

## INFORMATION MEMORANDUM



### EMAMI PAPER MILLS LIMITED

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## DEFINITIONS AND ABBREVIATIONS

### 1. Conventional/General Terms

The terms "EPM", "the Company", "our Company", "EPM Limited ", "we" or "us", "our" or "Company" unless the context otherwise requires, refers to Emami Paper Mills Limited. All references to "Rs." or "INR" refer to Rupees, the lawful currency of India, 'USD' or '\$' refer to the United States Dollar, the lawful currency of the United States of America. Any discrepancy in any table between the total and the sums of amount listed are due to rounding off.

Term	Description
AGM	Annual General Meeting
BV	Book Value
EGM	Extra Ordinary General Meeting
EPS	Earning Per Share
HUF	Hindu Undivided Family
ICDs	Inter Corporate Deposits
NAV	Net Asset Value
NWC	Net Working Capital
PAN	Permanent Account Number
PAT	Profit After Tax
PBIDT	Profit Before Interest Depreciation and Tax
PBT	Profit Before Tax
P/E	Price Earning Ratio
PLR	Prime Lending Rate
RONW	Return on Net Worth
ROCE	Return on Capital Employed
SSI	Small Scale Industries
VCF	Venture Capital Fund
WTO	World Trade Organisation

### 2. Company/Industry Related Terms

Term	Description
AFBC	Atmospheric Fluidized Bed Combustion
BCTMP	Bleached Chemi-Thermo Mechanical Pulp
Cu.m	Cubic Meter
M3	Meter Cube
ETP	Effluent Treatment Plant
HP	Horse Power
Kg.	Kilo – gram
Km.	Kilo-meter
KVA	Kilo Watt
KWH	Kilowatt – Hour
MT	Metric Tonne
MW	Mega Watt
Nos.	Numbers
TPA	Tonnes per annum
TPH	Tonnes per Hour
Qty.	Quantity

### 3. Abbreviations

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
CPCB	Central Pollution Control Board
CREP	Corporate Responsibility for Environment Protection
DIN	Director Identification Number
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under
FI	Financial Institution
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
GNP	Gross Net Profit
GDP	Gross Domestic Profit
GoI	The Government of India
HNI	High Net-worth Individual
ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) regulations, 2009
IEC	Importer Exporter Code
IEM	Industrial Entrepreneur Memorandum
I.T. Act	The Income Tax Act, 1961, as amended
LC	Letter of Credit
N.A.	Not Applicable
NBFC	Non Banking Financial Company
NCMP	National Common Minimum Programme
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a	Per Annum
p.m	Per Month
R&D	Research and Development
Rs.	Indian National Rupee
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI ACT	Securities & Exchange Board of India Act, 1992 (as amended)
SEBI Takeover Regulations or SEBI (SAST) Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
SIA	Secretariat for Industrial Assistance
SICA, 1985	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax

### **Certain Conventions – Use of Market Data**

In this Information Memorandum, unless the context otherwise requires or unless stated otherwise, the financial data is derived from our financial statements prepared and in accordance with the applicable regulations. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts mentioned are owing to rounding-off.

In this Information Memorandum, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lacs” means “one hundred thousand” and the word “million” means “ten lacs” and the word “Crore” means “ten million” and the word billion refers to “Thousand Million”. Throughout this Information Memorandum, all figures have been expressed in lacs. Unless otherwise stated, all references to “India” contained in this Information Memorandum are to the Republic of India.

Industry data used throughout this Information Memorandum has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified by the company. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

### **Forward –Looking Statements**

Statements included in this Information Memorandum which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “ estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “ should”, “will pursue” and similar expression or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: -

- General economic and business conditions in India and other countries
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The changes in monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices
- The performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political and social conditions in India.
- The Loss or shutdown of operations of our Company at any time due to strike or Labour unrest.
- The Loss of our Key Employees and Staff.
- Our ability to respond to Technological changes.

**Absolute Responsibility of Emami Paper Mills Limited**

Emami Paper Mills Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the company, which is material, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions are intentions misleading in any material respect.

**Listing**

The existing shares of the company are listed on the Calcutta Stock Exchange Association Limited and Uttar Pradesh Stock Exchange Association Limited. Now the Company proposes to list the equity shares on the Bombay Stock Exchange Limited (BSE).

**The Information Memorandum is for the Listing of 60,499,050 equity shares of Rs. 2/- each.**

## RISK FACTORS

*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.*

### A. Internal Risk Factors

#### 1. Litigation Summary

The following litigations are pending against our company:

Nature of Allegation	No. of Legal Proceedings	Total Amount
Sales Tax	12	11 Cases Rs. 359.72 Lacs + 1 case Not Ascertainable
Excise	4	Rs. 5.17 Lacs
Labour Law	3	2 Cases – Rs. 2.22 Lacs and 1 Case Not Ascertainable
Others	5	Rs. 292.67 Lacs

#### 2. The following group company has reported losses during the last three financial years:

Out of the five group companies details of which have been provided in this information memorandum only AMRI Hospitals Limited has incurred a loss of Rs. 29.33 Lacs in FY 2007

#### 3. The Company is subject to certain contingent liabilities as per the audited financials for the year ended March 31, 2009

Sl. No.	Particulars	Rs. in Lacs
		Amount
1.	Outstanding Guarantees and Letter of Credit furnished by banks on behalf of the Company	2,633.13
2.	Sales Tax under appeal (net of advances)	265.62
3.	Central Excise duties under appeal (net of advances)	0.96
4.	ESI contribution under appeal	0.22
5.	Bonds/Undertakings given under EPCG scheme to Custom Authorities	2,190.42
	<b>Total</b>	<b>5,090.35</b>

#### 4. Business of the company is cyclic in nature

The paper industry is cyclical in nature and is sensitive to changes in industry capacity and output levels as well as cyclical changes in world economy, all of these can have a significant impact on selling prices of paper. A depressed price scenario for paper could adversely affect the profitability of paper companies

#### 5. The operations of the Company are subject to manufacturing risk and may be disrupted by failure in the facilities

The Company's manufacturing operations could be disrupted for reasons beyond its control. These disruptions may include extreme weather conditions, fire, natural catastrophes or raw material supply disruptions. In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, delay in the delivery of machinery may occur, causing suspension of production and reduced output. Any significant manufacturing disruption could adversely affect the ability of the Company to make and sell products, which could have a material adverse effect on its business, financial condition and future results of operations. In addition, due to the nature of the business and despite of compliance with requisite safety requirements and standards, the operations of the Company are subject to operating risks. Inability to utilize the Company's manufacturing capacities to optimum levels or streamline its production planning and procurement processes will adversely impact the future results of operation.



## **6. Availability of Raw-Material**

The chief raw material required by the Company being waste paper is dependent on supply from third parties from Orissa, Jharkhand, Bihar and West Bengal and also imports for the same. Any delay in supply of the raw material may have a negative impact on the performance of the Company.

## **7. The company requires certain regulatory approvals in the ordinary course of business, and the failure to obtain that in a timely manner or at all may adversely affect its operations**

The Company requires certain regulatory approvals, sanctions, licences, registrations and permissions for operating its businesses. The company may not receive such approvals or renewals in the anticipated time frames or at all, which could adversely affect the business functioning.

## **8. The company has entered into related party transactions with the promoters and/or Directors and the Group Companies**

The company has entered into transactions with the related/group companies. Whilst the company believes that all such transactions have been conducted on an "arm's length basis", there can be no assurance that the company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the company may enter into related party transactions in the future. There can be no assurance that such transactions individually or in the aggregate, will not have an adverse effect on the company's business and results of operations.

## **9. Restrictive covenants in the Loan Agreements**

There are restrictive covenants in agreements we have entered into with the banks for borrowings. These restrictive covenants require us to seek the prior permission of the said banks for various activities, including amongst other, change in capital structure, scheme of amalgamation/reconstruction, expansion in certain new projects, dividend to be paid only out of profits, and certain financial covenants may limit our ability to borrow additional money to incur additional liens. We have been able, in the past, to obtain required lender consents for desired actions, but there can be no assurance that such consents will be obtained in the future.

## **10. The company is dependent on third party transportation providers for the supply of raw materials and delivery of finished products**

The company uses third-party transportation providers for the supply of raw materials to the factory site and for delivery of products to customers. There have been transportation strikes by members of various Indian transport unions in the past and they could further occur in the future and may have an adverse effect on the receipt of supplies and the ability to deliver products to the customers. In addition, continuing increase in transportation costs may have an adverse effect on the business and results of operations. Further, disruptions in transportation services are subjected to various bottlenecks such as weather-related problems, strikes, lock-outs, inadequacies in the infrastructure, or other events could impair the ability to supply the products to the customers. Any such disruptions could materially and adversely affect the business, financial condition and results of operation.

## **11. Mishaps or accidents at the Company's facilities could lead to property damage, property loss and accident claims particularly claims under Public Liability Insurance**

The Company's machinery and property are insured for various risks viz. fire, malicious damages etc. with insurance companies. Thus the company does not foresee any major impact on income and profitability arising out of property damage and accidents. However, the company is not covered under Public Liability Insurance for handling hazardous substance/material as required under Public Liability Insurance Act, 1991. Uncovered risks may expose the company to losses and other consequences which may impact operations and profitability of the Company.

## **B. External Risk Factors**

### **1. Increased competition in the Paper Industry may adversely affect the business of the Company**

EPM is a paper manufacturing unit (having an installed and licensed capacity of 145000 TPA), competing with various competitors in the paper manufacturing industry. From time to time the industry circles having been taking up with the relevant authorities for certain concessions to the industry but no positive changes have been brought in the legislation and hence it can be said that amongst various industries, paper industry gets low priority from policy makers. Moreover, as the liberalization process in India continues, it is expected that the barriers to imports of paper will be removed, environmental regulations will be more strictly enforced and competition in the Indian paper market will increase. This will lead to consolidation in the industry as smaller producers either go out of business or are acquired by larger companies or merge in order to be competitive. As producers consolidate and become larger and gain greater access to debt and equity financing in the international capital markets or advanced technology through strategic alliances, it is expected that the Company will face greater competition resulting in lower prices and margins, which may adversely affect results of the Company. The Company faces competition from cheap imports from Russia, Indonesia, and South East European Countries.

### **2. Risk in relation to paper industry**

The company being in the cyclical industry, our operating results have historically fluctuated on a yearly basis and may fluctuate in future depending on a number of factors including the international prices of paper, fluctuation in rupee value, import tariff, domestic duties and taxes, changes in relationship between revenue and cost, consolidation in the paper industry, effect of seasonality, availability of raw material, changes in Government policies, addition of new machineries and other general economical and business factors. Due to all or any of these factors it is possible that in some future year the company's operating results may vary from the expectations of share holders, market analysis and public. Increase in taxes and other levies imposed by the Central or State Governments in India on the acquisition of capital goods/components, purchase of raw materials or finished goods may have an adverse effect on the profitability of the Company.

### **3. General economic conditions may adversely affect the sales and results of the Company**

India's per capita consumption of paper is around 7 kg which is one of the lowest in the world. The growth in demand for paper in India is closely linked to growth in GDP. As the economy grows, economic activities such as corporate advertising and industrial production also tend to expand, which will increase the consumption of paper products. In addition, demand for paper is closely linked to other macroeconomic indicators such as literacy rates and population levels. The Company does not expect any reversal in economic growth. If India's economy does not continue to grow at such rates or if there is an economic downturn in India, the market for higher value paper which the company is planning to get into is likely to decrease. A sustained downturn in the market for paper would have an adverse effect on the business and results of the Company.

### **4. Compliance with stringent safety or emission standards relating to the Company's manufacturing facilities or other environmental regulations may adversely affect the business and results of the Company**

The Company expects that the laws and regulations relating to the environment will become more restrictive and would be enforced more strictly in the future. Considering the above, the Company has embarked on a modernization plan which will help the Company in meeting the forthcoming environmental norms. This initiative will upgrade and improve the production processes and minimize pollution. If the company is unable to comply with stringent environment norms, the Company may be subject to monetary penalties, criminal sanctions or other enforcement action by regulatory bodies, which could impact the business or results.

**5. Increasing employee compensation in India may erode some of the competitive advantage and may reduce the profit margins**

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of the competitive strength of the company. However, compensation increases in India may erode some of its competitive advantage and may negatively affect the profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. The company may need to continue to increase the levels of the employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on the business, results of operation and financial condition.

**6. Sensitivity of the paper Industry to the Government Policies**

Paper industry was deregulated with the start of economic liberalisation programme. Industrial licensing was done away with effect from July 17, 1997 for most types of paper (except for SSI reserved items). Manufacture of SSI reserved items could be taken up by other units provided they undertake an export obligation of a minimum of 50% of the new or additional production to be achieved within a maximum period of three years. There is no licensing requirement for new projects or expansion subject to the condition that the project should not be located within 25 kms from the periphery of city having population more than 10 Lacs. The paper industry is also categorized as priority sector for the purpose of foreign collaboration. Foreign equity participation up-to 100% is allowed under the automatic approval guidelines. Several fiscal incentives have also been provided to the paper industry, particularly to units using non-conventional raw material. Any change in the government outlook toward paper industry could adversely effect the company's operation and the company may lose its mark in the sector.

**7. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business**

Terrorist attacks may cause damage or disruption to the company, its employees, its facilities, its projects, and its customers, which could impact the results from operation. These acts may also result in a loss of business confidence and have other consequences that could adversely affect the business, prospects, financial condition and results of operations. Travel restrictions as a result of such attacks may have an adverse impact on the company's ability to operate effectively. Increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause the business to suffer in ways that the company currently cannot predict.

**8. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and could materially affect our future financial performance and the trading price of our equity shares.**

**NOTES**

- 1) The net worth of the Company as on 31st March, 2009 is Rs. 14,903.96 Lacs.
- 2) The book value of the equity shares of the Company as on 31st March, 2009 is Rs.24.64 per equity share.
- 3) The promoters of the Company / other Companies in the promoter group, apart from normal commercial transactions and their shareholding in the Company, have no other interests in the Company either by themselves or through their interests in other companies in the promoter group.

## INTRODUCTION

### SUMMARY OF INDUSTRY & BUSINESS

The following summary should be read with the Risk Factors included from page numbers 8 to 11 and the more detailed information about the Company and the financial statements included in the Information Memorandum.

#### INDIAN PAPER INDUSTRY

The paper industry globally is dependent on two parameters:

1. The literacy level (which is dependent on government expenditure on education)
2. The GDP growth rates

India has witnessed phenomenal development in the field of education– both in quantitative and qualitative terms, since independence. However, the national goals of universal elementary education and total eradication of illiteracy still remain elusive. The Government is committed to achieving these national goals and has been steadily increasing the budgetary allocation for education. The Country has also made significant strides in higher and technical education. With the Indian economy on a growth path and the government increasing emphasis on the education the future of the Indian paper industry looks positive with immense growth potential.

The domestic demand of paper has been forecasted to be 10 million tonnes by 2010 and over 14 Million tonnes by the year 2020. At present the demand of the paper is witnessing a healthy growth of 6.6 % (app.) as compared to 5 percent (app.) in the past.

The Indian paper industry is highly fragmented with a large number of organized and unorganized players operating in the market. Some of the key players in the industry are Ballarpur Industries, ITC, Sirpur Paper Mills, West Coast Paper Mills, J K Paper, Century Paper Mills, Tamilnadu Newsprint, Hindustan Paper Corporation Limited, Rama Newsprint & Papers Limited etc.

Indian paper industry needs the following to be globally more competitive:

- Sustained availability of good quality of raw materials (forest based) and bulk import of waste paper to supplement the raw materials supplies.
- Adequate modernization of the manufacturing facilities.
- Improvement of infrastructure.
- Quality improvements and reduction in cost of production.
- Import policy conducive for import of material, equipment, instruments, raw materials & technologies.
- Achieving Economies of Scale

However, the Prospects of paper industry appear positive with the existing demand-supply gap, and the Government's focus on education at every level. The further imposition of 1% Higher education cess and Education Cess of 2% introduced by the Government reflects the focus of the Government towards Education in the Country. The above steps initiated by the Government are expected to further fuel the demand for paper.

#### OUR BUSINESS

Emami Paper Mills Limited is a paper mill based on recycled – fiber located in Balasore (Orissa) and Kolkata (West Bengal). It is the largest newsprint manufacturer in India and the only newsprint manufacturer in Eastern India.

EPM is the largest Newsprint manufacturer in India. The Company has transformed itself from a 10 ton per day capacity in 1983 to a capacity of 450 ton capacity per day. In 1994-95 the Emami Group took over a sick unit named Gulmohar Paper Ltd and within a year it turned the Company into a profitable organization and the Company came out of the BIFR Scheme. Subsequently, EPM got merged with Gulmohar paper and the new entity was named as Emami Paper Mills Limited.

The factory in Kolkata was originally promoted by Wimco in the year 1964. In 1989, it was taken over by Gulmohar Construction Industries Limited. However, the unit became sick in 1990. In 1990-91, Emami joined as a strategic partner and in the year 2000, Emami Paper Mills Ltd., with a factory at Balasore, Orissa, was merged with Gulmohar Paper Ltd. and the name of Gulmohar Paper Limited was changed to Emami Paper Mills Limited.

The Company specializes in the manufacture of newsprint and writing and printing paper. It is also one of the most environment – friendly newsprint manufactures in India, using waste paper exclusively as raw material which insulates the company from a growing scarcity in virgin fibre, a major concern among India's paper players.

