




Emami Paper Mills Limited
Annual Report 2014-2015

A new generation of
Paper 
Board



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri A. V. Agarwal
(Executive Chairman)

Shri Manish Goenka
(Whole Time Director)

Shri P. S. Patwari
(Executive Director)

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

Shri J. N. Godbole

Shri H. M. Marda

Shri J. K. Khetawat

Shri S. Balasubramanian

Shri U. G. Bhat

Smt. Richa Agarwal
(Woman Director)

SR. PRESIDENT

Shri S. K. Jain

PRESIDENT (FINANCE) & CFO

Shri S. K. Khetan

VICE PRESIDENT (FINANCE) AND SECRETARY

Shri G. Saraf

AUDITORS

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

BANKERS

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

WORKS

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

REGISTERED OFFICE

687, Anandapur, E. M. Bypass
Kolkata-700107
Phone: (033) 6613 6264
Fax: (033) 6613 6400
Email: emamipaper@emamipaper.in/
gsaraf@emamipaper.in
Website: www.emamipaper.in

UNIT AUDITORS

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

Between the Covers

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Management Discussion and Analysis

GLOBAL SCENARIO

Today, it would be difficult to live without paper, paperboard and other paper-based products. Levels of paper consumption are also a reflection of relative wealth, as there is a clear correlation between gross domestic product and per capita paper consumption. In many developing countries, per capita paper consumption amounts to only a few kilogram. The largest consumers are the USA, Canada, many Western European countries, and Japan, with well in excess of 200 kg per person, compared with the global average of 60 kg per person. Paper and paperboard production has been expanding rapidly world-wide for over half a century and is expected to reach at a record level of 490 million tons by the end of 2020. According to recent paper demand study by global consulting group POYRY the demand is expected to increase along with global economy, which is expected to grow at a pace of 3.0% from 2015 onwards. Paper is now one of the most globalized commodities in the world, with high volumes of production exported and high volumes imported. Global paper consumption is at a record high level and it will continue to grow. The global paper industry has been facing a dual impact with economic slowdown and decrease in paper consumption in developed markets due to electronic media and digitisation. As a result the global paper industry has witnessed very low single digit growth in past few years with major growth impetus coming from emerging economies such as India and China. Asian markets are becoming large consumption centres on account of their high consumption base with low penetration.

INDIAN ECONOMY

India is set to become the world's fastest-growing major economy by 2016 ahead of China, the International Monetary Fund (IMF) said in its recent latest forecast. India is expected to grow at 6.3% in 2015, and 6.5% in 2016 by when it is likely to cross China's projected growth rate,

the IMF said in the latest update of its World Economic Outlook. India's macro-economic prospects have strengthened and the country is best positioned among emerging market economies, gaining global investor's attention, says a report by ICICI Bank. The improvement in India's economic fundamentals has accelerated in FY 2015 with the combined impact of a strong Government mandate. The government, engineering an economic rebound with a slew of reforms, has unveiled a new statistical method to calculate the national income with a broader framework that turned up a pleasant surprise: GDP in the past year 2013-14 grew 6.9% instead of the earlier 4.7%. There is a renewed confidence in the Indian market brought about by a series of economic reforms pursued by the government coupled with the fall in crude oil prices, interest rates and inflation. India could become the world's seventh biggest nation in terms of private wealth, with a 150% increase in total, from US\$ 2 trillion in 2013 to US\$ 5 trillion in 2018, as per a recent study by the Boston Consulting Group (BCG). Furthermore, the new 'Make in India' initiative is expected to be a vital component in India's quest for achieving wholesome economic development.

INDIAN PAPER INDUSTRY

India ranks fifteenth amongst the paper producing countries in the world. The total installed capacity in the country is approximately 12 million tons. The industry grew with the rising level of literacy, improving well-being of the people and surging aspiration levels. Paper usage has increased over the years, still per capita consumption in the country is estimated to be barely 10 kgs compared with 75 kgs in China, 158 kgs each in European Union, Korea, Taiwan, Hong Kong, Singapore & Malaysia, 218 kgs in Japan, 224 kgs in North America, and the global average itself is a healthy 60 kgs.

