



TURNING A NEW PAGE

EMAMI PAPER MILLS LIMITED ■ ANNUAL REPORT, 2010-11

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to help investors to comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

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

What you will find in this report

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CORPORATE INFORMATION

Board of Directors

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

Vice President (Finance) and Secretary

Shri G. Saraf

Auditors

M/s S.K. Agrawal & Company
Chartered Accountants,
4A, Council House Street,
Kolkata – 700 001.

Unit Auditors

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

Bankers

State Bank of India
ICICI Bank Limited
DBS Bank Limited
State Bank of Bikaner and Jaipur
Indian Overseas Bank
IDBI Bank Limited

Works

- Balgopalpur,
Balasore 756 020 (Orissa)
- R.N. Tagore Road, Dakhineswar,
Kolkata 700 035 (West Bengal)

Registered Office

687, Anadpur,
E.M. Bye Pass, Kasba Golpark,
Kolkata 700 107
Tel: 033 6613 6264
Fax: 033 6613 6400
Email: emamipaper@emamipaper.in



MANAGEMENT'S DISCUSSION AND ANALYSIS

Global Economy

The global economic recovery, which began in 2009, continued into 2010 and is expected to continue in the coming years. The developing countries were the main drivers of global economy, wherein they contributed 46 per cent of the total growth in 2010. The growth in developed economies is expected to remain weak, while that in emerging economy – China, India and Brazil – are likely to remain buoyant.

Indian Economic Overview

The Indian Economy has posted a remarkable recovery during the current financial year not only in terms of overall growth but also displayed fundamental strength, which is reflected in the growth of GDP by 8.6% in comparison with the growth rate of 7.4% achieved last year. Indian economy is emerging as the second fastest growing economy in the world after China. The Government and the Planning Commission expect the Indian economy to grow at the rate of 9% in 2011-12, which will simultaneously lead to the growth of paper industry.

Indian Paper Industry

India ranks 15th among the paper producing countries in the world and is highly fragmented with about 700 units spread across the country with installed capacity of 9.2 million tons. The Paper Industry has been granted the status of a priority sector for foreign collaboration and foreign equity participation up to 100% and is entitled to receive automatic approval from Reserve Bank of India.

The Paper Industry is also an important industrial sector having a bearing on the socio economic development of the country. Significant investments are being made in capacity creation and technological advancement especially in the

writing & printing segment, which will derive advantages of size, enhance production efficiencies, improve productivity and quality and respond to the challenges of the changing business environment. Companies producing high quality products and pricing at competitive rates alone can sustain and flourish in the domestic and international market.

The per capita consumption in India is about 8.5 kg, which is much lower than World average of 55 kg and Asia average of 45 kg. Given the Indian population over one billion and considering its fast developing economy, there is a great scope that Indian paper industry will grow steeply in a very short span of time. The increasing literacy, increasing consumerism, urbanization, growth in service sector are considered to be the main industry drivers for Indian paper industry and it is estimated that it will grow at a CAGR of 10.7% from Rs. 317 billion in 2009-10 to Rs. 526 billion by 2014-15. The demand of paper in India is expected to grow 8% over 10 years with India's consumption being placed at 20-25 million tons by 2020.

Indian Newsprint Industry

The newsprint market in India is characterized with voluminous demand and high growth rate. However, capacity of Indian paper mills is insufficient to meet the demand and almost 50% of the demand is met by way of import of newsprint. Thus this market is still very much open to absorb further expansions by the Indian players, provided quality newsprint as per customer requirements are supplied at a competitive price.

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

- Nearly 24% of the household have newspaper

subscription.

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

India has more daily newspaper than any other nation and out of world's 100 largest newspapers 20 are Indian. The demand of newsprint in India is expected to grow at a rate of 9% and India's paper consumption will increase from 2 million tons in 2010-11 to 3 million tons in 2015-16.

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

Industry drivers

- **Education:** In Budget 2011-12, the government allocated Rs. 52,057 crore for education, increasing it 24% over the last year. Also Rs. 21,000 crore for Sarva Siksha Abhiyaan (the government's programme that secures the right of children to free, compulsory education) was allocated, increasing it 40% from the last year Rs.15,000 crore.
- **Literacy:** India's effective literacy touched 74.04%

(provisional census data 2011), catalysing paper demand. As literacy rises further, annual paper consumption is expected to double in India to 20 million tons by 2020.

- **Regional:** There is a substantial growth in the market for vernacular newspapers, the first spin-off benefit of an increase in literacy rate in Tier II and Tier III Indian locations.
- **Service industry:** The Indian GDP growth was catalysed largely by the growth of the service sector, which is expected to grow at 10.3% in 2011-12, accounting for 68% of the GDP. Service sector growth is catalysing the demand for paper.
- **Per capita consumption:** India emerged as the fastest growing major global market for writing and printing paper consumption, reporting a significant rise in 2010-11 even as its per capita consumption remained a modest 9.6 kg compared with 350 kg in some developed countries – a large potential upside.
- **Advertisement revenues:** Advertisement revenues for newspaper companies grew at a CAGR of 14.7% over the last five years (Source: CRISIL). Advertising revenues accounted for over 60% of total newspaper revenues. The print media is expected to generate advertising revenue of US\$2.2 billion in 2011, expected to grow at a healthy 12% between FY10-14P. This is expected to widen newspaper reach, readership, content increase and circulation.

Emami's industry presence

The Indian paper industry is expected to attract Rs 10,000 crore investments in three to five years across greenfield



and brownfield projects. Emami Paper Mills Limited (EPML) is the largest newsprint manufacturer in India with an installed capacity of 145,000 TPA. EPML recorded another strong financial performance this year and achieved record production utilising the plant capacity of almost 100%.

EPML now intends to leverage its rich newsprint experience to enter the writing and printing paper segment with a virgin pulp W&P paper manufacturing capacity of 175,000 TPA with a project cost of Rs 1,225 crore supported by proximate plantation areas. The plant, intended to be located in Orissa, is likely to be operational by 2014.

The company enjoys a locational advantage owing to its proximity to the Haldia Port (200 Km), coal availability from Mahanadi Coalfield (250 Km) ensuring lower logistic cost. It is also connected with dedicated feeder of 132 KV EHT line to ensure uninterrupted power supply. The company will have further advantage of availability of wood/bamboo and other inputs within its catchment areas. In line with the company's plans to install an Integrated Pulp & Paper plant to produce high end Printing & Writing graphic papers from virgin pulp, the company has set up a full-fledged department known as Agro-Forestry Division at Balasore to develop a sound raw material base within its catchment area. Nurseries in various districts of Orissa and West Bengal have been established to provide sapling of Eucalyptus, Acacia and Casuarinas to farmers for pulp wood tree plantation under farm forestry schemes.

SWOT Analysis

Strengths

- Lowest cost manufacturer with modernized production method

- Strategic location – proximity to raw materials, logistics advantage and nearness to the market
- Pan India presence
- In-house technical team to ensure better end-product
- Qualified and technical manpower
- Strong Research and Development team for continuous product development and cost reduction

Weakness

- The Company produces paper and newsprint from 100% recycled fibre, which is a shade below from paper produced from virgin fibre
- Raw material availability at a reasonable price

Opportunities

- Large and growing domestic market
- Huge potential in export market
- Capacity expansion

Threat

- Increasing coal and logistic cost
- Small and unorganised industry players
- Cheap dumping from export countries
- Negative budgetary policies for paper industry

IT support

The company has implemented a SAP ECC 5.0 - ERP in July 2010. The Implementation was done at the Centralized Data centre covering Kolkata Corporate Office, Balasore and Kolkata Plant. The entire implementation was completed in record time of 10 months with business processes for Materials Management, Sales & Distribution, Production, Quality and Accounting mapped in SAP. SAP supports company's complex business process with ease. SAP helps

to streamline business processes, better connectivity and information flow across the company. It facilitates accelerated and informed decision making by providing flawless information and wide scope of data analysis within a very short span of time. It also reduced paper work by using online use of information system; reduced cycle time of order processing and is now a single platform for all users to share and view data. After overcoming the initial hinges the system has become stabilized and meeting our customised information requirements; and now we are planning to implement SAP-HR and Project systems in 2011-12.

Human resource

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

Internal audit and control

The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business. The control system ensures that –

- All assets are safeguarded and protected against any loss, wastage and unauthorised usage or disposition.
- All transactions are authorised, recorded and reported correctly.
- Accounting records are properly maintained with an adequate internal control system which is properly documented with policy guidelines, authorisation and approval procedures.

- Reliable financial statements are prepared according to an established management information system (MIS).

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

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

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

Cautionary statement

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



DIRECTORS' REPORT

Dear members

Your Directors take pleasure in presenting their Twenty-Ninth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2011.

Financial Results

(Rs. in Lacs)

	2010-11	2009-10
Operational Income	43,218.24	39,789.42
Profit before interest and depreciation	6,626.09	6,512.20
Less: Interest (net)	2,157.87	2,393.45
Profit Before Depreciation & Tax	4,468.22	4,118.75
Depreciation	2,723.61	
Less: Transfer from Revaluation Reserve	66.02	2,940.90
Profit Before Taxation	1,810.63	1,177.85
Less : Provision for Current taxation	359.90	
Income tax for earlier years	2.49	
Provision for deferred tax	420.73	
MAT Credit entitlement	(359.01)	478.91
Profit after Tax	1,386.52	698.94
Add : Surplus brought forward	568.13	793.88
Balance available for appropriation	1,954.65	1,492.82
Appropriations		
Proposed Dividend	363.00	363.00
Tax on Dividend	58.89	61.69
Transfer to General Reserve	500.00	500.00
Balance carried forward	1,032.76	568.13
	1,954.65	1,492.82

Financial performance

Your Company reported another strong performance this year as it extended its leadership in newsprint segment. Your Company continued its dominance in being the lowest cost newsprint manufacturer and extended its market presence. This allowed the company to deliver superior value to the stakeholders.

