



emami* paper mills limited

EPML/BSE/18-19
18th August, 2018

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CIN : L21019WB1981PLC034161

The Secretary
Bombay Stock Exchange Limited
Floor 25, Phirozee Jeejeebhoy Tower
Dalal Street,
Mumbai - 400001

Dear Sir,

Reference: Scrip Code – 533208

Sub: Approval of Annual Report 2018

We would like to inform you that the Members of the Company, at the 36th Annual General Meeting of the Company held on Friday, 10th August, 2018, have considered, approved and adopted the Financial Statements of the Company comprising of Audited Balance Sheet as at 31st March, 2018, the Statement of Profit & Loss and Cash Flow statement for the Financial year ended on that date and the Reports of the Directors' and Auditors' thereon (together Annual Report 2018).

Please note that the Copy of the Annual Report has already been sent, at the time of dispatch of the Annual Report to shareholders, with the Stock Exchange vide our letter dated 19th July, 2018.

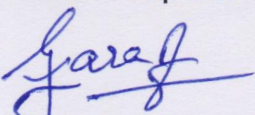
We request you to kindly take the above Annual Report 2018 on record as per Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Dividend declared at the 36th Annual General Meeting (AGM) will be paid/dispatched on or before 7th September, 2018.

This is for your information and record.

Thanking You,

Yours faithfully,
For Emami Paper Mills Limited,


G. SARAF
Vice President (Finance) & Secretary

Encl: As Above



Differentiator

Emami Paper Mills Limited
Annual Report 2017-18



Forward looking statement

This document contains statements about expected future events and financial and operating results of Emami Paper Mills Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Emami Paper Mills Limited Annual Report 2017-18.

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REASON MADE IT POSSIBLE FOR EMAMI PAPER

to emerge as a quality leader in the
paperboard business.

to generate a 40% higher packaging
boards output than the rated capacity.

to be consistently sought by the
country's largest media group for its
quality newsprint.

to shrink packaging board delivery
schedules and emerge as a sectoral
benchmark.

*This 'one reason' was our need to outperform
and emerge as a differentiator.*



1 We market diverse products

Emami Paper is one of the most dynamic paper and boards companies in India.

The Company is engaged in the manufacture of two principal products – multi layer packaging board and newsprint.

The complement of these businesses makes it possible for the Company to address the vast upside coming out of India's improving literacy, consumption growth and democratic tradition.

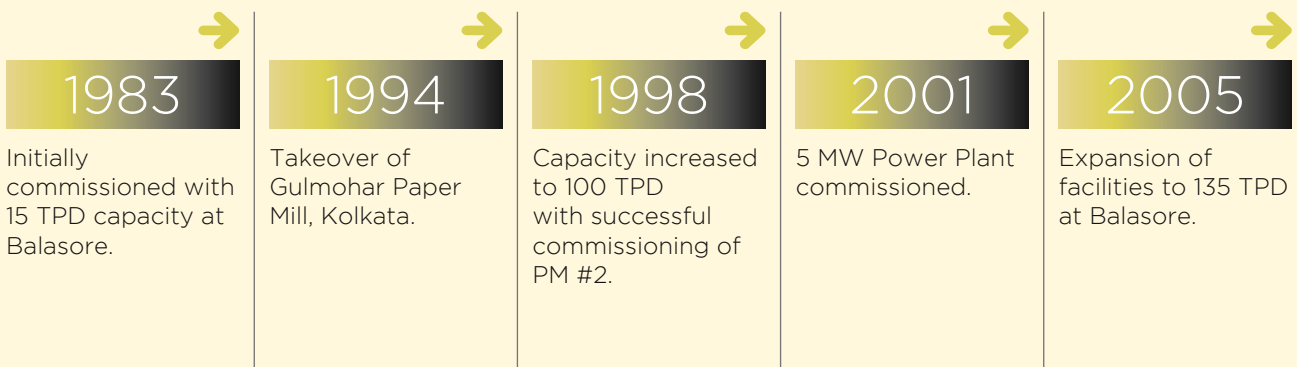
2 We have invested in scale

Emami Paper has progressively invested in scale across its two principal products.

The Company's packaging board manufacturing capacity of 180000 TPA is the second largest in India and the packaging board machine installed is the single-largest standalone boards manufacturing facility in India. The Company provides a wide range of packaging boards (170-450 GSM) in recycled as well as virgin grades.

The Company is India's largest and best quality newsprint manufacturer, using waste paper as raw material; its newsprint

GROWTH JOURNEY



capacity was 1,50,000 TPA as on 31 March 2018.

The Company made two machines having a capacity of 48,000 TPA fungible for manufacturing writing and printing paper as well as newsprint.

3 We possess credible pedigree

Emami Paper (established in 1982) is a part of the cash-rich Kolkata-based Emami Group with extensive business interests.

The Emami Group is engaged in diverse businesses (FMCG, edible oil, writing instruments, healthcare, retail stores, cement and real estate development).

