



emami* paper mills limited

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CIN : L21019WB1981PLC034161

EPML/ND3/2016-17/
13th August, 2016

The Secretary,
The Bombay Stock Exchange Ltd.
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Sub : Submission of Annual Report for the Financial Year 2015-16

Dear Sir,

In compliance with Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report for the Financial Year 2015-16 which was approved and adopted in the Annual General Meeting of the Company held on Wednesday, 10th August, 2016.

This is for your information and record.

Thanking you,

Yours faithfully,
For Emami Paper Mills Limited,

(G.Saraf)
Vice President (Finance) & Secretary



On the MOVE



Emami Paper Mills Limited
Annual Report 2015-2016

CAUTIONARY STATEMENT

Statements in the Directors' Report describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.



Corporate Overview 02

Between the Covers



Statutory Reports 06

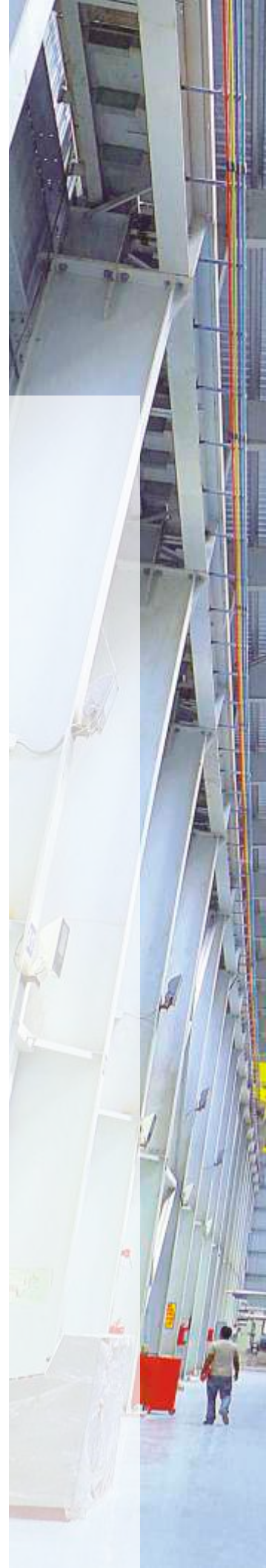


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This Annual Report is available online at www.emamipaper.in



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. A. V. Agarwal, *Executive Chairman*
Mr. Manish Goenka, *Whole Time Director*
Mr. P. S. Patwari, *Executive Director*
Mr. M. B. S. Nair, *Director - Operations*
Mr. J. N. Godbole, *Independent Director*
Mr. H. M. Marda, *Independent Director*
Mr. J. K. Khetawat, *Independent Director*
Mr. S. Balasubramanian, *Independent Director*
Mr. U. G. Bhat, *Independent Director*
Mrs. Richa Agarwal, *Director*

SR. PRESIDENT

Mr. S. K. Jain

PRESIDENT (FINANCE) & CFO

Mr. S. K. Khetan

VICE PRESIDENT (FINANCE) AND SECRETARY

Mr. G. Saraf

AUDITORS

M/s S. K. Agrawal & Co.
Chartered Accountants
Suite Nos. 606-608, The Chambers
(Opposite Gitanjali Stadium)
1865, Rajdanga Main Road
Kolkata - 700 107

UNIT AUDITORS

M/s Salarpuria Jajodia & Co.
Chartered Accountants
7, C. R. Avenue
Kolkata - 700 072

BANKERS

State Bank of India
ICICI Bank Limited
DBS Bank Limited
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
Yes Bank Limited
IDBI Bank Limited
Axis Bank
HDFC Bank
Allahabad Bank
Export Import Bank of India
RBL Bank Limited
DCB Bank Limited

WORKS

Balgopalpur,
Balasore-756020 (Odisha)
R. N. Tagore Road, Dakshineswar
Kolkata-700035
(West Bengal)

REGISTERED OFFICE

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

BOARD OF DIRECTORS



Mr. A. V. Agarwal
Executive Chairman
Well known Industrialist. Rich and varied experience of 18 years in Marketing, Corporate Planning, Business Development, Strategy Formulation and Overall Management.



Mr. Manish Goenka
Whole-time Director
Industrialist with extensive business experience of 18 years, expertise in Marketing, Corporate Planning, Business Development, Strategy Formulation and Overall Management.



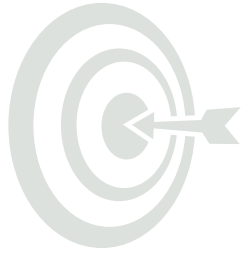
Mr. P. S. Patwari
Executive Director and CEO
Chartered Accountant, extensive experience of 36 years in the area of Finance, Accounting, Corporate Planning, Business Development, Strategy Formulation and Overall Management.



Mr. J. Godbole
Independent Director
Former Chairman of IDBI, having extensive experience in the area of Finance, in particular Bank Finance, Accounting, Corporate Planning and Strategy formulation.



Continued to be the No-1 newsprint manufacturer in the country.
To become No. 1 packaging Industry in the country.



To achieve long term values to serve the best interest of all the Customers, Stakeholders - shareholders, Vendors, Employees, the Government and the Society at large.



Mr. S. Balasubramanian
Independent Director

Former Chairman of Company Law Board, has rich and varied experience in the Corporate Law. He is a well known personality for his valuable contribution to the Corporate world. He was also former member of Indian Postal Service and having senior level experience in public sector.



Mr. U. G. Bhat
Independent Director

Well known Technocrat and reputed project consultant in paper industry with rich and varied experience in setting up of project.



Mr. J. K. Khetawat
Independent Director

An Industrialist with extensive business experience in the area of Accounting, Corporate Planning, Strategy Formulation and Overall Management.



Mr. H. M. Marda
Independent Director

An Industrialist with extensive business experience over 3 decades. Rich and varied experience in the area of Accounting, Corporate Planning, Strategy Formulation and Overall Management.



Mr. M. B. S. Nair
Director (Operations)

Renowned paper technologist with rich and varied experience of 42 years in Paper Industry. He is the operational head of both the units at Kolkata and Balasore. Having varied experience in setting up of paper mill project.



Mrs. Richa Agarwal
Director

Extensive experience in the area of Corporate Planning, Business Development, Marketing and Overall Business Management.

MANAGEMENT TEAM



Mr. S. K. Jain
Sr. President



Mr. S. K. Khetan
President (Finance) & CFO



Mr. G. Saraf
Vice President (Finance) & Secretary



Mr. B. Choudhury
Vice President (Engineering)



Mr. H. K. Mohanty
Asst. Vice President (Kolkata Works)



Mr. V. K. Chandalia
Sr. G.M. (Marketing)



Mr. Soumajit Mukherjee
Sr. G.M. (Marketing & Sales)



Mr. Mukesh Agarwal
Sr. G.M. (Finance)



Mr. Anil Khemka
Sr. G.M. (Purchase)



Mr. A. K. Singh
Sr. G.M. (Board Production)



Mr. Kajol Roy Choudhury
Sr. G.M. (Works)



Mr. S. Chakraborty
Sr. G.M. (Automation)



Mr. Shyam Patwari
G.M. (Commercial)



Mr. Amardeep Mohanty
G.M. (HR & Admin)



Mr. G. Mishra
G.M. (Project & Maint)(I)



Mr. M.S Yadav
G.M. (Elect)



Mr. R. Mittal
G.M. (Civil)



Mr. V. Mohan
G.M. (Power Plant)



Mr. B V K S S Prasad
Sr. D.G.M. (Power Plant)



Mr. Sandeep Jha
Sr. D.G.M. (Marketing)



Mr. Chandan Mukherjee
Sr. D.G.M. (Import & Insurance)



Mr. Pramod Jain
Sr. D.G.M. (Board Plant)



Mr. S. K Brahma
Sr. D.G.M. (Paper)



Mr. Mukesh Agarwal
D.G.M. (IT)



Mr. D. Hota
D.G.M. (HR)



Mr. K. S.V Ravi Kumar
D.G.M. (Elect)



Mr. N. C Pattnaik
D.G.M. (Admin & Co-Ordination)



Mr. Ramesh Khuntia
D.G.M. (DIP)

TOUCHING LIVES

At Emami Paper Mills Limited we believe that businesses voluntarily share created value with the community they operate in. We deploy the combined reach of our manufacturing locations to outreach the surrounding communities with our CSR initiatives through Healthcare, Education, Plantation, Safety, Community Development programmes.



Health Check-up Camp



Distribution of Exercise Note Books



Installation of Tubewell



Plantation programme



Mass Marriage Ceremony



Distribution of Blankets



Launching of "Emami - KISS (Kalinga Institute of Social Sciences) Residential School" at Balasore, Odisha with founders of Emami Group, Mr. R. S. Agarwal & Mr. R. S. Goenka and Mr. Achyuta Samanta for the underprivileged and tribal children.



Recognition of our success

MANAGEMENT'S DISCUSSION AND ANALYSIS



GLOBAL SCENARIO

Paper industry occupies a prestigious position, among the various manufacturing enterprises globally, in view of its significant contribution to the society. Role of paper in promotion of literacy, propagation of information and knowledge, packaging of commodities and valuable commercial goods, makes it an indispensable product. Paper industry is also a significant player in the world economy. Global consumption of paper and paper board grew from 169 million tonnes in 1981 to 253 million tonnes in 1993 and to 352 million tonnes in 2005. Current consumption of paper is to the tune of 400 million tonnes per annum, roughly half of this consumption is shared by North America and Europe. However, share of North America and Europe has been declining since 2006; while that is steeply rising in China, India and other developing economies of Asia. With the growth in consumption, recycling of paper is growing gradually throughout the world; at present almost 65% of the paper produced each year is recycled.

The major driver for demand of paper in the global markets is due to increase in usage of paperboards in packaging as well as printing applications. Increasing awareness amongst consumers towards eco-friendly packaging solutions, that would be more inclusive with the eco-system and animal habitat have been one of the main reasons that is driving the packaging industry to come up with innovative packaging solutions that are convenient for the consumers. Globally, the paperboard packaging market has grown moderately in the last few years despite sluggishness in other paper sector and this growth is expected to continue.

INDIAN PAPER INDUSTRY

The Indian Paper and Paper Board market is the 15th largest market in the world. With a growth rate of 7% it is also one of the fastest growing markets with further growth potential due to large population base and low per capita paper consumption compared to world average. Substantial thrust on literacy and education, changing lifestyle, growth in organised retail and increase in disposable income will further boost up paper consumption in the country. The consumption of paper is closely linked to the economic development of a country. In

India, it is gradually improving with economic growth, industrial production, expenditure incurred on the print media, Government is spending in education, etc.

Paper and paper board industry in India is segregated in four major segments – Writing & Printing paper (W&P), Paperboard (Industrial paper), Speciality Paper and Newsprint. In 2014-15, W&P paper was estimated to form the largest share of the domestic paper market at 41% followed by paperboard at 37%, newsprint at 18% and speciality paper at 4% (Source – CRISIL Research Paper 2016).

The revenue of paper industry of India is expected to reach up to USD 11.83 billion by 2017. About 70% of the total installed capacity of paper production in India is accounted by the states of Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka and Maharashtra. Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam together account for about 25% of the total paper production in India. India's paper consumption has grown at a steady rate of 6% - 8% in the last five years. The Indian paper industry has an annual turnover of about Rs. 40,000 crores. India has 17% of the world's population, but it consumes just

Management's Discussion and Analysis (Contd.)

about 3% of paper globally. Low per capita consumption, which is about 10kg only in contrast to global average of 55 kg indicates the future potential of paper and paperboard industry in India. Having a large population base, any sort of increase in per capita paper consumption will cause a substantial increase in paper demand in the country. With the growth in GDP and increase in literacy, paper consumption in India is forecasted to go up. Consumption of paper and related products in India is set to double by 2020, from the current level of 13.4 million tons.

Newsprint Sector

In most parts of the world, the age old newspaper industry is fighting a losing battle to the online news sources and in most parts surrendering to it. In India, with a population of 1.25 billion, not only is the press in robust health, but it is growing at an astonishing rate. India is a country with an expanding middle class and a booming economy, which have fuelled an explosion in consumer spending and advertising. The literacy rate is growing, thanks to RIGHT TO EDUCATION BILL. In most of the urban cities, about 80% of residents aged 7 and older can read and write. This factor results in a rise in readership as well as a rise in the demand of newspapers and magazines published. As a result leading newspaper publishing houses are spreading their wings to remote and interior places of the country.

With more than 84,000 Newspapers in multiple languages and 110 million copies in circulation, the Indian print media is certainly better off in comparison to the global market. The sector in India is witnessing growth of more than 10% and expected to continue growing at similar pace over next 5 to 10 years. Over all print industry to see a CAGR of 10%; whereas, regional print media is expected to grow at a higher rate of 12%.

Further, the newspapers in India in recent times have become more like brands rather than news outlets as media houses like Bennett and Coleman that own THE TIMES OF INDIA Group increasingly position their offerings as brands that can be consumed in the same way one would consume other goods. In other words, the shift in emphasis from treating the newspaper as a source of news and views to one that merges the news with the advertorials means that the readers are no longer simple purveyors of information but rather consumers who have brand loyalties and preferences in terms of content. These are some of the reasons why the newspaper industry in India is thriving whereas the newspaper industry around the world is failing. The industry demand is likely to grow to 5.5 million MT by the year 2025.

With no major capacity expansion in newsprint industry in sight, dynamics of the imported newsprint in terms of the quality and the landed cost will continue to govern the industry in future. Newsprint having international standard quality, is expected to provide a considerable growth in production, demand and productivity in coming years. (Source – CRISIL Research Paper 2016).

Packaging Sector

The demand of paperboard in packaging sector is a derived demand as it depends on the growth of end- use-segment like FMCG, Pharma etc. and it is directly connected with the industrial growth and consumer markets. Use of paperboard in packaging industry can be classified into two division (1) Tertiary packaging [using kraft paper] and (2) consumer packaging [which uses Multilayer Coated Board, i.e. Greyback Paper Board, Whiteback Paper Board, Folding Box Board (FBB) and Solid Bleached Board (SBB)]. Over the period 2008-09 to 2015-16, domestic paperboard demand increased by 5% CAGR on the back of weak industrial output in last five years and expected to clock a 6.4% CAGR to reach 8.4 million ton in 2019-20 from present level of 6.1 million ton. It is expected that growth in paperboard sector will be steady and upward in view of gradual improvement in industrial activity in India, increase in disposable income of Indian citizens followed by demand growth of FMCG, packaged ready to eat food stuff and other packaged products and shifting of consumers' preference to branded product. Out of the total industrial demand of packaging sector in 2014-15, kraft paper accounted for nearly 57%, recycled boards like greyback / whiteback accounted for 32% and virgin boards like FBB/SBB accounted for 11%. Premium category paperboards like FBB/SBB contribute only 11% to the total paperboard market at present but the same are in the fastest growth trajectory (11% - 12% CAGR) among other category of paperboard. The Total market size of the paperboard industry was around Rs. 203 billion in 2014-15. Out of the total paperboard market size, kraft paper accounted for about Rs. 107 billion and duplex paper used for consumer packaging in total was about Rs. 96 billion.

Tertiary packaging

Tertiary packaging also known as transport packaging, mainly refers to packaging for the containment and safeguard of goods during storage, handling and transportation. Corrugated boxes, which are mainly used for transportation are made from kraft paper. The kraft paper segment is highly unorganized with nearly 90 percent of the production coming from small and unorganized players.

Consumer packaging

Consumer packaging refers to secondary packaging of goods (packaging seen and felt by the consumer). It is done not only to protect the goods but also for brand building and marketing of goods. Consumer packaging is expected to grow at 7% – 7.5% CAGR led by rise in offtake by the FMCG goods, pharmaceuticals, food products and consumer durable goods industries.

The market for consumer packaging paperboards is fairly consolidated with large organised players. A number of varieties of paper are used for consumer packaging with the following four accounted for a majority in two sub-segments (i) Recycle based Greyback and Whiteback and (ii) Value Added paperboard (FBB/

Management's Discussion and Analysis (Contd.)

SBB). Various mid-size to large-size players are participating in manufacture of recycled based category and this sub-segment is experiencing a growth of about 6.8% CAGR.

The Value Added varieties of boards (FBB/SBB) are manufactured only by a few players like ITC, JK Paper, Century and EMAMI as it requires state-of-the-art technologies and high level of expertise to manufacture a premium category board. This premium section is experiencing growth at 11.7% CAGR and will drive the future of paperboard industry at large.

(Source – CRISIL Research Paper 2016)

EMAMI'S INDUSTRY PRESENCE

Emami Paper Mills Limited, part of the Emami Group of Industries has paper mills located at Balasore (Odisha) and Dakshineswar (W.B., Kolkata) manufacturing quality newsprint and writing & printing (W&P) paper, Unit-1 at Balasore is one of the most environment friendly paper mills in Eastern India, consuming waste paper for the manufacture of internationally-benchmarked newsprint, which is consumed by the most of the leading newspaper publishers in India. The operating margin of EPM is far higher than that of its peers as it produces high quality of newsprint through its use of superior technology and its high operational efficiencies contributes to lower the production cost.

Further, your Company has set up a state-of-the-art, Multi-Layer Coated Board Plant at its Balasore (Odisha) unit with an installed capacity of 1,32,000 tonnes per annum along with 10.5 MW Captive Power Plant and other necessary utilities. The commercial production of Multi-Layer Coated Board Plant has successfully started from 25th March, 2016.

STRENGTH AND OPPORTUNITIES

- i. Strategic location – proximity to raw materials, logistics advantage and nearness to the market.
- ii. Pan India presence
- iii. Close proximity to Mahanadi Coal (MCL) fields for Balasore plant and Raniganj- Asansol (ECL) belt for Kolkata unit for procurement of coal and also proximity to Haldia port for import of waste paper, chemicals, spares & machineries etc.
- iv. Large and growing domestic paper market and potential for export.
- v. Newly diversified Multi-Layer Coated Board, a fast growing contemporary printing sector.
- vi. In-house qualified and technically sound team ensure production of world class newsprint, writing and printing and multi-layer coated paperboard.
- vii. Government's thrust for improving education and literacy in the country.
- viii. Steady increase in disposable income, change in customers' preference to branded products, healthy growth in organized

retail sector fueling up use of paper and paperboard in packaging industry.

- ix. Diversification in paperboard segment will give a leverage to outperform in digital era.
- x. Well established Research & Development (R&D) facilities/ activities encouraging innovation.
- xi. Strong customer base and dealers / distributors network.
- xii. Sufficient land and other infrastructure facilities for future expansion and growth.
- xiii. Lowest cost manufacturer with advanced technology for manufacturing of writing & printing, newsprint and paperboard with self-sufficient captive power plant

THREATS

- ☞ Increasing coal and logistic cost
- ☞ Small and unorganized industry players
- ☞ Cheap dumping of newsprint from export countries
- ☞ Increasing competition from electronic media and digital communication alternatives.
- ☞ Sourcing of raw materials (prices, quality) - Currently waste paper collection in the country is poor. More than 50% waste paper is imported. Our collection is only 31% against world average collection of 65%, therefore efforts to increase collection through awareness in the country is needed to make industry sustainable.