Net Sales grew 11.42% from Rs. 385.78 crores in 2009-10 to Rs. 429.84 crores in 2010-11 due to significant increase in existing business volumes. The Company also achieved a record production of 144712 MT during the year achieving plant capacity utilization of almost 100%.

Your company registered a 54% growth in profit before tax to Rs. 18.11 crores in 2010-11 against Rs. 11.78 crores in 2009-10. Profit after taxation also jumped over 98% from Rs. 6.99 crores in 2009-10 to Rs. 13.87 crores.

In view of the paper market condition looking much favorable, the working results of the company are expected to be significantly better in the coming years.

Dividend

Your Directors are pleased to recommend a dividend of 30% for the financial year ended March 31, 2011. The Dividend, if approved by the shareholders, will absorb Rs. 423.29 lacs (including the dividend tax of Rs. 60.29 lacs).

Operations and outlook

Your Company is the largest manufacturer of Newsprint in India and registered an overall improved performance in 2010-11, where all business verticals and sub-segments grew at a robust pace. The average realization in newsprint and writing and printing paper increased by 17 per cent over 2009-10.

Emami Paper's philosophy is to actively engage with the customers not only in providing them with the right quality of products but also to provide solutions to their need through its dedicated technical service team. This has helped in attaining quick market penetration in high end newsprint sector.

The Company continued its excellence in operations with modernized technology, backed by efficient intellectual capital – resulting in zero breakdowns or rejections.

Paper industry is poised for growth and has a linear relationship with GDP of our economy. With the GDP expected to be at around 9 percent during 2011-12, the paper industry will grow simultaneously at 8 per cent over the next 10 years. This will translate into positive results for the Company and higher returns for our stakeholders.

Environment management

Emami Paper Mills Limited (EPML) continues to be committed to its responsible manufacturing practices and has implemented several environment-friendly processes under its well-defined Environment Policy. Some of its environmental policies are:

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

EPML always makes constant efforts to better the standards set by the Pollution Control Board, ensuring sufficient energy conservation with higher waste recycling.

EPML has adopted one of the best Integrated Management Systems (IMS), duly certified by M/s DNV (M/s Det Norske Veritas AS, Netherlands) through their Surveillance and Recertification Audits, covering the following:

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

The management is committed to saving the environment and upholding human safety and health. EPML has implemented its policies and focuses on environment, health and safety, quality and energy as under:

- Complying with all relevant legislative requirements
- Reducing pollution load in terms of liquid discharge, air emission and land conservation



- Saving energy and preserving natural resources like water, raw material, fuels
- Generating awareness on environment, safety and health
- Minimising unsafe acts and working conditions
- Promoting comprehensive programmes to propagate health and environmental safety.

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

- State-of-art effluent treatment plant
- Sludge dewatering system
- Managing solid wastes through recycling
- Feeding of ETP sludge to boiler for power generation
- Rainwater harvesting

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

Mill expansion plans

In line with the planned expansion projects, the Company has firmed up plans for installing Printing & Writing Paper Machine of 175,000 tpa and Elemental Chlorine Free (ECF) Bamboo/Wood Pulp Mill of 150,000 tpa, Captive Power Plant of 32 MW along with required Water Intake and Treatment facilities at a project cost of Rs. 1,225 crores in the 1st Phase. Approvals are in process for land acquisition, environment clearance, water clearance and financial tie-up among others.

As a part of above, the Company has acquired state of the art used Paper Machine from Sweden. It has also floated global tender for the main process equipment. Location of the these facilities adjacent to the existing mill at Balasore provides advantage in terms of utilization of available resources, well established infrastructure and proximity to the coalfield, port, railway siding and highway facilities.

New vista – ‘agro-forestry’

In line with Company’s plans to install an Integrated Pulp & Paper Plant to produce high end Printing & Writing graphic papers from virgin pulp out of bamboo/wood as pulpable raw materials, the Company has set up a full fledged department known as Agro-Forestry Division at Balasore to develop a sound raw material base within its catchment area.

Nurseries in various districts of Orissa and West Bengal have been established to provide saplings of Eucalyptus,

Acacia & Casuarina to farmers for pulp wood tree plantations under farm forestry schemes. Apart from the seed root origin based saplings, the Company has planned to use higher technology aided clonal saplings to increase productivity. A Research and Development Centre for multiplication of clones of Eucalyptus and Casuarinas has started functioning at Balasore with an initial capacity of 10 lacs clonal saplings per year which will be increased to 50 lacs clonal saplings.

The above programme will mean the following direct and indirect advantages to the region.

1. It will provide productive use of the farmers’ land particularly in the non-irrigated areas.
2. It will provide 200 man days per Ha per annum of employment to the rural population.
3. Apart from bringing in the dramatic change in the earning capacity of farmers, it will improve soil condition of the arid land which can help arrest of degradation and erosion.
4. It will also work as huge carbon sink to reduce the GHG problem.

The Agro-Forestry Division has also taken up activities to motivate the farmers/villagers to practice inter-cropping of vegetables, pulses, etc. along with tree plantation to get more interim revenue out of these fast growing crops.

Community responsibility

We at Emami Paper, extend our responsibility, not only to our employees and shareholders but also to the community. Over the years, we have worked with dedication towards enriching lives across the community. A sense of responsibility towards society is inherent to Emami’s concept of entrepreneurship. Under CSR, the major thrust areas include health care, drinking water, education and community service schemes to neighbouring villages and supporting them during natural calamities.

Our healthcare activities range from operating local first aid centres, free health services and health camps through which we provide ayurvedic, homeopathic and allopathic medicines. In the community service schemes, Emami is always ahead in installing and maintaining tube wells, street lights, road repairs, sponsoring sports activities, mass marriages, religious and social activities through local groups. With regards to education, the Company makes regular contribution to the Friends of Tribals Society (FTS)

for education to tribals in rural areas and also to various schools and colleges. During the year, the Company adopted Fulkiari, a village with a population of 200 and provided them with basic amenities to raise living standards.

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

Awards

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

- First Prize for "NATIONAL ENERGY CONSERVATION AWARD" for the Pulp & Paper Sector from the Ministry of Power, Government of India for the year 2009-10.
- First Prize for "ENERGY CONSERVATION AWARD" from the Indian Paper Manufacturers Association for the year 2009-10.
- The years of excellence by our CEO & Executive Director Mr. P.S. Patwari resulted in him recognized as "CA Business Achiever Award" in the SME category for excellent management for the year 2010 by the Institute of Chartered Accountants of India.
- Excellence Award for excelling in the field of "Corporate Social Responsibility" by All India Small & Medium Newspapers Federation, New Delhi, Orissa Unit.

Group for interse transfer of shares

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

Corporate governance

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

Directors' responsibility statement

Your Directors have:-

1. Followed the applicable accounting standards in the

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

Directors

Shri U.G. Bhat, Shri A.V. Agarwal, Shri R.S. Goenka and Shri H.M. Marda retire by rotation and being eligible, offer themselves for re-appointment.

Auditors' report

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

Auditors

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

Energy, technology and foreign exchange

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

Personnel

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

Acknowledgement

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

For and on behalf of the Board

Kolkata
May, 30, 2011

R.S. Goenka
Executive Chairman



ANNEXURE-I TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March, 31, 2011.

A. Conservation of energy:

i) Energy conservation measures taken:

- DIP- I: The screening system has been modified with energy-efficient equipment. The conduct of performance efficiency study optimized the throughput of Pulper, DI Cell, disc filters and the screw press
- PM-I: Installed online quality control system (QCS) for controlling basic quality parameters of paper, reducing steam consumption. Installation of VFD in the machine chest pump improved ash retention
- PM-II: Replaced the old vacuum pump with a new, energy-efficient vacuum pump
- DIP-III: Impeller trimming and retrofitting done for the pumps
- PM-III: Installed VFDs in fibre recovery and blending chest pumps. The pumps were replaced with correct capacity after the system study in Tri-vac seal pit pump
- Power plants and ETP: Installed VFD in cooling tower fan no.1. The remaining two fans were made to star connections. Further in ETP, the old pump was replaced with another with optimum capacity

ii) Additional investment and proposal, if any, being implemented for reduction of consumption of energy:

- External Audit has been conducted by CII. Based on the report, new schemes are being identified for -
 - PP-II - Replacement of energy-efficient cooling water circulation pump
 - Heat pump for cooling water
 - Energy-efficient lighting system
 - PM-III - Hood insulation work
 - VFDs for some of the pumps which run below 70% load
- Installing Harmonic filter in PM-III drives section
- Replacing DC motors in fan pump and primary centric-cleaner pump with AC motor (with VFDs in PM-III)
- Optimising capacity through installation of pumps with correct capacity, speed reduction and impeller trimming
- Reducing utilisation of fresh water by recycling and reusing water
- Identifying non-conventional energy projects and executing them

iii) Impact of the measures

- The above measures resulted in reduction of power consumption, steam, water and other key inputs

iv) Power and fuel consumption

- As per Form 'A' annexed.

