014								
- Investment	–	–	–	–	55.41	55.41	55.41	55.41
- Security deposit given	–	–	–	–	25.83	25.83	25.83	25.83
- Advance given	–	–	–	–	–	2,000.00	–	2,000.00

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Note 2.43 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 :

	Particulars	2013-14		2012-13	
		Gratuity	Leave encashment	Gratuity Funded	Leave encashment Funded
A	**Components of employer expenses**				
1	Current service cost	54.03	5.28	43.12	1.76
2	Interest cost	59.30	13.35	54.46	12.60
3	Expected return on plan assets	(49.03)	(16.81)	(46.29)	(15.17)
4	Actuarial losses/(gains)	50.22	4.40	(23.23)	(6.90)
5	**Total expenses recognized in the statement of profit & loss**	**114.52**	**6.22**	**28.06**	**(7.71)**
B	**Net asset/(liability) recognized in balance sheet**				
1	Present value of defined benefit obligation	716.14	158.56	601.72	138.05
2	Fair value of plan assets	573.27	197.08	516.39	174.98
3	**Net asset/(liability) recognized in balance sheet**	**(142.87)**	**(38.52)**	**(85.33)**	**36.93**
C	**Change in defined benefit obligation during the year**				
1	Present value of PBO at beginning of period	601.72	138.05	569.50	132.90
2	Current service cost	54.03	5.28	43.12	1.76
3	Interest cost	59.30	13.35	54.46	12.60
4	Actual (gains)/losses	48.11	3.67	(29.08)	(8.82)
5	Benefits paid	(47.03)	(1.79)	(36.28)	(0.40)
6	**Present value of PBO at the end of period**	**716.13**	**158.56**	**601.72**	**138.04**
7	Actual Return on plan assets	46.92	16.09	40.44	13.25
D	**Change in fair value of assets**				
1	Plan assets at beginning of period	516.39	176.57	512.23	162.13
2	Expected return on plan assets	49.03	16.81	46.28	15.17
3	Acturial gains/(loss)	(2.11)	(0.72)	(5.84)	(1.92)
4	Actual company contributions	56.98	6.21	-	-
5	Benefits paid	(47.03)	(1.79)	(36.28)	(0.40)
6	**Plan assets at the end of period**	**573.26**	**197.08**	**516.39**	**174.98**
E	**Actuarial assumptions**				
1	Mortality table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
2	Discount rate (%)	8.50%	8.50%	8.50%	8.50%
3	Expected return on plan assets (%)	9.00%	9.00%	9.30%	9.30%
4	Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

Notes to Financial Statements for the year ended 31st March, 2014

(₹ in Lacs)

Note 2.44 PAYMENT TO AUDITORS

Particulars	31st March, 2014	31st March, 2013
As auditors		
Audit fee	7.86	5.62
Tax audit fees	1.12	0.78
Branch auditors	1.79	1.40
In other capacity		
For certification		
- To statutory auditors	2.97	2.34
- To branch auditors	–	0.04
Out of pocket expenses to branch auditors	0.27	0.29
Total	**14.31**	**10.47**

Note 2.45 FOREIGN CURRENCY EXPOSURE NOT HEDGED BY A DERIVATIVE INSTRUMENT OR OTHERWISE

The newsprint prices are moving in tandem with landed cost of imported newsprint and carrying a risk of rupee appreciation and to mitigate this risk of rupee appreciation, the Company availed unhedged foreign currency borrowings. Newsprint being an import substitute product, the Company is having natural hedging for its' foreign currency borrowings. Unhedged foreign currency exposure by a derivative instrument or otherwise are given below :

Particulars	Currency	Amount in Foreign Currency (in Million)		Amount (₹ in Lacs)	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
Amounts payable in foreign currency	USD	93.25	76.29	55,855.16	41,416.48
	EURO	1.81	1.72	1,488.52	1,198.66
	GBP	0.50	–	498.07	–
				57,841.75	**42,615.14**

Note 2.46

In the year 2013-14, 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. In the previous year, operating income includes ₹ 900 Lacs from real estate business.

Note 2.47

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

Note 2.48

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.

Notes to Financial Statements for the year ended 31st March, 2014

Note 2.49

The Company has entered into operating lease agreements for office space, godowns, and guest house. The total charge to statement of profit and loss for the year on account of operating lease is ₹ 31.31 Lacs (₹ 28.41 Lacs).

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

Note 2.50

Previous year's figures have been reclassified/re-grouped/re-arranged wherever necessary.

In terms of our attached report of even date
For **S. K. AGRAWAL & CO.**
Chartered Accountants

S. K. Agrawal
Partner

Place : Kolkata
Date : April 25, 2014

S. K. Khetan
President (Finance) & CFO

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

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

Notes

FORM-A
(Pursuant to Clause 31(a) of Listing Agreement)

No.	Particulars	Details
1.	Name of the Company	**EMAMI PAPER MILLS LIMITED**
2.	Annual consolidated financial statements for the yea r ended	31st March, 2014
3.	Type of Audit observation	- None
4.	Frequency of observation	Third Year
5.	To be signed by:	
	• Executive Director (CEO)	**Sri P. S. Patwari:**
	• President (CFO)	**Sri S.K.Khetan :**
	• Audit Committee Chairman	**Sri J. Godbole**
	• Auditors of the Company	For S. K. AGRAWAL & CO. Partner

S. K. AGRAWAL & CO. Kolkata Chartered Accountants