IT SUPPORT

Enterprise wide IT and ERP infrastructure is monitored and supported by a dedicated in-house IT team in areas such as SAP support, Data Centre Management, Networking, Software development and systems administration, Hardware Capacity Planning activities etc. SAP supports the Company's complex business process and strengthens internal financial control policy and procedures adopted by the company. Firewalls, anti-virus and end-point security measures adopted by the company to enforce strict security practices in all nodes to mitigate network security risks and to protect company's data and other IT resources from all external threats and vulnerabilities. The company has developed an internal control and checking system for security of its IT assets, which efficaciously operates to protect IT assets.

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATE

Forest certification is necessary to confirm that wood based product is produced in an environmentally and socially sustainable way. Forest Stewardship Council (FSC) issues Single Chain of Custody (SCC) certificate. FSC certificate guarantee the sourcing of wood and wood based products.

Emami has received Forest Stewardship Certificate (FSC) Single

Management's Discussion and Analysis *(Contd.)*

Chain of Custody Certificate IN-2016-1 for the procurement and manufacturing process. The certificate is valid from 16th February 2016 to 15th February 2021.

RISK AND CONCERNS

Your Company identified various risks and implemented its Mitigation Plans. Risk Policy and monitored frame works has been approved by the Audit Committee and the Board of Directors of the Company. Risk reporting and monitoring is being conducted regularly by Governance Risk and Compliance Committee (GRCC) at all the operation levels and reporting directly to the Audit Committee and the Board half-yearly basis.

HUMAN RESOURCES AND TRADE RELATIONS

Your Company has qualified and talented human resources at all levels of operation. It has put concerted efforts for continuous learning and training to ensure that strong and credible leadership is developed. The focus of your Company is centred to ensure that young talent is nurtured and mentored consistently, that the rewards and recognition are commensurate with the performance of the employees to provide them proper opportunity to develop and grow. With regular communication and sustained efforts, it is ensuring that employees are aligned on common objectives and have the right information on business evolution. Your Company strongly believes in fostering a culture of trust and mutual respect amongst all its employees and seeks to ensure that values and principles of the company are understood by all employees. The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under the "The Sexual Harassment of Women at Workplace (Prohibition and Redressal) Act, 2013".

SAFETY

Your Company has adopted a clearly defined Occupational Health and Safety Policy. Suitable Personal Protective Equipment (PPE) is provided to all employees. Periodical Training Programms are conducted on handling of hazardous chemicals, Material handling, Usage of PPEs, fire fighting etc. to improve safety awareness among the employees and contract workmen. Mill wide Safety Audit, HAZOP study and Risk Analysis are carried out periodically through experts in industrial safety and their recommendations are implemented rigorously. Material Safety Data Sheets (MSDS) are displayed at all the hazardous chemical storage areas. Testing of Pressure Vessels, Lifting tackles, Safety belts, Conveyor Systems, Building Stability, Chemical stored FRP tanks etc., are carried out through competent persons. An updated Onsite Emergency Plan (OEP) and Off-site Emergency Plan are available to properly address emergencies. Periodic mock drills on hazardous chemical leakages and fire incident are conducted to ensure the effectiveness of emergency preparedness. The entire Mill is covered with fire hydrant

points with pressurised water mains for fire fighting. Also fire extinguishers are provided to strategic points. In addition, one mobile fire tender is available to tackle any emergency. Since inception, EPM has maintained excellent safety record.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company remains committed to ensure an effective internal control environment that inter alia provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

Your Company's independent and robust Internal Audit processes, at its both the plants at Balasore and Kolkata as well as at Business and Corporate levels at Head Office, provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements. The Internal Audit function consisting of professionally qualified accountants, engineers and IT Specialists is adequately skilled and resourced to deliver audit assurances at highest levels. The Audit Committee of your Board met four times during the year. The Terms of Reference of the Audit Committee inter alia includes reviewing the adequacy and effectiveness of the internal control environment, monitoring implementation of the action plans emerging out of Internal Audit findings including those relating to strengthening of your Company's risk management systems and discharge of statutory mandates.

The Company has a Comprehensive Budgetary Control System in operation and its' Key Performance Indicators (KPI) are set for all important operational parameters. These are monitored and reviewed regularly by the management in Management Committee Meetings, which is chaired by the Executive Director of the Company and corrective and preventive actions, as needed, are initiated.

CAUTIONARY STATEMENT

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

REPORT OF THE DIRECTORS



Dear Shareholders

Your Directors take pleasure in presenting their Thirty Fourth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2016.

FINANCIAL SUMMARY

		(₹/lacs)	
Particulars		2015-16	2014-15
Operational Income		53880.49	52102.14
Profit before interest and depreciation		5363.11	5900.72
Less: Interest		1613.78	1507.17
Profit Before Depreciation & Tax		3749.33	4393.55
Depreciation		2668.05	2664.59
Profit Before Taxation		1081.28	1728.96
Less : Provision for Current taxation (MAT)	227.84		
MAT Credit entitlement	(227.84)		
Income Tax for earlier year	0.85		
Provision for deferred tax	(1711.48)	(1710.63)	512.34
Profit after Tax		2791.91	1216.62
Add : Surplus brought forward		1586.25	1821.99
Balance available for appropriation		4378.16	3038.61
Appropriations			
Proposed Dividend on Equity Shares		363.00	363.00
Proposed Dividend on Preference Shares		490.00	428.27
Tax on Dividend		173.65	161.09
Transfer to General Reserve		-	500.00
Balance carried forward		3351.51	1586.25
		4378.16	3038.61

Directors' Report (Contd.)

OPERATIONS AND OUTLOOK

Your Directors are pleased to inform you that the commissioning of Multi-Layer Coated Board plant at Balasore, Odisha has been successfully completed and resulted in an increase in production capacity from 1,45,000 TPA to 2,77,000 TPA. Your Company continued its dominance as the lowest cost and quality Newsprint manufacturer achieving plant capacity utilization over 100% and extended its market presence for the Multi-Layer Coated Board segment.

During the year your Company registered a growth in the turnover from ₹ 521.02 crores in 2014-15 to ₹ 538.80 crores in 2015-16 and profit after tax (PAT) has shown growth from ₹ 12.17 crores in 2014-15 to ₹ 27.92 crores in 2015-16.

Many initiatives of efficiency enhancement and cost reduction have been undertaken and implemented. The Company is in the process of installing balancing equipment during current year for marginal enhancement in overall capacity from 2,77,000 TPA to 3,00,000 TPA. The fully automated Multi-Layer Coated Board facility will help your Company to scale up the operations and also propel to be amongst the leading paperboard businesses in the country.

Overall, the performance has been satisfactory despite economic and industrial challenges. With the expansion project is now fully functional, the Company's performance is expected to improve substantially in the coming years.

MULTI LAYER COATED BOARD PROJECT

The company has set up a state-of-the-art Multi-Layer Coated Board plant with an annual capacity of 1,32,000 TPA and 10.5 MW Captive Power Plant at Balgopalpur, Balasore, Odisha. The Company is producing high-end packaging board product for usage in pharmaceuticals, healthcare, FMCG goods, consumer durable goods and food product industries, in various gsm ranging from 170 to 450. The project has created direct and indirect employment for about 2000 persons.

The company focuses only on high-end segment of virgin fibre board with its brands "Emami Maxo Fold" & "Emami Glamkot" and also developed "Emami Eco Strong" brand for recycled board and established as quality manufacturer in the country. Market growth for the virgin grade segment continued to be robust due to increasing thrust on good quality packaging for consumer products. In spite of competition from established manufacturers, the company has achieved 100% capacity utilization in March 2016 and sold its product to leading printers for high-end use.

The Coated Board Plant has started commercial operation on 25th March, 2016 and is now operating consistently and delivering superior quality paperboard. The adoption of advanced technology in this plant has helped in reducing consumption

of wood pulp, Chemical, water and energy while improving margins for the Company. The company intends to leverage the scale of operations and technology advantage, to reduce input cost further while delivering enhanced performance of its paperboards.

Domestic paper and paperboard industry is currently estimated at 13.4 million tonnes per annum, out of which paperboards is 2.6 million tonnes per annum and is expected to grow at around 8% CAGR aided by Value Added Paperboards (VAP) at 12% CAGR. The growth potential of the VAP grade is expected to be driven by the higher GDP growth, increasing demand from rural markets, branded packaged products, shift from low end packaging and growth in organized retail. The need for differentiated packaging, coupled with change in lifestyles will continue to drive demand for paperboards and the company will maintain its position in this attractive market.

DIVIDEND

Your Directors are pleased to recommend dividend of 30% (₹ 0.60 per share) on Equity Shares of ₹ 2/- each and 8% p.a. dividend on Preference shares of ₹ 100/- each for the financial year ended March 31, 2016. The Dividend, if approved by the shareholders, will absorb ₹ 1026.65 lacs (including the dividend tax of ₹ 173.65 lacs).

ENVIRONMENT MANAGEMENT

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

To meet its environmental objectives, the Company adopts:

- ☞ Cleaner production technology & best available technology
- ☞ Resource conservation
- ☞ Value addition to waste management
- ☞ Minimum pollution load and emission to the environment
- ☞ Educate human resource to be environmentally responsible

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

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

Directors' Report (Contd.)

☞ Practicing TPM with an objective to achieve zero defect, zero breakdown, zero pollution, and zero loss.

At Emami Paper, there has been substantial development in energy conservation by installing energy efficient equipment. Key environmental control equipments, mechanism and monitoring instruments maintained by the company are as below:

- ☞ Online Ambient air quality monitoring system (3 nos)
- ☞ Online stack emission monitoring system (3 nos)
- ☞ State-of-the-art effluent treatment plant (ETP)
- ☞ Use of ETP final water for agricultural and plantation purpose
- ☞ 100% primary sludge used as co-fuel in the power boiler
- ☞ Decanter for secondary sludge dewatering
- ☞ Rainwater harvesting through 17 nos of recharge well
- ☞ Air pollution control through ESP, Ash conveying system pneumatically through close pipe line, Dust Suppression System, Water Sprinkling System
- ☞ 100% Solid Waste Management
- ☞ Green belt development

These systems and assets have enabled the Company to safeguard the environment by meeting all statutory norms. As a measure of sustainable growth policy of the company, it continuously gears up its resources to provide better protection to environment and natural resource conservation. To optimize chemical and water consumption even further, the Company undertook the following measures:

- ☞ Tertiary treatment plant is installed to reduce fresh water consumption
- ☞ Integrated the water management with process needs by adopting the 'Reduce, Re-use and Recycle' concept to optimize discharge quantities.
- ☞ Explored opportunities for reducing energy and chemical consumption in water and wastewater treatment
- ☞ Propagated water saving equipment and devices besides organizing training programs on water management

SHARE CAPITAL

The company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of section 125 of the Companies Act, 2013, the unclaimed or unpaid Dividend is due for remittance to the Investor Education and Protection Fund established by the Central Government in accordance with the schedule given below :

(₹ in lac)

Financial year	Dividend ID No.	Last date of Payment of dividend	Total Amount of Dividend	Unclaimed Dividend as on 31.03.2016	Last date for transfer to I.E.P.F. on
2008-09	27th	15/08/2009	363.00	0.57	20/08/2016
2009-10	28th	28/08/2010	363.00	0.66	02/08/2017
2010-11	29th	09/09/2011	363.00	0.73	14/09/2018
2011-12	30th	11/09/2012	363.00	0.68	16/09/2019
2012-13	31st	11/09/2013	363.00	1.05	16/09/2020
2013-14	32nd	09/09/2014	363.00	0.89	14/09/2021
2014-15	33rd	09/09/2015	363.00	0.98	14/09/2022
Total			2541.00	5.56	

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any Subsidiary or Joint Venture/ Associate Companies.

DETAILS OF DEPOSITS

The Company has neither accepted nor renewed any deposits under section 73 of the Companies Act, 2013 during the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure I** and is attached to this Report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in form MGT – 9 is given in **Annexure II** to the Report.

Directors' Report (Contd.)

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The company has formulated the policy for development and implementation of Corporate Social Responsibility as also required under Section 135 of the Companies Act, 2013.

Further, the information pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 are given in **Annexure III** outlining the main initiatives during the year under review.

ANNUAL CSR REPORT (2015-16)

Emami Paper Mills Limited through its CSR activities takes up programs that benefit the communities in & around its place of work and ensure over a period of time, enhancement in the quality of life & economic well being of the local people and thereby establishing its presence as a good corporate citizen.

Eradication of Hunger, Poverty and Mal Nutrition : The company, as a part of its CSR activities promotes eradication of hunger and Malnutrition from the local community. Nearly 400 mouths are fed every day on this account. The Company monitors the Body Mass Index (BMI) of children of the locality and detects cases of mal-nutrition. Such children are supplemented with protein enriched food supplement three times a week. Nearly 250 children are benefited on this account. Clothes are also provided to poverty stricken orphan children of the locality.

Promotion of Preventive Health Care : A dedicated team of doctors and para-medical staff provide door to door preventive health service to the local community. Along with this mobile health service is available at 12 locations twice a week. During the year under reference 7269 patients have been provided elementary healthcare through the mobile health unit. Regular medical advice along with medicines under traditional system of medicine is also provided at ten locations. During 2015-16, 23,270 patients were benefited under this scheme. In addition to the regular clinics, 18 special combined homeopathic and ayurvedic camps were conducted during the year.

During the year, the company supported the local govt. PHCs (Public Health Centre) in upgrading their labor room, indoor patient wards and sitting arrangements for the out-patient department. Regular medicines are being provided to Mitrapur Swasthya Seva Kendra for free distribution. On the recommendation of doctors, company also supports poor and needy patients for seeking expert medical advice. 35 patients were benefited under this scheme during the year.

Sanitation and Provision for Safe Drinking Water : Realizing the fact that safe drinking water is the key for preventive healthcare, the company provides running water supply to 120 households of Rasulpur village and has commissioned 22 new tube wells to the already 185 community water points in the area over the last five years.

Promoting Education and Vocational Skills : Initiatives under promotion of education encompass five broad activities namely, Infrastructural support to local educational institutions, scholarship support to the poor and meritorious, free distribution of exercise notebooks, community teacher program and capacity building of the tribal children through 'Bal Vikas' program.

Based on the survey of local schools, the company supports educational institutions in developing their infrastructure by making provisions for classroom furniture, fans, lights and toilet. During the year 530 pairs of desk cum bench has been provided to 16 institutions to accommodate the growing student enrollment. To develop proper sanitation and hygiene in the educational institutions, the company has constructed toilets with running water supply in ten local institutions.

Scholarship program was initiated by the company in the year 2013-14, which is growing wider by the year. During 2015-16, 330 top scorers from 71 institutions have been provided with a scholarship ranging between Rs.500 to Rs.5000. Along with this, 95 number of workers' children were also supported for pursuing higher studies.

Free distribution of exercise notebooks to students took a quantum jump in comparison to the previous year. In 2015-16, 71,433 exercise books were distributed to 89 institutions.

The 'Bal Vikas' program aims at increasing school enrollment and reducing dropout particularly among the tribal communities of the area. This is done by capacity building of the children through a locally appointed teacher (Bal Vikas Guru) who provides the much needed educational support to the first generation learners. During 2015-16 the company operated ten 'BalVikas' centers with an enrolled strength of 239 children. Such initiative has resulted in substantial increase in school enrollment and improvement in quality of primary education.

Ensuring Environmental Sustainability and Animal welfare : The company has undertaken bulk plantation on 2.5 acres of land at Baniagaon where 2500 seedlings were planted. Along with this, 5,690 peripheral plantations were undertaken around the factory site on 6.3 acres of land. The Company had also distributed 1,745 horticultural plants to 348 households for their own backyard plantation. The plantation team had also undertaken plantation activities in 9 educational institutions where 1,817 plantations were conducted with the help of students.

As a concern for the animals, the company provides shelter, food and required medical care to 132 abandoned cattle in an exclusively made animal shelter.

Protection of Art and Culture and restoration of sites of Historical Importance : The Company during the year had taken initiative to restore place of cultural importance at Nuapadhi village under Remuna block. The company also supported in the construction of Sri Ranga Charan Kala Ashram, Remuna and a

Directors' Report (Contd.)

Yoga centre at Udumber under Mandarpur panchayat. As a mark of respect to the people's President who had spent a significant period of his life in Balasore, the company supported local administration in erecting a statute in his honour at Chandipur.

Rural Infrastructure : During the year under reference, the company has invested its resources in creation of lasting rural infrastructure. Community centers were erected at Rasalpur. The company took initiative in installing 17 street lights in Rasalpur and Patripal gram Panchayats. A creche by the company was constructed at Balasore during the year.

Summing up

The company takes pride for its sense of responsibility towards the community and environment and the way it is duty bound for enrichment of the life of less privileged people and protection of the environment around its area of operation. The company has taken its social responsibility as a part of its operating policy and gearing its social activities to promote inclusive and sustained growth.

AWARDS AND RECOGNITION

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

- ☞ 5th Annual Greentech CSR Award, 2015 (Gold Award) in Paper Sector for outstanding achievement in Corporate Social Responsibility by Greentech Foundation for effort by Company to serve the community as a good corporate citizen.
- ☞ "Odisha State Energy Conservation Award – 2015" - 'Award of Appreciation' from the Ministry of Power – Department of Energy, Government of Odisha.
- ☞ Utkal Chamber of Commerce & Industry, Bhubaneswar, Odisha recognized the company for outstanding contribution in the field of Large Scale Industry sector of Odisha.
- ☞ Greentech Environment Award 2014 (Gold Category) in the paper sector for the efforts made in environmental protection.
- ☞ Kalinga Safety Award by Odisha State Safety Conclave 2014 for the strides made in the areas of safety management.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company has laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's

policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically.

AUDITORS AND AUDITORS REPORT

1. STATUTORY AUDITORS

As per section 139 and other applicable provisions of the Companies Act, 2013 the Company has appointed M/s. S. K. Agrawal & Co. Chartered Accountants (Registration No. 302111E) as the Auditors and M/s. Salarpuria Jajodia & Co. Chartered Accountants (Registration No. 306033E) as Unit Auditors (Kolkata Unit) as per the approval of the shareholders in Annual General Meeting (AGM) held on 11th August, 2014, for a further period of three years till the conclusion of 35th Annual General Meeting of the Company, subject to ratification by the shareholders in every AGM of the company on the remuneration and other terms and conditions as may be fixed by the Board of Directors.

The Board recommends the ratification by the shareholders regarding their reappointment.

2. COST AUDIT

The Company has appointed M/s. V. K. Jain & Co. Cost Accountant as Cost Auditors of the Company for the Financial Year 2016-17 for both the units at Balasore and Kolkata under section 148 of the Companies Act, 2013, in their meeting held on 24th May, 2016.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, the Board at their meeting held on 24th May, 2016 appointed M/s V.K.Jain & Co. Cost Accountant as Cost Auditors of the Company at a remuneration of Rs. 1.00 lac (excluding service tax) plus reimbursement of travelling and out of pocket expenses on the recommendation of Audit Committee at their meeting held on 24th May, 2016 for the financial year ending March 31, 2017 and their remuneration shall be ratified by the Members at the forthcoming Annual General Meeting.

3. SECRETARIAL AUDIT

Pursuant to the provisions of section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed M/s MKB & Associates, Company Secretary in practice for the financial year 2015-16 to undertake the Secretarial Audit of the company. The Secretarial Audit Report is annexed herewith as **Annexure IV**.