The Company has a total installed capacity of 1,45,000 TPA of which 1,30,000 TPA is for newsprint and 15,000 TPA for Writing & Printing Paper. The Company's Balasore unit has an installed capacity of 1,13,500 for newsprint and 15,000 TPA for Writing and Printing paper. Additionally, the Kolkata unit has an installed capacity of 16,500 TPA for the newsprint production. The Balasore unit is also supported by 20 MW Captive Power Plants.

## SUMMARY OF FINANCIAL INFORMATION

Statement of Assets and Liabilities as on 31<sup>st</sup> March 2005, 2006, 2007, 2008 and 2009

	Rs. in Lacs				
Particulars	2009	2008	2007	2006	2005
<b>A. Fixed Assets:</b>					
Gross Block	58,028.34	48,754.57	19,830.49	17,207.08	14,710.91
Less: Depreciation	13,268.98	10,725.15	9,489.48	8,456.57	7,836.26
<b>Net Block</b>	<b>44,759.36</b>	<b>38,029.42</b>	<b>10,341.01</b>	<b>8,750.51</b>	<b>6,874.65</b>
Less: Revaluation Reserve	921.03	1,010.80	1,115.22	1,252.77	1,461.28
Net Fixed Assets after adjustment of Revaluation Reserve	<b>43,838.33</b>	<b>37,018.62</b>	<b>9,225.79</b>	<b>7,497.74</b>	<b>5,413.37</b>
Capital Work In Progress (CWIP)	231.54	400.39	21,660.68	4,290.24	2.00
<b>TOTAL</b>	<b>44,069.87</b>	<b>37,419.01</b>	<b>30,886.47</b>	<b>11,787.98</b>	<b>5,415.37</b>
<b>B. Deferred Tax Assets</b>	-	-	-	-	-
<b>C. Current Assets, Loans and Advances:</b>					
Inventories	8,155.14	4,822.57	2,230.46	2,110.09	2,004.19
Sundry Debtors	8,657.31	3,227.55	1,540.06	1,146.29	1,287.01
Cash and Bank Balances	309.42	144.15	6,298.17	299.94	73.65
Loans and Advances	8,113.94	7,980.69	9,077.13	6,397.12	2,013.06
<b>TOTAL</b>	<b>25,235.81</b>	<b>16,174.96</b>	<b>19,145.82</b>	<b>9,953.44</b>	<b>5,377.91</b>
<b>D. Investment</b>	<b>62.40</b>	<b>62.20</b>	<b>61.99</b>	<b>62.04</b>	<b>188.89</b>
<b>E. Liabilities and Provisions:</b>					
Secured Loans	38,933.55	29,905.03	29,461.87	6,329.00	4,064.93
Unsecured Loans	8,504.00	6,133.07	4,109.38	2,292.41	51.49
Current Liabilities and Provisions	4,467.07	2,914.68	2,841.77	1,696.71	1,304.71
Deferred Tax Liabilities	2,559.50	1,583.00	1,138.98	841.25	688.37
<b>TOTAL</b>	<b>54,464.12</b>	<b>40,535.78</b>	<b>37,552.00</b>	<b>11,159.37</b>	<b>6,109.50</b>
<b>F. Networth: [(A)+(B)+(C)+(D)-(E)]</b>	<b>14,903.96</b>	<b>13,120.39</b>	<b>12,542.28</b>	<b>10,644.09</b>	<b>4,872.67</b>
Represented by:					
1. Share Capital	1,209.98	1,209.98	1,209.98	1,209.98	1,209.98
2. Reserves and Surplus	13,693.98	11,910.41	11,332.30	9,434.11	3,665.25
<b>Total</b>	<b>14,903.96</b>	<b>13,120.39</b>	<b>12,542.28</b>	<b>10,644.09</b>	<b>4,875.23</b>
Less: Miscellaneous Expenditure	-	-	-	-	2.56
<b>Networth</b>	<b>14,903.96</b>	<b>13,120.39</b>	<b>12,542.28</b>	<b>10,644.09</b>	<b>4,872.67</b>

Source: Audited financial statements

**Statement of Profit & Loss for the Financial Years ending 31<sup>st</sup> March 2005, 2006, 2007, 2008 and 2009**

	Rs. in Lacs				
Particulars	2009	2008	2007	2006	2005
<b>INCOME:</b>					
Income from Operations	43,497.46	22,053.91	16,061.95	13,567.72	12,866.37
<b>Total</b>	<b>43,497.46</b>	<b>22,053.91</b>	<b>16,061.95</b>	<b>13,567.72</b>	<b>12,866.37</b>
Other Income	889.04	1,013.54	1,229.25	85.36	105.64
Increase/(Decrease) in Inventories	1,375.23	497.77	20.51	-130.72	406.20
<b>Total</b>	<b>45,761.73</b>	<b>23,565.22</b>	<b>17,311.71</b>	<b>13,522.36</b>	<b>13,378.21</b>
<b>EXPENDITURE:</b>					
Raw Material Consumed	23,804.02	13,789.17	8,525.89	7,836.43	8,043.73
Staff Costs	2,601.58	1,962.31	1,244.79	1,009.25	999.65
Other Manufacturing Expenses	5,813.91	3,710.79	2,260.64	1,411.23	1,335.31
Administration Expenses	4,046.42	1,316.26	746.86	434.86	378.03
Selling and distribution expenses	149.61	137.64	362.70	313.80	231.03
Interest	3,609.77	773.21	748.44	143.67	254.90
Depreciation	2,458.09	1,170.36	1,021.60	679.23	1,868.11
Less: Pre-operative expense of project commissioned (Net)	-	1,063.08	-		
<b>Total</b>	<b>42,483.40</b>	<b>21,796.66</b>	<b>14,910.92</b>	<b>11,828.47</b>	<b>13,110.76</b>
<b>Net Profit before tax and extraordinary Items</b>	<b>3,278.33</b>	<b>1,768.56</b>	<b>2,400.79</b>	<b>1,693.89</b>	<b>267.45</b>
Provision for Taxation	368.68	198.24	291.36	128.51	20.50
Deferred Tax	976.50	444.02	297.73	152.88	13.37
Fringe Benefit Tax	25.00	20.00	11.08	11.83	-
Income Tax for Earlier Year	14.12	31.38	-1.08	0.22	-
MAT Credit Entitlement (Current and previous financial year)	-314.23	-285.16		-	-
<b>Net Profit before Extraordinary item</b>	<b>2,208.26</b>	<b>1,360.08</b>	<b>1,801.70</b>	<b>1,400.45</b>	<b>233.58</b>
Extraordinary Items	-	-	513.99	4,989.27	-
<b>Net Profit after Extraordinary item</b>	<b>2,208.26</b>	<b>1,360.08</b>	<b>2,315.69</b>	<b>6,389.72</b>	<b>233.58</b>

Source: Audited financial statements

**Statement of Cash Flow for the years ending at 31<sup>st</sup> March 2005, 2006, 2007, 2008 and 2009**

Rs. in Lacs

YEAR ENDED	2009	2008	2007	2006	2005
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax	3,278.33	1,768.56	2,914.78	6,683.16	267.45
<b>Adjustments for:</b>					
Depreciation	2,547.86	1,274.78	1,143.19	823.84	2,041.23
Preliminary expenses w/off	-	-	-	2.56	0.51
Interest and Financial Charges (Net)	2,929.35	-36.64	-421.38	143.67	254.90
Dividend Income	-7.00	-5.83	-13.66	-33.32	-9.73
(Profit)/Loss on Sale of Fixed Assets	-10.77	-0.35	-8.52	5.12	-5.73
(Profit)/Loss on Sale Investments	-	-	-513.99	-4,989.27	-17.89
Transferred from Revaluation Reserve	-89.77	-104.42	-121.59	-144.61	-173.12
<b>Operating profit before Working Capital Changes</b>	<b>8,648.00</b>	<b>2,896.10</b>	<b>2,978.83</b>	<b>2,491.15</b>	<b>2,357.62</b>
<b>Adjustments for:</b>					
Trade and Other Receivables	-5269.44	-68.92	-2935.01	-4198.47	-831.59
Inventories	-3332.57	-2592.11	-120.37	-105.9	108.15
Trade Payable	1,898.10	-501.15	1148.86	-28.91	393.08
<b>Cash Generated from Operations</b>	<b>1,944.09</b>	<b>-266.08</b>	<b>1,072.31</b>	<b>-1,842.13</b>	<b>2,027.26</b>
Interest Paid (Net)	-3555.34	-768.25	896.88	-136.67	-255.31
Payment of Direct Taxes	-387.14	-486.59	-440.13	-185.43	-36.50
Transitional Provisions for Employees Benefits	-117.01	-74.16	-	-	-
<b>Cash Flow before Extraordinary Items</b>	<b>-2,115.40</b>	<b>-1,595.08</b>	<b>1,529.06</b>	<b>-2,164.23</b>	<b>1,735.45</b>
Extra Ordinary Items	-	-	-	-	-
<b>Net cash from Operating Activities - (A)</b>	<b>-2,115.40</b>	<b>-1,595.08</b>	<b>1,529.06</b>	<b>-2,164.23</b>	<b>1,735.45</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Fixed Assets	-9119.61	-8074.16	-20228.85	-7065.47	-288.13
Interest Received	680.42	809.85	-	-	-
Sale/(Purchase) of Investments	-0.20	-0.21	514.04	5116.12	-108.36
Sale/Adjustment of Fixed Assets	21.43	371.61	117.28	8.51	17.33
Dividend Received	7.00	5.83	13.66	33.32	9.73
<b>Net Cash from Investing Activities - (B)</b>	<b>-8,410.96</b>	<b>-6,887.08</b>	<b>19,583.87</b>	<b>-1907.52</b>	<b>-369.43</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase/(Decrease) in Bank Borrowings	1935.7	3981.09	2703.73	-9.67	-869.98
Proceeds from Long Term	9463.75	-1511.39	22246.11	4514.66	-337.12



Borrowings (Net)					
Dividend & Dividend Tax Paid	-707.82	-141.56	-896.80	-206.95	-136.32
<b>Net Cash used in Financing Activities - (C)</b>	<b>10691.63</b>	<b>2328.14</b>	<b>24053.04</b>	<b>4298.04</b>	<b>-1343.42</b>
Net Increase / (Decrease) in Cash & Cash Equivalents(A+B+C)	165.27	-6,154.02	5,998.23	226.29	22.60
Cash and Cash Equivalents at beginning of year/period	144.15	6,298.17	299.94	73.65	51.05
Cash and Cash Equivalents at end of year/period	309.42	144.15	6,298.17	299.94	73.65

*Source: Audited financial statements*

**GENERAL INFORMATION**

<b>Name of the Company</b>	Emami Paper Mills Limited
<b>Corporate Identification No.</b>	L21019WB1981PLC034161
<b>Registered Office</b>	687, Anandpur, E.M. Bypass, Kasba Golpark, Kolkata -700 107
<b>Registration No.</b>	34161
<b>Contact Person</b>	Mr. G. Saraf, V.P. (Finance) & Company Secretary
<b>Address of ROC</b>	Nizam Palace, II MSO Bldg., 2nd floor, 234/4, AJC Bose Road, Kolkata – 70020

**Board of Directors**

<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>
Mr. R.S. Goenka	Chairman	Executive
Mr. R.S. Agarwal	Director	Non – Executive
Mr. P.S.Patwari	Director	Executive
Mr. Manish Goenka	Director	Executive
Mr. A.V. Agarwal	Director	Non – Executive
Mr. S.K. Khaitan	Director	Non – Executive & Independent
Mr. S.K. Todi	Director	Non – Executive & Independent
Mr. U.G. Bhat	Director	Non – Executive & Independent
Mr. N. Mishra	Director	Non – Executive & Independent
Mr. J. Godbole	Director	Non – Executive & Independent
Mr. H.M. Marda	Director	Non – Executive & Independent

**Registrar to the Company**

Niche Technologies Pvt. Ltd.  
D-511, Bagri Market, 5<sup>th</sup> Floor  
71 BRB Bose Road,  
Kolkata – 700001

**Auditors****S.K. Agrawal & Company**

Chartered Accountants  
4A, Council House Street,  
Kolkata – 700 001

**Unit Auditors**

Salarpuria Jajodia & Company  
Chartered Accountants  
7 C.R. Avenue  
Kolkata - 700072

**CAPITAL STRUCTURE****Rs. in Lacs**

<b>Particulars</b>	<b>Aggregate Nominal Value</b>
<b>(A) Authorised Share Capital</b>	
6,25,00,000 Equity Shares of Rs. 2/- each	1,250.00
10,000 6% Redeemable Non Cumulative Preference Shares of Rs. 100 each	10.00
<b>(B) Issued, Subscribed and Paid-up Equity Capital</b>	
6,04,99,050 Equity Shares of Rs. 2/- each	1,209.98

**Notes to Capital Structure:**

Changes in the Authorized Share Capital Structure since inception are given below:

<b>Date of change</b>	<b>Details of change in authorized capital</b>
<b>November 06, 1989</b>	Increase in authorised share capital of the company from Rs 25 Lacs to Rs. 34 Lacs
January 25, 1990	Increase in authorised share capital of the company from Rs 34 Lacs to Rs. 100 Lacs
September 28, 1992	Increase in authorised share capital of the company from Rs 100 Lacs to Rs. 200 Lacs
March 19, 1994	Increase in authorised share capital of the company from Rs 200 Lacs to Rs. 225 Lacs
November 20, 2000	Increase in authorised Share Capital of the company from Rs 225 Lacs to Rs. 1250 Lacs

**The following is the history of the Equity Share Capital of the Company:**

<b>Date of Allotment</b>	<b>No. of Equity Shares Allotted</b>	<b>Face Value (In Rs.)</b>	<b>Issue Price (In Rs.)</b>	<b>Cumulative paid up capital (Rs. in Lacs)</b>	<b>Consideration</b>	<b>Remarks</b>
29.09.1981	70	10	10	0.01	Cash	Subscribers to the Memorandum (On formation of Company)
02.03.1982	244930	10	10	24.50	Cash	Public Issue
28.02.1990	81170	10	-	32.62	-	On amalgamation of three Companies as per High Court's Order
28.02.1990	(156790)	10	-	16.94	-	On amalgamation of three Companies as per High Court's Order
11.06.1990	592830	10	10	76.22	Cash	Rights Issue
13.07.1994	1300000	10	10	206.22	-	Conversion of unsecured loan (As per BIFR Order)
19.03.2001	7887600	10	-	994.98	-	On amalgamation of Emami Paper Mills Ltd. & J.P. Films Ltd. as per High Court's order from Kolkata & Cuttack
19.03.2001	2150000	10	50	1,209.98	Cash	Preferential Issue (As per conditions of IDBI)
06.02.2006	60499050	2	-	1,209.98	-	Sub division of equity shares from Rs.10/- each to Rs.2/- per share

Shareholding Pattern of the Company as on 30<sup>th</sup> September 2009 is as follows:

Sl. No.	Category of Shareholders	No. of Holders	No. of Shares	No. of Shares in Demat	% Of (A+B)	% Of (A+B+C)
<b>(A)</b>	<b>Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
a	Individual/HUF	29	53,37,200	46,56,550	8.82%	8.82%
b	Central Govt./ State Govt.	-	-	-	-	-
c	Bodies Corporate	7	3,99,12,087	3,90,24,087	65.97%	65.97%
d	Financial Institution/ Bank	-	-	-	-	-
e	Any Other	-	-	-	-	-
	<b>Sub-Total of (A) (1)</b>	<b>36</b>	<b>4,52,49,287</b>	<b>4,36,80,637</b>	<b>74.79%</b>	<b>74.79%</b>
<b>2</b>	<b>Foreign</b>					
a	Individuals (NRIs/Foreign)	1	1,25,000	1,25,000	0.21%	0.21%
b	Bodies Corporate	-	-	-	-	-
c	Institutions	-	-	-	-	-
d	Any Other	-	-	-	-	-
	<b>Sub-Total of (A) (2)</b>	<b>1</b>	<b>1,25,000</b>	<b>1,25,000</b>	<b>0.21%</b>	<b>0.21%</b>
	<b>Shareholding of Promoter &amp; Promoter Group (A) = A1+A2</b>	<b>37</b>	<b>4,53,74,287</b>	<b>4,38,05,637</b>	<b>75.00%</b>	<b>75.00%</b>
<b>(B)</b>	<b>Public Shareholding</b>					
<b>1</b>	<b>Institutions</b>					
a	Mutual Funds/ UTI	-	-	-	-	-
b	Financial Institution/ Bank	-	-	-	-	-
c	Central Govt./ State Govt.	-	-	-	-	-
d	Foreign Institutional Investors	-	-	-	-	-
e	Any Other	-	-	-	-	-
	<b>Sub-Total of (B) (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2</b>	<b>Non - Institutions</b>					
a	Bodies Corporate	31	36,36,663	35,15,663	6.01%	6.01%
b	Individuals					
	i. Individual Shareholders Holding Nominal Share Upto Rs. 1 Lakh	424	11,97,100	7,85,798	1.98%	1.98%
	i. Individual Shareholders Holding Nominal Share more than Rs. 1 Lakh	46	1,02,91,000	1,02,91,000	17.01%	17.01%
c	Any Other	-	-	-	-	-
	<b>Sub-Total of (B) (2)</b>	<b>501</b>	<b>1,51,24,763</b>	<b>1,45,92,461</b>	<b>25.00%</b>	<b>25.00%</b>
	<b>Total Public Shareholding (B) = B(1) + B(2)</b>	<b>501</b>	<b>1,51,24,763</b>	<b>1,45,92,461</b>	<b>25.00%</b>	<b>25.00%</b>
	<b>Total (A) + (B)</b>	<b>538</b>	<b>6,04,99,050</b>	<b>5,83,98,098</b>	<b>100.00%</b>	<b>100.00%</b>
<b>(C)</b>	Shares held by Custodians and against which DRs have been issued	-	-	-	-	-
	<b>Grand Total (A) + (B) + (C)</b>	<b>538</b>	<b>6,04,99,050</b>	<b>5,83,98,098</b>	<b>100.00%</b>	<b>100.00%</b>

There are no shares pledged as on date

## INDUSTRY OVERVIEW

The pulp and paper industry is one of India's oldest and core industrial sectors. The socio-economic importance of paper has its own value to the country's development as it is directly related to the industrial and economic growth of the country. Although paper has many uses, its most important contribution to modern civilization is its use as a medium to record knowledge.