The paper industry in India is majority categorised into writing and printing (W&P), paperboard and newsprint segments. Paperboards constitute approximately 46% of the demand volume, while W&P accounts for approximately 31%. Newsprint makes for another 18%. Major varieties of W&P are creamwove, maplitho, copier and coated paper. Paperboard, primarily used for industrial purposes, consists of kraft paper, virgin board and recycled board. Kraft paper is produced in several varieties generally differentiated by properties of strength and grammage. Paperboard varieties include coated/uncoated duplex, chromo and triplex boards. India is near self-sufficiency with the indigenous production of most varieties of paper and paperboards, but still certain varieties of speciality papers are, however, imported in a large quantity. India has 17% of the world's population yet accounts for only about 3% of the world's production of paper and paperboard. The estimated turnover of the industry is ₹ 35,800 crore approximately and provides employment to more than 370,000 people directly and 1,300,000 indirectly. Paper consumption is poised for a big leap forward in sync with growing emphasis on education and literacy, along with the expected resurgence in the economy and is estimated to touch 13.95 million tons by 2017-18. According to Poyry, India will witness highest annual growth of about 6.5% per annum while China's growth is projected to be in the order of 5.25%. Japan in the near term and North America may witness marginal or negative growth.

Newsprint Sector

Asia Pacific and Latin America will dominate growth in newspaper publishers with higher-growth, large scale markets in India (CAGR 7.5%) and China (CAGR 8.3%), which are the most notable countries demand for news content among growing urban population and increasingly prosperous, educated

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and engaged citizens. Revenue from newspaper circulation is rising globally after years of decline, which will climb again from 47% in 2013 to 49% by 2018 meaning consumers may soon become publishers' biggest source of revenue. Advertising revenue is also showing upward trend. The total demand of newspaper in India is estimated to be about 2.5 million tons per annum with the domestic capacity limited to only about 40% of the demand. As per estimate by CRISIL, with the expected annual growth of about 9%, the total demand is likely to cross 3.5 million tons per annum by 2017-18. With no major capacity expansion in newsprint industry in sight, dynamics of the imported Newsprint in terms of the quality and the landed cost will continue to govern the industry in future. The quality of newsprint paper, matching with international standard, is expected to provide a considerable growth in production, demand and productivity in coming years. Emami Paper Mills Limited (EPM), one of the largest manufacturers of newsprint in India supply international quality of newsprint to the most of the leading newspaper publishers in India.

Printing and Publishing Sector

Books have always been regarded as an important media for the development and promotion of human values. They act as catalysts for the advancement of a nation. They record new ideas, preserve and communicate knowledge, part education and values, and aid the overall development of an individual. The publishing industry in India is counted among the top seven publishing nations in the world. With an estimated market of INR 10,000 crores, India ranks third after the US and UK in English language publishing. With the coming of the digital age the nature of the industry has changed. The advancement in technology and Indian's skilled manpower resource, makes the country a major outsourcing hub for print and pre-publishing services in the world, be it print, design or

editorial. The sector has tremendous potential, both in the domestic as well as the export markets. Currently the sector is witnessing a Compound Annual Growth Rate (CAGR) of 30%. The importance of the Indian market has been recognised the world over. Today, India is fast becoming one of the major print producer & manufacturer of printed paper products for the world markets. The quality standards have improved dramatically and immense production capacities have been created. Some printers have won recognition by winning prizes at international competition for excellence in printing. The current annual turnovers of all the components in the Indian printing industry are more than ₹ 50,000 crores. That is in the region of USD 11 Billion. Most of the large printers are found in big cities of Delhi, Kolkata, Mumbai, Hyderabad, Chennai, and Sivakasi, which have emerged as a commercial printing hub and accounts for a major share of exports from the Indian printing industry.

Packaging Sector

Apart from the huge value addition and employment involved in these activities, packaging has served the Indian economy by helping preservation of the quality and lengthening the shelf life of innumerable products – ranging from milk and biscuits, to drugs and medicines, processed and semi-processed foods, fruits and vegetables, cosmetics and toiletries, hosiery and garments, edible oils, electronic goods etc. According to the Indian Packaging Institute, Indian Packaging industry is USD 14 billion and growing at more than 15% per annum. This growth rate is expected to double in the next two years. These figures indicate towards a change in the industrial and consumer set up. The growth in the packaging industry in India is mainly driven by the food and the pharmaceutical packaging sectors. The large and growing Indian middle class, along with the growth in organised retailing in the