Directors' Report (Contd.)

AUDITORS' REPORT/ SECRETARIAL AUDIT REPORT

The observations made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence do not call for any further explanations or comments by the Board under Section 134 of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

- 1) The company has given Inter Corporate loan to some of the Body corporates covered under the provisions of section 186 of the Companies Act, 2013. The amount of loan given is Rs. 91 crores and the whole amount have been received back during the year. The purpose was to utilize the loan amount for their general business purposes.
- 2) The loan and advances given to employees are covered under the remuneration policy of the company. Hence section 186 of the Companies Act, 2013 is not applicable.
- 3) The company has not provided any guarantee.
- 4) The details of the investments made by the company are given in the notes to the financial statements

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were at arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with promoters, Key managerial personnel or other designated persons which may have potential conflict with interest of the company at large.

Necessary disclosure regarding transactions with related parties has been made in the Notes to the Audited Accounts.

Further, the particulars of every contract or arrangements entered into by the company during the year with related parties as per in section 188(1) of the Companies Act, 2013 is disclosed in form AOC 2 in **Annexure V**.

The related party transactions policy has been given on the website of the company under the head Investors-Corporate Governance.

Web link: <http://www.emamipaper.in/downloads/related-party-policy-tr.pdf>

COMPOSITION OF AUDIT COMMITTEE

The composition of Audit Committee of the company is mentioned in the Corporate Governance Report attached to this report.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

As per requirement of section 177 (9) of the Companies Act, 2013, the company has established a Vigil mechanism for the directors

and employees to report genuine concerns, as recommended by the Audit Committee and approved by the Board of Directors in their meeting held on 21st January, 2014.

The Company's Whistleblower Policy encourages Directors and employees to bring to the Company's attention, instances of unethical behavior, actual or suspected incidents of fraud or violation of the Code of Conduct that could adversely impact the Company's operations, business performance and / or reputation. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. It is the Company's Policy to ensure that no employee is victimized or harassed for bringing such incidents to the attention of the Company.

The practice of the Whistleblower Policy is overseen by the Audit Committee of the Board and no employee has been denied access to the Committee. The Whistleblower Policy is available on the Company's corporate website www.emamipaper.in

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

Pursuant to section 134(3)(n) of the Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has adopted Risk Management policy for identification and implementation of Risk Mitigation Plan for the company. In the opinion of the Board there is no such risk which may threaten the existence of the company.

DIRECTORS & KEY MANAGERIAL PERSONNEL

A) Directors retirement by rotation

Mr. P. S. Patwari, Executive Director and Mr. A. V. Agarwal, Executive Chairman would retire by rotation and, being eligible, offer themselves for re-appointment.

B) Declaration by an Independent director(s) and re-appointment, if any

All Independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).

C) Key Managerial Personnel

During the year there was no change in the Key Managerial Personnel of your Company.

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

Pursuant to section 178 of the Companies Act, 2013, the Board of the directors of the company has approved the revised Nomination and Remuneration policy as recommended by the

Directors' Report (Contd.)

Nomination and Remuneration Committee in their meeting held on 27th January, 2015.

The policy is disclosed in the Corporate Governance Report.

ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), the Board has carried out the annual performance evaluation of its own performance, its committees and individual directors on 24th May, 2016, on the basis of agreed norms for evaluation.

Further, the independent directors have evaluated the performance of non-independent directors at a separate meeting held on 27th January, 2016.

The manner in which the evaluation carried out has been explained in the Corporate Governance Report.

Meetings of the Board and Committee thereof

The details have been covered in the Corporate Governance Report.

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of managerial personnel and employees of the company is attached herewith in **Annexure VI**.

RECEIPT OF COMMISSION BY THE DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY UNDER SECTION 197(14)

Not Applicable

CORPORATE GOVERNANCE

The Corporate Governance Report and Management's Discussion & Analysis Report are set out as **Annexure VII** in this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134(5) of the Companies Act, 2013 the Directors would like to state that:-

1. In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts on a going concern basis;
5. The directors had laid down internal financial controls to be followed by the company and such controls are adequate and operating effectively; and
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

MISCELLANEOUS

1. **Industrial Relations** : During the year under review, the Company enjoyed cordial relationship with the workers and employees at all levels.
2. **Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

No such orders passed during the year under review.

ACKNOWLEDGEMENT

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

For and on behalf of the
Board of Directors

A.V. AGARWAL
Executive Chairman

Place : Kolkata
Date : 24th May, 2016

Annexures to the Directors' Report

ANNEXURE-I TO THE DIRECTORS' REPORT

Information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March, 31, 2016.

A. CONSERVATION OF ENERGY

i) Energy conservation measures taken :

- ☞ In order to improve the capacity utilization of the Power Plants to 100% and to improve the plant load factor more than 98%, the following actions are taken for energy conservation:
 - Power Boilers Capacity utilization increased from 80% to 98% and has increased the efficiency of the Boilers of 85 TPA & 65 TPH Boilers.
 - The Plant Load Factor of 15 MW and 10.5 MW enhanced from 85% to above 95% capacity, has resulted in reduction of HP steam by around 10% and subsequently saving in coal consumption.
- ☞ Compressor interconnection for Instrumentation with central air compressor line laid at Power Plant for stoppage of 45 KW Air Compressor.
- ☞ Reduction of pressure drop across air dryer in Instrument air compressor of Power Plant for saving of 14 KW power
- ☞ One number higher capacity vacuum pump has been installed in PM #1 and stopped two pumps and reduced power consumption by 20 KW.
- ☞ Installation of VFD in SCC & TCC pumps of PM #2 to avoid valve throttling, resulting in power saving of 10 KW.

iii) Power and Fuel Consumption

Power & Fuel Consumption

		2015-16	2014-15
1. Electricity :			
(a) Purchased Units (in Lacs)	Kwh	159.00	143.08
Total amount	₹ In lacs	1,205.69	1,068.43
Rate/unit	₹/Kwh	7.58	7.47
(b) Own generation (through steam turbine) (in lacs)	Kwh	1,947.97	1,300.82
Variable cost	₹ In lacs	7,943.73	5,444.33
Rate/unit	₹/Kwh	4.08	4.19
2. Coal :			
Quantity	MT	282,123	219,472
Total cost	₹ In lacs	8,219.60	6,126.70
Average rate	₹/MT	2,913	2,792
3. Furnance Oil :	Ltrs	-	-
Consumption per unit of production			
Electricity	Kwh	816	854
Furnace Oil	Ltrs		
Coal	Kgs/MT	1,238	1,510

- ☞ Installed a lower capacity pump to avoid throttling of valve in PM #2 storage tower pump for saving of 25 KW power.
 - ☞ Optimization of Refiners operation as per the raw material quality and the product requirement. The operating load on refining system has been reduced by 600 kW by system optimization.
 - ☞ Felt conditioner vacuum pump optimization and saved 200 KW power in Board Machine.
 - ☞ Replaced 400 W, 250 W & 150 W of HPMV lamps (62 Nos.) of street and storage shed areas with 60 W & 48 W LED lamps and saved 11.5 KW power. Further, the New Plant street lamps are installed with 60 W LED lamps.
- ##### ii) Additional investment and proposal for reduction in energy consumption:
- ☞ Replacing the present air blowers with Energy Efficient Turbo Blowers or centrifugal Air blowers in Effluent treatment Plant for a saving potential of 250 KW.
 - ☞ Vacuum System study of the all the Paper Plants to be carried out with experts to reduce the Energy consumption by 350 KW.
 - ☞ Stage-wise replacement of HPSV Lamps and HPMV Lamps with LED Lamps.
 - ☞ Installation of VFDs – proposed saving is around 120 KW.
 - ☞ Installation of fall tertiary system for recycling of 4000 M3 per day of treated effluent in process to reduce fresh water consumption
 - ☞ Study of Harmonics in PM #3 Drives section and possibility of filters for reduction of Harmonics.

Annexures to the Directors' Report (Contd.)

B. TECHNOLOGICAL ABSORPTION

i) Research & Development (R & D)

1. Specific Areas in which in-house R&D projects were carried out by the company during 2015-16.

- PM#1 : Use of alternate Optical Brightening Agent (OBA) to improve the brightness gain of wet end pulp & size press at lower cost.
- PM#1 system study conducted to improve the machine wire retention by introducing new chemical nano particles Bento floc without affecting the machine runnability.
- soap stone (Talcum Powder) replaced with WGCC
- Screw Press: Trial with alternate polymer at screw press for same/better dryness at reduced cost.

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

- PM#1: Brightness of writing & printing paper increased after introducing of new OBA at lower cost.
- Due to improvement in machine wire retention, back water consistency reduced resulting decrease in Saveall load, more clarity of Saveall over flow water, useful for back end dilution & shower washer, increased First pass Ash retention (FPAR) resulting in yield improvement.
- WGCC is more useful as its brightness is high (93%) compared to talcum powder (86%) with lesser price.

3. Future Action Plan.

- Continual improvement in yield.
- Foam control in PM#3 and to improve Newsprint Ash.
- Alternate de-inking chemical in DIP#1 & DIP#3.
- Continual improvement on paper Brightness, strength, bulk and other quality parameters.
- Reduction of fresh water consumption by increasing recycling and reuse of treated effluent after treatment which consists of Multimedia Filters, Activated Carbon Filters and Chlorine treatment.
- Maximum utilization of treated effluent in irrigation and Green Belt development.

4. Expenditure on R & D

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

ii. Technology absorption, adoption & innovation.

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

- First Press, top and bottom solid rolls have been replaced in PM #1 with Blind drilled rolls (BDR). The dryness of the paper after first press is improved.
- Rewinder Slitter bottom knife holder replaced in PM #1 with the advanced technology holder to avoid breakage and production loss.
- Head box diffuser changed with SS, from HDP construction supplied by M/s. HGS Germany in PM #2. This has improved the flow on wire and formation.
- Two and half layer wire replaced with SSB triple layer to improve the wire life in PM #2 and achieved 35% increase in life.
- Press felt design changed and switched over to indigenous from imported. Felt life improved from 7000 to 9000 tons of production in PM #2.
- Drives of wire and press section are made separate from line shaft to avoid initial start-up load and improve the runnability of the PM #2.
- Rewinder drives modification carried out by ABB to increase the speed and to avoid frequent breakdown and improve the reel condition in PM #2.
- QCS up gradation done by replacing the old scanner with latest version of more sensitivity and accuracy in PM #3 to improve the quality and productivity.
- Replacement of Head box top slice lip with new set for uniform flow and formation improvement in PM #3.
- Upgradation of Reel Wrapping machine with drives and PLC in PM #3 to improve the overall productivity of the machine.

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

- Overall, the quality and productivity of the plants improved by adopting innovation technology in the engineering and process fields.
- The production cost of the product is reduced by introduction of indigenous clothing principle.
- Modification work in press section of PM #2 & PM

Annexures to the Directors' Report (Contd.)

#1 improved the dryness after press which in turn reduction in Steam consumption.

- Quality of the Newsprint product from PM #3 has improved along with the reduction in the steam consumption by replacing the advanced version of QCS.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2015-16	2014-15
Foreign exchange earnings	714.73	Nil
Foreign exchange outgo	31,302.94	28,614.56

ANNEXURE II TO THE DIRECTORS' REPORT

Form No. MGT-9

Extract Of Annual Return as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

- CIN :**
L21019WB1981PLC034161
- Registration Date :**
26/09/1981
- Name of the Company :**
EMAMI PAPER MILLS LIMITED
- Category / Sub-Category of the Company :**
Company limited by shares/ Indian Non-Government Company

v) Address of the registered office and contact details:

687, Anandapur, Kasba Golpark, E.M. Bypass,
Kolkata- 700107
Email id: emamipaper@emamipaper.in
Phone: 033-6613-6264

vi) Whether listed company :

Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Newsprint #	2803	82.04
2	Writing and Printing Paper #	2802	15.88
3	Paper Boards*	17016	1.72

As per IEM issued by the Ministry of Commerce & Industry, Government of India

* As per National Industrial Classification – Ministry of Statistics & Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name And Address of the Company	Cin/Gln	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Not Applicable				

Annexures to the Directors' Report (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				%Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
A. Promoter									
(1) Indian									
a) Individual / HUF	5656976		5656976	9.3505	5656976		5656976	9.3505	NIL
b) Central / State Government(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	39576160		39576160	65.4162	39576160		39576160	65.4162	NIL
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A1)	45233136	-	45233136	74.7667	45233136	-	45233136	74.7667	NIL
(2) Foreign									
a) Individual/ HUF	125000	-	125000	0.2066	125000	-	125000	0.2066	NIL
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A2)	125000	-	125000	0.2066	125000	-	125000	0.2066	NIL
Total shareholding of Promoter and Promoter Group A = (A)(1) + (A)(2)	45358136	-	45358136	74.9733	45358136	-	45358136	74.9733	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central/ State Government(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) FIIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Any other	-	-	-	-	-	-	-	-	-
Sub-total (B1)	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corporate	11509681	109000	11618681	19.2047	10977401	109000	11086401	18.3249	-4.5812
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Annexures to the Directors' Report (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				%Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
b) Individuals									
i. Individual Shareholder's holding: nominal share capital up to ₹ 1 lakh	1387375	272329	1659704	2.7434	1425049	265204	1690253	2.7939	1.8406
ii. Nominal Share Capital in excess of ₹ 1 lakh	1847064	-	1847064	3.0530	347064	-	347064	0.5737	-81.2100
c. Others (Specify)									
Non Resident Indians	12140	-	12140	0.0201	10620	-	10620	0.0176	-12.5206
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	3325	-	3325	0.0055	15926	-	15926	0.0263	378.9774
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies D R	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
NBFCs registered with RBI	-	-	-	1990650	-	-	1990650	3.2904	100.0000
Sub-total (B2)	14759585	381329	15140914	25.0267	14766710	374204	15140914	25.0268	0.0000
Total Public shareholding B = (B)(1) + (B)(2)	14759585	381329	15140914	25.0267	14766710	374204	15140914	25.0268	0.0000
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	60117721	381329	60499050	100.0000	60124846	374204	60499050	100.0000	

Annexures to the Directors' Report (Contd.)

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% Change in Share holding During the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Diwakar Viniyog Pvt Ltd	9469810	15.6528	NIL	9469810	15.6528	NIL	NIL
2	Emami Limited	7946000	13.1341	NIL	7946000	13.1341	NIL	NIL
3	Suntrack Commerce Pvt Ltd	7633900	12.6182	NIL	7633900	12.6182	NIL	NIL
4	Bhanu Vyapaar Pvt Ltd	6005250	9.9262	NIL	6005250	9.9262	NIL	NIL
5	Emami Enclave Makers Pvt Ltd	2906000	4.8034	NIL	2906000	4.8034	NIL	NIL
6	Emami High Rise Pvt Ltd.	2808000	4.6414	NIL	2808000	4.6414	NIL	NIL
7	Suraj Viniyog Pvt Ltd	2807200	4.6401	NIL	2807200	4.6401	NIL	NIL
8	Priti Sureka	1520926	2.5140	NIL	1520926	2.5140	NIL	NIL
9	Radheshyam Goenka	1161250	1.9195	NIL	1161250	1.9195	NIL	NIL
10	Sushil Kumar Goenka	726750	1.2013	NIL	726750	1.2013	NIL	NIL
11	Raj Kumar Goenka	530000	0.8760	NIL	530000	0.8760	NIL	NIL
12	Suresh Kumar Goenka	499250	0.8252	NIL	499250	0.8252	NIL	NIL
13	Meena Goenka	289050	0.4778	NIL	289050	0.4778	NIL	NIL
14	Santosh Goenka	239550	0.3960	NIL	239550	0.3960	NIL	NIL
15	Saroj Goenka	137000	0.2264	NIL	137000	0.2264	NIL	NIL
16	Amitabh Goenka	125000	0.2066	NIL	125000	0.2066	NIL	NIL
17	Indu Goenka	111400	0.1841	NIL	111400	0.1841	NIL	NIL
18	Mohan Goenka	102000	0.1686	NIL	102000	0.1686	NIL	NIL
19	Sushil Kumar Goenka	100500	0.1661	NIL	100500	0.1661	NIL	NIL
20	Manish Goenka	87000	0.1438	NIL	87000	0.1438	NIL	NIL
21	Ashish Goenka	75000	0.1240	NIL	75000	0.1240	NIL	NIL
22	Dhiraj Agarwal	25000	0.0413	NIL	25000	0.0413	NIL	NIL
23	Aditya Vardhan Agarwal	12500	0.0207	NIL	12500	0.0207	NIL	NIL
24	Harsh Vardhan Agarwal	10750	0.0178	NIL	10750	0.0178	NIL	NIL
25	Puja Goenka	10500	0.0174	NIL	10500	0.0174	NIL	NIL
26	Usha Agarwal	8300	0.0137	NIL	8300	0.0137	NIL	NIL
27	Radheshyam Agarwal	3500	0.0058	NIL	3500	0.0058	NIL	NIL
28	Pramod Bajoria	1750	0.0029	NIL	1750	0.0029	NIL	NIL
29	Laxmi Devi Bajoria	1750	0.0029	NIL	1750	0.0029	NIL	NIL
30	Shanti Devi Agarwal	1750	0.0029	NIL	1750	0.0029	NIL	NIL
31	Richa Agarwal	1500	0.0025	NIL	1500	0.0025	NIL	NIL
	Total	45358136	74.9733	NIL	45358136	74.9733	NIL	NIL

Annexures to the Directors' Report (Contd.)

