



Achieving
More
Together



Emami Paper Mills Limited

Annual Report 2018-19



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BOARD OF DIRECTORS

Mr. A.V. Agarwal

Executive Chairman

Mr. Manish Goenka

Non-Executive Director

Mrs. Richa Agarwal

Director

Mr. J. N. Godbole

Independent Director

Mr. H.M. Marda

Independent Director

Mr. J.K. Khetawat

Independent Director

Mr. P. S. Patwari

Executive Director

Mr. S. Balasubramanian

Independent Director

Mr. Shymalendu Chatterjee

Independent Director

(with effect from 7th January, 2019)

Mr. U. G. Bhat

Independent Director

(upto 10th October, 2018)

Mr. Ashish De

Whole Time Director

(upto 28th February, 2019)

HEAD (STRATEGY & OPERATIONS)

Mr. M. B. S. Nair

SR. PRESIDENT & CFO

Mr. S.K. Khetan

VICE PRESIDENT (FINANCE) AND SECRETARY

Mr. G. Saraf

AUDITORS

M/s Agarwal Subodh & Co.

Chartered Accountants

301, Victoria House, 3rd Floor

1, Ganesh Chandra Avenue

Kolkata -700013

BANKERS

State Bank of India

ICICI Bank Limited

DBS Bank Limited

Yes Bank Limited

IDBI Bank Limited

Axis Bank

HDFC Bank

Allahabad Bank

Export Import of India

RBL Bank Limited

DCB Bank Limited

IDFC First Bank Limited

IndusInd Bank

WORKS

Balgopalpur, Balasore-756020
(Odisha)

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

REGISTERED OFFICE

Unit No. 1, 15th Floor,
'ACROPOLIS'

1858/1, Rajdanga Main Road,
Kasba, Kolkata – 700 107

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Email : gsaraf@emamipaper.com

Website: www.emamipaper.in



Our founders



MR. R. S. GOENKA and MR. R. S. AGARWAL

Chairman's message



Dear Shareholders,

Your Company registered another commendable performance with impressive top line growth despite a challenging economy. Your Company recorded its highest turnover of ₹ 1528.48 crores as compared to ₹ 1366.37 crores in 2017-18 registering a growth of 11.9%. Earnings before Interest, Depreciation and Tax (EBIDTA) increased by 41% to ₹ 242.32 crores as against ₹ 171.87 crores in 2017-18. During the year under review, the combined production from Packaging Board, Newsprint and Writing & Printing paper stood at 3,22,359 MT and the capacity utilization stood at around 100%. The Company also recorded its highest sales volumes of 3,04,089 MT. Exports accounted for 16754 MT as against 13209 MT in the Previous Year. The Company is continuously focusing on improving operating efficiencies and reducing manufacturing cost for better financial performance.

Your Company has achieved remarkable performance with all-round growth in Multi-layer Coated Board Plant and recorded 1,78,534 MT of Board production. This was clocked through focus on product quality, process innovation, improved manufacturing efficiencies and enhanced service level with better logistic

Your Company has maintained its leadership position in the high-end packaging board segment and continues to consolidate its preferred supplier status amongst leading end-use customers & brands. The Company has also enjoyed dominant position in India being a world class quality manufacturer of Newsprint.

arrangements. The Packaging Board Plant capacity further increased from 1,80,000 TPA to 2,00,000 TPA during the year by adding balancing equipment.

Newsprint industry scenario has improved in the first half of 2018-19 with increase in prices of newsprint by about 30% and increase in demand for quality newsprint. However, newsprint industry witnessed a depressed market scenario in second half of the year due to higher volume of imports at cheap rates. Considering the altered and challenging scenario, your Company has decided to go in for a change in the product mix by converting 60,000 MT Newsprint capacity to any other value added and premium quality product. Your Company is currently undertaking a market survey and obtaining expert views in the matter before proceeding further.

The year 2018-19 was a market with volatility and disruptions. Your Company however continued to perform consistently well even under these challenging times and delivered better results.