country are fuelling growth in the packaging industry. Another factor, which has provided substantial stimulus to the packaging machinery industry is the rapid growth of exports, which requires superior packaging standards for the international market. With this the need for adopting better packaging methods, materials and machinery to ensure quality has become very important for Indian businesses. Packaging board market size is estimated at 2.2 million tonnes. Grey-back Boards constitute 50% and White-back Coated Boards, Folding Box Board, Solid Bleached Sulphate Board and other speciality Boards account for the balance 50%. The Indian packaging industry is expected to become the fourth largest packaging market in the world, with revenues of US\$ 43.7 billion in 2016. India's retail growth and increased consumption of consumer products is driving the demand for packaging in the country. The packaging industry in India is expected to grow further rapidly to become the fourth largest global market, with sales of US\$ 43.7 billion in 2016. India's per capita annual packaging expenditure was US\$ 20 in 2011, which is significantly lower than the top 20 market average of US\$ 47.6. The low per capita expenditure offers a huge business opportunity for packaging companies.

KEY INDUSTRY DRIVERS

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

Advertising revenues growth in print media : A report by Motilal Oswal indicates that the Indian print media industry, which accounted for 45% of the total advertising spend in the country, is headed for a rebound with advertising growth (revenue) improving 4-5% year-on-

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year and to 11% over F.Y. 2013-15 on the back of stable GDP growth, anticipated easing in interest rates and a low-base effect.

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

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

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

EMAMI'S INDUSTRY PRESENCE

Emami Paper Mills Limited, part of the Emami Group has paper mills located at Balasore (Odisha) and Dakshineswar (W.B., Kolkata) manufacturing quality newsprint and writing & printing (W&P) paper. Unit-1 at Balasore is one of the most environmentally friendly paper mills in Eastern India, consuming waste paper for the manufacture of internationally-benchmarked newsprint. Further, your Company has implemented an Expansion Project at its Balasore (Odisha) unit by setting up a state-of-art Multi Layer Coated Board Plant with an installed capacity of 1,32,000 tonnes per annum with 10.5 MW Captive Power Plant and other necessary utilities. Trial commissioning and testing of the plant has already started in March, 2015.

STRENGTH AND OPPORTUNITIES

- i. Strategic location – proximity to raw materials, logistics advantage and nearness to the market.
- ii. Pan India presence.
- iii. Close proximity to Mahanadi Coal (MCL) fields for Balasore plant and Raniganj - Asansol (ECL) belt for Kolkata unit for procurement of coal and also proximity to Haldia port for import of waste paper, chemicals, spares & machineries etc.
- iv. In-house qualified and technical team to ensure better quality products.
- v. Strong customer base and dealers / distributors network.
- vi. Sufficient land and other infrastructure available with the Company for future expansion and growth.
- vii. Strong Research & Development team for continuous product development and cost reduction.
- viii. Lowest cost manufacturer with advanced technology for manufacturing of paperboard and captive power.

THREATS

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

IT SUPPORT

Enterprise wide IT and ERP infrastructure is monitored and supported by a dedicated in-house IT team in areas such as SAP support, Data Centre Management, Networking, Software development and systems administration, Hardware Capacity Planning. The Company has implemented a SAP ECC 5.0 – ERP in July 2010. The implementation was done at the centralised data centre covering the Kolkata Corporate Office, Balasore and Kolkata Plant. SAP supports the Company's complex business process with ease. SAP helps streamline business processes and improves connectivity and information flow across the Company. It also facilitates accelerated and informed decision-making by providing flawless information and wide scope of data analysis within a minimal time span. It also reduces paper work by the online use of information system and achieves reduced cycle time of order processing and is now a single platform for all users to share and view data. SAP Project System functionality has been implemented to manage the expansion project effectively. Firewalls and end-point security measures have been taken to enforce strict security practices in all nodes to mitigate risks and protect IT assets from all threats and vulnerabilities.

RISK AND CONCERNS

Your Company has adopted Risk Management Policy, as recommended by its Risk Management Committee and approved by the Board of Directors of the Company. Risk identification and

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prioritisation have already been made in consultation with Ernst & Young (EY), Kolkata, followed by Risk Mitigation Plan approved by the Management, Risk reporting and monitoring is being conducted regularly by Governance Risk and Compliance Committee (GRCC) at all the operation levels and reporting directly to the Audit Committee and the Board.