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of Company	No. of shares	% of total shares of Company
1	At the beginning of the year 01.04.2015	45358136	74.9733	45358136	74.9733
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change during the year			
3	At the End of the year 31.03.2016	45358136	74.9733	45358136	74.9733

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of Company	No. of shares	% of total shares of Company
	At the beginning of the year 01.04.2015	11434439	18.9002	11434439	18.9002
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc.)				
	17.07.2015 :				
	Anand Rathi Global Finance Limited (Purchase of Shares)	+575000	0.9504		
	BMD Securities Limited (Purchase of Shares)	+10000	0.0165		
	Savita Devi Mundhra (Sale of Shares)	-293612	0.4853		
	24.07.2015 :				
	Indistock Private Limited (Purchase of Shares)	+580000			
	Gyan Traders Limited (Purchase of Shares)	+296130			
	BMD Securities Limited (Sale of Shares)	-290000			
	Rajiv Mundhra (Sale of Shares)	-300000			
	Yamuna Mundhra (Sale of Shares)	-290000			
	07.08.2015 :				
	Monet Securities (Purchase of Shares)	+490549			
	Gyan Traders (Purchase of Shares)	+3870			
	14.08.2015 :				
	East India Securities (Purchase of Shares)	+318790			
	Avant Garde (Sale of Shares)	-318790			
	31.07.2015 :				
	JMS Mining Services Private Limited (Purchase of Shares)	-747614			
	25.03.2016 :				
	JMS Mining (Sale of Shares)	-65000			
	At the End of the year 31.03.2016	11403762	18.85	11403762	18.85

Annexures to the Directors' Report (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of Company	No. of shares	% of total shares of Company
	At the beginning of the year 01.04.2015	A.V. Agarwal – 12500 Manish Goenka – 87000 Hari Mohan Marda – 2150 Mannayathu Balakrishnan Sukumaran Nair - 1000 Richa Agarwal - 1500	0.0207 0.1438 0.0036 0.0017 0.0025	A.V. Agarwal – 12500 Manish Goenka – 87000 Hari Mohan Marda – 2150 Mannayathu Balakrishnan Sukumaran Nair - 1000 Richa Agarwal – 1500	0.0207 0.1438 0.0036 0.0017 0.0025
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	No change during the year			
	At the End of the year 31.03.2016	A.V. Agarwal – 12500 Manish Goenka – 87000 Hari Mohan Marda – 2150 Mannayathu Balakrishnan Sukumaran Nair - 1000 Richa Agarwal - 1500	0.0207 0.1438 0.0036 0.0017 0.0025	A.V. Agarwal – 12500 Manish Goenka – 87000 Hari Mohan Marda – 2150 Mannayathu Balakrishnan Sukumaran Nair - 1000 Richa Agarwal – 1500	0.0207 0.1438 0.0036 0.0017 0.0025

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

		Secured Loans excluding deposits	Unsecured Loans	Deposits (Trade)	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	83541.68	Nil	261.75	83803.43
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	441.80	Nil	5.99	447.79
	Total (i+ii+iii)	83983.48	Nil	267.74	84251.22
Change in Indebtedness during the financial year					
	Addition	32700.72	Nil	223.88	32924.60
	Reduction	8757.27	Nil	10.99	8768.26
	Net Change	23943.45	Nil	212.89	24156.34
Indebtedness at the end of the financial year					
i)	Principal Amount	107412.35	Nil	449.53	107861.88
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	514.58	Nil	31.10	545.68
	Total (i+ii+iii)	107926.93	Nil	480.63	108407.56

Annexures to the Directors' Report (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. P. S. Patwari	Mr. A.V. Agarwal	Mr. Manish Goenka	Mr. M.B.S. Nair	
1.	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,05,60,000	48,42,667	55,20,000	74,70,255	2,83,92,922
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	30,60,800	1,73,768	46,318	12,66,286	45,47,172
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961					
2.	Stock Option	Nil	Nil	Nil	Nil	
3.	Sweat Equity	Nil	Nil	Nil	Nil	
4.	Commission - as % of profit - Others, specify....	Nil	Nil	Nil	Nil	
5.	Others, please specify	Nil	Nil	Nil	Nil	
	Total (A)	1,36,20,800	50,16,435	55,66,318	87,36,541	3,29,40,094
	Ceiling as per the Act	1,36,22,800	57,01,732	64,48,400	89,68,715	3,47,41,647

B. Remuneration to other directors (Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors					Mrs. Richa Agarwal	Total Amount
		Mr. J. N. Godbole	Mr. H. M. Marda	Mr. S. Balasubramanian	Mr. J. K. Khetawat	Mr. U. G. Bhat		
1	Independent Directors							
	Fee for attending board/committee meetings	2,90,000	2,20,000	1,90,000	2,30,000	1,40,000	Nil	10,70,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	2,90,000	2,20,000	1,90,000	2,30,000	1,40,000	Nil	10,70,000
2	Other Non-Executive Directors							
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil	1,30,000	1,30,000
	• Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil	1,30,000	1,30,000
	Total (B) = (1 + 2)	2,90,000	2,20,000	1,90,000	2,30,000	1,40,000	1,30,000	12,00,000
	Total Managerial Remuneration							
	Overall Ceiling as per the Act	15,00,000	11,00,000	9,00,000	11,00,000	5,00,000	6,00,000	57,00,000

Annexures to the Directors' Report (Contd.)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO Mr. S. K. Khetan	Company Secretary Mr. G. Saraf	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63,55,950	34,44,990	98,00,940
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	12,21,005	5,74,790	17,95,795
	(c) Profits in lieu of salary under section 17(3)	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total	75,76,955	40,19,780	1,15,96,735
	Ceiling as per the Act	N.A.	N.A.	N.A.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCL1/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Annexures to the Directors' Report (Contd.)

ANNEXURE III TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR Policy is stated herein below:

Our aim is to undertake proactive engagement with stakeholders to actively contribute to the socio-economic development of the periphery/ community in which it operates. We shall create a positive footprint within the society by creating inclusive and enabling infrastructure/ environment for livable communities. We shall emphasize on providing basic nutrition/ health care facilities with special focus on establishing health centers for the mother and child as well as the elderly.

To pursue these objectives we will continue to:

- i) Work actively in areas of eradication of hunger and poverty, including preventive health care and sanitation and making available safe drinking water.
- ii) Provide opportunity and financial assistance for the promotion of education.
- iii) Provide medical aid to the needy and down trodden.

Web link :

<http://www.emamipaper.in/downloads/csr-policy.pdf>

2. Composition of CSR Committee :

Name of the Member	Designation
Mr. A.V. Agarwal, Executive Chairman	Chairman
Mr. J Godbole, Independent Director	Member
Mr. P.S.Patwari, Executive Director	Member
Mr. Manish Goenka, Whole time Director	Member
Mr. H.M. Marda, Independent Director	Member
Mrs. Richa Agarwal, Woman Director	Member

3. Average net profit of the company for last three financial years : ₹ 1738.35 lacs

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above) : ₹ 34.77 lacs

5. Details of CSR spend for the financial year 2015-16 :

- a) Total amount spent for the financial year : ₹ 177.29 Lacs
- b) Amount unspent, if any :
- c) Manner in which the amount spent during the financial year is detailed below : (₹ in Lacs)

Sl. No.	Projects/ Activities	Sector	Location	Amount outlay (Budget) project or program wise	Amount spent on the project or program	Cumulative expenditure up to reporting period	Amount spent: Direct or through implementing agency
1	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	Eradication of hunger & health care	Balasore (Odisha) & Dakshineswar (Kolkata)	57.00	49.22	49.22	49.22 (Direct)

Annexures to the Directors' Report (Contd.)

Sl. No.	Projects/ Activities	Sector	Location	Amount outlay (Budget) project or program wise	Amount spent on the project or program	Cumulative expenditure up to reporting period	Amount spent: Direct or through implementing agency
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Literacy	Balasore (Odisha) & Dakshineswar (Kolkata)	44.00	32.49	32.49	32.49 (Direct)
3	Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups.	Gender equality & women empowerment	Balasore (Odisha) & Dakshineswar (Kolkata)	3.00	16.57	16.57	16.57 (Direct)
4	Ensuring environmental sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources.	Environment	Balasore (Odisha) & Dakshineswar (Kolkata)	44.00	30.93	30.93	30.93 (Direct)
5	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.	Protection of Historical importance and national heritage	Balasore (Odisha) & Dakshineswar (Kolkata)	16.00	19.81	19.81	19.81 (Direct)
6	Contribution to Prime Ministers National Relief Fund or any other fund setup by the Central Government for socio economic development and relief	Donation	Balasore (Odisha) & Dakshineswar (Kolkata)	10.00	--	--	--
7	Rural Development	Development	Balasore (Odisha) & Dakshineswar (Kolkata)	23.00	27.03	27.03	27.03 (Direct)
8	Building CSR activities as per Rule 4(6)	Employee service	Balasore (Odisha) & Dakshineswar (Kolkata)	3.00	1.24	1.24	1.24 (Direct)
				200.00	177.29	177.29	177.29

Annexures to the Directors' Report (Contd.)

ANNEXURE IV TO THE DIRECTORS' REPORT

Form No. MR - 3

Secretarial Audit Report

For the Financial Year Ended 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,

EMAMI PAPER MILLS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **EMAMI PAPER MILLS LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;

- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:
 - a) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
 - b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) The Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - e) The Securities & Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008
 - f) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
 - h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the following laws/acts are also, inter alia, applicable to the Company:

- a) The Environment Protection Act 1986
- b) The Water (Prevention and Control of Pollution) Act, 1974
- c) The Air (Prevention and Control of Pollution) Act 1981
- d) Hazardous Waste (Management, Handling, and Transboundary Movement) Rules 2008, as amended from time to time.
- e) The Indian Boilers Act 1923

We have also examined compliance with the applicable clauses of the following :

- a) Secretarial Standards issued by The Institute of Company Secretaries of India. [Applicable from 1st July, 2015]
- b) The Listing Agreements entered into by the Company with the BSE Limited and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [Applicable from 1st December, 2015]

Annexures to the Directors' Report (Contd.)

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that subject to our observation above there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are no specific events/actions which have any major bearing on the Company's affairs.

This report is to be read with my letter of even date which is annexed as Annexure – 1 which forms an integral part of this report.

For **MKB & Associates**
Company Secretaries

Manoj Kumar Banthia
Partner

Date : 16th May, 2016
Place : Kolkata

ACS no. 11470
COP no. 7596

Annexure – 1

To,
The Members,
EMAMI PAPER MILLS LIMITED

My report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. My responsibility is to express an opinion on those records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices I followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **MKB & Associates**
Company Secretaries

Manoj Kumar Banthia
Partner

Date : 16th May, 2016
Place : Kolkata

ACS no. 11470
COP no. 7596

Annexures to the Directors' Report (Contd.)

ANNEXURE V TO THE DIRECTORS' REPORT

Form No. AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties during the year referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: N.A.

2. Details of material contracts or arrangements or transactions at arm's length basis:

A.

Sl. No.	Particulars	Remarks
a)	Name(s) of the related party and nature of relationship	Emami Limited, promoter group company
b)	Nature of contracts/ arrangements/ transactions	Agreement for the use of brand name - EMAMI
c)	Duration of the contracts/ arrangements/ transactions	Five years with effect from 1st April, 2015
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Agreement for the use of brand name Emami for a period of 60 months w.e.f 1st April, 2015 and payment of an annual License fees of 0.5% of Profit Before Tax or Rs.1000000/- per annum
e)	Date(s) of approval by the Board, if any	11th August, 2015
f)	Amount paid as advances, if any	N.A.

B.

Sl. No.	Particulars	Remarks
a)	Name(s) of the related party and nature of relationship	Emami Limited, promoter group company
b)	Nature of contracts/ arrangements/ transactions	Agreement for using Office Space in Kolkata
c)	Duration of the contracts/ arrangements/ transactions	Five years with effect from 1st April, 2016
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Agreement for using Office space measuring 6522 square feet at the 4th floor of Emami Tower, 687 Anandapur E.M. Bypass, Kolkata 700107 at a rent of Rs.40 per square feet and maintenance charges of Rs. 40 per square feet, with an enhancement of rent every year by 5% .
e)	Date(s) of approval by the Board, if any	27th January, 2016
f)	Amount paid as advances, if any	N.A.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 24th May, 2016

A.V. AGARWAL
Executive Chairman

Annexures to the Directors' Report (Contd.)

ANNEXURE – VI TO THE DIRECTOR'S REPORT

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

A) Details of every employee of the company as required under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016 :

- i) Percentage increase in remuneration of each director, CEO, CFO, CS or manager and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16:

Name	Designation	Percentage increase (%)	Ratio
Mr. A. V. Agarwal	Executive Chairman	12.94	34:1
Mr. Manish Goenka	Whole time Director	35.65	38:1
Mr. P. S. Patwari	Executive Director (CEO)	15.58	91:1
Mr. M. B. S. Nair	Whole time Director	18.90	57:1
Mr. J. Godbole	Non-Executive, Independent Director	23.40	2:1
Mr. H. M. Marda	Non-Executive, Independent Director	-	1:1
Mr. U. G. Bhat	Non-Executive, Independent Director	180.00	1:1
Mr. S. Balasubramanian	Non-Executive, Independent Director	22.58	1:1
Mr. J. K. Khetawat	Non-Executive, Independent Director	53.33	1:1
Mrs. Richa Agarwal *	Non-Executive,(Woman Director)	N.A.	1:1
Mr. S. K. Khetan	President (Finance) & CFO	19.83	50:1
Mr. G. Saraf	Vice President (Finance)& CS	13.27	27:1

* Appointed during the year, hence increase in the remuneration over last year is not applicable.

- ii) Percentage increase in the median remuneration of employees in the financial year : 8.58%
- iii) Number of permanent employees on the rolls of company: 1470
- iv) Explanation on :

Relationship between average increase in remuneration and Company performance	Increase in remuneration has been made in view of satisfactory performance of the company.
---	--

Comparison of :

Remuneration of the Key Managerial Personnel against the performance of the company	Reasonable increment has been allowed to technical experts and the talented managerial personnel of the company in view of continued satisfactory performance of the company.
---	---

- v) variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	As on 31.03.2015	As on 31.03.2016	Change/Variation
Market Capitalization	260.15 crores	247.74 crores	- 12.41 crores
Market Price	43.00	40.95	-2.05 per share
Earnings Per Share	1.16	3.64	+2.48 per share
PE ratio	37.07	11.25	-25.82

Annexures to the Directors' Report (Contd.)

vi) Explanation on:

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	11.50%
Percentile increase in the managerial remuneration	18.63%
Justification for increase in the managerial remuneration	Retention of talented technical and managerial personnel as per Remuneration Policy of the Company.
Exceptional circumstances for increase in the managerial remuneration, if any	N.A.

vii) comparison of :

Name of Key Managerial Personnel	Remuneration (2015-16)	Performance of the company
Mr. A. V. Agarwal	55,97,555/-	Reasonable increment has been allowed to technical experts and the talented managerial personnel of the company in view of continued satisfactory performance of the company.
Mr. Manish Goenka	62,28,718/-	
Mr. P. S. Patwari	1,48,88,000/-	
Mr. M. B. S. Nair	93,49,713/-	
Mr. S. K. Khetan	80,83,345/-	
Mr. G. Saraf	44,27,113/-	

viii) The key parameters for any variable component of remuneration availed by the directors: N.A.

ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: N.A.

x) Affirmation that the remuneration is as per the remuneration policy of the company: Yes, the remuneration has been paid as per the remuneration policy of the company.

B) Details of every employee of the company as required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016 :

Sl. No	Name and Age	Qualification & Experience (in years)	Designation	Date of Joining	% of equity share held	Remuneration	Previous employment
Employment throughout the year							
1.	Mr. M. Goenka (42)	MBA (18 years)	Whole Time Director	01.02.2000	0.1438	62,28,718/-	Gulmohar Paper Ltd.
2.	Mr. P. S. Patwari (61)	B.Com, FCA (36 years)	Executive Director (CEO)	28.11.1994	NIL	1,48,88,000/-	Hindusthan Motors Ltd.
3.	Mr. M.B.S. Nair (65)	B.Sc (Che) Paper Technology from IPT Saharanpur (42 years)	Whole time Director (Director-Operations)	16.11.1999	NIL	93,49,713/-	Sri Venkatesa Paper & Boards.
4.	Mr. S. K.Jain (60)	B.Sc. MBA (R & A) P.G. in Paper Industry (38 years)	Senior President	08.11.2005	NIL	90,36,765/-	Khanna Paper Mills Ltd.
4.	Mr. S. K. Khetan (51)	A.C.A.,A.C.S. (27 years)	President (Finance) & CFO	11.10.1999	NIL	80,83,345/-	Titagarh Industries Ltd.

Note : Mr. Manish Goenka, Mr. P. S. Patwari, Mr. M. B. S. Nair, Mr. S. K. Jain and Mr. S. K. Khetan are not relative of any other Director, Key Managerial Personnel and Manager of the company.

Report on Corporate Governance

ANNEXURE VII TO THE DIRECTORS' REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

- Composition

The Board of Directors ("Board") comprises of 10(Ten) Directors out of which 6 (Six) Directors are Non-Executive Directors.

The Composition of the Board of Directors is in conformity with Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Name of the Director	DIN	Executive / Independent/ Non executive	No. of Board Meetings attended	Attendance at previous AGM on 11.08.2015	No. of outside Directorship held in other Public Limited Companies	No. of membership/ chairmanship in other Board/ Committee	
						Chairman	Member
Mr. A. V. Agarwal	00149717	Chairman, Executive	5	Yes	3	-	4
Mr. Manish Goenka	00363093	Executive	4	Yes	2	-	2
Mr. P. S. Patwari	00363356	Executive	5	Yes	1	-	-
Mr. U. G. Bhat	00353361	Non-Executive, Independent	5	Yes	2	-	-
Mr. J. Godbole	00056830	Non-Executive, Independent	5	Yes	8	2	6
Mr. H. M. Marda	00855466	Non-Executive, Independent	4	Yes	7	2	1
Mr. S. Balasubramanian	02849971	Non-Executive, Independent	4	Yes	9	2	7
Mr. J.K Khetawat	00920819	Non-Executive, Independent	5	Yes	5	-	-
Mr. M .B .S .Nair	03086056	Executive	5	Yes	-	-	-
Mrs.Richa Agarwal	01505726	Non-Executive	4	Yes	-	-	-

3. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

During the year Five Board Meetings were held on 6th May, 2015, 11th August, 2015, 28th October, 2015, 29th November, 2015 and 27th January, 2016.

4. DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE

Mrs. Richa Agarwal, Non-Executive Director of the Company is wife of Mr. Aditya Vardhan Agarwal, Executive Chairman of the Company.

5. INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS

As required under the Regulation 17(7) read with Part – A of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all the informations were placed before the Board.

6. CODE OF CONDUCT

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

Report on Corporate Governance (Contd.)

As per the provision of Regulation 17(8) read with Part-B of Schedule II, a certificate is also annexed to this Report by C.E.O. & C.F.O. that all members of the Board, its Committee members and all employees working at level of Executive and above including Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the current year.

Code for prevention of Insider-Trading practices and Fair Disclosures

As per SEBI (Prohibition of Insider Trading) Regulations 2015, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, preclearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board.

Further in terms of Amended Regulation, 2015 of SEBI vide its Notification No. LAD-NRO/GN/2014-15/21/85 dated 15.01.2015 the Company also adopted a Code of Conduct for Prevention of Insider Trading 2015 under SEBI (Prohibition of Insider Trading) Regulation, 2015 as well as a Code of Corporate Fair Disclosures Practices. All the Directors on the Board, Officers, designated employees at Senior Management and connected persons at all locations who could be privy to unpublished price sensitive information of the Company are governed by this Code. This amended code was approved by the Board of Directors in their meeting held on 27th January, 2015.

The Code of Corporate Fair Disclosures Practices is also displayed on the Website of the Company as:

Website : www.emamipaper.in

7. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY THE NON-EXECUTIVE DIRECTORS AS ON MARCH, 31, 2016.

Sl. No	Name of Directors	Category	No. of Equity Shares
01	Mr. U. G. Bhat	Non-Executive, Independent	NIL
02	Mr. J. Godbole	Non-Executive, Independent	NIL
03	Mr. H. M. Marda	Non-Executive, Independent	2150
04	Mr. S. Balasubramanian	Non-Executive, Independent	NIL
05	Mr. J. K. Khetawat	Non-Executive, Independent	NIL
06	Mrs. Richa Agarwal	Non-Executive, Promoter	1500

8. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS AND FACTORY VISIT CUM AWARENESS PROGRAM AT BALASORE PLANT.

The Company has adopted familiarization programs for the Independent Directors by way of Presentations at the quarterly Board Meeting which covers their roles, rights, responsibilities in the Company and also visit of the Plants to see the operations in which the Company operates. Involvement of the experts is also made for better awareness and training of all the Directors. Factory Visit is also organized from time to time.

During the year Factory visit for the Independent Directors was organized by the Company to its Balasore Plant on 29th November, 2015.

Such Familiarization Programs are disclosed at in the following weblink: http://www.emamipaper.in/downloads/details_of_familiarization_programme_29112015.pdf.