FORM "A"

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

Power & fuel consumption

		2010-11	2009-10
1. Electricity:			
a) Purchased units (in lacs)	Kwh	132.28	123.38
Total amount	Rs. in lacs	688.84	565.66
Rate/unit	Rs./Kwh	5.21	4.58
b) Own generation (through steam turbine) (in lacs)	Kwh	1,284.52	1,302.48
Variable cost	Rs. in lacs	3,523.85	3,401.61
Rate/unit	Rs./Kwh	2.74	2.61
2 Coal:			
Quantity	MT	1,98,994.00	2,01,655.00
Total cost	Rs. in lacs	3,618.89	3,493.64
Average rate	Rs./MT	1,819	1,732
3. Furnace oil			
	Ltrs	-	-

Consumption per unit of production

		2010-11	2009-10
Electricity	Kwh	866	881
Furnace oil	Ltrs	-	-
Coal	Kgs/MT	1,375	1,415

B. TECHNOLOGICAL ABSORPTION

i) Research & Development:

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

- The online quality control system (QCS) and modification of head box improved the productivity of PM-I. This also resulted in improvement of writing & printing paper quality parameters
- Optimization of ash level in writing & printing paper
- Maintenance of a consistent brightness parameter for S.S Maplitho for a new shade (writing & printing paper)

- Optimization of de-inking and bleaching chemicals for de-inked newsprint pulp
- Optimization of wet-end, size press optical whitener and dyes in PM-I
- Conduct of system study for de-inking plants and optimizing the performance of equipment
- Optimization of paper-making chemicals without affecting productivity and quality
- Cooling water chemical consumption is optimized by the adaptation of 'tracer technology' in power plants
- Studies conducted on ETP chemical (Flocculent) for optimization of consumption.



- b) Benefits derived as a result of the above R&D projects:
- Improved the quality of writing and printing paper with successful commercialisation of S S Maplitho with a new shade
 - Reduced steam consumption by installing online quality control system (QCS)
 - Reduced cost of pulp production due to optimization of de-inking, bleaching and H2O2 chemicals dosing
 - Optimisation of stickies and deposit control chemical programme, reducing the cost of paper production with better runability
 - Use of high brightness filler helped in reducing the brightness reversion of de-inked newsprint pulp
 - New flocculent used in ETP resulted in better performance with reduced cost
 - The above measures resulted in cost reduction, input substitution, safer environment and strategic resource management
- c) Future plan of action:
- Installation of filtration unit in the outlet of ETP for water recycling
 - Continuous research on improvement of pulp yield of waste paper resulting in optimization
 - Studies on preparation of enzymatic starch and use of in-size press for oxidised starch
 - Conduct studies on optimization of wet-end chemicals like pigment dye, alum, de-foamer and OBA for writing & printing paper
 - Conduct studies on use of size press additive to reduce AKD at wet-end in PM-I
 - Conduct studies on optimization of de-inking and bleaching chemicals for newsprint and writing & printing pulp
 - Conduct studies on use of coagulant in place of alum and sulphuric acid for sludge dewatering
 - Studies on optimization of moisture in writing & printing paper

- d) Expenditure on R & D
- No separate accounting for Research and Development activities was made as the same was connected with process and product development

ii) Technology absorption, adaptation and innovation

- a) Efforts, in brief, made towards technology absorption, adaptation and innovation and benefits derived.
- In-house renovation of screening system in DIP-I, reduced power consumption and improved productivity
 - Continuous improvement resulted in reduction of cycle time and enhanced manufacturing productivity
 - Innovations in manufacturing and engineering technologies through indigenous interventions
 - Raw water requirement was optimized through closed loop functioning of pulping process
 - Fiber recovery system in PM-III and DIP-III optimised for yield improvement
- b) Benefits derived as a result of the above efforts namely product improvement, cost reduction, product development, import substitution among others.
- World-class quality and differentiated products
 - Improved productivity
 - Improved products leading to increased market share
 - Conservation of fuel and reduction of emissions
 - Reduction in carbon foot print

iii) Foreign exchange earning and outgo

(Rs. in Lacs)

	2010-11	2009-10
i) Export	558.97	149.21
ii) Total foreign exchange used	8,490.03	7,950.11
iii) Total foreign exchange earned	473.81	-

ANNEXURE-II TO THE

DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2011.

Sl no.	Name and age	Qualification	Designation	Date of joining	Experience (in years)	Remuneration (Rs)	Previous employment
A Employment throughout the year							
1	R.S. Goenka (64)	M.Com. LLB	Executive Chairman	01.09.1994	41	1,01,04,914	Advisor, Kemco Chemicals
2	P.S. Patwari (56)	B.Com. FCA	Executive Director	28.11.1994	31	45,77,200	Commercial Executive, Hindusthan Motors Ltd
3	Manish Goenka (37)	MBA	Whole-time Director	01.07.2007	13	27,01,178	Whole-time Director, Emami Limited



REPORT ON CORPORATE GOVERNANCE

ANNEXURE-III TO DIRECTORS' REPORT

1. Company's philosophy on Code of Governance

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

2. Board of Directors

- Composition

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

Name of the Director	Executive / Independent/ Non executive	No. of Board Meetings attended	Attendance at previous AGM on 30.07.2010	No. of outside Directorship held including private companies	No. of membership/ chairmanship in other Board/ Committee	
					Chairman	Member
Mr. R. S. Goenka	Chairman, Executive	4	Yes	17	1	2
Mr. R. S. Agarwal	Non Executive	4	No	16	-	-
Mr. P. S. Patwari	Executive	4	No	2	-	1
Mr. Manish Goenka	Executive	3	No	7	-	-
Mr. A. V. Agarwal	Non Executive	4	Yes	15	-	2
Mr. S. K. Khaitan	Non Executive, Independent	2	No	6	1	3
Mr. S. K. Todi	Non Executive, Independent	4	No	18	2	1
Mr. U. G. Bhat	Non-Executive, Independent	4	No	2	-	-
Mr. N.Mishra	Non Executive, Independent	4	No	3	-	5
Mr. J. Godbole	Non Executive, Independent	4	Yes	12	1	12
Mr. H. M. Marda	Non Executive, Independent	3	No	7	2	1
Mr. S.Balasubramanian	Non Executive, Independent	3	No	4	-	-

During the year, Four Board Meetings were held on 5th May, 2010, 12th August, 2010, 11th November, 2010 and 14th February, 2011.

3. Information placed before the board of directors

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

4. Code of conduct

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

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

5. Audit Committee

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

a) **Brief Description of Terms of Reference**

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

b) **Composition, Name of Members and Chairman**

The attendance of each member director at the Audit Committee Meeting held during the Financial Year 2010-11 is furnished below:

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

The above meetings were held on 5th May, 2010, 12th August, 2010, 11th November, 2010 and 14th February, 2011.

The Audit Committee presently consist of the following members :

Mr. S. K. Todi, Chairman
Mr. R. S. Agarwal, Member
Mr. J. Godbole, Member
Mr. N. Mishra, Member
Mr. H.M. Marda, Member

Mr. S.K Todi, Chairman of the Audit Committee was not present at the Annual General Meeting of the Company held on 30th July, 2010, being abroad. However, Mr. J Godbole, being member of the Audit Committee was present. Mr. P.S. Patwari, Chief Executive Officer (CEO), statutory auditors and internal auditors are permanent invitees to the committee's meetings. The Company Secretary acts as the Secretary of the Committee.

6. Remuneration Committee

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

- a. Mr. S.K. Todi, Chairman
- b. Mr. J. Godbole, Member
- c. Mr. S.K. Khaitan, Member

During the year no meeting of the Remuneration Committee was held.



a) Remuneration Policy :

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

b) Remuneration paid to the Directors of the company for the year ended 31st March, 2011 *(Amount in Rs.)*

Name of Directors	Salary, Perquisites & Allowances	Commission	Provident Fund	Total
Mr. R.S. Goenka	72,40,914/-	20,00,000/-	8,64,000/-	101,04,914/-
Mr. P.S. Patwari	42,89,200/-		2,88,000/-	45,77,200/-
Mr. Manish Goenka	24,13,178/-		2,88,000/-	27,01,178/-
Total :	1,39,43,292/-	20,00,000/-	14,40,000/-	1,73,83,292/-

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

Shares held by the Non-Executive Directors as on 31st March, 2011

Sl.No	Name of the Directors	Category	No.of Shares
01	Mr. R.S. Agarwal	Promoter/Non-Executive	615500
02	Mr. A.V. Agarwal	Non-Executive	119750
03	Mr. S.K. Khaitan	Non-Executive	NIL
04	Mr. S.K. Todi	Non-Executive, Independent	NIL
05	Mr. U.G. Bhat	Non-Executive, Independent	NIL
06	Mr. N. Mishra	Non-Executive, Independent	NIL
07	Mr. J.Godbole	Non-Executive, Independent	NIL
08	Mr. H.M. Marda	Non-Executive, Independent	2150
09	Mr. S. Balasubramanian	Non-Executive, Independent	NIL

• **Remuneration to Non-Executive Directors:**

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

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

Name of the Directors	Total Rupees
Mr. R. S. Agarwal	80,000
Mr. S. K. Khaitan	20,000
Mr. U. G. Bhat	40,000
Mr. S. K. Todi	80,000
Mr. A. V. Agarwal	40,000
Mr. N. Mishra	80,000
Mr. J. Godbole	80,000
Mr. H.M.Marda	60,000
Mr.S.Balasubramanian	30,000
Total :	5,10,000

7. Shareholders' Committee :

The Committee was constituted in the year 1989 to deal with matters relating to transfers / transmissions of shares and monitor redressal of complaints from shareholders. The Committee was reconstituted on 31st October, 2008, when Mr. J. Godbole resigned from the membership as well as Chairman of the Committee and Mr. N. Mishra was assigned to head the Committee as Chairman. Mr. H.M. Marda, who was appointed as an additional Independent Director on 27th January, 2009, was also nominated as member of the Committee.

There were 3 complaints during the year 2011. All complaints like non-receipt of shares lodged for transfer and issue of duplicate share certificate etc., were resolved to the satisfaction of the shareholders/investors.

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

8. General Body Meeting :

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

Financial Year	Venue	Date	Time
2007 – 08	687, Anandapur, 8th Floor, Kasba, Golpark, Kolkata – 700 107	26.09.2008	10.45 a.m.
2008 – 09	-do-	17.07.2009	10.45 a.m.
2009 – 10	-do-	30.07.2010	10.45 a.m.