Paper is a highly capital, energy and water intensive industry. The process of manufacture of paper leads to pollution and hence requires substantial investments in pollution control equipments. The domestic paper industry consumes large amount of water.

Paper plays an important role in communication and as a packaging material. The demand for paper is closely linked to the economic conditions prevalent in the country. Strong economic growth boosts demand for paper and vice-versa. Further, higher use of paper owing to its short life cycle and its large variety of applications at reasonably low costs drive its demand. The paper industry globally is dependent on two parameters:

1. The literacy level (which is dependent on government expenditure on education)
2. The GDP growth rates

India has witnessed phenomenal development in the field of education– both in quantitative and qualitative terms, since independence. However, the national goals of universal elementary education and total eradication of illiteracy still remain elusive. The Government is committed to achieving these national goals and has been steadily increasing the budgetary allocation for education. The Country has also made significant strides in higher and technical education. At the national level there is the commitment for increasing public expenditure on education for universalizing elementary education.

### Paper Industry - Domestic Scenario

The Indian paper industry is highly fragmented. According to estimates, the total number of mills vary from anywhere between 500 to over 1,000. The top five producers account for 15 per cent of the total paper capacity in the country.

The industry is highly diverse, technical and capital intensive. Further, norms relating to environmental pollution such as chlorine free operations and tighter effluent treatment/discharge parameters etc have restricted rapid expansion of paper industry's capacity. Paper consumption is an indicator of the economic and literacy status of any country. While India accounts for nearly 15% of the world population, it consumes only 1% of the world paper production. India's per capita consumption of paper at about 7 kgs is very low as compared to the world average of over 50 kgs. The impact of just 1kg increase in per capita consumption would lead to increase in demand by 1.1 million tonnes of paper.



Paper demand is inextricably linked to economic growth, industrial production, advertisement expenditure, expenditure on education etc. While industrial paper demand is driven by industrial output and packaging industry growth etc, printing and writing paper demand is determined by public spending on education, expenditure on publicity and general literacy levels.

The growing demand of paper has encouraged a gradual improvement in capacity utilizations. Stringent pollution control norms will act as a deterrent to smaller players from adding capacities as it would require significant investment to upgrade the existing facility to meet these norms. Though currently there is no law in force, the company that the Indian paper industry will be compelled to eliminate the use of chlorine for bleaching in the next few years.

### Industry Segmentation

Indian Paper Industry is highly fragmented and mostly occupied by small scale and unorganized producers, most of them lacking integrated manufacturing facility. They are further sub-divided as per the type of paper being produced:

- Printing and writing paper
- Packaging paper
- Coated paper
- Specialty paper
- Xerox Paper
- Copier Paper

### Current Raw Material Scenario

In India, three main sources of raw material are used to manufacture paper: wood / bamboo, agri-residues such as bagasse, and waste paper. Wood accounts for 30% of the production, while wastepaper and agri-residues account for 39% and 31% respectively. The primary raw material used by the paper industry is wood. Softwoods are not used in India, as they are not easily available (softwoods cover 6-7% of the total forest area in India.). Players manufacturing high-quality paper use imported softwood pulp. Due to the limited availability of wood, agro-based raw materials and waste paper are used as substitutes for manufacturing paper. However, paper so produced is of a lower quality as compared with paper manufactured using wood. The ability to manage raw material costs determines a manufacturer's profitability, as they form the largest cost component. The product mix of a company affects its choice of raw material, while the raw material mix determines its cost. Newsprints and industrial grades of paper can be made from wastepaper and agri-residues. However, premium varieties of paper require superior quality inputs such as imported pulp and wood.

### Consumption Pattern

The country is almost self-sufficient in manufacture of most varieties of paper and paperboard. Import, however, is confined only to certain specialty papers such as news print, light weight coated variety of paper, cheque paper, etc. To meet part of its raw material needs the industry has to rely on imported wood pulp and waste paper.

The profile of Indian pulp and paper sector including the various aspects like product consumption pattern, operational scale, state wise industry inventory, is presented in the table and figure below:

**Table: Consumption pattern of paper and paper board products in India**

Type of paper	Main Varieties	% age of Total Consumption
Cultural Paper	Cream wove, maplitho, bond paper, Chromo art paper	41%
Industrial paper	Kraft paper, paper board – paper board - single layer board, multilayer board, duplex board,	43%

Specialty Paper	Security paper, grease proof paper, electrical grades of paper	4%
Newsprint	Glazed, non-glazed	12%

### Per Capita Consumption

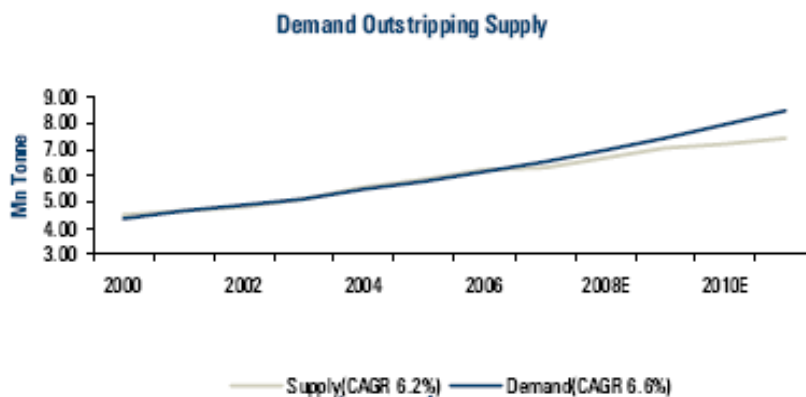
In absolute terms, India's aggregate annual consumption of paper and paperboard at 6.7 million tonnes may be regarded as large (compare, 3.9 million tonnes in Australia). But on per capita basis, it's a different story. Average annual per capita consumption is only 7 kg in India, compared with 42 kg in China, 55 kg in the world as a whole. An inference from India's low per capita consumption is that enormous scope exists for the consumption to rise in India in the future. The following table depicts the per capita consumption of paper in various countries

Country	Per Capita Consumption (Kg)
Sri Lanka	6
India	7
Philippines	11
Indonesia	22
Thailand	34
China	42
Malaysia	101
USA	250
All Over world	55

### Key Demand Drivers

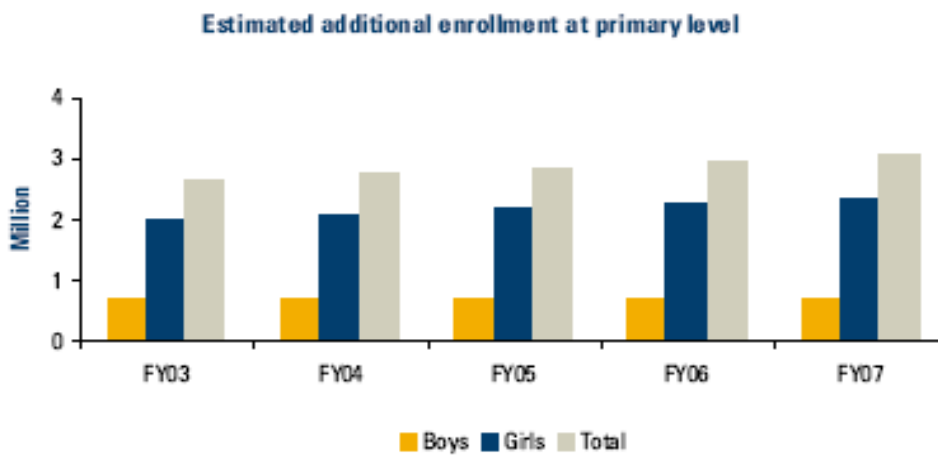
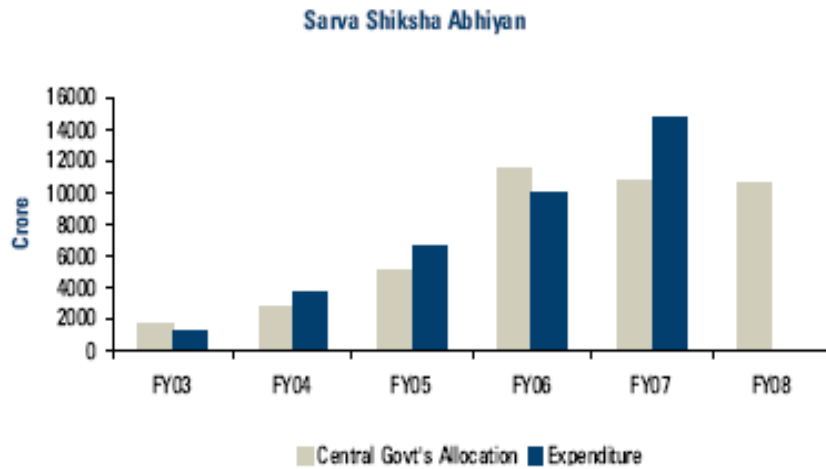
#### 1. Increase in GDP Demand Growth

The development of paper industry and paper consumption levels are related to the GDP growth and literacy levels. Indian paper industry has a direct correlation with the economic GDP growth which is over 8%. The industry has recorded a supply CAGR 6.2% where as the demand CAGR stands 6.6%. The growth rate of the sector is positive in long run as key demand levers such as rising GDP, increased literacy spending and improving per capita consumption are in place.



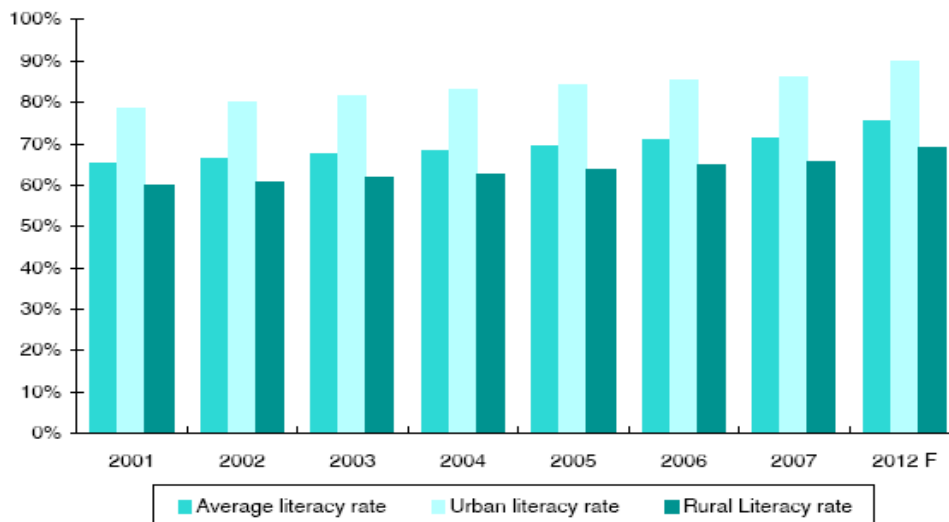
#### 2. Government Focus on Education

Government increasing emphasis on the primary education has lead to increase in demand of the paper. Union Budget 2007-08 has added more sheen to the sector by 34.2% increase in the education sector expenditure to Rs 323.5 billion for 2007-08. Government allocation for Sarva Shiksha Abhiyan was increased by 41.0% from Rs. 7800 crore in 2005-06 to Rs. 11,000 crore in 2006-07. There was a hike of 20% in education sector allocation and a shift in the focus of Sarva Siksha Abhiyan to quality of education. The Scheme has also been extended to upper middle class to upper primary classes in 3479 educational backward block.



**3. Increase in literacy to provide further impetus to growth**

Demand for newspaper depends on the rate of literacy. The average literacy rate is estimated to have grown from 66 percent in 2000-01 to nearly 72 percent in 2007-08. Literacy rate in India is higher in the urban areas as compared to rural areas. As per government estimates, going forward, the average literacy rate is expected to increase to around 75 percent by 2012. This is expected to boost the demand for newspapers and consequently the demand for newspaper.





#### **4. Standard of Living**

Improved living standard and higher disposable income in the hands of the people has increased the demand for branded high end paper and hygiene paper products.

#### **Importance to the Economy**

The paper segment's products include Kraft paper and paperboard that are primarily used in packaging. The segment accounts for the largest share of production, approximately 45% in the Indian paper industry, with printing and writing paper accounting for approximately 39% and newsprint accounting for the balance. The segment's products are used as inputs in a host of industries such as agriculture, Fast Moving Consumer Goods (FMCG), processed foods, pharmaceuticals, consumer durables and cigarettes besides exports. However, even as the sector makes important contributions, the segment, and also the paper industry as such face a generally deteriorating policy outlook because of increasing social concern about deforestation. Further, the segments share of the estimated contribution of Rs 20-25 billion to the national exchequer by paper industry by way of excise and sales tax is smaller than its share in production as its products tend to be of relatively low value. Paper industry provides employment to 300,000 people and influences another 1 million jobs indirectly. These factors contribute to the segments moderate importance in the economy.

#### **Sensitivity of the Industry to Government Policies**

Paper industry was deregulated with the start of economic liberalization programme. Industrial licensing was done away with for most types of paper (except for SSI reserved items). Manufacture of SSI reserved items can also be taken up by other units provided they undertake an export obligation of a minimum of 50% of the new or additional production to be achieved within a maximum period of three years. There is no licensing requirement for new projects or expansion subject to the condition that the project should not be located within 25 kms from the periphery of city having population more than 1 million. Government has provided small non- conventional raw material (NCRM) users with an incentive by reducing the excise duty on paper manufactured by them to 0% for the first 3,500 tons and 4% for any further production.

Government has completely delicensed the paper industry with effect from July 17, 1997. The entrepreneurs are now required to file an Industrial Entrepreneur Memorandum with the Secretariat for Industrial Assistance for setting up a new paper mill or substantial expansion of the existing mill in permissible locations.

The industry is categorized as priority sector for the purpose of foreign collaboration. Foreign equity participation up-to 100% is allowed under the automatic approval guidelines. Several fiscal incentives have also been provided to the paper industry, particularly to units using non-conventional raw material.

#### **Stumbling Block**

Performance of the industry has been constrained due to high cost of production caused by inadequate availability and high cost of raw materials, high energy cost, etc. Several policy measures have been initiated in recent years to remove the bottlenecks of availability of raw materials and infrastructure development. Several fiscal incentives have also been provided to the paper industry, particularly to those mills, which are based on non-conventional raw material. Paper industry is of cyclical nature and global paper industry being on come back trail, the Indian paper Industry has also started looking up. India's per capita consumption of paper is around 7 kg. With the expected increase in literacy rate and growth of the economy, an increase in the per capita consumption of paper is expected. The demand for upstream market of paper products, like, tissue paper, tea bags, filter paper, light weight coated paper, medical grade coated paper, etc., is picking up.

## **End Use Trends of writing and printing paper**

### **Books and Text Books**

- State Text Book Corporations are the Key buyers
- State Text Book Corporations prefer to use cheap creamwove (from agro based mills)
- Demand is seasonal

### **Notebooks**

- Notebook converters are the main buyers
- Seasonal Demand
- Creamwove is mainly used. Some converters are shifting to better qualities

### **Office Stationery**

- Includes envelopes, calendar, diaries and other stationery
- Demand is sensitive to corporate performance and business cycles

### **Computer stationery**

- The Metro cities are the main buyers
- Good growth prospectus in the medium term, in the long term trend to page printing using cut sizes

## **Future Prospectus**

Indian paper industry which was at the crossroad is now recovering at a very fast pace. Use of paper is considered as an index of cultural growth. Key social objectives of the government like eradicating illiteracy, making primary education compulsory etc. are very much positively co-related to the paper industry.

Based on these factors, the company believes a significant scope of appreciation in demand. Moreover, with the government's thrust on Universal Elementary Education, demand for paper is set to increase manifold.

### ***Sources for the information provided in this section on "Industry Overview"***

*National Productivity Council, New Delhi*

*Economic Survey (Budget)*

*Ministry of HRD*

*Research Reports*

## BUSINESS OVERVIEW

Emami Paper is a part of Emami Group which possesses diverse business interests in FMCG, paper, writing instruments, healthcare, retail departmental stores and real estate.

Emami Paper Mills Limited is a paper mill based on recycled – fiber located in Balasore (Orissa) and Kolkata (West Bengal). It is the largest newsprint manufacturer in India and the only newsprint manufacturer in Eastern India.