9. AUDIT COMMITTEE

The Audit Committee presently consists of Mr. J. Godbole, as Chairman, Mr. H. M. Marda, Mr. J. K. Khetawat and Mr. S. Balasubramanian as other members. All of them are Non-Executive Independent Directors.

a) Brief Description of Terms of Reference of the Audit Committee:

- A. The Audit Committee shall act in accordance with the terms of reference specified under Section 177 of the Companies Act, 2013 and as per the provisions of Regulation 18(3) read with Schedule-II, Part-C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall inter alia include:
 1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

Report on Corporate Governance (Contd.)

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any Related Party Transactions;
 - g) Modified opinion(s) in the draft audit report;
 5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing with the management, the statement of users/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the listed entity with Related Parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
 11. Evaluation of international financial controls and risk management systems;
 12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the whistle blower mechanism;
 19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of audit committee.
- B. The audit committee shall mandatorily review the following information:**
- 1) Management Discussion and Analysis of financial condition and results of operations;

Report on Corporate Governance (Contd.)

- 2) Statement of significant Related Party Transactions (as defined by the audit committee), submitted by management;
- 3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4) Internal Audit Reports relating to internal control weaknesses; and
- 5) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the audit committee.
- 6) Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

b) Composition, Name of Members and Chairman

The Audit Committee presently consists with the following Non-Executive Independent Director as members:

Mr. J. Godbole	Chairman
Mr. H. M. Marda	Member
Mr. J. K. Khetawat	Member
Mr. S. Balasubramanian *	Member

* Mr. S. Balasubramanian was appointed as member of the Audit Committee w.e.f. 6th May, 2015.

The composition of the Audit Committee meets the requirement of section 177 of the Companies Act, 2013 and Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri G. Saraf, Company Secretary acts as the Secretary to the Committee.

The attendance of each member director at the Audit Committee Meeting held during the Financial Year 2015-16 is furnished below :

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

* Appointed on 6th May, 2015

The above meetings were held on 6th May, 2015, 11th August, 2015, 28th October, 2015 and 27th January, 2016.

The Internal Auditors are permanent invitees of the Audit Committee. The Statutory Auditors are also invited to attend the meetings.

Mr. J. Godbole, Chairman of the Audit Committee was present in the Annual General Meeting of the Company held on 11th August, 2015.

10. NOMINATION AND REMUNERATION COMMITTEE & POLICY

In compliance of section 178(3) of the Companies Act, 2013 a Nomination and Remuneration Committee for appointment and remuneration of Executive Director and other Key Managerial Personnel (KMPs) and Senior Managerial Personnel (SMPs) was constituted on 25th April, 2014.

- a) Brief Description of Terms of Reference of Nomination and Remuneration Committee as per Regulation 19(4) read with Part-D of Schedule-II of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

Report on Corporate Governance (Contd.)

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- 2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3) Devising a policy on diversity of board of directors;
- 4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- 5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

b) Composition, Name of Members and Chairman

The Nomination and Remuneration Committee presently consists with the following Non-Executive Independent Directors:

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

The composition of Nomination and Remuneration Committee meets the requirement of Regulation 19(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c) Meeting and attendance during the year

The attendance of each member director at the Remuneration Committee Meeting held during the Financial Year 2015-16 is furnished below:

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

During the year two meetings of the Remuneration Committee was held on 6th May, 2015 and 28th October, 2015.

Report on Corporate Governance (Contd.)

d) Performance Evaluation criteria for independent directors.

The following are the evaluation criteria for the Performance evaluation of the Independent Directors.

Sl. No.	Evaluation Criteria
1	Compliance with Articles of Association, Companies Act & other laws
2	Compliance with ethical standards & code of conduct of Company
3	Assistance in implementing corporate governance practices
4	Rendering independent, unbiased opinion
5	Attendance & presence in meetings of Board & committees
6	Attendance & presence in general meetings
7	Disclosure of independence, if exists
8	Review of integrity of financial information & risk management
9	Safeguard of stakeholders' interests
10	Updation of skills and knowledge (Awareness program through presentation at the Board and Committee meetings)
11	Information regarding external environment
12	Raising of concerns to the Board
13	Safeguarding interest of whistle blowers under vigil mechanism
14	Reporting of frauds, violation etc.
15	Safeguard of confidential information

e) Policy for Selection and Appointment of Directors and their Remuneration:

The Nomination and Remuneration Committee has adopted a Policy approved by the Board which inter alia, deals with the manner of selection of Board of Directors, other KMPs and SMPs as under:

- i. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's operations.
- ii. In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements.
- iii. Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions.
- iv. In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively

Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The said sitting fees paid to the Non-executive Directors are fixed by the Board and reviewed from time to time.

Remuneration to Executive Directors, Key Managerial Personnel (KMPs) & Senior Managerial Personnel (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Executive Directors (EDs), Key Managerial Personnel(s) (KMPs) and Senior Managerial Personnel(s) (SMPs). Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards.

The remuneration determined for Executive Directors are approved by the Nomination and Remuneration Committee, Board of Directors and members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V. As a policy, the Executive Directors are neither paid sitting fee nor any commission.

Report on Corporate Governance (Contd.)

The remuneration for other KMPs, SMPs and Unit heads is determined by the Executive Director of the company based on their performance and other relevant factors.

The Nomination and Remuneration Committee ensure that the candidate identified for appointment as a Director is not disqualified for appointment under section 164 of the Companies Act, 2013.

f) Remuneration paid to the Directors of the company for the year ended 31-03-2016: (Amount in ₹)

Name of Directors	Salary & Allowances (Fixed component) *	Other Perquisites **	Provident Fund	Total	Service Contract	Notice Period
Mr. A. V. Agarwal	48,42,667/-	1,73,768/-	5,81,120/-	55,97,555/-	3 Years (w.e.f.08.11.2015)	3 Months
Mr. Manish Goenka	55,20,000/-	46,318/-	6,62,400/-	62,28,718/-	3 Years (w.e.f.01.07.2015)	3 Months
Mr. P. S. Patwari	1,05,60,000/-	30,60,800/-	12,67,200/-	1,48,88,000/-	3 Years (w.e.f.01.04.2014)	3 Months
Mr. M. B. S. Nair	70,41,070/-	16,95,471/-	6,13,172/-	93,49,713/-	3 Years (w.e.f.25.04.2014)	3 Months
Total	2,79,63,737/-	48,75,557/-	31,23,892/-	3,59,65,186/-		

* Fixed component includes Basic Salary and Fixed allowances

**Other Perquisites include Leave Travel Assistance, Reimbursement of Medical Expenses, Cost of Accommodation including Rent, Maintenance, Electricity etc.

Note : i. None of the Directors were paid performance linked incentives.
ii. Severance Fees - There is no such fees paid to any of the Director.

Remuneration to Non-Executive Directors:

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

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

Name of the Directors	Total Rupees
Mr. J. Godbole	2,90,000.00
Mr. H. M. Marda	2,20,000.00
Mr. U. G. Bhat	1,40,000.00
Mr.S.Balasubramanian	1,90,000.00
Mr. J. K. Khetawat	2,30,000.00
Mrs. Richa Agarwal	1,30,000.00
Total	12,00,000.00

Note : The Non-Executive Directors have been paid the above mentioned sitting fees and reimbursement of expenses only.

- During the year, the Company has paid ₹ 66,56,975/- as professional fees to M/s SPB Projects & Consultancy Ltd;

a Company in which Mr. U. G. Bhat is interested as Deputy Managing Director.

- During the year, the Company has paid ₹ 13,22,470/- for Purchase of Materials to M/s.Sree Sakthi Paper Mills Ltd., a Company in which Mr. U. G. Bhat is interested as Director.
- Except these, there were no other pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

11. PERFORMANCE EVALUATION OF BOARD:

Pursuant to the provisions of the Companies Act, 2013 and as per requirement of Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted the criteria for evaluation of its own performance, its committees and individual directors and carried out the required annual evaluation.

In respect of each of the evaluation factors, various aspects covering general parameters in respect of all the directors and its committees have been considered and set out in the Performance Evaluation Policy in accordance with their respective functions and duties.

Self-appraisal by the directors, based on their delegated specific responsibilities has also been carried out.

Report on Corporate Governance (Contd.)

Further, the Independent directors have evaluated the performance of Executive Chairman, Non-Independent Directors and the Board of Directors as a whole at a separate meeting held on 27th January, 2016 as per requirement of Regulation 25 (3) & (4) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Nomination and Remuneration Committee had also evaluated performance of each of the Directors based on the aforesaid evaluation factors, in their meeting held on 28th October, 2015.

12. STAKEHOLDERS' RELATIONSHIP COMMITTEE :

The Stakeholders' Relationship Committee was constituted on 25th April, 2014, as per requirement of Section 178(5) of the Companies Act, 2013 and entrusted the responsibilities to deal with matters relating to transfers / transmissions of shares and monitor redressal of complaints from shareholders with respect to transfer of shares, non-receipt of Annual Report, non-receipt of Dividend etc.

The Stakeholders' Relationship Committee was further re-constituted on 27th January, 2016, when Mr. S. Balasubramanian resigned from the Chairmanship of the Committee.

The Committee presently consists with the following members:-

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

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

During the year one meeting of the Stakeholders Relationship Committee was held on 11th August, 2015.

There was no complaint received from any of the Shareholders so far and no complaint remains pending.

13. RISK MANAGEMENT COMMITTEE

The Committee was constituted on 11.08.2014 to evaluate the operations of the Risk Management Programme and also to review of annual risk assessments prepared by the Executive Management and the experts engaged by the Company.

The Committee consist with the following members:

a.	Mr. P. S. Patwari	Executive Director
b.	Mr. J. Godbole	Independent Director
c.	Mr. M. B. S. Nair	Whole time Director
d.	Mr. S. Balasubramanian	Independent Director

During the year one meeting of the Risk Management Committee held on 27th January, 2016.

The Risk Management Committee was discontinued w.e.f. 27th January, 2016 as per the provisions of Regulation 21(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as the same is required for top 100 listed Companies only. However the monitoring of Risk Management will be continued under Audit Committee and Board of Directors. Presentation of progress and implementation status of mitigation plans will be made by the Executive Management Team periodically.

14. PREFERENCE SHARE COMMITTEE:

The Preference Share Committee has been discontinued w.e.f. 24th May, 2016 as the purpose of the Committee for which it was formed has been accomplished.

There was no meeting of the Committee during the year.

15. CORPORATE SOCIAL RESPONSIBILITIES COMMITTEE:

As per Section 135 of the Companies Act, 2013 the Committee was constituted on 21st January, 2014 to monitor and review the C.S.R. activities of the company from time to time. Corporate Social Responsibility is strongly connected with the principles of sustainability; an organization should make decisions based not only on financial factors, but also on the social and environmental aspects. Therefore, it is the core corporate responsibility of EPML to practice its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

The Committee was further reconstituted on 27th January, 2015 when Mrs. Richa Agarwal was included as member of the Committee.

The Committee presently consist the following members:

a.	Mr. A.V. Agarwal	Chairman
b.	Mr. J. Godbole	Member
c.	Mr. P. S. Patwari	Member
d.	Mr. Manish Goenka	Member
e.	Mr. H. M. Marda	Member
f.	Mrs. Richa Agarwal	Member

During the year two meetings of the Corporate Social Responsibility Committee were on 6th May, 2015 and 28th October, 2015.

16. FINANCE COMMITTEE:

The Finance Committee was constituted by the Board in

Report on Corporate Governance (Contd.)

its meeting held on 6th May, 2015 to deal with expediting financial decisions including the transactions and dealing with various Banks for long term and short term financial requirements of the Company.

The Committee was further reconstituted on 28th October, 2015 when Mr. J. K. Khetawat, Independent Director was included as member of the Committee. The Committee presently consist the following members:

a.	Mr. H. M. Marda	Independent Director
b.	Mr.J. K. Khetawat	Independent Director
c.	Mr. Manish Goenka	Whole Time Director
d.	Mr. P. S. Patwari	Executive Director

During the year one meeting of the Finance Committee was held on 29th September, 2015.

17. GENERAL BODY MEETING :

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

Financial Year	Venue	Date	Time
2012-13	687, Anandapur, E.M.Bypass, Kolkata - 700 107	13.08.2013	10.00 a.m.
2013-14	-do-	11.08.2014	10.00 a.m.
2014-15	-do-	11.08.2015	11.00 a.m.

Whether special Resolutions were passed in previous three AGMs : Yes

The following Special Resolutions were passed in previous three AGMs:

YEAR 2014-15 :

- 1) Approval for re-appointment of Mr. A. V. Agarwal, as Whole Time Director designated as Executive Chairman for a period of 3 years including payment of remuneration for that period.
- 2) Approval for re-appointment of Mr. Manish Goenka as Whole Time Director for a period of 3 years including payment of remuneration for that period.

YEAR 2013-14 :

- 1) Approval for appointment of Mr. M. B. S. Nair as Whole-Time Director, designated as Director (Operations) for a period of 3 years including payment of remuneration for that period.
- 2) Approval for re-appointment of Mr. P. S. Patwari as Executive Director for a further period of 3 years, including payment of remuneration for that period, subject to the approval of the Central Government.
- 3) Increase in the Share Capital of the Company and Alteration of Memorandum of Association of the Company.
- 4) Issue of 8% Cumulative Redeemable Non-Convertible Preference Shares of Rs.100/- each to the Promoters on Preferential basis.
- 5) Borrowing Powers of the Board of Directors pursuant to Section 180(1)(c) of the Companies Act, 2013.

- 6) Approval for Additional Mortgage and on Hypothecation of the Assets of the Company pursuant to Section 180(1)(a) of the Companies Act, 2013.

- 7) Adoption of New Articles of Association of the Company containing regulation in conformity with Companies Act, 2013.

YEAR 2012-13 :

- 1) Approval for re-appointment of Mr. A. V. Agarwal, a Whole-Time Director, designated as Executive Chairman for a period of 3 years including payment of remuneration for that period.
- 2) Approval to review the remuneration of Mr. Shyam Patwari, a relative of Mr. P. S. Patwari, Executive Director, deemed to hold office or place of profit, as per provision of Section 314 of the Companies Act, 1956.

Whether Special Resolutions passed last year through Postal Ballot – NO

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

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

19. SUBSIDIARY COMPANY

The Company does not have any subsidiary Company.

Report on Corporate Governance (Contd.)

20. DISCLOSURES

Related party transactions :

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

Compliances by the Company :

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

Accounting treatment in preparation of financial statement :

The Company has followed the applicable guidelines of Accounting Standards as specified under section 133 of the

Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

21. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

22. DETAILS OF APPOINTMENT/REAPPOINTMENT OF NON-EXECUTIVE/ INDEPENDENT DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. P. S. Patwari will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment

Mr. A. V. Agarwal will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment

The information pertaining to these Directors are as follows:

Name of Director	Mr. P. S. Patwari	Mr. A. V. Agarwal
Age	About 60 years	About 40 years
Date of Appointment	28.11.1994	23.10.2000
Expertise in Specific Functional areas	Extensive experience in the area of Finance, Accounting, Corporate Planning, Business Development, Strategy formulations and overall management including set up of new project.	He is an well known Industrialist with extensive business experience, expertise in Marketing, Corporate Planning, Business Development, Strategy Formulation and Overall Management.
Qualification	B.Com., F.C.A.	B.Com.
Chairman/Director of other Companies	- Bengal Emami Housing Ltd. - Emami Institute of Corporate Solutions Pvt.Ltd.	Emami Limited T.M.T. Viniyogan Ltd. Emami Cement Ltd. Emami Group of Companies(P) Ltd. Suntrack Commerce Pvt.Limited Ajanta Suppliers Pvt.Ltd. Indian Chamber of Commerce, Kolkata
Membership/ Chairmanship in Other Board/Committee	NIL	NIL
Equity Shares held in the Company	NIL	12,500

CEO/CFO Certification

The CEO and CFO certification as required under Regulation 17(8) read with Schedule-II, Part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed at the end of the Report.

22. COMPLIANCE REPORT

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

Audit Qualification:

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

Training of Board Members:

All Board members are experienced and professionals, acquainted with business knowledge, obviating the need for formal training. However, with respect to Executive Directors, other KMPs and SMPs the Company arranged need-based training to help them discharge their responsibilities in the most effective way.

Report on Corporate Governance (Contd.)

Mechanism for the Evaluation of Non-Executive Directors:

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

Whistle Blower Policy:

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

Vigil Mechanism Policy:

The Vigil Mechanism Policy was approved by the Board of Directors on 21st January, 2014:

- ☛ To provide for adequate safeguards against victimization of Employees and Directors who avail of the mechanism and also provide for direct access to the chairperson of the Audit Committee or the Director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.
- ☛ The existence of the mechanism will be appropriately communicated within the organization after its establishments.
- ☛ In case of repeated frivolous complaints being filed by a Directors or an employee, the Audit Committee or the Director nominated to play the role of Audit Committee may take suitable action against the concerned Director or Employee including reprimand.
- ☛ The Company encourages an open door policy where employees have access to the Head of the Business/Function. Any Employee may report unethical attitude at the workplace without fear and reach the Chairman of the Audit Committee.

Policy for Preservation of Records/Documents of the Company:

The Company has adopted the policy for Preservation of Records /Documents of the Company and was approved by the Board of Directors in their meeting held on 29th November, 2015.

The purpose of this policy is to provide guidance to the executives working in the Company regarding the preservation of the documents in accordance with the provisions of the Companies Act, 2013 and as mandated by the provisions of Regulation 9 of chapter III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Policy for Determination of Materiality of any Events / Information:

The Company has adopted the policy for Determination of Materiality of any Events/information of the Company and was approved by the Board of Directors in their meeting held on 29th November, 2015.

The purpose of this Policy is to determine materiality of events and information based on criteria specified under Clause (i) of Sub Regulation (4) of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to disclose of events / information to the Stock Exchanges. The policy is available at the website of the Company i.e. www.emamipaper.in

Policy for Archiving of Documents which are hosted on the website of the Company:

The Company has adopted the policy for Archiving of Documents which are hosted on the website of the Company and was approved by the Board of Directors in their meeting held on 29th November, 2015.

This policy is framed for the purpose of archiving of the documents which are hosted in the Company's Website in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Secretarial Audit :

Secretarial Audit from an Independent Practicing Company Secretary M/s. M. K. B. & Associates, Company Secretary for the financial year ended 31st March, 2016 has been completed and Secretarial Audit for the year forms part of this Annual Report.

Shareholder's Rights and Means of Communication

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

The Company make arrangements for display at its website all the matters required to be displayed under the Companies Act, 2013 and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which includes:

- a) Details of its business;
- b) Terms and conditions of appointment of Independent Directors;
- c) Composition of various committees of Board of Directors;
- d) Code of conduct of Board of Directors and senior management personnel;
- e) Details of establishment of Vigil mechanism/Whistle Blower policy;
- f) Policy on dealing with Related Party Transactions;
- g) Details of Familiarization Programmes imparted to Independent Directors
- h) The email address for grievance redressal
- i) Contact information of the designated officials for assisting and handling investor grievances;

Report on Corporate Governance (Contd.)