HUMAN RESOURCES AND TRADE RELATIONS

Your Company considers people as its biggest assets and 'Believing in People' is at the heart of its human resource strategy. It has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. During the year, the focus of your Company was to ensure that young talent is nurtured and mentored consistently, that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. Your Company has established an organisation structure that is agile and focused on delivering business results. With regular communication and sustained efforts it is ensuring that employees are aligned on common objectives and have the right information on business evolution. Your Company strongly believes in fostering a culture of trust and mutual respect amongst all its employees and seeks to ensure that Emami Paper Mills Limited (EPM) values and principles are understood by all and are the reference point in all people matters. The Company has a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under the 'The Sexual Harassment of Women at Workplace (Prohibition and Redressal) Act, 2013'.

SAFETY

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Internal Audit Process adopted by the Company reviews its Internal Audit Plan and the same is approved by the Audit Committee at the beginning of each financial year and the same is reviewed on regular basis to improve its effectiveness. Our Internal Audit Control System ensures that the regular internal audits are conducted at

both the factories and other functional areas. The findings are then taken up by audit committee along with management response for suitable action. The Audit Committee also reviews effectiveness of Company's internal controls and regularly monitors implementation of audit recommendations. The Company has a comprehensive budgetary control system in operation and Key Performance Indicators (KPI) are set for all important operational parameters. These are monitored and reviewed regularly by the management in Management Committee Meetings, which is chaired by the Executive Director of the Company and corrective & preventive actions, as needed, are initiated.

CAUTIONARY STATEMENT

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

Directors' Report

Dear Shareholders

Your Directors take pleasure in presenting their Thirty Third Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2015.

FINANCIAL SUMMARY

(₹ in Lacs)

Particulars	2014-15	2013-14
Operational Income	52,102.14	54,656.51
Profit before interest and depreciation	5,900.72	7,383.71
Less : Interest	1,507.17	1902.80
Profit Before Depreciation & Tax	4,393.55	5,480.91
Depreciation	2,664.59	3,165.91
Profit Before Taxation	1,728.96	2,315.00
Less : Provision for Current taxation (MAT)	354.63	
MAT Credit entitlement	(354.63)	
Income Tax for earlier year	0.06	
Provision for deferred tax	512.28	453.70
Profit after Tax	1,216.62	1,861.30
Add : Surplus brought forward	1,821.99	1,170.32
Balance available for appropriation	3,038.61	3,031.62
Appropriations		
Proposed Dividend on Equity Shares	363.00	363.00
Proposed Dividend on Preference Shares	428.27	243.55
Tax on Dividend	161.09	103.08
Transfer to General Reserve	500.00	500.00
Balance carried forward	1,586.25	1821.99
	3,038.61	3,031.62
Earning per share (Basic)	1.16	2.61
Earning per share (Diluted)	1.16	2.61

OPERATIONS AND OUTLOOK

Your Company reported another strong performance this year and maintained its Leadership in newsprint segment. Your Company achieved a record production of 1,45,378 MT during the year achieving plant capacity utilization over 100%. Your Company continued its dominance as the lowest cost newsprint manufacturer and extended its market presence. However, the results of the Company for the year under review were affected due to declining trend of newsprint prices in the international market with unprecedented large scale dumping in the country

coupled with increase in the cost of waste paper.

Net Sales reduced from ₹ 546.56 crores in 2013-14 to ₹ 521.02 crores in 2014-15 due to lower sales realization of Newsprint and poor off take of Writing and Printing Paper. The Profit before Tax decreased from ₹ 23.15 crores in 2013-14 to ₹ 17.29 crores in 2014-15. Despite poor performance of the paper industry, the performance of your Company is satisfactory.

This performance is testimony to the Company's inherently robust business

and operating model, enabling it to continue to outperform the industry average. With the increased focus on literacy by the Government of India through such grassroots programs as Sarva Siksha Abhiyan and allocation of large funds for the education and the print media sector, demand for newsprint in the country is expected to continue to report substantial growth of between 8-10% over the next decade.

In view of the paper market looking favorable coupled with dynamic management team and aggressive

Directors' Report

business approach, the working results of the Company are expected to be significantly better in the coming years.

DIVIDEND

Your Directors are pleased to recommend dividend of 30% (₹ 0.60 per share) on Equity Shares of ₹ 2/- each and 8% pro-rata dividend on Preference shares of ₹ 100/- each for the financial year ended March 31, 2015. The dividend, if approved by the shareholders, will absorb ₹ 952.36 Lacs (including the dividend tax of ₹ 161.09 Lacs).