The details of the Company's registered office and factory are given below:

Sl. No.	Location	Utilization	Nature of Possession
1.	687, Anandpur, E.M. Bypass, Kasba Golpark, Kolkata -700 107	Registered Office	Rented
2.	Village: Balgopalpur Balasore – 756 0202 (Orissa)	Factory	Partly owned and partly leased
3.	R.N. Tagore Road, Alambazar, Kolkata -700 035. (West Bengal)	Factory	Owned

The factory in Kolkata was originally promoted by Wimco in the year 1964. In 1989, it was taken over by Gulmohar Construction Industries Limited. However, the unit became sick in 1990. In 1990-91, Emami joined as a strategic partner and in the year 2000, Emami Paper Mills Ltd., Balasore was merged with Gulmohar Paper Ltd. and the Company was renamed as Emami Paper Mills Limited.

The Company specializes in the manufacture of newsprint and writing and printing paper.

The Company has a total installed capacity of 1,45,000 TPA of which 1,30,000 TPA is for newsprint and 15,000 TPA for Writing & Printing Paper. The Company's Balasore unit has an installed capacity of 1,13,500 for newsprint and 15,000 TPA for Writing and Printing paper. Additionally, the Kolkata unit has an installed capacity of 16,500 TPA for the newsprint production. The Balasore unit is also supported by 20 MW Captive Power Plants.

Emami Paper Mills Limited is one of the most environment friendly manufacturers of newsprint and writing and printing paper. Its paper production process uses recycled Waste Paper including Old Newspapers as raw material inputs thereby eliminating the need to use virgin fibres or pulp. The company is committed to provide a pollution free ambience in its plant.

### Range of Products of the Company

The Company has two principle range of products:

#### 1. NEWSPRINT

**Area of Applications:** Newspapers, magazines and periodicals

**Principle Customers:** Leading Newspaper Establishments – Times of India, Hindustan Times, Deccan Chronicle, The Statesman, Anandbazar Patrika, etc.

**Quality:** as per BIS Standards

#### 2. WRITING AND PRINTING PAPER

**Area of Applications:** Exercise Notebooks , Printing of Text Books, Question Sheets, Khatas, Registers /Ledger books and other material

#### Products:

- White Creamwove
- Maplitho

- Ledger Paper

**Principle Customers:** Government Presses, Notebook Manufacturers, Publisher of books and magazines, Accounts books, Stationery, etc.

## **SWOT ANALYSIS**

### **Strengths**

- Largest news print manufacturer in the country
- Self sufficient in power having captive capacity of 20MW with cogeneration
- One of the most operationally efficient newsprint manufacturer in India
- Quality newsprint in the country – strong brand equity with print media
- Experience – Average serving age of the management cadre greater than 10 years

### **Weakness**

- Selling price dependent on international newsprint prices

### **Opportunities**

- Robust outlook for the Newsprint sector - expected to grow by 9% annually for the next five years
- Huge growth potential – only half of domestic newsprint demand is met by domestic production

### **Threats**

- Appreciating rupee makes imported newsprint cheaper, hence selling price and margins can come under stress

## **Logistic Management**

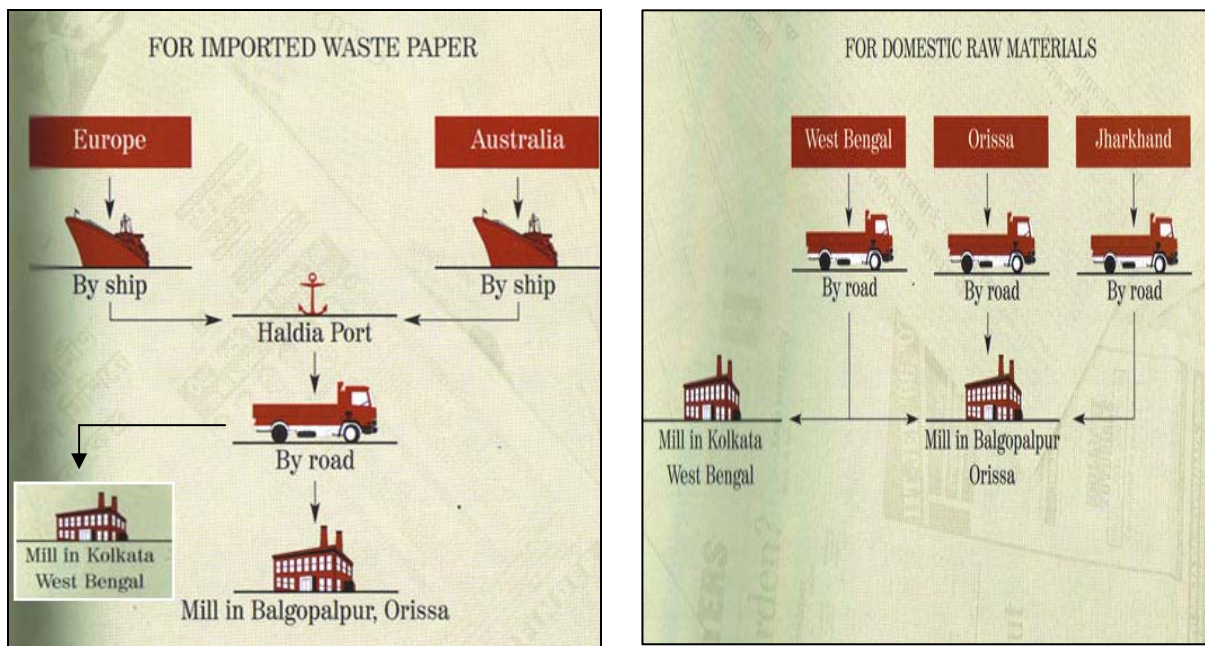
In a business where timely availability of the finished product is of utmost importance, recognition as a dependable manufacturer is the biggest brand.

At Emami Paper, we ensure safe and timely procurement of raw material leading to the corresponding delivery of newspaper reels to customers.

### **Highlights Of the Logistic Management of the Company:**

- Emami Paper procures indigenous raw materials from Orissa, Jharkhand, Bihar, Bangalore and West Bengal within a radius of 800 kms, making it logistics management cost-effective. The company monitors freight charges daily and negotiates the best volume-based rates with transporters, optimizing its logistics costs. The Company also ensures cargo for transporters returning with their trucks (supply of raw material from Kolkata to the mill and dispatch of finished goods to Kolkata from the mill)
- The Company ensured safe and systematic loading of paper reels and sheets, enhancing safety and space utilization.
- The use of protective sheets reinforced with tarpaulin cover minimized water seepage, eliminating the incidence of complaints from customers.

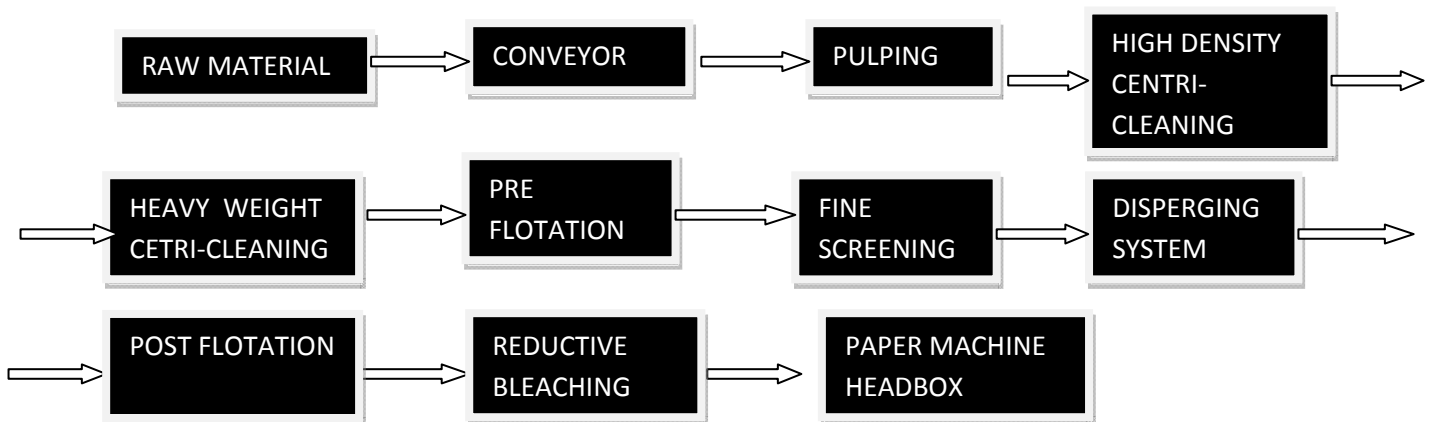
**Diagrammatic representation of procurement of raw material from Domestic and International market:**



**MANUFACTURING PROCESS OF PAPER**

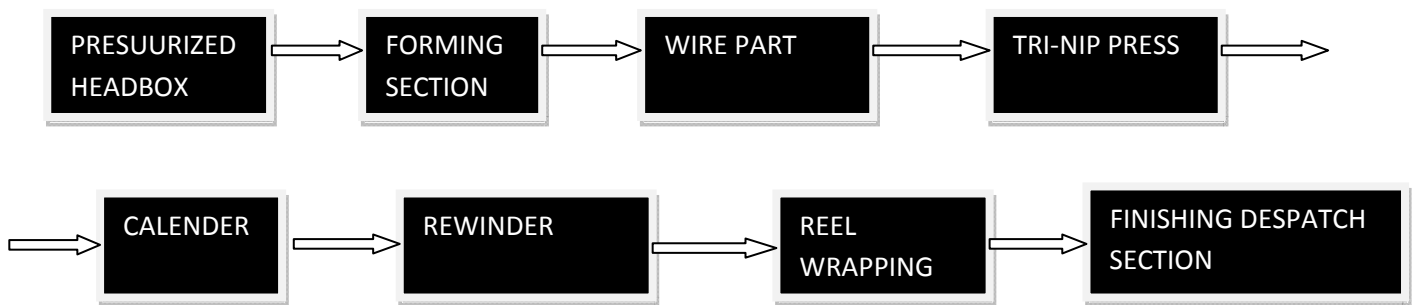
**DEINKING PROCESS:-**

Deinking plant installed in Emami is having high ink and dirt removal efficiency. Raw Material is fed to the conveyor. In the pulping stage, the pulper chops the paper to smaller pieces, water and chemicals are added. High Density Centri cleaning is spinning the pulp slurry in a cleaner causes materials that are denser than pulp fibers to move outward and be rejected. Screens, with either slots or holes, are used to remove contaminants that are larger than pulp fibers. In flotation cell, the contaminants are removed from the suspension such as printing ink, stickies and fillers. In dispersing section, dewatering and heating of the stock is done to the required consistency. In oxidative bleaching the brightness is increased by fiber lightening. In reductive bleaching, the colour value correction is done; brightness is increased by colour stripping. Finally the pulp is forwarded to the head box for paper making.



**PAPER MAKING PROCESS:-**

Pressurised head box is equipped with Slice & Apron heating system to get good profile after machine startup. Bel Baie –Horizontal Gap former is designed to dewater from both side of paper web resulting minimal low two sidedness and good formation. Curved Inverted vacuum Box (CIVB) helps in controlling top side dewatering and counter blades give control to get desired fiber orientation. Press section is Tri nip press (No open draw in between nips) reducing downtime for breaks and improving machine efficiency drastically. In addition, Press section is equipped with steam profiler on Suction roll to control cross direction moisture profile. The off press dryness achieved is 45% giving good machine runnability. Dryer section is having one uni run & three conventional top & bottom dryer Group. All dryer groups are equipped with stationery Siphon & Spoiler bar for efficient drying & condensate removal. The specially designed stationary siphons operate at as low as 0.1bar Differential pressure resulting in better steam economy due to minimal blow through steam. Machine is having complete enclosed hood with pocket ventilation system for better steam economy and uniform drying. Machine is also equipped with face to face Soft Nip calendaring system for better smoothness & uniform density of paper to get good printability at multicolor high speed printing press. The Rewinder is two drum winder running at 2200 mpm to cut the big Jumbo rolls to small reels as per market requirement. Reel wrapping is done automatically to give tight packing to the reel. Ultimately the finished reels are sent to dispatch section for dispatch.



## HISTORY AND CORPORATE STRUCTURE

The company was incorporated as Gulmohar Construction Industries Limited on Sept 26, 1981. The name of the company was changed to Gulmohar Paper Limited on March 27, 1990. The name was further changed to Emami Paper Mills Limited with effect from December 29, 2000.

Emami Paper Mills Limited is a paper mill based on recycled – fiber located in Balasore (Orissa) and Kolkata (West Bengal). It is the largest newsprint manufacturer in India and the only newsprint manufacturer in Eastern India.

The factory in Kolkata was originally promoted by Wimco in the year 1964. In 1989, it was taken over by Gulmohar Construction Industries Limited. However, the unit became sick in 1990. In 1990-91, Emami joined as a strategic partner and in the year 2000, Emami Paper Mills Ltd., with a factory at Balasore, Orissa, was merged with Gulmohar Paper Ltd. and the name of Gulmohar Paper Limited was changed to Emami Paper Mills Limited.

EPM Limited has been awarded ISO 9001:2008 - Quality Management System, ISO 14001:2004 - Environmental Management System, OHSAS 18001:2007 - Occupational Health & safety Management System, Award for TPM Excellence-First Category as well as Excellence in consistent TPM Commitment Award by Japan Institute of Plant Maintenance (JIPM) etc.

The Company has a total installed capacity of 1,45,000 TPA of which 1,30,000 TPA is for newsprint and 15,000 TPA for Writing & Printing Paper. The Company's Balasore unit has an installed capacity of 1,13,500 for newsprint and 15,000 TPA for Writing and Printing paper. Additionally, the Kolkata unit has an installed capacity of 16,500 TPA for the newsprint production.

To feed the regular supply of power at the Balasore Unit the Company has also installed a 20 MW Captive Power Plant

Emami Paper Mills Limited is one of the most environment friendly manufacturers of newsprint and writing and printing paper. Its paper production process uses recycled Waste Paper including Old Newspapers as raw material inputs thereby eliminating the need to use virgin fibres or pulp. The company is committed to provide a pollution free ambience in its plant.

### Changes in the Registered Office of the Company since Inception:

Date of Change	Existing Registered Office	New Registered Office
Incorporation	4, Government Place (North), 9 <sup>th</sup> Floor Kolkata – 700 001	-
April 30, 1993	4, Government Place (North), 9 <sup>th</sup> Floor Kolkata- 700 001	8, Bentick Street, 10 <sup>th</sup> Floor, Kolkata – 700 001
September 01, 1999	8, Bentick Street, 10 <sup>th</sup> Floor, Kolkata– 700 001	R.N Tagore Road, Dakshineswar, Kolkata – 700 035
May 01, 2001	R.N Tagore Road, Dakshineswar, Kolkata – 700 035	8, Bentick Street, 10 <sup>th</sup> Floor, Kolkata – 700 001
February 01, 2007	8, Bentick Street, 10 <sup>th</sup> Floor, Kolkata– 700 001	687 Anandapur, Kasba Golpark, E M Bye Pass, Kolkata -700 107

**Important events in the history of the Company are as follows:**

Year	Milestone
1981	The company was incorporated as Gulmohar Construction Industries Limited
1983	A machine with a capacity of 10 TPD was installed at Balasore
1988	Increased manufacturing capacity to 30 TPD
1990	The name of the company was changed to Gulmohar Paper Limited
1998	A second machine with a capacity of 70 TPD was installed at Balasore with a 5 MW power plant
2000	Emami Paper Mills Limited, Balasore was merged with Gulmohar Paper Ltd. and the name of the company was changed from Gulmohar Paper Ltd. to Emami Paper Mills Ltd.
2002	Introduced Total Productive Maintenance (TPM)
2004	Commissioned the brick plant. Won an award for environment, safety and green belt development
2005	The capacity of the Machine I at Balasore was enhanced to 50 TPD while the capacity of the second machine at Balasore was increased to 85 TPD.
2005	Bagged the achievement Award as best medium – Scale Unit
2006	Received the Excellence Award for Industrial environment management. Received the TPM excellence award – 1 <sup>st</sup> Category
2008	Installed Paper Machine 3 (250 TPD), a de-inking plant (300 TPD) and 15 – MW Power Plant at the Balasore Unit
2008	Accredited for ISO 14001 : 2004 and OHSAS 18001 : 2007 by Det Norske Veritas, AS Netherlands
2008	Achieved Excellence in consistent TPM Commitment Award

**MAIN OBJECTS OF THE COMPANY AS SET OUT IN THE MEMORANDUM OF ASSOCIATION**

III. The objects for which the Company is established are:

- (1) To carry on the business of manufactures, importers, exporters and dealers in all kinds and classes of paper, board, corrugated board, corrugating medium and pulp including writing paper, printing, absorbent paper, newsprint paper, wrapping papers, tissue paper, cover paper, blotting paper, filter paper, antique paper, ivory finish paper, coated paper, art paper, bank and bond paper, badami, brown or buff paper, bible paper, cartridge paper, cloth lines paper, azurelaid and wove paper, cream laid and wove paper, grease proof paper, gummed paper, handmade paper, parchment paper drawing paper, kraft paper, manila paper, envelop paper, tracing paper, vellum paper, water proof paper, carbon paper, sensitised paper, chemically treated paper, paste board, duplex and triplex board, hard board, ply-wood board, post cards, visiting cards, soda pulp, mechanical pulp, sulphite pulp, semi-chemical pulp and all kinds of articles in the manufacture of which in any form paper, board or pulp is used and also to deal in or manufacture any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith and to purchase or otherwise acquire, settle, improve and cultivate forests lands and properties of any tenure whatsoever with a view to producing, cultivating, growing, timber, bamboo or other wood.  
Provided that none of the aforesaid activities shall be so carried on as to cause depletion of natural forest resources.
- (2) To carry on business as manufactures, importers, exporters, suppliers, dealers of all types of iron & steel, ferrous metals, forging, stampings, sponge iron, springs, alloy steel, castings, iron & steel castings, malleable iron and S.G Iron castings, Manufacturers of steel ingots, industrial machines, rolling mill rollers/re rollers of various sections of mild steel, high carbon steel, spring steels, stainless steels, and other steels and metals.
- (3) To carry on in India or elsewhere the business of prospecting, exploring, operating and working on mines, quarries for coal, iron ore and other minerals and for this purpose survey, discover and to acquire by purchase, lease, license or otherwise from government, semi government, local authorities, private bodies and other persons rights, powers and privileges for obtaining mines, quarries, deposits etc. for the accomplishment of above objects.
- (4) To carry on in India or elsewhere the business to generate, receive, produce, transmit, distribute, supply or otherwise to deal in electric power by establishing thermal power



plant, hydraulic power plant, atomic power plant, wind power plant, solar power plant, gas based power plant where gases generated from waste, husk, biomass etc or other power plants based on any source of energy as may be developed or invented in future and for this purpose to acquire concessions, facilities or licenses from electricity board, government, semi government, local and other authorities and bodies.