- j) Financial information including:
- Notice of meeting of the Board of Directors where Financial Results shall be discussed;
 - Financial Results, on conclusion of the meeting of the Board of Directors where financial results were approved.
 - Complete copy of the annual report including Balance Sheet, Profit and Loss Account, Directors Report, Corporate Governance Report etc;
- k) Shareholding Pattern

Management's Discussion and Analysis

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

22. Shareholders Information

a) Unclaimed Dividend

Unclaimed dividend for the year prior to and including the financial year 2007-08 have been transferred to the General Revenue Account of the Central Government / the

Investor Education and Protection Fund established by the Central Government / (IEPF), as applicable.

Shareholders who have not encashed their dividend warrants to financial year(s) up to and including 2007-08 may claim such dividend (transferred to the General Revenue Account) from the Registrar of Companies, West Bengal, Government of India, Nizam Palace, II MSO Building, 2nd Floor, 234/4 A. J. C. Bose Road, Kolkata-700 020 by applying in the prescribed form.

The dividend for the undernoted years, if remaining unclaimed for 7 years, will be statutorily transferred by the Company to I.E.P.F. in accordance with the schedule given below. Communication has been sent by the Company to the concerned Shareholders advising them to write to the Company with respect to their unclaimed dividend. (Attention is drawn that the unclaimed dividend for the financial year 2008-09 is due for transfer to IEPF on 20/08/2016).

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

(₹ in lac)

Financial year	Dividend ID No.	Date of Payment of Dividend	Total Amount of Dividend	Unclaimed Dividend as on 31.03.2015	Due date for transfer to I.E.P.F. on
2008-09	27th	15/08/2009	363.00	0.57	28/08/2016
2009-10	28th	28/08/2010	363.00	0.66	02/09/2017
2010-11	29th	09/09/2011	363.00	0.73	14/09/2018
2011-12	30th	11/09/2012	363.00	0.68	16/09/2019
2012-13	31st	11/09/2013	363.00	1.08	16/09/2020
2013-14	32nd	09/09/2014	363.00	0.89	14/09/2021
2014-15	33rd	09/09/2015	363.00	0.98	14/09/2022
Total			2541.00	5.56	

Details of Un-claimed Dividend is available in the Company's website: www.emamipaper.in

b) 34th Annual General Meeting :

Date : 10th August, 2016.

Time : 11.00 a.m.

Venue : 687, Anandapur, E.M.Bypass, Kolkata-700107

c) Date of Book Closure :

3rd August, 2016 to 10th August, 2016 (both days inclusive) for the shareholders holding shares in physical form. The Shareholders holding shares in demat form are eligible for dividend for their holding as on 3rd August, 2016.

d) Dividend :

The Board of Directors has recommended a dividend at the rate of 30% i.e.Re.0.60 (Sixty paise only) per

Equity Share of ₹ 2/- each and at the rate of 8% on Preference Share of ₹ 100/-. This is subject to the approval of the Members at the ensuing Annual General Meeting. The dividend, if approved by the Members at the ensuing Annual General Meeting, will be paid / credited on and from 26th August, 2016.

e) Financial Calendar of the Company :

i. April to March

ii. First Quarter Results – 2nd week of August

iii. Half –yearly Results – 2nd week of November

iv. Third Quarter Results – 2nd week of February

v. Results for the year ending 31st March – by May.

Report on Corporate Governance (Contd.)

f) **Listing of Equity Shares on Stock Exchange :**

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

The relevant Listing Fees for the year was paid.

g) **Stock Code :**

The Bombay Stock Exchange Ltd. - 533208

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

h) **Stock Price Data :**

Market Price Data on the Bombay Stock Exchange Ltd. (BSE), Mumbai is given hereunder:

Market Price Data: High/Low in each month in the Financial Year 2015-16 :

Month	BSE	
	High Price (₹)	Low Price (₹)
April, 2015	44.00	38.10
May, 2015	42.45	37.55
June, 2015	44.75	35.00
July, 2015	52.00	33.00
August, 2015	54.25	46.00
September, 2015	49.00	42.00
October, 2015	47.95	38.00
November, 2015	54.20	43.00
December, 2015	63.55	45.00
January, 2016	53.00	40.50
February, 2016	48.90	40.00
March, 2016	44.60	37.00

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

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

j) **Share Transfer System :**

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

k) **Distribution of Shareholding and Shareholding Pattern as on 31.03.2016 (Equity) :**

Category	Number of shares held	% of Shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	56,56,976	9.35
Corporate	3,95,76,160	65.42
- Foreign Promoters	1,25,000	0.20
Sub-total	4,53,58,136	74.97
B. Non-promoters' holding		
1. Institutional investors		
a. Mutual Funds and UTI	-	-
b. Banks, financial Institutions and Insurance Companies	-	-
c. Central Govt./ State Govt.	-	-
d. Foreign Institutional Investors	-	-
Sub-total	-	-
2. Others		
a. Private corporate bodies	1,10,86,401	18.32
b. Indian public	20,37,317	3.37
c. NRI / OCBs	10,620	0.02
d. NBFCs registered with RBI	19,90,650	3.29
e. Others	15,926	0.03
Sub-total	1,51,40,914	25.03
Grand-total	6,04,99,050	100.00

Analysis of Shareholding :

Category	No. of Shareholders	Number of Shares held	% of Shareholding
1 – 50	568	8343	0.01
51 – 100	273	25861	0.04
101 – 250	388	82996	0.14
251 – 500	252	1,09,980	0.18
501 – 1000	207	1,76,177	0.29
1001 – 5000	260	6,32,484	1.05
5001 and above	125	5,94,63,209	98.29
Total	2,073	6,04,99,050	100.00

Report on Corporate Governance (Contd.)

l) Dematerialisation of Shares

99.38 percent of the Company's Paid up Equity Share Capital are held in dematerialized form, out of which 81.49 percent are held with National Securities Depository Limited (NSDL) and 17.89 percent are held with Central Depository Services Limited(CDSL) as on 31st March, 2016.

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

The Company has not issued any of the aforesaid instruments.

n) Plant Locations:

1. Vill – Balgopalpur
Balasore – 756 020, Odisha
Phone : (91) (6782) 275723/26/79
Fax : (91) (6782) 275778
Email : balasore@emamipaper.in

2. R. N. Tagore Road, Alambazar
Kolkata –700 035, West Bengal
Phone : (91)(33) 6622-3100, 6540-9610
Fax : (91)(033) 2564-6926
Email : gulmohar@emamipaper.in

o) Address for correspondence :

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

p) Electronic Clearing Service (ECS) :

The Company is availing of the ECS facilities to distribute dividend in main cities to those members who have opted for it.

For and on behalf of the Board

Place : Kolkata
Date : 24th May, 2016

A. V. AGARWAL
Executive Chairman

Report on Corporate Governance (Contd.)

COMPLIANCE CERTIFICATE

[Under Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015]

We P. S. Patwari, Executive Director, C.E.O. and S. K. Khetan, President, C.F.O. certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2016 to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. We also certify that based on our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee :
 - a. significant changes in internal control during the year over financial reporting during the year;
 - b. significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements ;and
 - c. instances of significant fraud of which we have become aware and the involvement there in ,if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Emami Paper Mills Limited**

Place : Kolkata
Date : 24th May, 2016

S. K. KHETAN
President (Finance) & CFO

P. S. PATWARI
Executive Director (CEO)

DECLARATION BY CHIEF EXECUTIVE OFFICER (C.E.O.) OF THE COMPANY

[Under Regulation 34(3) read with Clause D of Schedule V of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

As per requirement of Regulation 34(3) read with Clause D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, P. S. Patwari, Executive Director and Chief Executive Officer (C.E.O.) of Emami Paper Mills Limited hereby declare that:

All members of Board, its Committees and all employees working at level of Executive and above including Senior Managerial Personnel have affirmed compliance with the Code of Conduct of the Company for the year 2015-16.

For **Emami Paper Mills Limited**

Place : Kolkata
Date : 24th May, 2016

P. S. PATWARI
Executive Director



Independent Auditors Report

TO THE MEMBERS OF EMAMI PAPER MILLS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **EMAMI PAPER MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Gulmohar.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cashflows for the year ended on that date.

Other Matter

We did not audit the financial statements of Gulmohar branch included in these financial statements of the Company whose financial statements reflect total assets of ₹ 2438.45 lacs as at 31st March, 2016 and total revenues of ₹ 5774.48 lacs for the year ended on that date, as considered in these financial statements. The financial statements of this branch have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Independent Auditors Report (Contd.)

- II. As required by Section 143 (3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The reports on the accounts of the branch of the Company audited under Section 143 (8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
 - d. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f. On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its Financial Position in its financial statements (Refer Note No. 2.27 to the financial statements).
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. K. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration Number : 306033E
(S.K.Agrawal)
Partner
Membership No: 9067

Place : Kolkata
Dated : May 24, 2016

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditor's Report to the members of EMAMI PAPER MILLS LIMITED (the Company) on the financial statements for the year ended on 31st March 2016. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) According to information and explanations given to us and on the basis of our examination of the records produced before us, title deeds of six plots of leasehold land are in the process of being registered in the name of the Company. The gross block and net block of said plots amounts to ₹ 123.53 lacs and ₹ 120.10 lacs respectively.
- ii. According to the information and explanations given to us the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification.
- iii. The Company has granted loans to three company listed in the register maintained under section 189 of the Companies Act, 2013.



Annexure - A to the Independent Auditors' Report (Contd.)

- (a) In our opinion, the terms and conditions on which the loans had been granted to bodies corporate listed in the register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the company.
- (b) In the case of loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of principal and interest as stipulated.
- (c) There are no overdue amounts for more than 90 days from the due date in respect of the loan granted to a body corporate listed in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of loans and investments made.
- v. The Company has not accepted any deposits from the public during the year.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- vii. According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax, Value Added Tax, duty of Custom, duty of Excise, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of duty of customs and service tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise and value added tax have not been deposited by the Company on account of disputes:

Particulars	Financial Year to which the matter pertains	Forum where matter is pending	Amount (₹ In Lacs)
The Central Excise Act, 1994 & Service Tax (Finance Act, 1994)	1994-95	ACCE	0.87
	2002-03 to 2006-07	ACCE	1.10
	2006-07	Tribunal	74.81
	2006-07	Comm. Appeals	0.90
	2011-12	Comm. Appeals	5.06
Central Sales Tax	1993-94	Tribunal	16.26
	2004-05	DCCT	0.53
	2006-07	Tribunal	3.82
	2008-09	Tribunal	0.46
	2009-10	Comm. Appeals	17.12
	2010-11	Comm. Appeals	7.34
Value Added Tax Act, (Odisha)	2012-13 to 2013-14	Comm. Appeals	74.01
	2006-07	Tribunal	0.59
	2007-08	Tribunal	0.80
	2009-10	Comm. Appeals	10.89
Value Added Tax Act, (West Bengal)	2010-11	Comm. Appeals	25.48
	2010-11	Revisional Board	15.34
Entry Tax Act (Odisha)	2006-07	Addl. Comm.	1.30
	2007-08	Addl. Comm.	0.11
	2008-09	Addl. Comm.	32.00
	2009-10	Addl. Comm.	32.05
	2010-11	Addl. Comm.	42.36
	2012-13 to 2013-14	Addl. Comm.	213.16
Odisha Sales Tax	1989-90	High Court	0.79
ESIC	1996-97	ESIC Court	0.22
Income Tax Act, 1961	1995-96	Comm. Appeals	2.20
Entry Tax Act (West Bengal)	2013-14	High Court	3.27
	2014-15	High Court	5.75
	2015-16	High Court	5.74

Annexure - A to the Independent Auditors' Report (Contd.)

- viii. On the basis of records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to Banks and financial institutions.
- ix. The Company did not raise any money by way of initial public offer and further public offer (including debt instrument). To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were applied for the purpose for which the loans were obtained.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, the Company has paid/provided for managerial remunerations in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **S. K. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration Number : 306033E

(S.K.Agrawal)
Partner

Membership No: 9067

Place : Kolkata
Dated : May 24, 2016

Auditors' Certificate on Corporate Governance

To,
The members of **EMAMI PAPER MILLS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Emami Paper Mills Limited ('the Company'), for the year ended 31st March, 2016, as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India ('Listing Obligations and Disclosure Requirements') Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations, as applicable.

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

For **S. K. AGRAWAL & CO.**
Chartered Accountants
Firm's Registration Number : 306033E

(S.K.Agrawal)
Partner

Membership No: 9067

Place : Kolkata
Dated : May 24, 2016



Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Emami Paper Mills Limited to the extent records available with us in Conjunction with our audit of the financial statements of the company as of and for the year ended 31st March, 2016.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company.

For **S. K. AGRAWAL & CO.**

Chartered Accountants

Firm's Registration Number : 306033E

(S.K.Agrawal)

Partner

Membership No: 9067

Place : Kolkata

Dated : May 24, 2016

Balance Sheet as at 31st March, 2016

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,334.98	7,334.98
Reserves and surplus	2.2	37,619.58	35,854.32
Non-current liabilities			
Long-term borrowings	2.3	70,707.51	65,435.35
Deferred tax liabilities (net)	2.4	2,840.14	4,551.62
Other long-term liabilities	2.5	463.80	269.14
Long-term provisions	2.6	332.15	267.07
Current liabilities			
Short-term borrowings	2.7	26,908.98	10,980.55
Trade payables	2.8	7,520.32	7,059.08
Other current liabilities	2.9	11,056.39	8,092.03
Short-term provisions	2.10	1,084.48	1,042.53
Total		1,65,868.33	1,40,886.67
ASSETS			
Non-current assets			
Fixed assets	2.11		
- Tangible assets		1,19,500.91	44,716.33
- Intangible assets		35.49	44.37
- Capital work in progress		457.83	61,993.48
Non-current investments	2.12	56.75	56.75
Long-term loans and advances	2.13	4,923.55	4,852.70
Current assets			
Current investments	2.14	0.80	0.80
Inventories	2.15	17,279.75	11,562.71
Trade receivables	2.16	10,266.48	4,386.60
Cash and bank balances	2.17	8,052.20	9,592.18
Short-term loans and advances	2.18	5,294.57	3,680.75
Total		1,65,868.33	1,40,886.67
Significant accounting policies & notes on accounts	1 & 2		

In terms of our attached report of even date

For **S. K. AGRAWAL & CO.**

Chartered Accountants

Firm Registration Number : 306033E

S. K. Agrawal

Partner

Membership No. 9067

Place : Kolkata

Date : 24th May, 2016

S. K. Khetan

President (Finance) & CFO

G. Saraf

V. P. (Finance) & Secretary

A. V. Agarwal

Manish Goenka

P. S. Patwari

Directors

**Statement of Profit and Loss** for the year ended 31st March, 2016

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2016	Year ended 31st March, 2015
REVENUES			
Revenue from operations	2.19	53,880.49	52,102.14
Other income	2.20	638.44	767.89
Total Revenue		54,518.93	52,870.03
EXPENSES			
Cost of materials consumed	2.21	31,797.51	32,098.03
Changes in inventories of finished goods & work-in-progress	2.22	1,031.69	(1,167.69)
Employee benefits expense	2.23	3,398.83	3,113.92
Finance costs (net)	2.24	1,613.78	1,507.17
Depreciation and amortisation expenses	2.25	2,668.05	2,664.59
Other expenses	2.26	12,927.79	12,925.05
Total expenses		53,437.65	51,141.07
Profit before Tax		1,081.28	1,728.96
Tax Expense			
Current tax		227.84	354.64
Income tax for earlier years		0.85	0.06
Deferred tax		(1,711.48)	512.28
MAT credit entitlement		(227.84)	(354.64)
Profit after tax		2,791.91	1,216.62
Earnings per equity share :	2.39		
(1) Basic		3.64	1.16
(2) Diluted		3.64	1.16
Significant accounting policies & notes on accounts	1 & 2		

In terms of our attached report of even date

For **S. K. AGRAWAL & CO.**

Chartered Accountants

Firm Registration Number : 306033E

S. K. Agrawal

Partner

Membership No. 9067

Place : Kolkata

Date : 24th May, 2016

S. K. Khetan

President (Finance) & CFO

G. Saraf

V. P. (Finance) & Secretary

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Manish Goenka

P. S. Patwari

Directors

Cash Flow Statement for the year ended 31st March, 2016

(₹ in Lacs)

Description	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,081.28	1,728.96
Adjustment for		
Depreciation and amortisation expenses	2,668.05	2,664.59
Notional foreign exchange loss/(gain)	(222.92)	(92.81)
Provision for employees benefits	65.08	124.20
Finance Costs	1,613.78	1,507.17
Dividend Received	(14.00)	(37.32)
Profit on sale of current investements	(535.89)	(554.01)
(Profit) / loss on sale of fixed assets	15.03	(3.50)
Operating profit before working capital changes	4,670.41	5,337.28
Add: Decrease / increase in working capital		
(Increase)/decrease in trade & other receivables	(7,647.96)	(1,458.22)
(Increase)/decrease in bank balances (other than cash/cash equivalent)	132.07	(462.16)
(Increase)/decrease in inventories	(5,717.04)	(4,151.64)
Increase/(decrease) in trade and other payables	852.29	4,840.49
Cash generated / (used) from operations	(7,710.23)	4,105.75
Taxes paid	(261.58)	(262.96)
Cash Flow before extraordinary items	(7,971.81)	3,842.79
Net cash generated / (used) from operating activities	(7,971.81)	3,842.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in fixed assets and capital work in progress	(11,686.86)	(46,527.56)
(Increase) / decrease in capital advances	306.68	2,703.88
Sale of fixed assets	(6.61)	121.81
Dividend received	14.00	37.32
Interest received	652.93	1,243.02
Profit on sale of current investements	535.89	554.01
Net cash generated / (used) in investing activities	(10,183.97)	(41,867.52)

**Cash Flow Statement** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Description	2015-16	2014-15
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of preference share capital	–	7,500.00
Expenses for preference share issue	–	(8.44)
Net proceeds from / (repayment of) long term borrowings	3,706.26	26,499.76
Increase/(decrease) in short term borrowings	15,847.09	(577.95)
Interest and other borrowing cost paid	(1,853.12)	(2,032.44)
Dividend & dividend tax paid	(952.36)	(709.63)
Net cash generated / (used) in financing activities	16,747.87	30,671.30
Net increase/(Decrease) in cash & cash equivalents (A+B+C)	(1,407.91)	(7,353.43)
* Cash & cash equivalents (opening balance)	8,945.04	16,298.47
* Cash & cash equivalents (closing balance)	7,537.13	8,945.04

* Represents cash and bank balances as indicated in Note 2.17 .

Note: Cash & cash equivalents represents "Cash and bank balances" except ₹ 5.56 Lacs (₹ 5.43 Lacs) lying in designated account with scheduled banks on account of unclaimed dividend and ₹ 744.23 lacs (₹ 831.89 lacs) lying as fixed deposits with banks that are being pledged as security, which are not readily available for use by the company.

In terms of our attached report of even date

For **S. K. AGRAWAL & CO.**

Chartered Accountants

Firm Registration Number : 306033E

S. K. Agrawal

Partner

Membership No. 9067

Place : Kolkata

Date : 24th May, 2016

S. K. Khetan

President (Finance) & CFO

G. Saraf

V. P. (Finance) & Secretary

A. V. Agarwal

Manish Goenka

P. S. Patwari

Directors

Notes to Financial Statements for the year ended 31st March, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General

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

1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

1.3 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.4 Fixed assets

a) Tangible assets

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

b) Intangible assets

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

1.5 Depreciation

Depreciation on fixed asset is provided to the extent of depreciable amount on pro-rata basis over the useful life of respective assets as prescribed under schedule-II to the Companies Act, 2013.