Whether Special Resolutions were passed in previous three AGMs

The following Special Resolutions were passed in previous three AGMs :

- YEAR 2009-10 : None
- YEAR 2008-09

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

- YEAR 2007-08 : None

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

None

9. Subsidiary company :

The Company does not have any Subsidiary Company.

10. Disclosures

Related party transactions:

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

Compliances by the Company:

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

Accounting treatment in preparation of financial statement.

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

Risk Management

The Company has framed comprehensive management policy not only to manage the risk but also to minimize the risk. This policy is periodically reviewed by the Management and updated as per requirement.



11. Management discussion & analysis report

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

12.Details of appointment / reappointment of directors :

Mr. U.G. Bhat, Mr. A.V. Agarwal, Mr. R.S. Goenka and Mr. H.M. Marda would retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The information pertaining to these Directors are as follows :

Name of Director	Mr.U.G.Bhat	Mr.A V. Agarwal	Mr.R.S.Goenka	Mr.H.M.Marda
Age	About 73 years	About 36 years	About 64 years	About 68 years
Date of Appointment	26.09.2003	23.10.2000	01.09.1994	27.01.2009
Expertise in Specific Functional areas	A well known Technocrat professional and a reputed project consultants in paper industry with rich and varied experience in setting up of project.	Well known Industrialist. Rich and varied experience in marketing, Corporate Planning, Business Development, Strategy formulation and overall management.	An Industrialist of repute with 44 years experience in Strategic Planning, Finance, Legal and Corporate affairs. Major role in making Emami one of the most renowned brand in India.	An Industrialist with extensive business experience over 3 decades in the area of Accounting, Corporate Planning, Strategy formulation and overall management.
Qualification	B.Sc., B.E.	B.Com.	M.Com, L.L.B.	B.Com, ACA .
Chairman/Director of other Companies.	- SPB Project and Consultancy Ltd. - Shree Sakthi Paper Mills Limited	-Emami Limited -CRI Limited -T.M.T.Viniyogan Ltd. -AMRI Hospitals Ltd. -Emami Group of Companies(P) Ltd. -Suntrack Commerce Pvt.Limited -Merchants Chamber of Commerce -Emami Biotech Limited -Emami (Bangladesh) Ltd. -Emami(U.K.) Ltd. -Emami International FZE. -Bengal Emami Infrastructure & Developers Limited -Ajanta Suppliers Pvt.Ltd. -Emami Infrastructure Ltd. -Emami Chisel Art Pvt.Ltd. -Emami International Pvt.Ltd.	-Emami Limited -Emami Group of Companies Pvt.Ltd. -South City Project (Kolkata) Ltd. -AMRI Hospitals Ltd. -Suntrack Commerce Pvt.Ltd. -Merchant Chamber of Commerce. -Bhanu Vyapaar Pvt.Ltd. -Pro-sports Management Ltd. -Suraj Viniyog Pvt. Ltd. -Emami Realty Ltd. -Bengal South City Matrix Infrastructure Ltd. -Bengal Anmol South City Infrastructure Ltd. -Roseview Developers Pvt.Ltd. -Ajanta Suppliers Pvt.Ltd -Bengal Emami Housing Ltd. -South City Recreation Pvt.Ltd. -Maa Gou Products Pvt. Ltd. -South City International School	- Chandramukhi Impex Pvt.Ltd. - Prabhu Polycolor Pvt.Ltd. - Prabhu Poly Pipes Pvt.Ltd. - Prabhu Sponge Pvt. Ltd. - Frontier Garment Pvt.Ltd. -Emami Infrastructure Ltd. -Zandu Realty Ltd.
Equity shares held in the Company	NIL	119750	1317500	2150

CEO/CFO certification

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

13. Compliance report

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

Mandatory requirements :

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

Non mandatory requirements :

- Maintenance of chairman's office : The Company has an Executive Chairman.
- Tenure of independent directors :The Board has not decided any specific tenure for the Independent Directors.
- Remuneration committee : Separately covered under the Report.

Shareholders' rights :

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

Audit qualification :

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

Training of Board Members :

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

Mechanism for the evaluation of non-executive directors :

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

Whistle blower policy :

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

Means of Communication

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

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

14. Shareholders Information

a) 29th Annual General Meeting :

Date : Suggested - 11th August, 2011

Time : Suggested - 11.00 a.m.

Venue : Suggested – 687, Anandapur, E.M. Bye Pass, Kasba-Golpark, Kolkata - 700 107



b) Date of Book Closure :

Suggested - 9th August, 2011 to 11th August, 2011 (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 11th August, 2011.

c) Date of Payment of Dividend :-

Within 30 days of approval by the shareholders.

d) Financial Calendar of the Company :

- i. April to March
- ii. First Quarter Results – last week of July
- iii. Half –yearly Results – last week of October
- iv. Third Quarter Results – last week of January
- v. Results for the year ending 31st March – by May.

e) Listing of Equity Shares on Stock Exchange :

The Company's shares are listed at Calcutta and U.P. Stock Exchanges. Further the Company has listed its equity shares on the Bombay Stock Exchange(BSE) with effect from 12th May, 2010 and the members of the BSE were allowed to trade in the Securities of the Company effective from 15th June, 2010.

The relevant Listing Fees for the year was paid.

f) Stock Code :

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

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

g) Stock Price Date :

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

Market Price Data : High/Low in each month in the Financial Year 2010-11 after trading was allowed w.e.f. 15.06.2010

Month	High Price	Low Price
* June,2010	75.30	40.10
July,2010	69.00	60.05
Aug,2010	66.00	49.25
Sept,2010	60.75	49.10
Oct, 2010	58.65	48.15
Nov,2010	58.00	42.05
Dec, 2010	61.35	38.05
Jan, 2011	66.00	48.00
Feb,2011	53.70	45.10
Mar,2011	55.20	45.00

* w.e.f. 15.06.2010

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

Niche Technologies Pvt.Ltd.
D511 Bagree Market, 5th Floor,
71 B.R.B. Basu Road, Kolkata – 700 001

i) 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.

j) Distribution of Shareholding and Shareholding Pattern as on 31st March, 2011

Category	Number of shares held	% of Shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	53,29,450	8.81
Corporate	3,99,12,087	65.97
- Foreign Promoters	1,25,000	0.21
Sub-total	4,53,66,537	74.99
B. Non-promoters' holding		
1. Institutional investors		
a. Mutual Funds and UTI	-	-
b. Banks, financial institutions and Insurance companies	-	-
c. Central Govt./State Govt.	100	-
d. Foreign Institutional Investors	-	-
Sub-total	100	-
2. Others		
a. Private corporate bodies	44,17,855	7.30
b. Indian public	1,05,27,037	17.40
c. NRI / OCBs	15,271	0.03
d. Others	1,72,250	0.28
Sub-total	1,51,32,413	25.01
Grand-total	6,04,99,050	100.00

Analysis of Shareholding :

	No. of Shareholders	Number of Shares held	% of Shareholding
1 – 50	268	5543	0.0092
51 – 100	232	22683	0.0375
101 – 250	367	80415	0.1329
251 – 500	261	114809	0.1898
501 – 1000	218	194884	0.3221
1001 – 5000	310	824093	1.3622
5001 and above	204	59256623	97.9464
Total :	1860	60499050	100.0000



k) Dematerialisation of Shares

94.29 percent and 4.85 percent of the Paid-up Equity Share Capital are held in dematerialized form with National Securities Depository Limited and Central Depository Services Limited respectively as on 31st March, 2011.

l) 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.

m) Plant Locations :

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

n) Address for correspondence :

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

For and on behalf of the Board

Place : Kolkata
Date : 30th May, 2011

R. S. Goenka
Executive Chairman

CERTIFICATION BY EXECUTIVE DIRECTOR AND JOINT PRESIDENT OF THE COMPANY

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

1. We have reviewed the Balance Sheet and Profit and Loss Accounts of the Company for the year ended 31st March, 2011 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information :
 - a. These statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, whichever applicable, to the Company's auditors and through them to the audit committee of the Company, the following :
 - a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b. Significant changes in internal control during the year;
 - c. Any fraud, which we have become aware of and that involves Management or other employees who have significant role in the Company's internal control systems;
 - d. Significant changes in accounting policies during the accounting year;

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

For Emami Paper Mills Limited

For Emami Paper Mills Limited

Place: Kolkata

S. K. Khetan

P. S. Patwari

Date: 30th May, 2011

Joint President(CFO)

Executive Director(CEO)



ANNEXURE-IV TO THE DIRECTOR'S REPORT

Group for inter se transfer of shares

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

Promoters :

Sl.No. Name of the Directors

1. Shri Radheshyam Agarwal
2. Shri Radheshyam Goenka

Promoters Group :