MILL EXPANSION AND DEVELOPMENT PLAN

Domestic paper and paperboard industry is currently estimated at 13 million tonnes per annum, out of which paperboards is 2.5 million tonnes per annum which is expected to grow at around 8% per annum aided by value-added paperboard at 12% per annum. The growth potential of the paperboard industry is anchored on expectations of higher GDP growth, increase in demand from rural markets, branded packaged products and organized retail. Further, the need for differentiated packaging coupled with change in lifestyles will continue to drive demand for paperboard.

Sensing this opportunity the Company embarked upon an ambitious project at Balasore unit to increase the Company's annual capacity from 1,45,000 tonnes to 2,77,000 tonnes per annum. This involved setting up a state-of-the art Multi-Layer Coated Board plant with an annual capacity of 1,32,000 tonnes and 10.5 MW Captive Power Plant along with other necessary utilities, at Balasore, Odisha. The trial commissioning and testing of the plant has been started in March, 2015.

The adoption of contemporary technology in this plant will help us in reducing the consumption of wastepaper, chemicals, water and energy while improving

profit margin of the Company. The Company plans to leverage the scale and technology advantage provided by the new plant to reduce input costs and achieve significantly better performance in the coming years.

ENVIRONMENT MANAGEMENT

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

Towards achieving its environmental objectives, the Company adopts :

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

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

- ☞ ISO 9001:2008 - Quality Management System.
- ☞ ISO 14001:2004 - Environment Management System.
- ☞ OHSAS 18001:2007 - Occupational Health & Safety Management System.
- ☞ Practicing TPM with an objective to achieve zero defect, zero breakdown, zero pollution, and zero loss.

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

- ☞ Online Ambient air quality monitoring system.
- ☞ State-of-the-art effluent treatment plant (ETP).
- ☞ Sludge dewatering system for primary sludge.
- ☞ Decanter for secondary sludge dewatering.
- ☞ Use of ETP sludge in power generation.
- ☞ Rainwater harvesting.
- ☞ Air pollution control through ESP, Dust Suppression System, Water Sprinkling System.
- ☞ 100% Solid Waste Management.
- ☞ Green belt development.
- ☞ Use of ETP final water for agricultural and plantation purpose.

The Company is in the process to strengthen its continuous online monitoring system for ambient air quality (AAQ) by installing additional two monitoring system and also installing online monitoring system for stack emission and final treated water from ETP.

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

- ☞ Tertiary treatment plant is being installed to reduce fresh water consumption.

Directors' Report

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

SHARE CAPITAL

The paid up capital of the Company as on

31st March, 2015 is ₹ 7,365 Lacs.

During the year under review, the Company has allotted 7,50,000 8% Cumulative Redeemable Non-convertible Preference shares on 1st August, 2014 and 11,25,000 shares on 17th September, 2014 @ ₹ 100/- each at a premium of ₹ 300/- each to the promoters on preferential basis for part financing the increased cost of Expansion project of setting up a 1,32,000 TPA paper machine for manufacturing Multi-layer Coated Board at its existing location in Balasore.

The Company has neither issued shares

with differential voting rights nor granted stock options or sweat equity.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

Financial year	Dividend ID No.	Date of Payment of dividend	Total Amount of Dividend	Unclaimed Dividend as on 31.03.2015	Due date for transfer to I.E.P.F. on
2007-08	26th	13/10/2008	604.99	0.83	12/10/2015
2008-09	27th	29/07/2009	363.00	0.57	28/07/2016
2009-10	28th	11/08/2010	363.00	0.66	10/08/2017
2010-11	29th	24/08/2011	363.00	0.73	23/08/2018
2011-12	30th	21/08/2012	363.00	0.68	20/08/2019
2012-13	31st	23/08/2013	363.00	1.08	22/08/2020
2013-14	32nd	21/08/2014	363.00	0.89	20/08/2021
Total			2,782.99	5.44	

DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

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

DETAILS OF DEPOSITS

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

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

The information pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange

Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure I and is attached to this Report.

EXTRACT OF ANNUAL RETURN

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

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

Further, the information pursuant to Section 134(3)(o) of the Companies

Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 are given in **Annexure III** outlining the main initiatives during the year under review.