- a) On straight-line method in respect of
 - i) Buildings of paper machine-II, III, IV, ETP-II, Power Generation unit-II & III at Balasore.
 - ii) Plant & machinery of paper machine III, IV, ETP-II, Power Generation unit-II & III at Balasore.
- b) On written down value method in respect of other assets.
- c) Leasehold land is amortised over the period of lease.
- d) Software licenses are amortised over a period of six years.

Addition to an asset, is depreciated over the remaining useful life of that asset, except when such addition retains a separate identity and is capable of being used after the asset is disposed off, such additions are depreciated independently over its own useful life.

Depreciable value of fixed asset is its cost of acquisition as reduced by residual value of five percent of the cost of acquisition of the asset.



Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

1.6 Investments

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

1.7 Inventories

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

1.8 Retirement benefits

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

1.9 Foreign currency transactions

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

1.10 Revenue Recognition

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from sale of goods is inclusive of excise duty and net of returns, sales tax and applicable trade discounts and allowances.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on a time proportionate method using underlying interest rates.

Insurance and other claims/refunds are accounted for as and when admitted.

1.11 Contingent liabilities and provisions

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

1.12 Borrowing cost

Borrowings cost that are attributable to the acquisition or construction of qualifying assets is capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue. Exchange difference on the principal amount of the foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost as mandated by paragraph 4(e) of Accounting Standard – 16 are treated as Borrowing Cost.

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

1.13 Taxation

Provision for tax is made for both current and deferred taxes. Provision for current tax is made at the current tax rates based on assessable income.

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

1.14 Government subsidy/grant

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

1.15 Earnings per share

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

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

1.16 Impairment of assets

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

1.17 Segment reporting

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

1.18 Operating lease

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

1.19 Cash and cash equivalents

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

1.20 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.1 SHARE CAPITAL		
Authorised		
6,20,00,000 Equity shares of ₹ 2/- each	1,240.00	1,240.00
61,25,000 (61,25,000) Preference shares of ₹ 100/- each	6,125.00	6,125.00
Issued, Subscribed & Paid up		
6,04,99,050 (6,04,99,050) Equity shares of ₹ 2/- each fully paid	1,209.98	1,209.98
61,25,000 (61,25,000) 8% Cumulative redeemable non-convertible preference shares (CRNPS) of ₹ 100/- each fully paid up	6,125.00	6,125.00
Total	7,334.98	7,334.98

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

Particulars	2015-2016		2014-2015	
	Number	Amount	Number	Amount
At the beginning of the year	6,04,99,050	1,209.98	6,04,99,050	1,209.98
At the end of the year	6,04,99,050	1,209.98	6,04,99,050	1,209.98

ii) Preference shares

At the beginning of the year	61,25,000	6,125.00	42,50,000	4,250.00
Add : Shares issued during the year	–	–	18,75,000	1,875.00
At the end of the year	61,25,000	6,125.00	61,25,000	6,125.00

b) Terms / rights attached to shares**(i) Equity shares**

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

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

(ii) Preference shares

The Cumulative Redeemable Non-Convertible Preference Shares (CRNPS) of ₹ 100 each fully paid up carry cumulative dividend @8% p.a.

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

In the event of liquidation of the Company before redemption of CRNPS, the holders of CRNPS will have priority over equity shares in the repayment of capital. 50,00,000 CRNPS are redeemable at a premium of ₹ 500 per share and 11,25,000 CRNPS are redeemable at a premium of ₹ 600 per share on the expiry of 12 years from the date of issue, with an option to redeem it earlier at a premium to be decided mutually between the Company and the CRNPS holders at a meeting of CRNPS holders called for this purpose.

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

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

(i) Equity shares

Name of Shareholder	2015-16		2014-15	
	Number	% of Holding	Number	% of Holding
a) Diwakar Viniyog Private Limited	94,69,810	15.65%	94,69,810	15.65%
b) Emami Limited	79,46,000	13.13%	79,46,000	13.13%
c) Suntrack Commerce Private Limited	76,33,900	12.62%	76,33,900	12.62%
d) Bhanu Vyapaar Private Limited	60,05,250	9.93%	60,05,250	9.93%

ii) Preference shares

a) Emami Estates Private Limited	3,75,000	6.12%	3,75,000	6.12%
b) Zandu Realty Limited	12,80,000	20.90%	12,80,000	20.90%
c) Suraj Viniyog Private Limited	–	–	6,77,000	11.05%
d) Oriental Sales Agencies (India) Private Limited	6,75,000	11.02%	6,75,000	11.02%
e) Bhanu Vyapaar Private Limited	–	–	7,29,000	11.90%
f) Suntrack Commerce Private Limited	–	–	3,17,000	5.18%
g) Diwakar Viniyog Private Limited	–	–	4,05,500	6.62%
h) Emami High Rise Private Limited	–	–	4,27,000	6.97%
i) Sneha Niketan Private Limited	4,05,500	6.62%	–	–
j) Zen Business Private Limited	3,17,000	5.18%	–	–
k) Sneha Abasan Private Limited	7,29,000	11.90%	–	–
l) Karan Business Private Limited	6,77,000	11.05%	–	–
m) Sneha Enclave Private Limited	5,52,000	9.01%	1,25,000	2.04%
n) Sneha Gardens Private Limited	5,64,500	9.22%	1,37,500	2.24%

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.2 RESERVES AND SURPLUS		
a. Capital Reserve	133.50	133.50
b. Securities premium account		
Opening balance as per last balance sheet	20,134.57	14,518.01
Add : Received on issue of preference share	–	5,625.00
Less : Expenses incurred for issue of preference shares	–	8.44
	20,134.57	20,134.57
c. Revaluation reserve		
Opening balance as per last balance sheet	–	629.27
Less : de-recognised during the year (Refer Note no. 2.32)	–	629.27
	–	–

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
d. General reserve		
Opening balance as per last balance sheet	14,000.00	13,500.00
Add : Transfer during the year	–	500.00
	14,000.00	14,000.00
e. Surplus		
Opening balance	1,586.25	1,821.99
Add : Net profit / (net loss) for the current year	2,791.91	1,216.62
Less : Appropriations		
Proposed dividend on equity shares	363.00	363.00
Proposed dividend on preference shares	490.00	428.27
Corporate dividend tax - equity dividend	73.90	73.90
Corporate dividend tax - preference dividend	99.75	87.19
Transfer to general reserve	–	500.00
Total appropriations	1,026.65	1,452.36
Net surplus in the statement of profit & loss	3,351.51	1,586.25
Total	37,619.58	35,854.32

For the year 2015-16 proposed dividend per share as distributions to equity shareholders is ₹ 0.60 (₹ 0.60) per share.

For the year 2015-16 proposed dividend per share as distribution to preference shareholders is ₹ 8.00 on 61,25,000 CRNPS (₹ 8.00 on 42,50,000 CRNPS, ₹ 5.33 @ 8% on 7,50,000 CRNPS on pro-rata basis, ₹ 4.30 @ 8% on 11,25,000 CRNPS on pro-rata basis).

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.3 LONG-TERM BORROWINGS		
a. Secured Loans		
Term Loans		
From Banks	80,503.37	72,561.13
Less : Current maturities of long term debt *	9,795.86	7,125.78
Total	70,707.51	65,435.35

Nature of Security :

Term loans of ₹ 80,503.37 lacs (₹ 72,561.13 lacs) are secured by deposit of title deeds in respect of present and future immovable properties and hypothecation of present and future movable fixed assets on a pari-passu basis and second charge on current assets on pari-passu basis.

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Terms of Repayment of Term Loans :

Bank Name	Terms of repayment	Rate of Interest	Outstanding in FC (\$ in Million)	Outstanding in INR
Allahabad Bank	ECB repayable in 20 quarterly instalments commencing from June, 2016.	6 month LIBOR plus 4.5% p.a.	10.00	6,625.00
			(8.70)	(5,417.49)
Exim Bank	ECB repayable in 28 quarterly instalments commencing from June, 2016.	6 month LIBOR plus 4.75% p.a.	14.00	9,275.00
			(12.65)	(7,877.20)
IDBI Bank	ECB repayable in 24 quarterly instalments commencing from June, 2017.	6 month LIBOR plus 5% p.a.	13.00	8,612.50
			(13.00)	(8,095.10)
Axis Bank	ECB repayable in 20 quarterly instalments commencing from June, 2017.	6 month LIBOR plus 4.65% p.a.	15.00	9,937.50
			(15.00)	(9,340.50)
Axis Bank	ECB repayable in 20 quarterly instalments commencing from April, 2018.	6 month LIBOR plus 4.65% p.a.	10.00	6,625.00
			(10.00)	(6,227.00)
Axis Bank	FCNR (B) repayable in 21 quarterly instalments commencing from June, 2016.	6 month LIBOR plus 4.25% p.a.	14.88	9,855.00
			(8.06)	(5,016.11)
State Bank of India	FCNR (B) Repaid during the year.	6 month LIBOR + applicable spread p.a.	-	-
			(3.10)	(1,929.12)
State Bank of India	FCNR (B) repayable in 16 (20) quarterly instalments	6 month LIBOR + applicable spread p.a.	10.40	6,890.00
			(11.63)	(7,238.89)
State Bank of India	FCNR (B) repayable in 24 quarterly instalments commencing from June, 2016	6 month LIBOR + applicable spread p.a.	9.02	5,975.75
			(9.75)	(6,071.33)
RBL Bank	FCNR (B) repayable in 28 quarterly instalments commencing from December, 2016.	3 month LIBOR plus 4.25% p.a.	7.62	5,045.31
			-	-
State Bank of Hyderabad	RTL repayable in 4 (8) quarterly instalments. The company has entered into principal swap in USD.	SBH Base rate + 3% p.a.	3.73	2,472.36
			(7.47)	(4,649.34)
ICICI Bank	RTL repayable in 14(18) quarterly instalments. The company has entered into principal swap in USD.	ICICI Bank Base rate + applicable spread p.a.	7.89	5,228.47
			(10.15)	(6,318.47)
ICICI Bank	RTL repayable in 17 (20) quarterly instalments. The company has entered into principal swap in USD.	ICICI Bank Base rate + applicable spread p.a.	5.98	3,961.48
			(7.03)	(4,380.58)
Total			121.52	80,503.37
			(116.53)	(72,561.13)

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

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.4 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities		
a) Tax impact due to difference between tax depreciation and book depreciation	7,883.93	4,640.21
	7,883.93	4,640.21
Deferred tax assets		
b) Tax Impact of unabsorbed depreciation	4,538.63	–
c) Tax Impact of carry forward of business losses	429.18	–
d) Tax Impact of expenses charged off in financial statements but allowance under tax law deferred	75.98	88.59
	5,043.79	88.59
Total	2,840.14	4,551.62
Note 2.5 OTHER LONG-TERM LIABILITIES		
Trade deposits	449.53	261.75
Retention money	14.27	7.39
Total	463.80	269.14
Note 2.6 LONG-TERM PROVISIONS		
Provision for employees benefits		
- Gratuity	321.87	267.07
- Earned leave	10.28	–
Total	332.15	267.07
Note 2.7 SHORT-TERM BORROWINGS		
Secured		
Working capital borrowings from banks	25,201.39	8,967.22
Buyers credit for capital goods	1,707.59	2,013.33
Total	26,908.98	10,980.55

Nature of Security :

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

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.8 TRADE PAYABLES		
Other than micro, small and medium enterprises		
Trade payables :		
- For goods	5,047.43	940.55
- For services	882.59	374.52
- For capital goods	1,561.24	5,680.13
Micro, small and medium enterprises		
Trade payables :		
- For goods	27.58	15.07
- For services	1.48	–
- For capital goods	–	48.81
Total	7,520.32	7,059.08
Note 2.9 OTHER CURRENT LIABILITIES		
(a) Current maturities of long term debt	9,795.86	7,125.78
(b) Interest accrued but not due	514.58	441.80
(c) Unpaid dividend	5.56	5.43
(d) Statutory dues	228.04	169.79
(e) Advance from customers	105.36	79.64
(f) Interest payable on trade deposits	31.10	5.99
(g) Liabilities for expenses	375.89	263.60
Total	11,056.39	8,092.03
Note 2.10 SHORT-TERM PROVISIONS		
Current Tax (net of tax payment)	57.83	90.17
Dividend on equity shares	363.00	363.00
Dividend on preference shares	490.00	428.27
Tax on equity dividend	73.90	73.90
Tax on preference dividend	99.75	87.19
Total	1,084.48	1,042.53

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION & AMORTISATION				NET BLOCK
	As at 01.4.2015	Additions	Disposals / Adjustment	As at 31.3.2016	As at 01.4.2015	For the year	Disposals / Adjustment	As at 31.3.2016	As at 31.3.2016
Note 2.11 FIXED ASSETS									
(a) Current year									
Tangible assets									
Land									
- Freehold	724.98	-	-	724.98	-	-	-	-	724.98
- Leasehold	1,222.21	60.27	-	1,282.48	49.73	14.59	-	64.32	1,218.16
Buildings									
- Factory	3,471.24	13,570.55	-	17,041.79	1,426.89	113.02	-	1,539.91	15,501.88
- Non factory	3,114.17	6,018.00	-	9,132.17	496.00	100.89	-	596.89	8,535.28
Plant and equipments	61,693.21	57,555.42	25.01	1,19,223.62	23,993.94	2,230.40	16.97	26,207.37	93,016.25
Furniture and fixtures	1,069.50	97.38	1.81	1,165.07	752.60	106.09	1.45	857.24	307.83
Vehicles	288.44	24.05	-	312.49	196.10	33.39	-	229.49	83.00
Office equipments	69.68	29.86	-	99.54	56.32	11.39	-	67.71	31.83
Computers	186.58	82.49	1.25	267.82	152.10	35.25	1.23	186.12	81.70
Total	71,840.01	77,438.02	28.07	1,49,249.96	27,123.68	2,645.02	19.65	29,749.05	1,19,500.91
Intangible Assets									
Computer software	140.81	14.15	-	154.96	96.44	23.03	-	119.47	35.49
Total	140.81	14.15	-	154.96	96.44	23.03	-	119.47	35.49
Capital work in progress	61,993.48	13,290.31	74,825.96	457.83	-	-	-	-	457.83
Total	61,993.48	13,290.31	74,825.96	457.83	-	-	-	-	457.83

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION & AMORTISATION				NET BLOCK
	As at 01.4.2014	Additions	Disposals / de-recognition of revaluation	As at 31.3.2015	As at 01.4.2014	For the year	Disposals / de-recognition of revaluation	As at 31.3.2015	As at 31.3.2015
Note 2.11 FIXED ASSETS									
(b) Previous year									
Tangible assets									
Land									
- Freehold	916.34	47.07	238.43	724.98	-	-	-	-	724.98
- Leasehold	1,331.20	42.90	151.89	1,222.21	71.19	14.03	35.49	49.73	1,172.48
Buildings									
- Factory	3,970.96	-	499.72	3,471.24	1,721.47	118.54	413.12	1,426.89	2,044.35
- Non factory	2,598.34	555.71	39.88	3,114.17	462.19	59.14	25.33	496.00	2,618.17
Plant and equipments	62,439.72	2,136.42	2,882.93	61,693.21	24,360.97	2,226.64	2,593.67	23,993.94	37,699.27
Furniture and fixtures	1,004.07	65.74	0.31	1,069.50	621.13	131.78	0.31	752.60	316.90
Vehicles	287.49	33.36	32.41	288.44	180.81	45.62	30.33	196.10	92.34
Office equipments	63.84	5.84	-	69.68	36.07	20.25	-	56.32	13.36
Computers	145.42	42.58	1.42	186.58	127.78	25.48	1.16	152.10	34.48
Total	72,757.38	2,929.62	3,846.99	71,840.01	27,581.61	2,641.48	3,099.41	27,123.68	44,716.33
Intangible Assets									
Computer software	140.81	-	-	140.81	73.33	23.11	-	96.44	44.37
Total	140.81	-	-	140.81	73.33	23.11	-	96.44	44.37
Capital work in progress	16,749.45	45,258.22	14.19	61,993.48	-	-	-	-	61,993.48
Total	16,749.45	45,258.22	14.19	61,993.48	-	-	-	-	61,993.48

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.12 NON-CURRENT INVESTMENTS		
(Long term, at cost)		
Non trade		
(a) Investment in equity instruments :		
Unquoted		
3,07,300 (3,07,300) Equity shares of ₹ 10/- each fully paid up of Pan Emami Cosmed Ltd.	0.62	0.62
Quoted		
833 (833) Equity shares of ₹ 2/- each fully paid up of Emami Infrastructure Ltd.	0.09	0.09
4,66,500 (4,66,500) Equity shares of ₹ 1/- each fully paid up of Emami Ltd.	55.41	55.41
(b) Investment in government securities :		
(lodged with government authorities)		
5 years national saving certificates	0.60	0.60
6 years national saving certificates	0.02	0.02
7 years national saving certificates	0.01	0.01
Total	56.75	56.75
Market value of quoted investment	4,347.47	4,670.92
Aggregate book value of quoted investment	55.50	55.50
Aggregate book value of unquoted investment	1.25	1.25
Note 2.13 LONG - TERM LOANS AND ADVANCES		
Secured		
(a) Capital advances	1.85	107.56
Unsecured, considered good		
(a) Capital advances	664.73	901.11
(b) Deposits	1,222.47	1,039.78
(c) Loans and advances to employees	28.42	26.00
(d) Other loans and advances		
Cenvat credit receivable	342.60	342.60
Service tax refundable	21.19	21.19
MAT credit entitlement	2,370.29	2,142.46
Inter corporate deposits	272.00	272.00
Total	4,923.55	4,852.70
Note 2.14 CURRENT INVESTMENTS		
Non trade		
Government securities		
(lodged with government authorities)		
6 years national saving certificates	0.80	0.80
Total	0.80	0.80

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.15 INVENTORIES		
Raw materials	11,420.10	7,269.22
Work-in-progress	603.00	294.74
Finished goods	2,215.04	1,680.19
Stores and spares	3,041.61	2,318.56
Total	17,279.75	11,562.71
Inventory includes following inventories in transit :		
Raw materials	2,266.59	516.18
Stores and spares	9.46	9.71
Total	2,276.05	525.89
Note 2.16 TRADE RECEIVABLES		
Unsecured, considered good :		
Outstanding for a period exceeding six months from the date they are due for payment	29.81	17.53
Others	10,236.67	4,369.07
Total	10,266.48	4,386.60
Note 2.17 CASH AND BANK BALANCES		
Cash & cash equivalents		
Balances with banks		
- Current account	308.38	319.82
- Fixed deposit with banks (Original maturity of less than 3 months)	7,214.08	8,615.18
Cash in hand	14.28	6.52
Cheques in hand	0.39	3.52
Other bank balances		
Balances with banks in unpaid dividend accounts	5.56	5.43
Fixed deposit with banks for margin		
- Original maturity of more than 12 months	92.94	0.25
- Others	416.57	641.46
Total	8,052.20	9,592.18
Note 2.18 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Advance for supply of goods and for rendering services	1,507.29	1,108.98
(b) Advance income tax (net of provision)	63.88	63.33
(c) Deposits	147.61	164.41
(d) Other loans & advances		
- Prepaid expenses	139.18	92.54
- Interest receivable	62.84	67.95
- Cenvat credit receivable	3,258.32	1,995.70
- Receivable from sales tax authorities	30.88	122.13
- Advances to employees	84.57	65.71
Total	5,294.57	3,680.75