- (5) To construct, purchase, sell, let out, take on lease of in exchange or otherwise acquire any lands and buildings, ownership flats, and any estates or interest and any rights, connected with any such lands and buildings and to develop and turn to account any land acquired by or in which the company is interested and any in particular by laying out and preparing the same for building purposes and to carry on all or any of the business of builders and contractors, decorators, merchants and dealers in buildings, ownership flats, stone chips, sand, lime, bricks, cement, timber, hardware and all other buildings requisitions, brick & tile and terracotta makers, job masters, carriers, licenced victuallers and house agents.
- (6) To build, construct, maintain, enlarge, pull-down, remove or replace, improve or develop and to work, sell, let out, manage and control any buildings, ownership flats, offices, factories, mills, foundries, refineries, hotels, clubs, places of amusement, parks, reading rooms, water works, roads, furniture, godowns, warehouses, shops, machineries, engines, road-ways or other means of transport, sidings, bridges, dams, water courses, water-systems, electric-works, gas works, operated by any other kind of power and also such other machinery, equipment works and conveniences which may seem calculated directly or indirectly to advance the interest of the Company and to subsidise, contribute to or otherwise assist or take part in doing any of those things and/or to join with any other person or company or with any government authority in doing any of those things.
- (7) To carry on the business of imports and Exports of all kinds of goods, merchandise and articles and to act as export import agents in all type of goods and articles.
- (8) To carry on the business of & to purchase, acquire, hold and dispose of or otherwise invest in shares, debentures, stocks, bonds, units, obligations and securities, issued or guaranteed by any company constituted or carrying on business in India or elsewhere or Mutual Fund and debentures, bonds, stocks, obligations and securities issued or guaranteed by any government state dominion, sovereigns rule, commissioner, public body or authority, supreme municipal, local or otherwise whether in India or elsewhere.
- (9) To carry on all or any of the business of the manufacturers of and dealers and workers in cement, lime, plasters, mortar, marble, mosaic, tiles, whittings, minerals, caly, earth, gravel, sand coke, fuel, artificial stone and builders requisites of all kinds, nature and description whatsoever.

**MANAGEMENT**

<b>Name, Address</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Age in yrs</b>	<b>Other Directorships</b>
Mr. R.S. Goenka	Executive Chairman	23.10.2000	62	<ol style="list-style-type: none"> <li>1. Emami Ltd.</li> <li>2. Khaitan (India) Ltd.</li> <li>3. South City Project (Kolkata) Ltd.</li> <li>4. AMRI Hospitals Limited</li> <li>5. The Zandu Pharmaceutical Works Ltd.</li> <li>6. Pro Sports Management Ltd.</li> <li>7. Emami Realty Ltd.</li> <li>8. Bengal South City Matrix Infrastructure Ltd.</li> <li>9. Bengal Anmol South City Infrastructure Ltd.</li> <li>10. Suntrack Commerce Private Ltd.</li> <li>11. Emami Group of Companies Private Ltd.</li> <li>12. Bhanu Vyapaar Private Ltd.</li> <li>13. Suraj Viniyog Private Ltd.</li> <li>14. Roseview Developers Private Ltd.</li> <li>15. Ajanta Suppliers Private Ltd.</li> <li>16. Merchants Chamber of Commerce</li> <li>17. Betwa Builtcon Pvt. Ltd.</li> <li>18. Betwa Apartments Pvt. Ltd.</li> <li>19. Bengal Emami Housing Ltd.</li> <li>20. Maa Gou Products Pvt. Ltd.</li> </ol>
Mr. R.S. Agarwal	Non-Executive Director	26.03.1994	63	<ol style="list-style-type: none"> <li>1. Emami Ltd.</li> <li>2. South City Project (Kolkata) Ltd.</li> <li>3. AMRI Hospitals Limited</li> <li>4. Rupa &amp; Co. Ltd.</li> <li>5. Emami Realty Ltd.</li> <li>6. Bengal South City Matrix Infrastructure Ltd.</li> <li>7. Bengal Anmol South City Infrastructure Ltd.</li> <li>8. Bengal NRI Complex Ltd.</li> <li>9. The Zandu Pharmaceutical Works Ltd.</li> <li>10. Emami Group of Companies Pvt. Ltd.</li> <li>11. Diwakar Viniyog Private Ltd.</li> <li>12. Suntrack Commerce Pvt. Ltd.</li> <li>13. Rose View Developers Pvt. Ltd.</li> <li>14. Ajanta Suppliers Pvt. Ltd.</li> <li>15. Betwa Builtcon Pvt. Ltd.</li> <li>16. Betwa Apartments Pvt. Ltd.</li> <li>17. Merchant Chamber of Commerce</li> </ol>
Mr. P.S.Patwari	Executive Director	28.11.1994	54	<ol style="list-style-type: none"> <li>1. Emami Cement Ltd.</li> </ol>
Mr. Manish Goenka	Executive Director	01.07.2007	35	<ol style="list-style-type: none"> <li>1. AMRI Hospitals Limited</li> <li>2. Emami Group of Companies Pvt. Ltd.</li> <li>3. Emami Biotech Ltd.</li> <li>4. Bhanu Vyapaar (P) Ltd.</li> <li>5. CRI Limited</li> <li>6. Prestige Vyapaar Ltd.</li> </ol>
Mr. A.V. Agarwal	Non –	23.10.2000	34	<ol style="list-style-type: none"> <li>1. Emami Ltd.</li> </ol>

	Executive Director			<ol style="list-style-type: none"> <li>2. CRI Ltd.</li> <li>3. Premier Ferro Alloys &amp; Securities Ltd.</li> <li>4. AMRI Hospitals Limited</li> <li>5. Sarvottam Vanijya Ltd.</li> <li>6. Emami Cements Ltd.</li> <li>7. Emami (Bangladesh) Ltd.</li> <li>8. Emami (UK) Ltd.</li> <li>9. Emami International FZE</li> <li>10. Bengal Emami Infrastructure &amp; Developers Ltd.</li> <li>11. Emami Biotech Ltd.</li> <li>12. Suntrack Commerce Pvt. Ltd.</li> <li>13. Ajanta Suppliers Pvt. Ltd.</li> <li>14. Emami Group of Companies (P) Ltd.</li> <li>15. Emami International Private Ltd.</li> <li>16. Merchant Chamber of Commerce</li> </ol>
Mr. S.K. Khaitan	Non – Executive & Independent Director	24.01.2001	70	<ol style="list-style-type: none"> <li>1. Khaitan (India) Ltd.</li> <li>2. Khaitan Electricals Ltd.</li> <li>3. Khaitan Lefin Ltd.</li> <li>4. Khaitan Hotels (P) Ltd.</li> <li>5. Murlidhar Ratanlal Exports Pvt. Ltd.</li> <li>6. Rupa &amp; Co. Ltd.</li> </ol>
Mr. S.K. Todi	Non – Executive & Independent Director	05.04.2003	66	<ol style="list-style-type: none"> <li>1. Bengal Tools Limited (Formerly Shrachi Leathertex Ltd.)</li> <li>2. Bhaskar Shrachi Alloys Ltd.</li> <li>3. South City Projects (Kolkata) Ltd.</li> <li>4. Hardeo Finance (P) Ltd.</li> <li>5. Khaitan (India) Ltd.</li> <li>6. Murlidhar Ratanlal Exports Ltd.</li> <li>7. NSG Estate Services (P) Ltd.</li> <li>8. Rosedale Developers (P) Ltd.</li> <li>9. Juhi Investment (P) Ltd.</li> <li>10. Web Development Company Ltd.</li> <li>11. Emami Ltd.</li> <li>12. GNB Logistics Pvt. Ltd.</li> <li>13. Magma Fincorp. Ltd. (Formerly Magma Shrachi Finance Ltd.)</li> <li>14. Bengal Anmol South City Infrastructure Ltd.</li> <li>15. Shrachi Realty Pvt. Ltd.</li> <li>16. Shrachi Developers Pvt. Ltd.</li> <li>17. Bengal South City Matrix Infrastructure Ltd.</li> <li>18. AMRI Hospitals Limited</li> <li>19. Bengal NRI Complex Limited</li> <li>20. Bengal Shrachi Housing Development Limited</li> </ol>
Mr. U.G. Bhat	Non – Executive & Independent Director	26.09.2003	71	<ol style="list-style-type: none"> <li>1. Sree Sakthi Paper Mills Ltd.</li> <li>2. SPB Projects and Consultancy Ltd.</li> </ol>
Mr. N. Mishra	Non – Executive & Independent Director	22.03.2006	67	<ol style="list-style-type: none"> <li>1. Lux Industries Ltd.</li> <li>2. Adhunik Metaliks Ltd.</li> <li>3. United Credit Ltd.</li> </ol>
Mr. J. Godbole	Non – Executive &	17.03.2007	64	<ol style="list-style-type: none"> <li>1. Emmelen Biotech Pharmaceuticals Ltd.</li> </ol>

	Independent Director			<ol style="list-style-type: none"> <li>2. J.K Cements Ltd.</li> <li>3. Gilander Arbuthnot Ltd.</li> <li>4. I M P Powers Ltd.</li> <li>5. Unitex Designs Ltd.</li> <li>6. Oudh Sugar Mills Ltd.</li> <li>7. Madhya Bharat Papers Ltd.</li> <li>8. Zuari Industries Ltd.</li> <li>9. Jay Kay Cem Ltd.</li> <li>10. Saurashtra Cement Ltd.</li> <li>11. Gujarat Alkalies &amp; Chemicals Ltd.</li> </ol>
Mr. H.M. Marda	Non – Executive & Independent Director	27.01.2009	66	<ol style="list-style-type: none"> <li>1. Chandramukhi Impex Pvt. Ltd.</li> <li>2. Prabhu Polycolor Pvt. Ltd.</li> <li>3. Prabhu Poly Pipes Pvt. Ltd.</li> <li>4. Prabhu Sponge Pvt. Ltd.</li> <li>5. Frontier Garment Pvt. Ltd.</li> </ol>

### Brief Profile of the Directors –

**Mr. R.S. Goenka**, aged 62 years, is a Master of Commerce and LLB. He started his career in the year 1970 with Birla Group of Industries. In the year 1974, he left the service of Birlas and started a Joint venture with Mr. R. S. Agarwal by setting up an ayurvedic medicine and cosmetics manufacturing unit in Kolkata, which has now become one of India's largest FMCG brand. Mr. Goenka is on the Board of several Companies such as Emami Ltd., The Zandu Pharmaceutical Works Ltd. AMRI Hospitals Limited, South City Projects (Kolkata) Ltd., Khaitan (India) Ltd., Merchants Chambers of Commerce, etc. He was the Honorary Consul General of Republic of Poland. He is closely associated in various capacities with many cultural, charitable and social service organisations. He is the trustee in Shree Vishudhanand Hospital Trust, Keshardeo Ratni Devi Goenka Trust, Banshilal Janki Devi Agarwal Trust, and Bhagatram Charitable Trust. He is the past President of Aradhana Trust, Aradhana Cultural Organisation, Bajrang Parishad and President of Calcutta Pinjrapole Society He is the Chairman (Research & Seminar) of Shree Vishudhanand Hospital & Research Institute. He is Committee member of Shri Shikshayatan Secondary School, Nagrik Swastha Sangha and Indian Cancer Society.

**Mr. R.S. Agarwal**, aged 63 years, is a qualified Chartered Accountant, Company Secretary and LL. B. He began his career as a Senior Executive of Birla Group. In 1974, he left the job with the Birla's and started a Joint Venture with Mr. R. S. Goenka by setting up an ayurvedic medicine and cosmetic manufacturing unit in Kolkata, which has taken the shape as one of India's largest FMCG brand.

Mr. Agarwal is on the Board of several Companies such as Emami Ltd., The Zandu Pharmaceutical Works Ltd., , AMRI Hospitals Limited, South City Projects (Kolkata) Ltd., Rupa & Co Ltd., Merchants Chambers of Commerce and others. He is closely associated in various capacities with many Chambers, Cultural, Charitable and Social Service Organizations and is regarded as one of the most promising industrialists in Kolkata. He is the past President of Merchants Chambers of Commerce, served as Director on the Board of West Bengal Industrial Development Corporation, past President of Aradhana Trust and Committee Member of Shree Vishudhanand Hospital & Research Institute, Nagrik Swastha Sangha and Trustee of Banshilal Janki Devi Agarwal Trust.

**Mr. P.S.Patwari**, aged 54 years, has extensive experience of Finance, Accounting, Corporate Planning, Business Development, Strategy formulations and overall management.

**Mr. Manish Goenka**, aged 35 years, has rich and varied experience in marketing, Corporate Planning, Business development, Strategy formulation and overall management.

**Mr. A.V. Agarwal**, aged 34 years, is having a good experience in marketing, Corporate Planning, Business Development, Strategy formulation and overall management.

**Mr. S.K. Khaitan**, aged 70 years, is a well known industrialist. Mr. Khaitan has rich and varied experience in Corporate Planning, Business Development and Strategy formulation. He is the Chairman of the famous fan manufacturing Company Khaitan Electricals Limited. He is also the

founder- trustee of many trusts and is also actively associated with many other Charitable Institutions.

**Mr. S.K. Todi**, aged 66 years, an industrialist of repute with extensive business experience including Corporate Planning, Business Development, Strategy formulation and overall management.

**Mr. U.G. Bhat**, aged 71 years, is a reputed Project Consultant in Paper Industry with rich and varied experience in setting up of Project.

**Mr. N. Mishra**, aged 67 years, is the former Director General of Income Tax and has more than 3 decades of experience of senior level experience in Public Sector Administration, in particular Tax Administration. He specialises in Finance and Taxation matters.

**Mr. J. Godbole**, aged 64 years, a Bachelor of Technology (Honours), Certificate in Financial Management. Mr. Godbole is an ex-Chairman & Managing Director of Industrial Development Bank of India Ltd. His area of expertise includes banking, financial management, corporate restructuring, etc.

**Mr. H.M. Marda**, aged 66 years, has more than 3 decades of experience in the areas of accounting, corporate planning, strategy formulation and overall management.

#### **Borrowing Powers of the Board**

Pursuant to a resolution passed under sec 293(1)(d) of the Companies Act, 1956 in the Annual General Meeting of the Company dated September 26, 2008, the Board has been authorised to borrow sums of money not exceeding the aggregate Rs. 5000 crores for the purpose of the Company, upon such terms and conditions and with or without security as the Board may think fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its Free Reserves.

#### **Corporate Governance**

The core principle of Corporate Governance is that Management must have the executive freedom to drive the enterprise forward and the freedom of Management should be exercised with a framework of checks and balances with accountability towards performance and progress. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. The company's Governance Principle is the establishment of a set of systems or process whereby the directors are entrusted with responsibilities and duties of corporate affairs. Maximization of shareholders' wealth is the corner stone of the governance. It hinges on total transparency, integrity and accountability of the management, which includes non-executive directors. It is about commitment to values and ethical business conduct and a high degree of transparency.

#### **Details of the various committees are as follows:**

##### **I. 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.

##### **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 results, 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.

The Audit Committee presently is as follows:

Members	Designation	Nature of Directorship
Mr. S. K. Todi	Chairman	Non- Executive & Independent
Mr. R. S. Agarwal	Member	Non – Executive
Mr. J. Godbole	Member	Non- Executive & Independent
Mr. N. Mishra	Member	Non- Executive & Independent

## II. Remuneration Committee

The present Remuneration Committee consists of the following Directors:

Members	Designation	Nature of Directorship
Mr. S. K. Todi	Chairman	Non- Executive Independent
Mr. J. Godbole	Member	Non- Executive Independent
Mr. Mr S. K. Khaitan	Member	Non- Executive Independent

## 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.

## III. Investor Grievance 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 attends to the investors/shareholders, correspondence and share transfers expeditiously and usually reply is sent within a period of 15 days of receipt, except in those cases, which are disputed, and sub-judice.