ANNUAL CSR REPORT (2014-15)

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

Eradication of Hunger, Mal Nutrition & Promotion of Health and Sanitation

The Company, as a part of its CSR activities for eradication of hunger from the local community, provides food for

Directors' Report

poor people at Balgopalpur and nearly 1,20,000 mouths were fed during 2014-15.

To combat malnutrition, the Company identifies children with low body mass index (BMI) and provide protein supplement enabling them to come to normal health. Over 100 children are benefited under this scheme every month.

The Company is running regular health clinics under traditional system of medicine at seven locations where doctors treat patients and provide the required medicines free of cost. During 2014-15, 27,564 patients were benefited under this scheme. In addition to the regular clinics, 21 special combined homeopathic and ayurvedic camps were conducted during the year where an additional 6,283 patients were treated.

Mobile health service at door step, was initiated by the Company in 2013-14 to cater health needs of people in 4 locations. Gradually, this initiative has geared up to extend its services to 12 locations twice a week. In all, 8697 patients were provided health service at their door step through the mobile camp.

Realizing the fact that safe drinking water is the key for preventive healthcare, the Company provides piped water supply to 120 households of Rasalpur village and commissioned nine tube wells adding up to a total of 72 water points erected and maintained by the Company.

Promoting Education and Vocational Skills

Education has been one of the major thrust areas for the Company in its social activities. Initiatives under this program encompass five broad areas namely Infrastructural support to local educational institutions, scholarship program, the 'Bal Vikas' program, free distribution of exercise notebooks and capacity building through community teachers.

Based on the findings of school survey

conducted by the Company, it supports educational institutions in developing their infrastructure by making provisions for classroom furniture, fans, lights and toilet with running water facility.

The Company has provided 920 pairs of desk cum bench to 26 institutions to accommodate for the growing student enrollment. During the year, the Company has also provided 22 ceiling fans to 2 local colleges for class room use.

To develop proper sanitation and hygiene in the educational institutions the Company has constructed toilets with running water supply with an average cost of ₹ 2.0 Lac per complex in six high schools of the locality. In the next phase, the Company plans to target the middle schools.

Scholarship program was initiated by the Company in the year 2013-14, which has grown wider and become more rewarding during 2014-15. 182 top scorers of class I to XII from 54 local schools, 52 poor cum meritorious students from 5 local colleges and 63 employees' children were provided with annual scholarship for pursuing their academic journey. In all, during the year the Company provided 297 scholarships to eligible students.

The 'Bal Vikas' program aims at increasing school enrollment and reducing dropout particularly among the tribal communities of the area. This is done by capacity building of the children through a locally appointed teacher (Bal Vikas Guru) who provides the much needed educational support to the first generation learners. At present the Company is operating ten 'Bal Vikas' centers with an enrolled strength of 232 children. Initiatives taken by the Company has resulted in substantial increase in school enrollment and improvement in quality of primary education.

Free distribution of exercise notebooks to students took a quantum jump in comparison to last year. During 2014-15, the Company has distributed 69,232

exercise books to various students in comparison to 40,733 note books distributed in the immediate previous year.

To promote the much required English learning and communication skills, the Company during the year supported SUN High school, Mukhura with a community teacher in an experimental basis. Over 500 school children are benefited from this scheme.

Ensuring Environmental Sustainability and Animal welfare

For us, environmental sustainability is least exploitation and zero pollution. The Company adopts clean technology and consume least natural resources for per unit production of paper. The Company also undertakes plantation drives. During the year under reference, the Company has planted nearly 5,000 saplings in and around our place of work, distributed 1,730 horticultural plants to 348 households, undertook 16 kilometers of avenue plantation in Nilgiri and Balgopalpur and undertook institutional plantations in local schools and colleges. The Company has also started fodder cultivation for the cattle and supported schools in developing their school garden.

As a concern for the animals, the Company provides shelter, food and required medical care to 128 abandoned cattle in an exclusively made animal shelter.

Rural Infrastructure

During the year under reference the Company has invested its resources in creation of lasting rural infrastructure. Community centers were erected in three local areas namely Fulkiari, Nuapadhi and Rasalpur. The approach road to Rasalpur village was converted into all weather concrete. The Company also collaborated with North Odisha Chamber of Commerce and Industry (NOCCI) in construction of a bypass road to Balgopalpur providing all weather approach to several villages.

The Company helps several village