Sl.No.	Name	Sl.No.	Name
03	Smt. Usha Agarwal	04	Shri Bajranglal Agarwal
05	Smt. Shanti Devi Agarwal	06	Smt. Savitri Devi Agarwal
07	Shri Madan Lal Agarwal	08	Smt. Kusum Agarwal
09	Shri Aditya Vardhan Agarwal	10	Shri Harsh Vardhan Agarwal
11	Smt. Priti Sureka	12	Smt. Richa Agarwal
13	Smt. Mansi Agarwal	14	Shri Vibhash Vardhan Agarwal
15	Ms. Vidula Agarwal	16	Ms. Vidishree Agarwal
17	Shri Rohin Raj Sureka	18	Ms. Avishi Sureka
19	Smt. Saroj Goenka	20	Shri Raj Kumar Goenka
21	Smt. Meena Goenka	22	Shri Suresh Kumar Goenka
23	Smt. Santosh Goenka	24	Shri Sushil Kumar Goenka
25	Smt. Indu Goenka	26	Smt. Laxmi Devi Agarwala
27	Shri Mohan Goenka	28	Shri Manish Goenka
29	Smt. Rachna Bagaria	30	Smt. Rashmi Goenka
31	Shri Dhiraj Agarwal	32	Smt. Meena Devi Goenka
33	Shri Pradeep Agarwal	34	Shri Promod Kumar Agarwal
35	Smt. Puspa Agarwal	36	Smt. Jyoti Goenka
37	Shri Saswat Goenka	38	Ms. Shreya Goenka
39	Ms. Nimisha Goenka	40	Shri Prashant Goenka
41	Shri Yogesh Goenka	42	Smt. Puja Goenka
43	Shri Amitabh Goenka	44	Shri Ashish Goenka
45	Shri Jayant Goenka	46	Shri Sachin Goenka
47	Ms. Smriti Goenka	48	Ms. Sobhna Agarwal
49	Shri R. S. Agarwal(HUF)	50	Shri R.S. Goenka(HUF)
51	Shri Raj Kr.Goenka(HUF)	52	Shri D.D.Agarwal(HUF)
53	Shri Sushil Kr.Goenka(HUF)	54	Shri Suresh Kr. Goenka(HUF)
55	Ms. Jyoti Agarwal	56	Ms. Smriti Agarwal
57	Shri Mohan Goenka HUF	58	K.D.Goenka & Sons HUF
59	Smt. Sanjana Goenka	60	Shri Ashish Goenka HUF
61	Smt. Shruti Goenka	62	Master Devarsh Goenka
63	Goenka Trading Co HUF	64	Shri Prashant Goenka HUF
65	Master Manan Goenka	66	Smt. Rachana Goenka
67	Shri H.V.Agarwal HUF	68	Master Vihan Vardhan Agarwal HUF
69	Shri Aditya Vardhan Agarwal HUF	70	Smt. Sangita Agarwal
71	Smt. Divya Agarwal	72	Shri Bajrang Lal Agarwal HUF
73	Shri Raj Kr. Sureka	74	Shri Rajesh Bagaria

Corporate :

Sl.No.	Name of Group Companies	Sl.No.	Name of Group Companies
75	Pan Emami Cosmed Ltd.	76	Bhanu Vyapaar(P) Ltd.
77	Suraj Viniyog (P) Ltd.	78	Diwakar Viniyog(P) Ltd.
79	Suntrack Commerce(P) Ltd.	80	Emami Ltd.
81	Emami Frank Ross Ltd.	82	EPL Securities Ltd.
83	TMT Viniyogan Ltd.	84	Emami Realty Ltd.
85	Emami Capital Markets Ltd.	86	Emami Group of Companies Pvt. Ltd.
87	Emami International Pvt.Ltd.	88	Emami Biotech Ltd.
89	Neelam Lefin Ltd.	90	Newway Constructions Ltd.
91	Premier Ferro Alloys & Securities Ltd.	92	Prestige Vyapaar Ltd.
93	Emami Cement Ltd.	94	Emami Infrastructure Ltd.
95	Aviro Vyapaar(P) Ltd.	96	CRI Limited.
97	South City Projects(Kolkata) Ltd.	98	Emami UK Ltd.
99	Emami Bangladesh Ltd.	100	Emami International FZE
101	AMRI Hospitals Ltd.	102	EFL Foods Ltd.
103	Auto Hitech Pvt. Ltd.	104	Emami Rainbow Niketan Pvt.Ltd.
105	Emami Vridhi Commercial Pvt.Ltd.	106	Nathvar Tracon Pvt.Ltd.
107	New Age Realty Pvt.Ltd.	108	Octagon BPO Pvt.Ltd.
109	Emami Skyhigh Pvt Ltd.	110	Emami Ashiana Pvt.Ltd.
111	Emami Properties Pvt.Ltd.	112	Delta PV Ltd.
113	Emami Construction Pvt.Ltd.	114	A Rajabasan Pvt Ltd.
115	Orbit Projects Pvt.Ltd.	116	Basera Enclave Makers Pvt.Ltd.
117	Swastik Promoters Pvt.Ltd.	118	Orbit Realty Infrastructure Ltd.
119	Zandu Realty Ltd.	120	Emami Foundation
121	Bansilal Janki Devi Agarwal Trust	122	Kesar Deo Ratni Devi Goenka Trust
123	CRI International Ltd.	124	CRI (Sanghai) Co.Ltd.
125	Emami Home Pvt Ltd.	126	Medal Chemical & Research Works Ltd
127	Karan Business Pvt.Ltd.	128	Zen Business Pvt.Ltd.
129	Sneha Abasan Pvt.Ltd.	130	Sneha Enclave Pvt.Ltd.
131	Sneha Gardens Pvt.Ltd.	132	Sneha Niketan Pvt.Ltd.
133	Ajanta Suppliers Pvt.Ltd.	134	Aviro Vanijya Pvt.Ltd.
135	Emami High Rise Pvt.Ltd.	136	Emami Enclave Makers Pvt.Ltd.



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 for the year ended 31.03.2011 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

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

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

We state that such compliance is neither an assurance as to the future viability of the company not of the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

Place : Kolkata
Dated : 30th May 2011

S. K. Agrawal
Partner
Membership No. 9067

AUDITORS' REPORT

To
The Members of
Emami Paper Mills Limited

We have audited the attached Balance Sheet of Emami Paper Mills Limited as at 31st March 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of Gulmohar unit audited by Branch Auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We further report that:

- a) The Report on the accounts of Gulmohar Unit audited by Branch Auditors have been received and properly dealt with in preparing our Report.
- b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- c) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
- d) The Balance Sheet, the Profit & Loss Account & the Cash Flow Statement referred to in this report are in agreement with the books of accounts and comply with the accounting

standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

- e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts as per Schedule 17 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as on 31st March, 2011
 - ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified during the year by the management in accordance with a program of



verification, covering all fixed assets over a period of three years, which in our opinion provides for physical verification of all major items of fixed assets at reasonable intervals.

- c. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
2. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
3. a. The Company has given unsecured loan to a company listed in the register maintained under Section 301 of the Companies Act, 1956 against whom the maximum amount outstanding during the year was Rs. 308.72 lacs and the year end balance of such loan amounted to Rs. 308.72 lacs. The rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company. The principal amounts and interest are repayable on demand, therefore the question of overdue amounts does not arise.
- b. The Company has not taken any loans, secured or unsecured, from companies listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the

Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.

5. In respect of contracts or arrangements referred in Section 301 of the Companies Act, 1956:
- a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions referred to above and exceeding the value of Rs. 5 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the maintenance of cost records and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. According to the information and explanations given to us in respect of statutory and other dues:
- a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Sales Tax, VAT, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no

undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable.

- b. According to the information and explanations given to us, details of dues of Excise Duty, Sales Taxes and Employees State Insurance which have not been deposited as on 31st March, 2011 on account of dispute are given below:

Particular	Financial Year to which the matter pertains	Forum where matter is pending	Amount (Rs. in Lacs)
Excise	1994-95	ACCE	0.87
Duty	2002-03 to 2006-07	ACCE	1.10
CST	1993-94	Tribunal	16.26
	2004-05	Tribunal	0.53
	2006-07	Addl. Comm.	3.83
	2007-08	Addl. Comm.	3.37
VAT (Orissa)	2005-06	Addl. Comm.	1.68
	2006-07	Addl. Comm.	0.59
	2007-08	Addl. Comm.	0.79
Entry Tax (Orissa)	2006-07	Addl. Comm.	1.30
	2007-08	Addl. Comm.	0.11
OST	1989-90	High Court	0.79
ESIC	1996-97	ESI Court	0.22

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

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

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

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

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

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

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

S. K. Agrawal
Partner

Place : Kolkata
Dated : 30th May 2011

Membership No. 9067

Profit & Loss Account For the year ended 31st March, 2011

(Rs. in Lacs)

Particulars	Schedule	2010-11		2009-10	
INCOME					
Operational Income	14		43,218.24		39,789.42
Other Income	15		113.91		200.88
			43,332.15		39,990.30
EXPENDITURE					
Manufacturing and Other Expenses	16		36,706.06		33,478.10
Interest (Net)			2,157.87		2,393.45
			38,863.93		35,871.55
Profit before Depreciation & Taxation			4,468.22		4,118.75
Depreciation		2,723.61		3,017.22	
Less : Transfer from Revaluation Reserve		66.02	2,657.59	76.32	2,940.90
Profit before Taxation			1,810.63		1,177.85
Provision for Tax					
- Current Tax			359.90		200.03
- Income Tax for earlier years (including interest)			2.49		0.82
- Deferred Tax			420.73		477.05
- MAT credit entitlement			(359.01)		(198.99)
Profit after Taxation			1,386.52		698.94
Balance brought forward from Previous year			568.13		793.88
Amount available for Appropriation			1,954.65		1,492.82
APPROPRIATIONS					
Proposed Dividend			363.00		363.00
Tax on Dividend			60.29		61.69
Earlier Year's Dividend Tax			(1.40)		-
Transfer to General Reserve			500.00		500.00
Balance carried to Balance Sheet			1,032.76		568.13
			1,954.65		1,492.82
Basic and Diluted Earning Per Share (Rs.)			2.29		1.16
(Face Value of Rs. 2 each)					
Notes to the Accounts & Significant Accounting Policies	17				

In terms of our attached Report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal

Partner

Place : Kolkata

Dated : 30th May, 2011

S.K. Khetan

Jt. President - CFO

G. Saraf

V. P. (Finance) & Secretary

R.S. Goenka

R.S. Agarwal

P.S. Patwari

Directors



Schedules annexed to and forming part of the accounts

(Rs. in Lacs)