There was no complaint from any of the shareholders during the year.

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

The composition of the committee is as under:

Members	Designation	Nature of Directorship
Mr. N. Mishra	<b>Chairman</b>	Non- Executive Independent
Mr.H. M. Marda	<b>Member</b>	Non- Executive Independent

## Remuneration, Appointment and Service Contract with Executive Directors

### I. Agreement with Mr. Radhe Shyam Goenka

Our Company has entered into an agreement dated September 17, 2009, appointing Mr. Radhe Shyam Goenka as Executive Chairman of the Company for a period of five years with effect from September 01, 2009. During the tenure of his appointment as the Executive Chairman, Mr. Goenka is entitled to an aggregate remuneration of Rs. 72 Lacs, per annum comprising salary, allowances and other perquisites. In addition, Mr. Goenka will also be eligible for the following perquisites:

- I. **Housing:** Free furnished residential accommodation. In case no accommodation is provided by the Company, he is entitled to House Rent Allowance/Maintenance charges subject to ceiling of Rs. 10,000 per month.

- II. **Electricity Charges:** The electricity charges actually incurred for the residence of MR. R.S. Goenka will be reimbursed by the Company.
- III. **Bonus:** Bonus will be paid as per rules of the Company.
- IV. **Medical Reimbursement:** Reimbursement of Medical Expenses for himself and his family members subject to a ceiling of one month's salary in a year.
- V. **Leave and Leave Travel Concession:** Leave as per Rules of the Company including encashment of Leave. Leave Travel Concession for self and his family in a year anywhere in India.
- VI. **Club Fees:** Subscription fees Clubs to a maximum of two clubs.
- VII. **Personal Accident Insurance:** Personal Accident Insurance of an amount the annual premium of which does not exceed RS. 10,000/- (Rupees Ten Thousand)

**Commission:** At the rate 3% (three per cent) of the net profits of the Company for each financial year, payable after adoption of annual accounts for the financial year by the shareholders.

### **II. Agreement with Mr. Pitamber Sharan Patwari**

Our Company has entered into an agreement dated July 31, 2006, appointing Mr. P.S. Patwari as Whole-time Director of the Company for a period of five years w.e.f. August 01, 2006. Our company has entered into a supplementary agreement with Mr. Patwari on January 09 2008. During the tenure of his appointment as the Whole-time Director, Mr. Patwari is entitled to an aggregate remuneration of Rs. 24 Lacs per annum, comprising salary, allowances and other perquisites. In addition, Mr. Patwari will also be eligible for the following perquisites:

**Bonus:** Bonus will be paid as per rules of the Company

**House Rent Allowance:** House Rent Allowance @ 50% of the Basic Salary (i.e. Rs. 1,00,000 per month as per the basic salary now)

**Special Allowance:** Special Allowance Rs. 8,400 (Rupees Eight Thousand four hundred only) per month.

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

Use of Company car for official purpose and telephone at residence (including payment for local calls and long distance calls)

### **III. Agreement with Mr. Manish Goenka**

Our Company has entered into an agreement dated July 09, 2007, appointing Mr. M. Goenka as Whole-time Director of the Company for a period of five years w.e.f. July 01, 2007. During the tenure of his appointment as the Whole-time Director, Mr. Goenka is entitled to an aggregate remuneration of Rs. 24 Lacs per annum, comprising of salary, allowances and other perquisites. In addition, Mr. Goenka will also be eligible for the following perquisites:

**Housing:** Free un-furnished residential accommodation shall be provided by the Company.

Reimbursement of medical expenses, for self and family. Leave and Leave Travel Concession as per the rules of the company.

Use of Company car for official purpose and telephone at residence (including payment for local calls and long distance calls)

**Club Fees:** Reimbursement of Membership Fees of maximum 2 (two) clubs.

**Disclosure by Senior Management in accordance with Clause 491V(F) (ii) of the Listing Agreement**

The senior Management of the Company has confirmed to the Board of Directors that they do not have any personal interest relating to material, financial and commercial transactions with the Company that may have potential conflict with the interests of the Company at large.

The Company has well established internal control systems and procedures which in certain cases are in the process of being further documented and updated.

**Shareholding of the Directors**

Sl. No.	Name	Number of Equity Shares held
1.	R.S.Goenka	11,07,500
2.	R.S.Agarwal	6,15,500
3.	Manish Goenka	35,000
4.	Aditya V. Agarwal	1,19,500
5.	H.M.Marda	2,150

**Changes in Directors during the last three years**


Sl. No.	Name of Directors	Date of Appointment	Date of cessation
1.	Mr. A.C.Gupta	--	31.12.2007
2.	Mr. R.C.Mall	31.12.2007	01.11.2009
3.	Mr. J.N.Godbole	17.03.2007	-
4.	Mr. H.M. Marda	27.01.2009	-



**PROMOTERS**


The promoters of our Company are Mr. R. S. Goenka and Mr. R. S. Agarwal.

**Mr. R.S. Goenka**

	<b>Permanent Account Number</b>	AGBPA2227J
	<b>Passport Number</b>	U597599
	<b>DIN</b>	00152880
	<b>Address</b>	110 A, Southern Avenue Kolkata - 700 029

**Mr. R.S. Goenka**, aged 62 years, is a Master of Commerce and LLB. He started his career in the year 1970 with Birla Group of Industries. In the year 1974, he left the service of Birlas and started a Joint venture with Mr. R. S. Agarwal by setting up an ayurvedic medicine and cosmetics manufacturing unit in Kolkata, which has now become one of India's largest FMCG brand. Mr. Goenka is on the Board of several Companies such as Emami Ltd., The Zandu Pharmaceutical Works Ltd. AMRI Hospitals Limited, South City Projects (Kolkata) Ltd., Khaitan (India) Ltd., Merchants Chambers of Commerce, etc. He was the Honorary Consul General of Republic of Poland. He is closely associated in various capacities with many cultural, charitable and social service organisations. He is the trustee in Shree Vishudhanand Hospital Trust, Keshardeo Ratni Devi Goenka Trust, Banshilal Janki Devi Agarwal Trust, and Bhagatram Charitable Trust. He is the past President of Aradhana Trust, Aradhana Cultural Organisation, Bajrang Parishad and President of Calcutta Pinjrapole Society He is the Chairman (Research & Seminar) of Shree Vishudhanand Hospital & Research Institute. He is Committee member of Shri Shikshayatan Secondary School, Nagrik Swastha Sangha and Indian Cancer Society.

**Mr. R. S. Agarwal**

	<b>Permanent Account Number</b>	AEGPG 8285B
	<b>Passport Number</b>	U597600
	<b>DIN</b>	00152996
	<b>Address</b>	118, Southern Avenue Kolkata - 700 029.

**Mr. R.S. Agarwal**, aged 63 years, is a qualified Chartered Accountant, Company Secretary and LL. B. He began his career as a Senior Executive of Birla Group. In 1974, he left the job with the Birla's and started a Joint Venture with Mr. R. S. Goenka by setting up an ayurvedic medicine and cosmetic manufacturing unit in Kolkata, which has taken the shape as one of India's largest FMCG brand.

Mr. Agarwal is on the Board of several Companies such as Emami Ltd., The Zandu Pharmaceutical Works Ltd., AMRI Hospitals Limited, South City Projects (Kolkata) Ltd., Rupa & Co Ltd., Merchants Chambers of Commerce and others. He is closely associated in various capacities with many Chambers, Cultural, Charitable and Social Service Organizations and is regarded as one of the most promising industrialists in Kolkata. He is the past President of Merchants Chambers of Commerce, served as Director on the Board of West Bengal Industrial Development Corporation, past President of Aradhana Trust and Committee Member of Shree Vishudhanand Hospital & Research Institute, Nagrik Swastha Sangha and Trustee of Banshilal Janki Devi Agarwal Trust.

## GROUP COMPANIES

The top five companies which are the part of our promoter Group are as follows:

- a) Emami Limited
- b) The Zandu Pharmaceutical Works Limited
- c) CRI Limited
- d) AMRI Hospitals Limited
- e) Emami Frank Ross Limited

### a) Emami Limited

Emami Limited was incorporated on March 11, 1983 in the name of A.M.P. Udyog Viniyog Limited. In the year 1994, Himani Limited was merged with A.M.P. Udyog Viniyog Limited by Hon'ble Calcutta High Court Order dated February 08, 1994 and the name of the Company was changed to "Himani Limited". In the year 1998, Emami Limited (which was earlier a partnership firm known as Kemco Chemicals set up in the year 1974 and then converted into a public limited company in April 1995)., was merged with Himani Limited vide Hon'ble Calcutta High Court Order dated July 21, 1998 and the name of the company was changed to "Emami Limited" and fresh certificate of incorporation was obtained from Registrar of Companies, West Bengal dated September 01, 1998. The shares of Emami Limited are listed on NSE, BSE and CSE. Presently, the registered cum corporate office of the company is situated at Emami Tower 687, Anandapur, E.M. bypass, Kolkata 700 107(West Bengal). The company is presently engaged in the business of personal, beauty and healthcare products.

**Corporate Identity Number:** L63993WB1983PLC036030

### Shareholding Pattern

The current shareholding pattern of Emami Limited is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & Promoter Group	54590053	75.67
Others	17555124	24.33
<b>TOTAL</b>	<b>72145177</b>	<b>100.00</b>

### Board of Directors

The Board of Directors of Emami Limited comprises of:

Sl. No.	Name	Designation
1.	Mr. Radheshyam Agarwal	Executive Chairman
2.	Mr. Sushil Kumar Goenka	Managing director
3.	Mr. Mohan Goenka	Whole-time director
4.	Mr. Aditya Vardhan Agarwal	Whole-time director
5.	Mr. Harsh Vardhan Agarwal	Whole-time director
6.	Mr. Kashi Nath Memani	Director
7.	Mr. Shrawan Kumar Todi	Director
8.	Mr. Viren J Shah	Director
9.	Mr. Krishna Kumar Khemka	Director
10.	Padamshree Vaidya Suresh Chaturvedi	Director
11.	Mr. Radheshyam Goenka	Director
12.	Mr. Shyamanand Jalan	Director

### Change in the Management

There has been no change in the management of Emami Limited in the last three years.

### Financial Performance

The financial performance of the company for the last three years is as follows:

Particulars	(Rs. in Lacs)		
	31.03.2006	31.03.2007	31.03.2008
Total Income	30,263.34	52,174.49	62,141.08
Profit after Taxation	4,926.24	6,619.69	9,018.67
Equity Capital	1,223.00	1,223.00	1,242.90
Reserves (Excluding Revaluation Reserve)	8,399.10	21,693.00	27,393.25
Misc. Expenditure	-	-	-
Net Worth	9,622.10	22,916.00	28,636.15
NAV per share	15.74	37.48	46.08
EPS per share	8.06	10.65	14.51
No. of Equity Shares	6,11,50,000	6,11,50,000	6,21,45,177

*\*Pursuant to a scheme of arrangement approved by the Hon'ble Calcutta High Court on November 17, 2009, the FMCG division of The Zandu Pharmaceutical Works Limited has been merged with Emami Limited while the Realty division of Emami Limited has been demerged into Emami infrastructure Limited with effect from the appointed date November 05, 2008. Hence, the Company is in the process of finalizing the audited figures for the year ended March 31, 2009.*

### b) The Zandu Pharmaceutical Works Limited

The Zandu Pharmaceutical Works Limited was incorporated on December 10, 1919 under the Indian Companies Act 1913 vide Certificate of Incorporation No. 136397. The management of The Zandu Pharmaceutical Works Limited was taken over by Emami Limited in October, 2008. Presently, the registered cum corporate office of the company is situated at "Emami Tower", 687, Anandapur, E.M. bypass, Kolkata 700 107(West Bengal), .The shares of the company are listed on BSE and NSE. The company is presently engaged in the business of manufacturing and sale of pharmaceuticals preparations like Churna, Ointment, Avaleha, Asavas, Arishtas, tablets, pills etc.

**Corporate Identity Number:** L24239WB1919PLC136397

### Shareholding Pattern

The current shareholding pattern of The Zandu Pharmaceutical Works Limited is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & Promoter Group	587055	72.80%
Others	219345	27.20%
<b>TOTAL</b>	<b>806400</b>	<b>100.00%</b>

### Board of Directors

The Board of Directors of The Zandu Pharmaceutical Works Limited comprises of:

Sl. No.	Name	Designation
1.	Mr. Girish Gopaldas Parikh	Whole-time director
2.	Mr. Yogendra Premkrishna Trivedi	Director
3.	Mr. Padmanabh Pundarikray Vora	Director

4.	Mr. Anand Rathi	Director
5.	Mr. Dharmendra Mathuradas Parikh	Director
6.	Mr. Mohan Goenka	Director
7.	Mr. Harsh Vardhan Agarwal	Director
8.	Mr. Radheshyam Goenka	Director
9.	Mr. Radheshyam Agarwal	Director
10.	Mr. Rajesh Nemichand Jain	Director

### Change in the management

The management of The Zandu Pharmaceutical Works Limited was taken over by Emami Limited in October, 2008.

### Financial Performance

The financial performance of the company for the last three years is as follows:

Particulars	(Rs. in Lacs)		
	31.03.2006	31.03.2007	31.03.2008
Total Income	11,869.22	15,177.91	17,306.79
Profit after Taxation	1,229.92	1,625.95	1,648.30
Equity Capital	604.80	806.40	806.40
Reserves (Excluding Revaluation Reserve)	5,614.08	6,341.20	7,257.36
Misc. Expenditure	-	-	-
Net Worth	6,218.88	7,147.60	8,063.76
NAV per share	1,028.25	886.36	999.97
EPS per share	203.36	201.63	204.40
No. of Equity Shares	6,04,800	8,06,400	8,06,400

*\*Pursuant to a scheme of arrangement approved by the Hon'ble Calcutta High Court on November 17, 2009, the FMCG division of The Zandu Pharmaceutical Works Limited has been merged with Emami Limited while the Realty division of Emami Limited has been demerged into Emami infrastructure Limited with effect from the appointed date November 05, 2008. Hence, the Company is in the process of finalizing the audited figures for the year ended March 31, 2009.*

### c) CRI Limited

CRI Limited was originally incorporated as Cash Register Company (India) Private Limited under the Companies Act, 1956 on May 16<sup>th</sup>, 1974 vide Certificate of Incorporation no. 29425. The Company changed its name to CRI Private Limited on May 19<sup>th</sup>, 1984. On May 5<sup>th</sup>, 1994 the Company changed its name to CRI Limited and was granted a fresh Certificate of Incorporation by the Registrar of Companies, West Bengal. The Company is engaged in Manufacturing of Tips for Ball Pen Refills, Ball Pen Refill and Servicing and Maintenance of Machines.

**Corporate Identity Number:** U24233WB2002PLC094530

### Shareholding Pattern

The current shareholding pattern of CRI Limited is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & Promoter Group	73,22,300	99.19%
Others	60,000	0.81%
Total	73,82,300	100.00%

**Board of Directors**

The Board of Directors of CRI Limited comprises of:

Sl. No.	Name	Designation
1.	Raj K Sureka	Managing Director
2.	Raj Kumar Goenka	Whole Time Director
3.	Jagdish Prasad Agarwal	Whole Time Director
4.	Aditya Vardhan Agarwal	Director
5.	Manish Goenka	Director
6.	Prashant Goenka	Director
7.	Swapan Kumar Mondal	Director
8.	Rajendra Kumar Jatia	Director
9.	Ram Gobind Ganeriwal	Director

**Change in the management**

There has been no change in the management of CRI Limited in the last three years.

**Financial Performance**

The financial performance of the company for the last three years is as follows:

Particulars	(Rs in Lacs)		
	31.03.2007	31.03.2008	31.03.2009
Total Income	4952.78	5,673.74	5,400.33
Profit after Taxation	75.27	17.54	104.61
Equity Capital	725.03	725.03	725.03
Reserves (Excluding Revaluation Reserve)	1704.79	1,715.93	1,686.17
Misc. Expenditure	-	-	-
Net Worth	2429.82	2,440.96	2,411.20
NAV per share	33.51	33.67	33.26
EPS per share	1.04	0.24	1.44
No. of Equity Shares	72,50,300	72,50,300	72,50,300

**d) AMRI Hospitals Limited**

AMRI Hospitals was originally incorporated as Susruta Clinic & Research Institute for Advanced Medicine Private Limited under the Companies Act, 1956 on April 16<sup>th</sup>, 1986 vide Certificate of Incorporation no. 40525. The Company changed its name to Susruta Clinic & Research Institute for Advanced Medicine Limited on September 15<sup>th</sup>, 2008. On May 7<sup>th</sup>, 2009 the Company changed its name to AMRI Hospitals Limited and was granted a fresh Certificate of Incorporation by the Registrar of Companies, West Bengal. The Company is engaged in providing Hospital Service.

**Corporate Identity Number:** U85110WB1986PLC040525

**Shareholding Pattern**

The current shareholding pattern of AMRI Hospitals Limited is as follows:

Promoter and Promoter Group	14375040	62.70%
Others	8552440	37.30%
<b>Total</b>	<b>22927480</b>	<b>100.00%</b>

**Board of Directors**

The Board of Directors of AMRI Hospitals Limited comprises of:

Sl. No.	Name	Designation
1.	Mani Kumar Chhetri	Managing Director
2.	Shrawan Kumar Todi	Director
3.	Rahul Todi	Director
4.	Aditya Vardhan Agarwal	Director
5.	Radheshyam Goenka	Director
6.	Radheshyam Agarwal	Director
7.	Manish Goenka	Director
8.	Dayanand Agarwal	Director
9.	Ravi Todi	Director
10.	Priti Sureka	Director
11.	Prashant Goenka	Director
12.	Pronab Dasgupta	Director
13.	Ashim Kumar Das	Director
14.	Soumendra Nath Banerjee	Director

**Change in the management**

There has been no change in the management of AMRI Hospitals Limited in the last three years.