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.19 REVENUE FROM OPERATIONS		
Sale of paper & paper board	54,291.58	52,450.78
Other operating revenues	198.19	180.50
	54,489.77	52,631.28
Less : Excise duty	609.28	529.14
Total	53,880.49	52,102.14
Note 2.20 OTHER INCOME		
Insurance claim	17.79	12.21
Dividend from long-term investments	14.00	37.32
Profit on sale of current investments	535.89	554.01
Profit on sale of fixed assets	0.05	3.50
Foreign exchange fluctuation	52.19	73.56
Others	18.52	87.29
Total	638.44	767.89
Note 2.21 COST OF MATERIALS CONSUMED		
Waste paper & pulp	28,027.77	28,599.91
Chemical & others	3,769.74	3,498.12
Total	31,797.51	32,098.03
Note 2.22 CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS		
Opening stock		
Finished goods	1,680.19	571.65
Work-in-progress	294.74	131.75
	1,974.93	703.40
Closing stock		
Finished goods	2,215.04	1,680.19
Work-in-progress	603.00	294.74
	2,818.04	1,974.93
	(843.11)	(1,271.53)
Less: Changes in Inventories of finished goods and work-in-progress for the trial run period		
Opening stock		
Finished goods	–	–
Work-in-progress	103.84	–
	103.84	–
Closing stock		
Finished goods	1,384.28	–
Work-in-progress	594.36	103.84
	1,978.64	103.84
	(1,874.80)	(103.84)
Total	1,031.69	(1,167.69)

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Note 2.23 EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	2,872.28	2,626.39
Contribution to provident and other funds	252.65	234.03
Workmen & staff welfare expense	273.90	253.50
Total	3,398.83	3,113.92
Note 2.24 FINANCE COSTS		
Interest expense	1,695.63	2,122.62
Loss on foreign currency transaction and translation	499.92	510.24
Other borrowing costs	66.05	63.98
	2,261.60	2,696.84
Less : Interest received	647.82	1,189.67
Total	1,613.78	1,507.17
Note 2.25 DEPRECIATION AND AMORTISATION EXPENSES		
On Tangible assets	2,645.02	2,641.48
On Intangible assets	23.03	23.11
Total	2,668.05	2,664.59
Note 2.26 OTHER EXPENSES		
Consumption of stores and spare parts	2,420.38	2,181.75
Power and fuel	5,832.61	6,391.52
Manufacturing expenses	1,046.00	1,049.57
Rent	31.11	45.64
Repairs to building	109.45	25.96
Repairs to machinery	186.62	239.46
Repairs to others	93.10	88.63
Insurance	87.97	78.76
Rates and taxes	945.17	831.41
Donation	13.58	35.91
Directors' sitting fees	12.00	8.35
Freight outward	817.09	697.60
Selling expenses	585.54	539.57
Loss on sale of fixed assets	15.08	-
Miscellaneous expenses	732.09	710.92
Total	12,927.79	12,925.05

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

Note 2.27 CONTINGENT LIABILITIES AND COMMITMENTS

a) **Contingent liabilities not provided for in respect of :**

- i) Outstanding guarantees and letters of credit furnished by the bankers on behalf of the Company amounting to ₹ 4,178.45 lacs (₹ 1,735.86 lacs) are secured by hypothecation of current assets, as specified in Note 2.7 and those amounting to ₹ 1,062.09 lacs (₹ 436.03 lacs) are secured by deposit of title deeds of immovable properties and hypothecation of movable fixed assets, as specified in Note 2.3.
- ii) Sales tax / VAT / Income tax / entry tax / central excise duties / service tax / ESI contribution and other taxes under appeal / review – ₹ 469.19 lacs net of advances of ₹ 171.98 lacs (₹ 238.31 lacs net of advances of ₹ 137.47 lacs).
- iii) Bonds / undertakings given under EPCG scheme to custom authority – ₹ 5,565.02 lacs (₹ 5,963.21 lacs).
- iv) Withdrawal of incentive tariff of electricity by NESCO ₹ 46.26 lacs net of deposit of ₹ 61.93 lacs (₹ 46.26 lacs net of deposit of ₹ 61.93 lacs).

b) **Capital and other commitments :**

Estimated amounts of capital contracts remaining to be executed and not provided for (net of advances) ₹ 1,583.93 lacs (₹ 2,890.95 lacs).

Note 2.28 ENTRY TAX

As per the interim order of Honourable Supreme Court of India dated 03.02.2010 and 09.04.2013 the company is directed to deposit 1/3rd and 50% respectively of the entry tax on goods imported from outside and not manufactured within the state of Odisha. In pursuance to the said orders the company has deposited a sum of ₹ 506.93 lacs (₹ 377.35 lacs) as against total amount of ₹ 1,026.98 lacs (₹ 848.90 lacs) for the financial year from 2008-09 to 2015-16.

Note 2.29 DEFERRAL/CAPITALIZATION OF EXCHANGE DIFFERENCES

The Company has exercised the option permitted by Accounting Standard Amendment Rule, 2009 under the transitional provisions contained in Para 46 of Accounting Standard (AS) 11 (vide GOI Notification No. GSR 225(E) dated 31st March 2009 as amended by Notifications No. GSR 378(E) dated 11th May, 2011 and GSR 913 (E) dated 29th December, 2011). Accordingly, a sum of ₹ 1,462.45 lacs (₹ 1,208.65 lacs) being the exchange loss for the year arising on reporting of Long-Term Foreign Currency Monetary Items has been added to the cost of depreciable capital asset as at 31st March 2016. The net exchange loss of ₹ 13,645.86 lacs (₹ 12,183.41 lacs) in the carrying amount of the depreciable capital asset(s) as on the Balance Sheet date would be depreciated over the remaining useful life of the assets.

Note 2.30

The company has incurred during the year a sum of ₹ 177.29 lacs (₹ 155.95 lacs) towards Corporate Social Responsibility within the purview of CSR expenditure as specified in Schedule-VII to the Companies Act, 2013.

Note 2.31 DISCLOSURES REQUIRED UNDER THE MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT

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

Note 2.32 REVALUATION

Land, buildings and plant & machinery of the Gulmohar unit and paper machine-1 of Balasore unit were revalued as on 01.04.1998 and 01.04.1999 respectively. Since such revaluation does not exhibit true valuation of the assets involved, the same has been de-recognized in the year 2014-15. As such net book value of ₹ 629.27 lacs arisen on such revaluation has been written off and adjusted with the corresponding assets during the year 2014-15.

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	2015-16		2014-15
Note 2.33 CAPITAL WORK-IN-PROGRESS INCLUDES THE FOLLOWING PRE-OPERATIVE AND TRIAL RUN EXPENSES PENDING ALLOCATION/ CAPITALIZATION			
Interest & financial charges		2,969.99	1,662.13
Foreign exchange fluctuation		3,549.70	877.58
Pre-operative expenses		463.06	1,048.94
Project inventory		–	393.03
Power & Fuel		–	800.08
Work-in-progress (trial run)		–	103.84
Trial run expenses (net) -			
Revenue	30,797.69		
Other Income	63.62		
	30,861.31		
Expenses			
Cost of Materials Consumed	25,164.57		
Changes in Inventories of finished goods and work-in-progress	(1,874.79)		
Employees Benefits Expenses	1,648.93		
Finance Cost	1,149.95		
Consumption of Stores and Spare Parts	1,309.63		
Power and Fuel	3,592.68		
Manufacturing Expenses	519.89		
Rates & Taxes	298.21		
Foreign Exchange Fluctuation Loss /(Gain)	258.02		
Other Overhead Expenses	703.45		
	32,770.54	1,909.23	444.38
Add : Expenditure incurred upto Previous Year		12,672.38	7,342.40
Total		21,564.36	12,672.38
Less : Allocation to Fixed Assets		21,564.36	–
Total		–	12,672.38

Note 2.34

The company has started commercial production of newly commissioned Board Plant at Balasore, Odisha from 25th March, 2016.

Particulars	31st March, 2016	31st March, 2015
Note 2.35 VALUE OF IMPORT ON CIF BASIS DURING THE YEAR (INCLUDING TRIAL OPERATIONS)		
a) Raw material & chemicals	25,817.02	5,960.69
b) Stores and spares	484.65	300.17
c) Capital goods	689.58	19,634.92
d) Others	403.24	92.68

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Particulars	31st March, 2016	31st March, 2015
Note 2.36 EXPENDITURE INCURRED IN FOREIGN CURRENCY DURING THE YEAR (INCLUDING TRIAL OPERATIONS)		
a) Interest & financial charges paid to scheduled banks	3,545.84	2,016.71
b) Other interest	92.17	73.42
c) Travelling expenses	43.09	84.37
d) Professional fees	247.00	451.60

Particulars	31st March, 2016		31st March, 2015	
Note 2.37 IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARE PARTS CONSUMED DURING THE YEAR	₹ / lacs	%	₹ / lacs	%
a. Consumption of raw materials & chemicals (including trial operations)				
Indigenous	35,631.99	62.55	26,443.86	82.38
Imported	21,330.10	37.45	5,654.17	17.62
Total	56,962.09	100.00	32,098.03	100.00
b. Consumption of stores & spares (including trial operations)				
Indigenous	3,176.03	85.15	1,911.69	87.62
Imported	553.98	14.85	270.06	12.38
Total	3,730.01	100.00	2,181.75	100.00

Particulars	31st March, 2016	31st March, 2015
Note 2.38 EARNINGS IN FOREIGN CURRENCY (INCLUDING TRIAL OPERATIONS)		
Export of goods on FOB basis	714.73	Nil

Note 2.39 EARNINGS PER SHARE (EPS)		
Net Profits after tax (₹ in lacs)	2,791.91	1,216.62
Less:		
Proposed Dividend on Preference Share	490.00	428.27
Tax on Proposed Preference Dividend	99.75	87.19
Net Profit available for Equity Share Holders	2,202.16	701.16
Number of equity shares (Nos. lacs)	604.99	604.99
Basic and diluted earnings per share (₹)	3.64	1.16
Nominal Value per share (₹)	2.00	2.00

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)**Note 2.40 RELATED PARTY DISCLOSURES**

a. Key management personnel	Other Directors
Shri A.V. Agarwal, Executive Chairman	Shri J.N. Godbole, Independent Director
Shri Manish Goenka, Whole time director	Shri S.Balasubramanian, Independent Director
Shri P.S. Patwari, Executive Director	Shri H.M. Marda, Independent Director
Shri M.B.S. Nair, Director Operations	Shri J.K. Khetawat, Independent Director
Shri S.K. Khetan, President (Finance) & CFO	Shri U.G. Bhat, Independent Director
Shri G.Saraf, VP (Finance) & Secretary	Smt Richa Agarwal, Non-Executive Director

b. Relatives of key management personnel	c. Enterprises where key management personnel and their relatives are able to exercise significant influence
Shri R. S. Agarwal	Emami Limited
Smt. Usha Agarwal	Emami Cement Limited
Shri Harsh Vardhan Agarwal	Emami Capital Market Limited
Smt. Preeti Sureka	AMRI Hospitals Limited
Shri Shyam Patwari	Oriental Sales Agencies (India) Private Limited
	Suntrack Commerce (P) Ltd.
	Sneha Enclave Private Limited
	Sneha Gardens Private Limited
	Emami Estates Private Limited
	Bhanu Vyapaar Private Limited
	Auto Hi-Tech Private Limited
	Diwakar Viniyog Private Limited
	Pan Emami Cosmed Ltd
	TMT Viniyogan Limited

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

(₹ in Lacs)

Particulars	Key management personnel		Relatives of key management personnel		Enterprise described in (c) above		Total	
	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Remuneration to Key Management Personnel	485.74	409.47	-	-	-	-	485.74	409.47
Rent, Maintenance & Other Charges Payable	0.53	0.53	1.44	1.44	100.30	90.01	102.27	91.98
Salary Paid	-	-	24.34	18.51	-	-	24.34	18.51
Preference Share allotment	-	-	-	-	-	2,000.00	-	2,000.00
Reimbursement for SAP maintenance	-	-	-	-	42.35	21.09	42.35	21.09
Reimbursement of professional fees	-	-	-	-	-	2.12	-	2.12
Purchase of services	-	-	-	-	-	0.81	-	0.81
Interest received	-	-	-	-	550.35	643.46	550.35	643.46
Interest on inter corporate deposits	-	-	-	-	-	0.10	-	0.10
Dividend Received	-	-	-	-	13.99	37.32	13.99	37.32
Balance as on 31st March								
- Investments	-	-	-	-	55.41	55.41	55.41	55.41
- Security Deposit Given	-	-	-	-	25.83	25.83	25.83	25.83
- Creditors	-	-	-	-	-	16.88	-	16.88
- Inter Corporate Deposit	-	-	-	-	272.00	272.00	272.00	272.00
- Interest receivable on ICD	-	-	-	-	34.68	34.68	34.68	34.68

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Note 2.41 GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT

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

Particulars	2015-16		2014-15	
	Gratuity	Leave encashment	Gratuity	Leave encashment
	Funded	Funded	Funded	Funded
A Components of employer expenses				
1 Current service cost	77.43	40.04	63.53	11.08
2 Interest cost	73.03	17.55	63.83	13.29
3 Expected return on plan assets	(52.35)	(20.67)	(47.30)	(17.15)
4 Actuarial losses/(gains)	(40.81)	33.85	103.32	(7.43)
5 Total expenses recognized in the statement of profit & loss	57.30	70.77	183.38	(0.21)
B Net asset/(liability) recognized in balance sheet				
1 Present value of defined benefit obligation	941.26	263.86	879.52	173.77
2 Fair value of plan assets	619.39	253.58	612.45	232.76
3 Net asset/(liability) recognized in balance sheet	(321.87)	(10.28)	(267.07)	58.99
C Change in defined benefit obligation during the year				
1 Present value of Defined Benefit Obligation at the beginning of period	879.52	173.77	716.14	158.56
2 Current service cost	77.43	40.04	63.53	11.08
3 Interest cost	73.03	17.55	63.83	13.29
4 Actuarial (gains)/losses	(43.01)	33.09	100.73	(7.76)
5 Benefits paid	(45.71)	(0.59)	(64.71)	(1.40)
6 Present value of Defined Benefit Obligation at the end of period	941.26	263.86	879.52	173.77
7 Actual Return on plan assets	50.16	19.91	44.71	16.82
D Change in fair value of assets				
1 Plan assets at beginning of period	612.45	232.76	573.27	197.08
2 Expected return on plan assets	52.35	20.67	47.30	17.15
3 Actuarial gains/(loss)	(2.20)	(0.76)	(2.59)	(0.33)
4 Actual company contributions	2.50	1.50	59.18	20.26
5 Benefits paid	(45.71)	(0.59)	(64.71)	(1.40)
6 Plan assets at the end of period	619.39	253.58	612.45	232.76
E Actuarial assumptions				
1 Mortality table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
2 Discount rate (%)	8.00%	8.00%	8.00%	8.00%
3 Expected return on plan assets (%)	8.50%	8.50%	8.00%	8.00%
4 Rate of escalation in salary (per annum)	6.00%	6.00%	5.00%	5.00%

**Notes to Financial Statements** for the year ended 31st March, 2016 (Contd.)

(₹ in Lacs)

Present value of the defined benefit obligation and fair value of the plan assets

Position at year end	As at 31.03.2016		As at 31.03.2015		As at 31.03.2014		As at 31.03.2013		As at 31.03.2012	
	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave
Obligations	941.26	263.86	879.52	173.77	716.14	158.56	601.72	138.05	569.50	132.90
Fair value of plan assets	619.39	253.58	612.45	232.76	573.27	197.08	516.39	174.98	512.23	162.13
Surplus/(deficit) in the plan	(321.87)	(10.28)	(267.07)	58.99	(142.87)	38.52	(85.33)	36.93	(57.27)	29.23

Experience adjustment percentage

Particulars	For the year ending									
	31.03.2016		31.03.2015		31.03.2014		31.03.2013		31.03.2012	
	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave	Gratuity	Leave
% of Opening Plan Liabilities	7.90%	10.38%	4.45%	3.28%	-8.00%	-2.66%	-	-	-	-
% of Opening Plan Assets	-0.36%	-0.33%	-0.45%	-0.17%	-0.41%	-0.41%	-	-	-	-

Particulars	31st March 2016	31st March 2015
Note 2.42 PAYMENT TO AUDITORS		
As auditors		
Audit fee	13.74	7.87
Tax audit fees	1.17	1.20
Branch auditors	1.83	1.80
In other capacity		
For certification		
- To statutory auditors	4.75	2.75
- To branch auditors	-	0.23
Out of pocket expenses to branch auditors	0.32	0.36
Total	21.81	14.21

Note 2.43 **EXPOSURE TOWARDS FOREIGN CURRENCY BORROWINGS NOT HEDGED BY A DERIVATIVE INSTRUMENT OR OTHERWISE**

The newsprint prices generally move in tandem with landed cost of imported newsprint and also carry a risk of rupee appreciation. To mitigate this risk of rupee appreciation, the company has availed foreign currency borrowings which are unhedged. The company is having natural hedging for its' foreign currency borrowings from direct export and from sale of newsprint, being an import substitute product. Unhedged foreign currency exposure by a derivative instrument or otherwise are given below :-

Particulars	Currency	Foreign Currency (in Million)		Amount (₹/Lacs)	
		31.03.16	31.03.15	31.03.16	31.03.15
Amounts payable in foreign currency	USD	157.89	136.20	1,04,605.02	84,811.87
	EURO	2.30	2.42	1,731.34	1,627.09
	GBP	0.50	0.50	477.60	462.85
				1,06,813.96	86,901.81

Notes to Financial Statements for the year ended 31st March, 2016 (Contd.)

Note 2.44

The company's business activity falls within a single primary business segment which is "Manufacture of Paper & Paper Board" and the Company primarily operates in India and thus the disclosure requirements of AS- 17 "segment Reporting", notified in the Companies (Accounting Standard) Rules, 2006 are not applicable.

Note 2.45

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

Note 2.46

The Company has entered into operating lease agreements for office space, godowns, and guest house. The total charge to statement of profit and loss for the year on account of operating lease is ₹ 35.42 lacs.(₹ 32.83 lacs).

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

Note 2.47

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

In terms of our attached report of even date

For **S. K. AGRAWAL & CO.**

Chartered Accountants

Firm Registration Number : 306033E

S. K. Agrawal

Partner

Membership No. 9067

Place : Kolkata

Date : 24th May, 2016

S. K. Khetan

President (Finance) & CFO

G. Saraf

V. P. (Finance) & Secretary

A. V. Agarwal

Manish Goenka

P. S. Patwari

Directors

Glimpse of the 33rd Annual General Meeting





**Glimpse of the Shree Jagannath Temple at
Emami Nagar, Balgopalpur, Balasore, Odisha**



Emami Paper Mills Limited

CIN : L21019WB1981PLC034161

Registered Office : 687, Anandapur, E. M. Bypass, Kolkata-700107

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