		2010-11		2009-10	
Schedule	1	SHARE CAPITAL			
Authorised					
6,25,00,000	Equity Shares of Rs. 2/- each		1,250.00		1,250.00
10,000	6% Redeemable Non Cumulative Preference Shares of Rs 100/- each		10.00		10.00
			1,260.00		1,260.00
Issued, Subscribed and Paid-up					
6,04,99,050	Equity Shares of Rs. 2/- each fully paid up (Includes 3,98,43,850 Equity Shares of Rs. 2 each allotted for consideration other than in cash)		1,209.98		1,209.98
			1,209.98		1,209.98
Schedule	2	RESERVES & SURPLUS			
Capital Reserve					
	As per last account	133.50		106.71	
	Add: Received during the year	-	133.50	26.79	133.50
Securities Premium					
			1,793.37		1,793.37
Revaluation Reserve					
	As per last account	844.69		921.04	
	Less: Transferred to Profit & Loss Account On sale of assets	66.02		76.32	
		-	778.67	0.03	844.69
General Reserve					
	As per last account	11,500.00		11,000.00	
	Add: Transferred from Profit & Loss Account	500.00	12,000.00	500.00	11,500.00
Surplus as per Profit & Loss Account					
			1,032.76		568.13
			15,738.30		14,839.69
Schedule	3	SECURED LOANS			
Term loans					
	From Banks				
	- FCNR (B)	13,723.17		13,392.62	
	- ECB	12,957.80	26,680.97	17,910.46	31,303.08
Working Capital/Short Term Loans					
	From Banks				
	- FCNR (B)	6,936.81		914.96	
	- Buyers Credit	3,595.66		3,340.91	
	- Rupee Loan	357.27	10,889.74	3,893.15	8,149.02
			37,570.71		39,452.10
Schedule	4	UNSECURED LOANS			
From Banks					
	- Foreign Currency Loan		912.76		2,696.40
Other loans and deposits					
			16.00		21.00
			928.76		2,717.40
Schedule	5	DEFERRED TAX LIABILITIES / ASSETS			
Deferred Tax Liabilities					
	Depreciation		3,510.43		3,083.99
Deferred Tax Assets					
	Others		53.15		47.44
Deferred Tax Liability (Net)					
			3,457.28		3,036.55

Schedules annexed to and forming part of the accounts

(Rs. in Lacs)

Schedule 6 FIXED ASSETS										
Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Additions	Transfer / Adjustments	Total 31.03.2011	As on 01.04.2010	For the year	Transfer / Adjustments	Total 31.03.2011	As on 31.03.2011	As on 31.03.2010
Tangible Assets										
Free Hold Land	486.41	81.64	-	568.05	-	-	-	-	568.05	486.41
Lease Hold Land	267.15	2.30	-	269.45	33.42	2.07	-	35.49	233.96	233.73
Buildings	6,206.30	33.69	-	6,239.99	1,472.42	164.02	-	1,636.44	4,603.55	4,733.88
Plant & Machinery	48,561.49	555.58	85.99	49,031.08	14,287.40	2,366.84	56.02	16,598.22	32,432.86	34,274.09
Furniture & Fittings	1,055.06	26.64	-	1,081.70	333.29	144.09	-	477.38	604.32	721.77
Vehicles	237.14	38.19	7.84	267.49	118.25	36.52	6.25	148.52	118.97	118.89
Intangible Assets										
Software	27.66	36.00	-	63.66	5.18	10.07	-	15.25	48.41	22.48
Total	56,841.21	774.04	93.83	57,521.42	16,249.96	2,723.61	62.27	18,911.30	38,610.12	40,591.25
Capital Work-In-Progress	525.34	1,510.70	30.30	2,005.74	-	-	-	-	2,005.74	525.34
									40,615.86	41,116.59
Previous Year	58,028.34	1,671.16	2,858.29	56,841.21	13,268.98	3,017.22	36.24	16,249.96	41,116.59	

	2010-11	2009-10
Schedule 7 INVESTMENTS		
Long Term		
Non - Trade		
Government Securities		
6 Years National Saving Certificates (Lodged with Government Authorities)		0.02
7 Years National Saving Certificates (Lodged with Government Authorities)		1.51
Shares		
Unquoted		
3,07,300 (3,07,300) Equity Shares of Rs. 10/- each fully paid up of Pan Emami Cosmed Ltd.		0.62
Nil (51,833) Equity Shares of Rs. 2/- each fully paid up of Emami Infrastructure Ltd. (received on demerger of Emami Ltd.)		-
Quoted		
833 (Nil) Equity Shares of Rs. 2/- each fully paid up of Emami Infrastructure Ltd. (Quoted during the year)		0.09
311,000 (155,500) Equity Shares of Re.1/- (PY Rs. 2/-) each fully paid up of Emami Ltd.		55.41
Trade		
Nil (8,17,939) Equity Shares of Rs. 10/- each fully paid up of Rama News Print and Papers Limited.		-
		237.40
		57.65
		300.40
Note :		
Market Value of Quoted Investments		1,246.15
Aggregate Value of Quoted Investments		55.50
Aggregate Value of Unquoted Investments		2.15

Schedule 8 INVENTORIES			
(As taken, valued & certified by the Management)			
Raw Materials & Chemicals		3,944.93	4,387.91
Stores & Spares		1,820.81	1,685.27
Stock in Process		314.33	430.59
Finished Goods		1,565.97	483.49
		7,646.04	6,987.26



Schedules annexed to and forming part of the accounts

(Rs. in Lacs)

		2010-11	2009-10
Schedule 9	SUNDRY DEBTORS (Unsecured, Considered Good)		
	Debts due over six months	27.46	19.32
	Other Debts	7,098.14	7,521.96
		7,125.60	7,541.28

Schedule 10	CASH & BANK BALANCES		
	Cash & Cheques in Hand	8.44	9.48
	Balance with Scheduled Banks		
	- In Current Accounts	253.63	402.40
	- In Fixed Deposit	144.30	213.92
	- In Unclaimed Dividend Account	3.51	3.33
		409.88	629.13

Schedule 11	LOANS & ADVANCES (Unsecured, Considered Good)		
	Loans & Advances (Recoverable in cash or in kind or for value to be received)	2,125.28	3,920.88
	Balance with Central Excise & Port Authorities	1,233.24	1,214.53
	Advance Income Tax (Net of Provisions)	89.23	390.13
	MAT credit entitlement	1,157.38	798.38
	Deposits	450.06	386.81
		5,055.19	6,710.73

Schedule 12	CURRENT LIABILITIES		
	Acceptance	0.16	147.12
	Sundry Creditors for Goods	421.03	227.07
	Other Liabilities	740.60	749.95
	Unclaimed Dividend	3.51	3.33
	Interest Accrued but not due	416.60	477.51
		1,581.90	1,604.98

Schedule 13	PROVISIONS		
	Proposed Dividend	363.00	363.00
	Tax on Dividend	60.29	61.69
		423.29	424.69

Schedule 14	OPERATIONAL INCOME		
	Sales		
	Sales - Gross	43,226.41	38,819.29
	Less : Excise Duty	242.40	241.69
		42,984.01	38,577.60
	Others		
	Foreign Exchange fluctuation	234.23	1,211.82
		234.23	1,211.82
		43,218.24	39,789.42

Schedules annexed to and forming part of the accounts

(Rs. in Lacs)

		2010-11	2009-10
Schedule	15 OTHER INCOME		
Insurance Claims		22.85	64.89
Dividend from Long Term Non-trade Investment		9.33	7.00
Miscellaneous Income		76.94	126.32
Profit on Sale of Fixed Assets		4.79	2.67
		113.91	200.88

Schedule	16 MANUFACTURING AND OTHER EXPENSES		
Raw Material and Chemical Consumed		26,282.83	21,329.98
Manufacturing Expenses			
Consumption of Stores & Spares	1,855.71		1,856.08
Power & Fuel	4,307.73		4,059.30
Repairs: Plant & Machinery	178.96		146.90
Buildings	15.90		13.36
Others	59.60		53.07
		6,417.90	6,128.71
(Increase)/Decrease in Stocks			
Opening Stock			
Finished Goods	483.49		1,832.45
Stock in Process	430.59		481.58
	914.08		2,314.03
Closing Stock			
Finished Goods	1,565.97		483.49
Stock in Process	314.33		430.59
	1,880.30		914.08
		(966.22)	1,399.95
Payments to and Provisions for Employees			
Salaries, Wages & Bonus	2,383.57		2,156.18
Contribution to Provident Fund & Other Funds	229.27		200.08
Workmen & Staff Welfare Expenses	179.33		166.14
		2,792.17	2,522.40
Establishment and Selling Expenses			
Rent	37.46		37.51
Rates & Taxes	335.17		277.29
Insurance	78.96		72.35
Directors Fees	5.10		4.80
Miscellaneous Expenses	557.67		475.13
Loss on Sale of Investment	68.42		-
Donation	74.10		90.51
Selling Expenses	166.49		179.88
Freight Outward	856.01		959.59
		2,179.38	2,097.06
		36,706.06	33,478.10



Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Policies

i) General

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

ii) Fixed Assets:

- a) Fixed assets are stated at cost adjusted by revaluation of Land, Building and Plant & Machinery wherever applicable, less depreciation. Interest & other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the stabilisation of commercial production.
- b) All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
- c) Projects under commissioning and other Capital Work-in-progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings.

iii) Depreciation:

- a) Depreciation is provided on pro-rata basis with reference to the date of commencement of use, at the rates specified in Schedule XIV of the Companies Act, 1956.
 - i) On Straight-Line Method at Balasore in respect of
 - Buildings of Paper Machine-II & III, ETP-II and Power Generation Unit-II
 - Plant & Machinery of Paper Machine III, ETP-II and Power Generation Unit-II
 - ii) On written down value method in respect of other assets.
- b) Leasehold Land is amortised over the period of lease.
- c) Softwares licenses are amortised over a period of six years.

iv) Investments:

Long term investments are stated at cost. Diminution in value of long term 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.

v) Inventories:

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

vi) Retirement Benefit:

- a) Contribution to Provident fund is made at a pre-determined rate and charged to revenue on accrual basis.
- b) Company's liability towards Gratuity and Leave Encashment are actuarially determined at each Balance Sheet date using the Projected Unit Credit Method. Actuarial gains and losses are recognized in revenue. The contribution towards Gratuity and Leave Encashment liability are funded with the LIC.

vii) 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.

Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

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, 2011. Other exchange differences are recognized as income or expense in the Profit & Loss Account.

viii) Recognition of Income & Expenditure:

- a) Income & expenditure are recognised on accrual basis.
- b) Sales includes amount recovered towards excise duty, sales during trial run and is net of commission to agents.
- c) Inter segment revenue has been recognized at market value.

ix) Contingent Liabilities and Provisions:

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

x) 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.

xi) Taxation :

Provision for tax is made for both current and deferred taxes. Provision for current tax is made at the current tax rates based on assessable income. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The deferred tax in respect of timing differences that originate during the tax holiday period and reverse during the tax holiday period is not recognized.

Deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xii) Government Subsidy/Grant:

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

xiii) Earnings Per Share :

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

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

xiv) 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.



Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

2. Defined Benefit Plans (AS-15 Revised)

The Company's obligation towards the Gratuity Fund and Leave Encashment Fund are Defined Benefit Plans. The details of actuarial valuation is given below: (Rs. in lacs)

	2010-11		2009-10	
	Gratuity Funded	Leave Encashment Funded	Gratuity Funded	Leave Encashment Funded
A Components of Employer Expenses				
1 Current Service Cost	43.74	1.18	47.94	6.15
2 Interest Cost	33.66	7.67	29.18	7.91
3 Expected Return on Plan Assets	(29.73)	(9.84)	(28.36)	(8.79)
4 Acturial Losses/(Gains)	(42.42)	(9.09)	(17.73)	(38.27)
5 Total Expenses recognized in the Statement of Profit & Loss.	61.79	(10.08)	31.03	(33.00)
B Net asset/(Liability) recognized in Balance Sheet as at 31st March, 2011				
1 Present value of Defined Benefit Obligation	489.68	93.74	407.95	92.94
2 Fair value of plan assets	440.29	137.70	371.65	123.12
3 Net asset/(liability) recognized in Balance Sheet	(49.39)	43.96	(36.30)	30.18
C Change in Defined Benefit Obligation during the year ended 31st March, 2011				
1 Present value of PBO at beginning of period	407.95	92.94	370.09	118.07
2 Current Service Cost	43.74	1.18	47.94	6.15
3 Interest Cost	33.66	7.67	29.18	7.91
4 Actual (gains)/Losses	(37.68)	(7.44)	(15.49)	(37.97)
5 Benefits Paid	(14.53)	(0.61)	(23.77)	(1.22)
6 Present value of PBO at the end of period	489.68	93.74	407.95	92.94
7 Actual Return on Plan Assets	34.50	11.49	30.60	9.09
D Change in Fair Value of Assets				
1 Plan Assets at beginning of period	371.65	123.12	337.55	96.75
2 Expected Return on Plan Assets	29.73	9.84	28.36	8.79
3 Acturial Gains/(Loss)	4.74	1.65	2.24	0.30
4 Actual company contributions	48.70	3.70	27.27	18.50
5 Benefits paid	(14.53)	(0.61)	(23.77)	(1.22)
6 Plan assets at the end of period	440.29	137.70	371.65	123.12
E Acturial Assumptions				
1 Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
2 Discount Rate (%)	7.50%	7.50%	7.50%	7.50%
3 Expected Return on Plan Assets (%)	8.00%	8.00%	8.00%	8.00%
4 Rate of escalation in salary (per annum)	5.00%	5.00%	5.00%	5.00%

3. Estimated amounts of capital contracts remaining to be executed and not provided for (net of advances) Rs.3,122.80 lacs (Rs. 235.38 lacs).

Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

4. Contingent liabilities not provided for in respect of:

- Outstanding guarantees and letters of credit furnished by the bankers on behalf of the Company secured by hypothecation of current assets, as specified in note 6 hereunder – Rs. 2,512.60 lacs (Rs. 345.14 lacs).
- Sales tax under appeal (net of advances) – Rs.44.68 lacs (Rs. 270.03 lacs).
- Central Excise duties under appeal (net of Advances) – Rs. 1.97 lacs (Rs. 0.96 lacs).
- ESI Contribution under appeal – Rs 0.22 lacs (Rs. 0.22 lacs)
- Bonds / Undertakings given under EPCG scheme to Custom Authority – Rs. 578.74 lacs (Rs. 2,190.42 lacs)

5. Loans and Advances include inter corporate deposits of Rs. 282.72 lacs (Rs. 1,085.72 lacs).

6. Term loans from banks and external commercial borrowings are secured by deposit of title deeds in respect of present and future immovable properties and hypothecation of present and future movable fixed assets on a pari passu basis. Term loans from banks and external commercial borrowings are also secured by way of second charge on current assets on pari passu basis. Working capital facilities from banks are secured by hypothecation of present and future stock of materials, stock-in-process, finished goods, stores and spares, book debts, outstanding money, claims receivable and further secured by way of second charge on all immovable and movable properties / fixed assets both present and future on a pari passu basis. Unsecured loans from banks are secured by personal guarantee of some of the Directors of the company and residual charge on Current Assets of the company.

7. Land, buildings and plant & machinery of the Gulmohar Unit and Paper Machine-1 of Balasore unit were revalued as on 01.04.98 and 01.04.99 respectively by independent approved valuers appointed for the purpose. The revaluation has resulted in increase in value of such assets by Rs. 3,097.20 lacs. Due to the said revaluation, there is an additional charge of depreciation of Rs. 66.02 Lacs (Rs. 76.32 Lacs) for the year and an equivalent amount has been withdrawn from revaluation reserve and credited to Profit & Loss Account. The net book value of such revaluation made till date stands at Rs. 778.67 lacs (Rs. 844.69 lacs).

8. Miscellaneous Expenses include payment to the Auditors

i) As Audit Fees	Rs. 5.00 lacs (Rs. 4.00 lacs).
ii) As Tax Audit Fees	Rs. 0.63 lacs (Rs. 0.50 lacs)
iii) For Certification	Rs. 1.29 lacs (Rs. 5.43 lacs)
iv) Out of pocket expenses	Rs. 0.01 lacs (Rs. 0.14 lacs)
v) Branch Auditors	Rs. 1.59 lacs (Rs. 1.81 lacs)

9. Sales are net of commission to selling agents other than sole selling agent Rs.486.53 lacs (Rs. 605.46 lacs).

10. Whole Time Directors' Remuneration :

(Rs. in Lacs)

	31.03.2011	31.03.2010
i) Salary	139.43	171.19
ii) Perquisites	14.40	23.99
iii) Commission	20.00	40.00
	173.83	235.18

11. Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956.

	31.03.2011		31.03.2010	
Profit Before Taxation		1,810.63		1,177.85
Add:				
a) Remuneration paid to Directors	173.83		235.18	
b) Director's Fees	5.10		4.80	
c) Loss on sales of Investment	68.42	247.35	–	239.98
Less:				
d) Profit on sale of Fixed Assets		4.79		2.67
Net Profit for the purpose of Director's Commission		2,053.19		1,415.16



Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

12. Interest includes Interest on Term loans Rs. 1,940.22 lacs (Rs. 2,658.58 lacs) & Net of Interest received Rs. 582.48 lacs (Rs. 1,236.58 lacs).
13. There are no outstanding or delayed payments to the Micro, Small and Medium Enterprises, and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the Micro, Small and Medium Enterprises Developments Act, 2006 are not required.
14. Against the order of Hon'ble Orissa High Court W P (C) No. 6515 of 2006 dated 18.02.2008 holding that State of Orissa has no jurisdiction to impose entry tax on goods imported from outside and are not manufactured within the state, the State of Orissa has filed a SLP before the Hon'ble Supreme Court which has passed an interim order dated 03.02.2010 directing the company to deposit 1/3rd of the amount of entry tax on such purchases pending disposal of the SLP. In pursuance of the aforesaid order, the company has deposited a sum of Rs.23.68 lacs (Rs.15.18 lacs) against the entry tax of Rs. 71.04 lacs (Rs. 45.55 lacs) for the financial year 2008-09 to 2010-11.
15. There is no amount due and outstanding to be credited to investor education and protection fund.
16. Fixed Deposits with banks include fixed deposits pledged as security Rs.144.30 lacs (Rs. 213.92 lacs).
17. The Company has exercised the option permitted by Accounting Standard Amendment Rule, 2009 under the transitional provisions contained in Para 46 of Accounting Standard (AS) 11 (vide GOI Notification No.GSR 225(E) dated the 31st March, 2009). A sum of Rs. 23.64 lacs being the exchange gain for the year arising on reporting of Long-Term Foreign Currency Monetary Items has been deducted from the cost of depreciable capital asset as at the 31st March, 2011. The net increase of Rs. 1,049.72 lacs (after adjusting net loss of Rs. 1,073.36 lacs upto Financial Year 2009-10) in the carrying amount of the depreciable capital asset(s) would be depreciated over the balance of the life of the assets.
18. Disclosures as required by AS-29 is given below: (Rs. in Lacs)

	Provision for Taxation
Opening Balances as on 01/04/2010	764.25
Provided during the year	359.90
Reversed during the year	197.45
Closing Balance as on 31/03/2011	926.70

19. Term Loans repayable within one year Rs. 5,855.71 lacs (Rs. 6,224.64 lacs).
20. TDS on interest income on short term deposits and ICD's – Rs. 57.46 lacs (Rs. 124.85 lacs)
21. Information pursuant to the provisions of paragraph 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956.

a) Licensed and Installed Capacities and Production:

Class of Products	Installed Capacity		Production	
	2010-11	2009-10	2010-11	2009-10
Paper	Tonnes 1,45,000	Tonnes 1,45,000	Tonnes 1,44,712	Tonnes 1,42,494
Generation of Electricity	MW 20	MW 20	Kwh lacs 1,284.52	Kwh lacs 1,302.48

- i) Licensed capacity not applicable in terms of Govt. of India's Notification.
- ii) Installed Capacities are certified by the Management.
- iii) Generation of electricity is for internal consumption.



Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

22. Segment Information :

The Company has identified its Business Segment as its Primary Reportable Segment comprising of Paper and Power.

(Rs. in lacs)

Particulars	Paper		Power		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
SEGMENT REVENUE						
External Segment Revenue	42,984.01	38,577.60			42,984.01	38,577.60
Inter Segment Revenue			6,296.89	6,430.45	6,296.89	6,430.45
Total Revenue					49,280.90	45,008.05
Less: Inter Segment Revenue					6296.89	6,430.45
Net Revenue					42,984.01	38,577.60
RESULT						
Segment Result	2,048.12	1,249.68	1,806.45	2,120.74	3,854.57	3370.42
Interest	(1,958.03)	(2,140.78)	(199.84)	(252.67)	(2,157.87)	(2,393.45)
Other Income					113.91	200.88
Profit/(Loss) Before Tax					1,810.63	1,177.85
Provision for Current Tax					(359.90)	(200.03)
Income Tax For Earlier Years					(2.49)	(0.82)
Provision for Deferred Tax					(420.73)	(477.05)
MAT Credit Entitlement					359.01	198.99
Profit/(Loss) After Tax					1,386.52	698.94
OTHER INFORMATION						
Segment Assets	47,656.63	49,143.57	11,949.34	12,652.91	59,605.97	61,796.48
Other Assets					1,304.25	1,488.91
Total Assets					60,910.22	63,285.39
Segment Liabilities	37,226.66	40,323.71	2,854.71	3,450.77	40,081.37	43,774.48
Other Liabilities					4,314.26	3,938.75
Total Liabilities					43,961.93	47,235.72
Capital Expenditure	2,219.79	2,060.74	64.95	135.76	2,284.74	2,196.50
Depreciation	2,199.10	2,456.23	458.49	484.67	2,657.59	2,940.90

23. Related Party Transactions

Related parties with whom transactions have taken place during the year are given below:

a. Key Management Personnel

Sri R.S. Agarwal
Sri R.S. Goenka
Sri P.S. Patwari
Sri Aditya Agarwal
Sri Manish Goenka

b. Relatives of Key Management Personnel

Miss Puja Patwari.

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

Emami Limited
Emami Biotech Limited
Emami Cement Limited
Emami Foundation

Schedules annexed to and forming part of the accounts

Schedule 17 NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (Contd...)

Disclosure of transactions between the Company and Related Party and its status of outstanding. (Rs. in Lacs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises described in (c) above		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Remuneration to Key Personnel								
- Directors	173.83	235.18	-	-	-	-	173.83	235.18
Directors Sitting Fees	5.10	4.80	-	-	-	-	5.10	4.80
Stipend	-	-	-	0.33	-	-	-	0.33
Rent & Maintenance & other Charges Paid	-	-	-	-	59.65	51.65	59.65	51.65
Commission Paid	-	-	-	-	11.52	22.70	11.52	22.70
Donation Paid	-	-	-	-	50.00	40.00	50.00	40.00
Security Deposit given	-	-	-	-	25.83	25.83	25.83	25.83
Balance as on 31st March								
- Investment	-	-	-	-	56.12	61.47	56.12	61.47
- Security Deposit	-	-	-	-	25.83	25.83	25.83	25.83

24. Information for earning per share as per AS-20:

	2010-11	2009-10
Net Profits after tax (Rs. in lacs)	1,386.52	698.94
Number of equity shares (Nos.)	60,499,050	60,499,050
Basic and diluted earnings per share (Rs.)	2.29	1.16
Nominal value per share (Rs.)	2.00	2.00

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

In terms of our attached Report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal

Partner

Place : Kolkata

Dated : 30th May, 2011

S.K. Khetan

Jt. President - CFO

G. Saraf

V. P. (Finance) & Secretary

R.S. Goenka

R.S. Agarwal

P.S. Patwari

Directors



Part IV

Balance Sheet Abstract and Company's General Business Profile for the year ended 31st March 2011

I. Registration Details

Registration No.

			3	4	1	6	1
--	--	--	---	---	---	---	---

State Code :

2	1
---	---

Balance Sheet Date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

Date Months Year

II. Capital Raised during the year (Amount Rs. in Lacs)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Right Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Fund (Amount Rs. in Lacs)

Total Liabilities

6	0	9	1	0	.	2	2
---	---	---	---	---	---	---	---

Total Assets

6	0	9	1	0	.	2	2
---	---	---	---	---	---	---	---

Sources of Funds

Paid up Capital/Share Application Money

	1	2	0	9	.	9	8
--	---	---	---	---	---	---	---

Reserves and Surplus

1	5	7	3	8	.	3	0
---	---	---	---	---	---	---	---

Secured Loans

3	7	5	7	0	.	7	1
---	---	---	---	---	---	---	---

Unsecured Loans

		9	2	8	.	7	6
--	--	---	---	---	---	---	---

Deferred Tax Liability

	3	4	5	7	.	2	8
--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

4	0	6	1	5	.	8	6
---	---	---	---	---	---	---	---

Investments

				5	7	.	6	5
--	--	--	--	---	---	---	---	---

Net Current Assets

1	8	2	3	1	.	5	2
---	---	---	---	---	---	---	---

Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

IV. Performance of the Company (Amount Rs. in Lacs)

Turnover (incl. Other Income)

4	3	3	3	2	.	1	5
---	---	---	---	---	---	---	---

Total Expenditure

4	1	5	2	1	.	5	2
---	---	---	---	---	---	---	---

Profit before Tax

	1	8	1	0	.	6	3
--	---	---	---	---	---	---	---

Profit after Tax

	1	3	8	6	.	5	2
--	---	---	---	---	---	---	---

Earning Per Share (in Rs.)

				2	.	2	9
--	--	--	--	---	---	---	---

Dividend Rate (%)

						3	0	%
--	--	--	--	--	--	---	---	---

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Product Description

NEWSPRINT							
-----------	--	--	--	--	--	--	--

Item Code No. (ITC Code)

2	8	0	3	0	0	0	0
---	---	---	---	---	---	---	---

Product Description

PAPER AND PAPER BOARD							
-----------------------	--	--	--	--	--	--	--

Item Code No. (ITC Code)

2	8	0	0	0	0	0	0
---	---	---	---	---	---	---	---

Product Description

GENERATION OF STEAM & POWER							
-----------------------------	--	--	--	--	--	--	--

Item Code No. (ITC Code)

4	0	0	2	0	0	0	0
---	---	---	---	---	---	---	---

In terms of our attached Report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal

Partner

Place : Kolkata

Dated : 30th May, 2011

S.K. Khetan

Jt. President - CFO

G. Saraf

V. P. (Finance) & Secretary

R.S. Goenka

R.S. Agarwal

P.S. Patwari

Directors

Cash Flow Statement For the year ended 31st March, 2011

(Rs. in Lacs)

Description	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	1,810.63	1,177.85
<i>Adjustment for :</i>		
Depreciation	2,723.61	3,017.22
Interest & Financial Charges (Net)	2,157.87	2,393.45
Dividend Income	(9.33)	(7.00)
(Profit) / Loss on Sale of Fixed Assets	(4.79)	(2.67)
(Profit) / Loss on Sale of Investments	68.42	-
Transferred from Revaluation Reserve	(66.02)	(76.32)
Operating Profit Before Working Capital Changes	6,680.39	6,502.53
<i>Adjusted for :</i>		
Trade & Other Receivables	2,129.31	2,905.92
Inventories	(658.77)	1,167.88
Trade Payables & Provisions	37.83	(2,368.85)
Cash generated from operations	8,188.76	8,207.48
Interest paid	(2,218.79)	(2,462.00)
Taxes paid	(61.48)	(158.43)
Cash flow before Extraordinary items	5,908.49	5,587.05
Net Cash from Operating Activities (A)	5,908.49	5,587.05
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,254.43)	(2,195.08)
Sale / (Purchase) of Investments	174.33	(238.00)
Sale / Adjustment of Fixed Assets	36.35	2,824.69
Dividend Received	9.33	7.00
Capital Subsidy received	-	26.79
Net Cash used in Investing Activities (B)	(2,034.42)	425.40



Cash Flow Statement (Contd...)

Description	(Rs. in Lacs)	
	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Bank Borrowings	2,740.72	(1,428.22)
Proceeds from Long Term Borrowings (Net)	(6,410.75)	(3,839.83)
Dividend & Dividend Tax Paid	(423.29)	(424.69)
Net Cash from Financing Activities (C)	(4,093.32)	(5,692.74)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(219.25)	319.71
* Cash & Cash Equivalents (Opening Balance)	629.13	309.42
* Cash & Cash Equivalents (Closing Balance)	409.88	629.13
* Represents Cash and Bank Balances as indicated in Schedule-10.		

Notes: Closing Cash & Cash equivalents represents "Cash & Bank Balances" except Rs. 3.51 (Rs. 3.33) lacs lying in designated account with scheduled banks on account of unclaimed dividend which are not available for use by the company.

Auditors Certificate

We have verified the above cash flow statement of Emami Paper Mills Limited derived from the audited annual financial statements for the year ended 31st March, 2011 and found the same to be drawn in accordance therewith of Clause 32 of the listing agreements with Stock Exchanges.

In terms of our attached Report of even date

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

S. K. Agrawal
Partner
Place : Kolkata
Dated : 30th May, 2011

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

R.S. Goenka
R.S. Agarwal
P.S. Patwari
Directors



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