**Financial Performance**

The financial performance of the company for the last three years is as follows:

Particulars	(Rs in Lacs)		
	31.03.2007	31.03.2008	31.03.2009
Total Income	2,541.79	3,276.83	15,159.69
Profit after Taxation	(29.33)	141.83	269.51
Equity Capital	426.51	426.51	2,292.75
Reserves (Excluding Revaluation Reserve)	354.31	500.05	1,189.81
Misc. Expenditure	0.06	-	-
Net Worth	780.77	926.56	3,482.56
NAV per share	18.31	21.72	17.00
EPS per share	(0.69)	3.33	1.32
No. of Equity Shares	42,65,080	42,65,080	2,04,86,384

**e) Emami Frank Ross Limited**

Frank Ross & Company Limited was incorporated on January 31, 1919. It changed its name to Frank Ross Limited on 22.03.1984. On February 18, 2008 the name of the company was changed to Emami Frank Ross Limited. The Company is listed on The Calcutta Stock Exchange Association Limited. Presently it is engaged in running chain of retail medicine shops.

**Corporate Identity Number:** L24232WB1919PLC003123

### Shareholding Pattern

The current shareholding pattern of Emami Frank Ross Limited is as follows:

Particulars	No. of Shares	% of Shareholding
Promoter & Promoter Group	1392300	66.85
Others	690407	33.15
<b>Total</b>	<b>2082707</b>	<b>100.00</b>

### Board of Directors

The Board of Directors of Emami Frank Ross Limited comprises of:

Sl. No.	Name	Designation
1.	Rajendra Kumar Jatia	Managing director
2.	Dhiraj Agarwal	Director
3.	Rajesh Sharma	Director
4.	Suresh Kumar Goenka	Whole-time director
5.	Harsh Vardhan Agarwal	Director
6.	Priti Sureka	Director
7.	Gautam Jatia	Director
8.	Ashish Goenka	Director
9.	Anurag Jatia	Director

### Change in the management

There has been no change in the management of Emami Frank Ross Limited in the last three years.

### Financial Performance

The financial performance of the company for the last three years is as follows:

Particulars	Rs. in Lacs		
	31.03.2007	31.03.2008	31.03.2009
Total Income	2,903.04	5,807.57	8,655.68
Profit after Taxation	66.37	85.44	83.90
Equity Capital	132.98	132.98	132.98
Reserves (Excluding Revaluation Reserve)	260.22	309.69	393.57
Misc. Expenditure	-	-	-
Net Worth	393.20	442.67	526.55
NAV per share	29.57	21.25	25.28
EPS per share	4.99	4.10	4.03
No. of Equity Shares	1329806	2082707	2082707

## KEY INDUSTRY REGULATION AND POLICY

The following are the Key Regulations and Policies applicable to the company for its paper business:-

### Environment Laws

- **The Environment (Protection) Act, 1986:** The Act prescribes the powers of the Government of India for the protection of the environment and control of environmental pollution. The Government of India is empowered to prescribe and lay down the standards for protection of the environment; these measures include the standards for emissions and discharge from different sources, restriction on the area where certain activities may be carried out. Any contravention of the Environment (Protection) Act, 1986 is punishable by fines and/or imprisonment.
- **The Water (Prevention & Control of pollution) Act, 1974:** The Act provides for the setting up of Central and State Pollution Control Boards for the protection and the control of the water pollution. The board lay down the standards and the levels of effluent discharge that is permissible. The prior consent of the relevant board is also required for carrying of any activity which is likely to discharge sewage and trade effluent. Any contravention of the provisions of this Act is punishable by fines and /or imprisonment.
- **The Air (Prevention & Control of pollution) Act, 1981:** The Act provides for the setting up of Central and State Pollution Control Boards for the protection and the control of the air pollution. The board lay down the standards and the levels of emission of pollutants that is permissible from various sources. The board has the power to designate certain areas as air pollution control area. The prior consent of the relevant board is also required for carrying of any activity in an air pollution control area. Any contravention of the provisions of this Act is punishable by fines and/or imprisonment.

### Forest Laws

- **Indian Forest Act, 1927:** This is an act to consolidate the law relating to forests, the transit of forest produce and the duty leviable on timber and other forest produce.
- **The Forest (Conservation) Act, 1980:** This is an Act to provide for the conservation of forests and for matters connected therewith or incidental thereto. This Act has been enacted with a view to check further development which ultimately results in ecological imbalance. With this object in mind, this Act, inter alia, makes it mandatory that no state Government or any authority shall without the prior approval of the Central Government give any order directing (i) any reserved forest shall cease to be reserved (ii) any forest land may be used for non forest purpose (iii) any forest land be assigned by way of lease or otherwise to any private person or to any authority, corporation, agency or any other organization not owned, managed or controlled by Government and (iv) that any forest land may be cleared of trees which have grown naturally in that land, for the purpose of using it for re-afforestation.
- **The Forest (Conservation) Rules, 2003:** This Rule has been framed for effectuating the provision of the Forest (Conservation) Act, 1980.
- **National Forest Policy, 1988:** This set of policies were enunciated, inter alia, for the maintenance of environment stability through preservation and restoration of ecological balance, conserving the natural heritage of the country, checking soil erosion and increasing the productivity of forest to meet national needs.

### Central Excise

- **Central Excise Act, 1944:** Under the provisions of this Act, the government has provided small non- conventional raw material (NCRM) users with an incentive by reducing the excise duty on paper manufactured by them to 0% for the first 3,500 tons and 4% for any further production.



### Central Sales Tax

- **Central Sales Tax Act, 1956:** In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (monthly/ quarterly/ annually) as required by the State Sales Tax laws of the assessing authority together with treasury challan or bank receipt in token of the payment of taxes due.

### Value Added Tax

- **Value Added Tax, 2005:** Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

### Customs Act

- **Customs Act, 1962:** The provisions of the Customs Act, 1962 and rules made thereunder are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

### Industrial and Labour Laws

- **Factories Act, 1948:** This is an act to consolidate and amend the law regulating labour to factories.
- **Payment of Wages Act, 1936:** This is an Act to regulate the payment of wages to certain classes of employed persons.
- **Workmen's Compensation Act, 1923:** This is an Act to provide for the payment by certain classes of employers to their workmen of compensation for injury by accidents.
- **Industrial Dispute Act, 1947:** This is an act to make provision for the investigation and settlement of certain industrial dispute and for other purpose
- **Contract Labour (Regulation and Abolition) Act, 1970:** This is an Act to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances and for matters connected therewith. The said Act, inter alia, mandates registration of establishments employing contract labour, revocation of such registration in prescribed cases, effects of non registration, prohibition of employment of contract labour, licensing of contractors etc

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Apart from the above, certain other industrial and labour legislations which are applicable are as follows

- Indian Boilers Act, 1923 and rules framed thereunder
- Indian Explosive Act, 1884 and the Rules framed thereunder
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Rules framed thereunder
- The Employee's State Insurance Act, 1948 and Rules framed thereunder
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965 and Rules framed thereunder
- Payment of Gratuity Act, 1972 and Rules framed thereunder
- Equal Remuneration Act, 1976 and Rules framed thereunder

- Apprentices Act, 1961 and Rules framed thereunder
- Fatal Accidents Acts, 1855 and Rules framed thereunder
- Trade Union Act, 1926 and Rules framed thereunder
- Negotiable Instrument Act, 1881 and Rules framed thereunder

**Other legislations application to the business:**

- **Shops and Establishments legislation in State**

The Company will be governed by the State Shops and Establishments legislation, as applicable, in the State. This legislation regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

## FINANCIAL INDEBTEDNESS

Rs. in Lacs

Name of the Bank	Type of Loan	Amount Sanctioned	Amount Outstanding as on November 30, 2009	Rate of Interest	Security	Repayment Schedule
State Bank of India	Short Term	9,500.00	2,500.00	7.00%	Pari-passu 1st charge on current assets and 2nd charge on fixed assets	15.02.10
			1,000.00	11.75%	Pari-passu 1st charge on current assets and 2nd charge on fixed assets	
LIC MF (NCD)	Short Term	-	5,000.00	5.00%	Pari-passu 1st charge on current assets and 2nd charge on fixed assets	05.01.10
State Bank of Bikaner and Jaipur	Short Term	1,500.00	1,300.00	9.00%	Pari-passu 1st charge on current assets and 2nd charge on fixed assets	17.12.09
IDBI	Short Term	500.00	-		Pari-passu 1st charge on current assets and 2nd charge on fixed assets	
IOB	Short Term	1,000.00	937.00	6.50%	Pari-passu 1st charge on current assets and 2nd charge on fixed assets	1.5 Cr on 16.12.09, 2.70 Cr on 11.02.10 & 5.17 Cr on 12.02.10
<b>Sub-Total</b>		<b>12,500.00</b>	<b>10,737.00</b>			
ICICI Bank	ECB	3,094.00	1,110.00	6.50%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	16 Quarterly installments starting from 14.05.07
ICICI Bank	ECB	10,401.00	8,749.00	7.30%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	24 Quarterly installments starting from 17.07.08
ICICI Bank	ECB	7,295.00	7,323.00	6.50%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	24 Quarterly installments starting from 23.03.09
SBI	ECB	4,608.00	5,072.00	2.13%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	16 Quarterly installments starting from 16.09.09

Name of the Bank	Type of Loan	Amount Sanctioned	Amount Outstanding as on November 30, 2009	Rate of Interest	Security	Repayment Schedule
SBI	Corporate Loan	4,500.00	3,678.00	6.25%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	16 Quarterly installments starting from 31.03.09
DBS Bank	ECB	2,100.00	2,100.00	4.00%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	2 equal instalments at the end of 36 th and 48th month
SBI	Corporate Loan	10,000.00	4,902.00	6.25%	Pari-passu 1st charge on Fixed Assets and 2nd Charge on Current Assets	21 Quarterly instalments starting from 30.06.2010
Axis Bank	Corporate Loan	3,500.00	2,800	5.58%	Personal Guarantee of Mr. R.S.Agarwal and Mr. R.S.Goenka and residual charge on current assets	33 quarterly instalments starting from 21.4.2009
<b>Sub-Total</b>		<b>45,498 .00</b>	<b>35,733.00</b>			
<b>Grand Total</b>		<b>57,998.00</b>	<b>46,470.00</b>			

## OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding or tax liabilities against our Company that would have a material adverse effect on our business and there are no defaults, non payment or overdue of statutory dues, institutional/ bank dues or dues payable to holders of debentures, bonds and fixed deposits and arrears of preference shares (irrespective of whether they are specified under Part I of Schedule XIII of the Act), that would have a material adverse effect on our business:

### 1. Gulmohar Unit (Kolkata)

#### I. Sales Tax

<b>Sl. No.</b>	1
<b>Department</b>	Dy. Commissioner Appeals (Commercial Taxes)
<b>Case Number</b>	RCN 2060 of 2001-02
<b>Year</b>	1998-99
<b>Background</b>	Disallowance of Delivery Charge & Cash Discount (Case under WBST)
<b>Present Status</b>	Case Completed at Revisional Board. Order is awaited.
<b>Amount Involved</b>	Rs. 1.41 Lacs

<b>Sl. No.</b>	2
<b>Department</b>	Dy. Commissioner Appeals (Commercial Taxes)
<b>Case Number</b>	RCN 2061 of 2001-02
<b>Year</b>	1998-99
<b>Background</b>	Non Receipt of CST Form (Case under CST)
<b>Present Status</b>	Case Completed at Revisional Board. Order is awaited.
<b>Amount Involved</b>	Rs. 0.02 Lacs

<b>Sl. No.</b>	3
<b>Department</b>	Dy. Commissioner Appeals (Commercial Taxes)
<b>Case Number</b>	Appeal Case No A-33/CD/ADDL-CCT/07-08
<b>Year</b>	2004-05
<b>Background</b>	Non Receipt of STD Form & Purchase Tax
<b>Present Status</b>	Case Filed with Additional Commissioner. Order is awaited.
<b>Amount Involved</b>	Rs. 0.80 Lacs

#### II. Excise

<b>Sl. No.</b>	1
<b>Department</b>	Additional Commissioner of Central Excise
<b>Case Number</b>	S.C. No V 48(15)/103-CE/CAL-III/Adj/98/1448 dated 16.4.98
<b>Year</b>	Aug'94 to Oct'94
<b>Background</b>	Show Cause cum Demand Notice No C No. V.48 (15) /103-CE/CAL-III / Adjudi. /98 / 1448 B, Dtd.16.4.98 issued by Dy. Commissioner for 383.914 MT NP
<b>Present Status</b>	Commissioner( Appeals ) remanded back the case vide order( original) No. 9 /cal-III/2000 Dt. 19.09.2000 to lower authority for denovo adjudication . Fresh Adjudication is pending
<b>Amount Involved</b>	Rs. 0.87 Lacs

<b>Sl. No.</b>	2
<b>Department</b>	Adtl. Commissioner of Central Excise
<b>Case Number</b>	S C No. V(30) 41 /CE/DDD-I/Adjn./4725 Dt. 07.04.2004
<b>Year</b>	2004-05

<b>Background</b>	Show cause No. V(30) 41 /CE/DDD-I/Adjn./4725 Dt. 07.04.2004
<b>Present Status</b>	Filed Appeal alongwith stay petition dt 02.12.05 with customs,excise and service tax appellate tribunal in respect of order ( original ) No. 70/kol-III/06 Dt.31.08.2006, passed by learned commissioner ( appeal-I), C Excise Kol-III.
<b>Amount Involved</b>	Rs. 0.09 Lacs

<b>Sl. No.</b>	3
<b>Department</b>	Addl. Commissioner of Central Excise
<b>Case Number</b>	S C No. V(30) 29 /CE/DDD-I/Adjn./07/3052 Dt. 16.05.07
<b>Year</b>	2006-07
<b>Background</b>	Showcause No. V(30) 29 /CE/DDD-I/Adjn./07/3052 Dt. 16.05.07.
<b>Present Status</b>	Filed Appeal alongwith stay petition dt 12.11.07 with Commissioner (Appeal-1),Central Excise Kolkata against Order ( original ) No. 11/Demand/DD-1/2007-08 DT 29.10.2007
<b>Amount Involved</b>	Rs. 2.20 Lacs

### III.Labour Law

<b>Sl. No.</b>	1
<b>On Account</b>	ESI Contribution on labour charges
<b>Year</b>	1996-97
<b>Background</b>	Demand raised by ESI Corporation under Sec 45A of its Act, 1948.
<b>Present Status</b>	Ad-interim Order for injunction against any action by ESI Corp. passed by Employees Insurance Court on 01.12.99 and the matter is pending with the said Court.
<b>Amount Involved</b>	Rs. 0.22 Lacs

<b>Sl. No.</b>	2
<b>On Account</b>	Sri R.K.Jha, Employee
<b>Year</b>	2002
<b>Background</b>	Misappropriation of Company's fund. Filed u/s 406/120B of IPC
<b>Present Status</b>	Pending with Barrackpore SDJM Court.
<b>Amount Involved</b>	Rs. 2.00 Lacs

<b>Sl. No.</b>	3
<b>On Account</b>	Sri Manoj Kr. Jha, Ex-Employee
<b>Year</b>	2002
<b>Background</b>	Terminated from service against disciplinary action after necessary domestic enquiry by independent Enquiry Officer. Case Filed by Sri Jha with Labour Court under Industrial Dispute Act, 1947. Mr. Jha is also suspected to have cognigence with Sri R.K.Jha by Police authority. Case filed against him u/s. 406/120B of IPC.
<b>Present Status</b>	The case is pending with 2nd Labour Court.
<b>Amount Involved</b>	Not Ascertainable

## I. Balasore Unit (Orissa)

## I. Sales Tax

<b>Sl. No.</b>	1
<b>Department/Nature</b>	VAT (High Court)
<b>Year</b>	2005-06 and 2006-07
<b>Background</b>	Writ Petition (CIVIL) No. 13369 of 2008 before the honourable High Court of Orissa, Cuttack, towards ITC on Coal challenging the order dt.25.08.08 passed by the Asst. Comm. Disallowing ITC of VAT on purchase of coal.
<b>Present Status</b>	Hon' HC directed the state/STO to submit the records on 17.08.09 for 2005-06. Hearing of the case is in progress.
<b>Amount Involved</b>	Demanded Rs. 23.05 Lacs, which has been paid against protest.

<b>Sl. No.</b>	2
<b>Department/Nature</b>	VAT (High Court)
<b>Background</b>	Writ Petition (CIVIL) No. 11212 / 2009 before the honourable High Court of Orissa, Cuttack, against Gazatte Notification dt. 27.01.09 notifying that NO ITC shall be allowed on coal except when purchased for resale.
<b>Present Status</b>	Stay allowed on 08.08.09. Yearly ITC on coal will be Rs. 40 Lacs.
<b>Amount Involved</b>	Not Ascertainable

<b>Sl. No.</b>	3
<b>Department/Nature</b>	CST (Tribunal)
<b>Year</b>	1993-94
<b>Background</b>	As per vigilance report the STO has rejected the branch transfer & part of the consignment sale & treated the same as iner state sale.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 20.26 Lacs, out of which Rs. 4.00 Lacs has been paid by the Company.