With warm regards

A. V. Agarwal
Executive Chairman

Board of Directors



Mr. A. V. Agarwal
Executive Chairman



Mr. Manish Goenka
Non-Executive Director



Mrs. Richa Agarwal
Director



Mr. J. Godbole
Independent Director



Mr. H. M. Marda
Independent Director



Mr. J. K. Khetawat
Independent Director



Mr. P. S. Patwari
Executive Director and CEO



Mr. S. Balasubramanian
Independent Director



Mr. Shymalendu Chatterjee
Independent Director

Management team



Mr. M. B. S. Nair
Head Strategy & Operations



Mr. S. K. Khetan
Sr. President & CFO



Mr. A. A. Gupta
Sr. Vice President



Mr. B. Agarwal
Executive Vice President



Mr. G Saraf
Vice President (Finance)
& Secretary



Mr. P. Chhajer
Vice President (Engg.)



Mr. S. Goenka
Vice President



Mr. S. Patwari
Vice President



Mr. S. Mukherjee
Vice President
(Marketing & Sales)



Mr. A. K Singh
Assistant Vice President
(Board Plant)



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



Mr. M. K Agarwal
Assistant Vice President
(Finance)



Mr. A. Khemka
Assistant Vice President
(Purchase)

Emami Paper believes that

"Goodness is the only investment that never fails"

We focus on the welfare of people living in the neighboring communities. Our CSR team is involved in a wide variety of community development projects, which relate to Promoting Education, Women Empowerment, Healthcare, Environment sustainability, Mass marriage, Winter Cloth distribution, Sanitation-Toilet, Safe Drinking water, Rural Development and Animal Welfare.



 Promoting Education



 Women Empowerment



 Healthcare



 Environment Sustainability



Mass Marriage



Winter Cloth Distribution



Sanitation-Toilet



Safe Drinking Water



Rural Area Beautification



Animal Welfare

Management Discussion and Analysis

A. INDUSTRY STRUCTURE & DEVELOPMENTS

GLOBAL PAPER INDUSTRY

Global Paper & Paperboard market accounted for \$175.00 billion in 2017 and is expected to reach \$266.88 billion by 2026 growing at a CAGR of 4.8 per cent during the forecast period. Growing consumer awareness for sustainable packaging, rising demand from various end users and increasing environmental concerns are some of the factors favouring the market growth. Moreover, growing disposable incomes of people especially in the developing countries is one of the major opportunities during the forecast period.

Globally over 400 million tonnes of paper and paper products are consumed. The world's three largest paper producing countries are China, the United States, and Japan (these countries account for approximately half of the world's total paper production), while India accounts for a small but growing share of the global market. The global paper and pulp industry has contracted slightly over the past five years, primarily due to the shift to digital media and paperless communication across most developed economies. However, demand in emerging markets has partially offset the decline by driving increased demand for paper used in packaging materials.

Emerging markets like India and China will drive the market for the paper packaging segment, with applications across industries like healthcare, personal care, homecare, retail and others. With the focus now shifting towards eco-friendly and sustainability, paper packaging is expected to gain traction with many countries pushing for paper packaging products over plastic packaging, which poses a significant threat to the environment.

Higher recycling demand will further push the use of paper as a packaging material, with consumers and businesses looking for solutions that help in cost reduction as well as keeping the environment safe while keeping government regulations intact.

INDIAN PAPER INDUSTRY

The Indian paper industry accounts for about 3.7% of the world's production of paper. The estimated turnover of the industry is INR 60,000 crores (USD 8.5 billion approximately) and its contribution to the exchequer is around INR 4,500 crores. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly.

Paper Industry in India is moving up with a strong demand push and in expansion mode to meet the projected demand of 20 million tonnes by 2020. Thus paper industry in India is on the growth trajectory and is expected to touch 8.5% GDP in the coming years. Therefore, the growth of industry will exceed the present rate of 6.5%.

In spite of the sustained growth witnessed by the industry, the per capita paper consumption in India stands at a little over 13 kg which is well below the global average of 57 kg and significantly below 200 kg in North America.

The demand drivers include 1) rising income levels, 2) growing per capita expenditure, 3) a likely pick-up from the education sector, 4) requirement of better quality packaging of FMCG products marketed through organised retail, and 5) increasing preference for ready-to-eat foods.

On the other hand, challenges include 1) access to quality and cost competitive raw material whose prices have started increasing recently, 2) competition from imports and 3) technology obsolescence.