<b>Sl. No.</b>	4
<b>Department/Nature</b>	CST (Tribunal)
<b>Year</b>	1994-95
<b>Background</b>	STO was not justified to impose tax on Form "C" collected from M/S Centre book binding , Hyderabad .The STO treated the same as fictitious.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 3.00 Lacs, out of which Rs. 1.46 Lacs has been paid by the Company.

<b>Sl. No.</b>	5
<b>Department/Nature</b>	CST (Tribunal)
<b>Year</b>	2004-05
<b>Background</b>	ACCT was not justified to impose tax on Form "C" towards inter state sales.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 1.99 Lacs, out of which Rs. 1.46 Lacs has been paid by the Company.

<b>Sl. No.</b>	6
<b>Department/Nature</b>	CST (Additional Commissioner)
<b>Year</b>	2005-06

<b>Background</b>	As per VAT audit report the ACCT has rejected the branch transfer and part of consignment sale and export u/s 5(3) and treated the same as interstate sale.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 298.52 Lacs, out of which Rs. 60.00 Lacs has been paid by the Company.

<b>Sl. No.</b>	7
<b>Department/Nature</b>	VAT (Additional Commissioner)
<b>Year</b>	2005-06
<b>Background</b>	ACCT rejected the ITC on opening stock as on 01.04.05 except ITC on Raw Materials.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 4.28 Lacs, out of which Rs. 2.60 Lacs has been paid by the Company.

<b>Sl. No.</b>	8
<b>Department/Nature</b>	VAT (Additional Commissioner)
<b>Case Number</b>	
<b>Year</b>	2006-07
<b>Background</b>	During assessment as per VAT audit report the ACCT has rejected the ITC on capital goods & on Coal.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 0.64 Lacs, out of which Rs. 0.05 Lacs has been paid by the Company.

<b>Sl. No.</b>	9
<b>Department/Nature</b>	CST (Additional Commissioner)
<b>Year</b>	2006-07
<b>Background</b>	ACCT raised demand against wanting of Form "C".
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 5.75 Lacs, out of which Rs. 0.39 Lacs has been paid by the Company.

## II. Excise

<b>Sl. No.</b>	1
<b>Department/Nature</b>	OST
<b>Year</b>	1989-90
<b>Background</b>	STO was not justified on imposing tax on tax free newsprint & tax on reimbursement amount of Octroi.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 2.01 Lacs, out of which Rs. 1.22 Lacs has been paid by the Company.



## III. Others

<b>Sl. No.</b>	1
<b>Department/Nature</b>	Entry Tax (High Court)
<b>Year</b>	2005-06
<b>Background</b>	Writ Petition (CIVIL) No. 12622 of 2006 before the honorable High Court of Orissa , Cuttak, towards entry tax on IMPORTED PLANT
<b>Present Status</b>	Stay granted for further payment of entry tax on imported plant and machinery.
<b>Amount Involved</b>	Demand of Rs. 43.04 Lacs, out of which Rs. 42.00 Lacs has been paid by the Company.

<b>Sl. No.</b>	2
<b>Department/Nature</b>	Entry Tax (High Court)
<b>Year</b>	2006-07 and 2005-06
<b>Background</b>	Writ Petition (CIVIL) No. 13978 of 2008 before the honorable High Court of Orissa , Cuttak, towards entry tax on IMPORT & INTERSTATE PURCHASE
<b>Present Status</b>	Waiting for the hearing. We are not paying entry tax on interstate purchase and imported items.
<b>Amount Involved</b>	Demand of Rs. 109.53 Lacs, out of which Rs. 42.00 Lacs has been paid by the Company.

<b>Sl. No.</b>	3
<b>Department/Nature</b>	Entry Tax (Additional Commissioner)
<b>Year</b>	2006-07
<b>Background</b>	The assessing officer charged 2% entry tax instead of 1% on spare parts and on civil constructions.
<b>Present Status</b>	Pending for hearing.
<b>Amount Involved</b>	Demand of Rs. 1.95 Lacs, out of which Rs. 0.13 Lacs has been paid by the Company.

<b>Sl. No.</b>	4
<b>Department/Nature</b>	IDCO
<b>Year</b>	1986-87
<b>Background</b>	Writ Petition No. OJC 4146 of 1996 dt. 08-05-1996 filed with Honl' HC of Orissa , cuttak for payment of infrastructure maintenance charges (one time) @ 25000 per acre on 50 acres land amounting to Rs 12.50 lacs and interest thereon.
<b>Present Status</b>	H C disposed off the case without hearing for non appearance of advocate as name of advocate was wrongly not mentioned in the case list .We have filed the petition for restoration of the case and hearing is awaited. We have also approached IDCO for one time settlement.
<b>Amount Involved</b>	Demand of Rs. 76.22 Lacs, out of which Rs. 12.50 Lacs has been paid by the Company.

<b>Sl. No.</b>	5
<b>Department/Nature</b>	NESCO (North Eastern Electricity Supply Company of Orissa)
<b>Year</b>	2000 to 2003
<b>Background</b>	Writ Petition no. 5076 of 2006 filed by Nesco for withdrawal of incentives during the year 2000 due to reduction of contract demand from 4990 KVAt to 3500 KVA before expiry of 3 Years.
<b>Present Status</b>	NESCO has raised this demand and Ombudsman has given

	the order that liability is there as per the provision of tariff but rejected the demand on the ground of limitation of time. NESCO filed writ petition in H C , Cuttack . We have disputed the order of Ombudsman for our liability and also requested for rejection of demand on the ground of limitation. Hearing completed and order is awaited
<b>Amount Involved</b>	Demand of Rs. 61.93 Lacs, out of which nothing has been paid by the Company.

## MAIN PROVISIONS OF ARTICLE OF ASSOCIATION

### SHARES

- 5.
- (a) The Authorised Share Capital of the Company is Rs. 12,50,00,000/- (Rupees Twelve Crore Fifty Lac only) divided into 6,20,00,000 (Six Crore Twenty Lac) Equity Shares of Rs. 2/- (Rupees Two) each and 10,000 (Ten Thousand) 6% Non-Cumulative Preference Shares ( Redeemable) of Rs. 100/-(Rupees One Hundred ) each.
- (b) The said Preference Shares will confer upon the holder thereof the right to a fixed cumulative preferential dividend at such rate as the Directors may decide at the time of issue on the Capital for the time being paid up thereon and the right in a winding up to payment of capital and arrears of dividend in priority to the Equity Shares, but shall not confer any further right to participate in the profits or assets.
6. Subject to the provisions of Section 80 of the Companies Act, the Company may issue Preference Shares which are, or at the option of the Company are liable to be redeemed such terms and in such manner, as the Board may determine.
7. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such time, either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time it is proposed to increase the Subscribed Capital of the Company by the allotment of further shares, then, subject to the provisions of Section 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in general meeting.
8. The Directors may allot and issue shares in the Capital of the Company as partly or fully paid in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted, may be issued as fully or partly paid up shares.
12. The Company may exercise the powers of paying commission conferred by Section 76 of the Act provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the commission shall not exceed 5 per cent of the price at which any shares in respect whereof the same is paid, are issued or 2½ per cent of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

### Reduction of Capital

22. The Company, may, from time to time, by special resolution, reduce in any manner and with, and subject to, any incident, Capital authorized and consent required by law.
- a) its share capital  
b) Any capital redemption reserve account or  
c) Any share premium account.

### ALTERATION OF SHARE CAPITAL

23. The Company by ordinary resolution may from time to time:
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.  
(b) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid

and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

- (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- 24. Where any share capital is sub-divided, the Company in general meeting subject to the provisions of Section, 85, 87, 88 and 106 of the Act, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preferential or special rights as regards dividend, payment of Capital, voting or otherwise.
- 25. Subject to the provisions of Sections 100 to 105 (inclusive) of the Act, the Board may expect from any member to surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

#### **VARIATION OF SHARE-HOLDER'S RIGHTS**

- 26. If any time the share capital is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise prohibited by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and 107 of the Act, whether or not the Company is being wound up, be modified, commuted, affected, abrogated, varied or dealt with by the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. To every such separate meeting the provisions of these regulations relating to general meeting shall mutatis apply but so that necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued share of the class in question. This Article is not by emplication to curtail the power of modification which the Company would have if this Article was omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of such agreement or resolution to the Registrar.

#### **SHARE CERTIFICATES**

- 27. The certificate of title to shares, shall be issued within three months after allotment (or within such other period as the conditions of the issue shall be provide).
- 28. (1) Every person whose name is entered as member in the Register shall be entitled to receive within three months after allotment, one certificate for all the shares registered in his name or if the Directors so approve to several certificates each for one or more of such shares.  
  
(2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.  
  
(3) In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate to the first person named in the Register shall be sufficient delivery to all such holders.
- 29. The certificate of shares registered in the names of two or more persons shall be delivered to the person first named in the Register. No fee shall be charged for issue of new Certificate in lots of trading unit.
- 30. If any certificate be old, decrepit, worn out, torn or defaced or where the cages on its reverse side for recording transfers have been fully utilised, than upon surrender thereof to the Company, the Board shall order the same to be cancelled and issue a new certificate in lieu thereof without any payment. If any certificate be lost or destroyed then upon proof of such loss or destruction of the satisfaction to the Board and on such indemnity and the payment of out-of pocket expenses incurred by the Company in investigating evidence, as the Board

thinks fit, a new certificate in lieu thereof shall be given to the person entitled to such lost or destroyed certificate on a fee of two rupees for each certificate or such smaller fee as the Board may determine.

### **CALLS**

31. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of section 91 of the Act, made such calls as the Board thinks fit upon the members in respect of all moneys un-paid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. Provided that option or right to make call on shares shall not be given to any person except with the sanction of the Company in general meeting. A call may be made payable by instalment and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at the meeting of the Board.
32. No call shall exceed one-fourth of the nominal amount of a share be made payable at less than one month from the payment of the last preceding call. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and the person or persons to whom such call shall be paid. Provided that, before the time of payment of such call, the Directors may, by notice in writing to the members, revoke the same or extend the time for payment thereof.
33. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times whether on account of the nominal amount of the share or by way of premium every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice has been given, and all the provisions herein contained in respect of calls, forfeiture or otherwise shall relate to such amount or instalment accordingly.
34. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment, the holder for the time being of the shares in respect of which the call shall have been made, or the instalment shall be due, shall pay interest for the same at the rate of 12 per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine. The Directors may in their absolute discretion waive the payment of interest, wholly, or in part, in case of any person liable to pay such call or instalment.
35. Subject to the provisions of the law of Evidence and procedure, on the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due, the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose on the Register of the Company as a holder or one of the holders, of the number of shares in respect of which such claim is made, and the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made, was duly convened or constituted, nor any other matter whatsoever, but the proof the matters aforesaid shall be conclusive evidence of the debt.
36. The Board may, if it thinks fit, received from any member willing to Advance the same, and either the money or money's worth, all or any part of money due upon the shares held by him beyond the sums actually called for and upon the money so paid or satisfied in advance, or so much thereof as from time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as determined by the Board from time to time, unless the Company in General Meeting shall otherwise direct. The Directors may, at any time, repay the amount so advanced upon giving to such member one month's notice in writing. The member shall not, however, be entitled to any voting rights or to participate in the profits of the company or dividend in

respect of the moneys so paid by him until the same would, put for such payment become presently payable.

37. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised any right of lien.
38. A Call may be revoked or postponed at the discretion of the Board.
39. The Directors may, from time to time, at their discretion extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account; of residence at a distance or some other cause, may be deemed fairly entitled to such extension, but no member shall, as a matter of right, be entitled to such extension (save as a matter of grace and favour).
40. Every member, his executors or administrators shall pay to the Company the proportion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon in such amount at such time or times and in such manner as the Directors shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

#### **TRANSFER AND TRANSMISSION**

57. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation of the transferee has been delivered to the Company along with the certificate relating to the shares, or if no such certificate is in existence along with the letter of allotment of the shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address and occupation.

Provided that, where on an application in writing made to the Company by the transferee, and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the company may register the transfer on such terms as to indemnity as the Board may think fit.

#### **57A. DEMATERIALISATION OF SECURITIES**

1. For the purpose of this Article:

"Beneficial Owner" means a person whose name is recorded as such with a Depository;

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992;

"Depository Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof;

"Registered Owner" means a Depository whose name is entered as such in the records of the company;

"Security" means such security as may be specified by the Securities and Exchange Board of India, from time to time.

2. Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize / rematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.
3. All securities held by a Depository shall be dematerialized and shall be in fungible form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.
4. Nothing contained in the Act or these Articles, regarding the necessity of having Distinctive Numbers / Certificate Numbers shall apply to securities held in a Depository.
5. Notwithstanding anything contained in the Act or these Articles where the Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the company, by means of electronic mode and / or by delivery of floppies or disks.
6. Nothing contained in these Articles shall apply to transfer of securities held in a Depository.
7. Where the securities are dealt with in a Depository, the company shall intimate the details of allotment or relevant securities to the Depository on allotment of such securities.
8. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of Members and other security holders.
9. As a registered owner, Depository shall not have any voting rights or any other rights in respect of the securities held by it. Every person whose name is entered as the beneficial owner of shares in the records of the Depository shall be deemed to be a member of the company. Every beneficial owner of securities shall be entitled to all the rights and benefit and be subject to all the liabilities in respect of the securities which are held by the Depository.

#### **SHARE WARRANTS TO BEARER**

73. The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identification of the person signing the application, and on receiving the certificates (if any) of the share and the amount or stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
74. 1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of the two clear days from the time of deposit, as if his name were inserted in the Register as the holder of the shares included in the deposited warrant.
  - 2) Not more than one person shall be recognized as depositor of the share warrant.
  - 3) The Company shall, on seven days' written notice, return the deposited share warrant to the depositor.
75. 1) Subject as herein otherwise provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privilege of a member at meeting of the Company or be entitled to receive any notices from the Company.

- 2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if they were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.
76. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

#### **THE SEAL**

165. (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Directors shall provide for the safe custody of the seal for the time being.  
(b) The seal shall not be affixed to any instrument except in the presence of Director or an officer duly authorized who shall sign every instrument which seal shall be affixed. Provided, nevertheless, that any instrument other than a share certificate bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. Provided further that in respect of issue of share certificates the provisions of the Companies (issue of share Certificates) Rules, 1960 shall apply.  
(c) The Directors may provide for use in any territory outside India an official seal subject to the provisions of Section 50 of the Act.

#### **CAPITALISATION OF PROFITS**

169. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve.
    - (a) to capitalize whole or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution ; and
    - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions.
  - (2) The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in clause (3), either in or towards : -
    - (i) Paying up any amounts for the time being unpaid on any shares held by such members respectively.
    - (ii) Paying up in full, un-issued shares of the Company to be allotted and distributed, credited as fully paid up, to be and amongst such members in the proportion aforesaid ; or
    - (iii) Partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2).
  - (3) A share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares.
  - (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
170. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall : -
    - (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any: and
    - (b) generally do all acts and things required to give effect hereto.
  - (2) The Board shall have full power :-
    - (a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions ; and also.
    - (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization of (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be



capitalized of the amounts or any part of the amounts remaining unpaid on their existing shares.

- (3) Any agreement made under such authority shall be effective and binding on all such members.

#### **WINDING UP**

207. On winding Preference Shares will rank as regards Capital in priority to Equity Shares, to the extent of the paid-up value of the said shares but to no other rights participating in its assets.

208. (1) Subject to the provisions of the Act, if the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Act divide amongst contributories in specie or kind the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(3) The liquidator may, with the like sanction of a special resolution, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories or any of them as the liquidator shall think fit.

209. (1) In the event of the Company being wound up, the holder of preference shares, if any, shall be entitled to have the surplus assets available for distribution amongst members as such applied in the first place in repaying to them the amount paid-up to the preference shares held by them respectively and any arrears of dividend upto the commencement of the winding up, whether declared or not. If the surplus assets available as aforesaid shall be insufficient to repay the whole of the amount paid-up on the preference shares and any arrears of dividend, such assets shall be distributed amongst the holders of preference shares that the losses shall be borne by the holders of preference shares as nearly as may be in proportion to the capital paid-up which ought to have been paid-up on the shares held by them at the commencement of the winding-up and the arrears of dividend as aforesaid.

(2) The assets, if any, available for distribution after payment to the preference shareholders as aforesaid shall be distributed amongst the holders of Equity Shares in proportion to the capital at the commencement of the winding-up, paid-up or which ought to have been paid-up on the shares in respect of which they were respectively registered.

(3) This article is to be without prejudice to the right and privileges amongst holders of preference shares of different series.

#### **SECRECY**

210. Subject to provisions of section 635B of the Act, every Director, Manager, Auditor, Trustee, Member of a committee, Officer, Servant, Agent Accountant or other person employed in business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

211. No member, or other person (not being a Director) shall be entitled to visit or inspect any works of the Company or to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or subject to Article 191 to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and within the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate.

**DECLARATION**

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued there under, as the case may be, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Information Memorandum are true and correct.

For **Emami Paper Mills Limited**

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

Date: December 2, 2009

Place: Kolkata