Emami Limited, flagship of the Emami Group attracted a market capitalisation of ₹24,250 crore as on 31st March, 2018.

4 We have invested in cutting-edge assets

The Company's newsprint mill is the only one of its kind in India and based on 100% recycled fibre.

The plant possesses a 33.5 MW captive power plant, making it one of the lowest cost newsprint manufacturers in India.

The Company's 3,30,000 TPA assets are located in

Balasore (Odisha) and Kolkata (West Bengal) - 1,50,000 TPA newsprint, and 1,80,000 TPA packaging board across five paper machines.

5 We work with demanding customers

The Company's newsprint customers comprise *The Times of India*, *The Economic Times*, *The Hindustan Times*, *Dainik Jagran*, *Dainik Bhaskar*, *ABP Group* (*The Telegraph*, *Ananda Bazar Patrika*), *The Samaja*, *Prabhat Khabar*, *Sanmarg*, *Bartaman*, *Malayalam Manorama*, *Deccan Herald*, *The Hindu* and so on.

The Company appointed 39 dealers across the country and markets its packaging board pan-India through dealers. The Company's packaging board customers comprise TCPL Packaging Limited, Parksons Packaging Limited, Borkar Packaging Private Limited, York Print Private Limited, Navneet Education Limited, Hyderabad Securities & Offset Printing Limited and others. The Company also received nominations for its packaging board from Aurobindo Pharma, Dr. Reddy's Laboratories Limited, Colgate Palmolive, Hindustan Unilever Limited, Kellogg's and so many others.

A RESPONSIBLE COMPANY

WE ARE AMONG FEW PAPER AND BOARD COMPANIES IN INDIA TO BE CERTIFIED FOR ISO 9001 (QUALITY MANAGEMENT SYSTEM), ISO 14001 (ENVIRONMENTAL MANAGEMENT SYSTEM) AND OHSAS 18001 (OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM).

OUR ENVIRONMENT COMPLIANCE MAKES US A RESPONSIBLE AND ENVIRONMENTALLY CLEAN COMPANY.

OUR EXTENSIVE SOCIAL RESPONSIBILITY MAKES US A SENSITIVE CORPORATE CITIZEN, TOUCHING THE LIVES OF THOUSANDS.

2007

Commissioned of Power Plant- 15 MW, DIP-300 TPD, PM #3 - 250 TPD.

2008

Emergence as one of the largest manufacturers of newsprint and a market leader in the country.

2010

Listed on BSE.

2015

Paperboard plant of 1,32,000 TPA with 10.5 MW power plant commissioned.

2017

Capacity of board plant increased to 1,80,000 TPA, PM #2 newsprint machine made fungible for manufacturing writing and printing (W&P) grade and 15 MW power plant upgraded to 18 MW.

Our founders



R. S. GOENKA AND R. S. AGARWAL



A. V. AGARWAL,
EXECUTIVE CHAIRMAN

THE COMPANY
ENJOYS AN
ATTRACTIVE
POSITION ACROSS
PRODUCT
SEGMENTS,
ENABLING IT
TO CAPITALISE
EVERY UPTURN
WITH SPEED AND
READINESS.

In a year marked with disruption, Emami Paper emerged as a strong entity by demonstrating its true mettle through its performance.

The financial year under review was one of the most challenging. Realities were marked by GST-induced de-stocking among downstream customers, sluggish demand following the impact of demonetisation.

I am pleased to report that in such a scenario, Emami Paper validated its spirit of differentiation by reporting a growth of 15% in revenues and a 7% growth in profit before depreciation and tax.

The expansion of our new paper board manufacturing unit commissioned in 2015 has been validated through some of the best operating parameters in the Indian paper board industry. The Company was able to stabilise the quality of the manufactured products at shortest period. The strong brand equity of Emami Paper enjoys a premium in realisations and category leadership. The Company enjoys an attractive position across product segments, enabling it to capitalise every upturn with speed and readiness.

At Emami Paper, we have embarked on the most dynamic phase of our existence – the Company not only intends to sweat its existing paperboard capacity higher than ever during the current financial year but also intends to embark on commissioning a 200,000 TPA green-field paperboard plant to go on stream in Gujarat in 2020.

We believe that this expansion will kick-start a new phase of growth for Emami Paper, resulting in the ability to deliver products quicker across markets and leverage our brand more effectively to translate into faster growth.

The result is that whatever we have achieved over the last two years, we expect to more than replicate the same in the next three years, enhancing value for our stakeholders.

MANAGEMENT OVERVIEW



MR. P. S. PATWARI,
EXECUTIVE DIRECTOR
AND CEO

“We intend to more than replicate our turnover over the next four years”

Emami Paper stands at a decisive point in its existence.

The Company reported 15% growth in revenue corresponded by a 7% increase in its PBDT during the year under review, setting the foundation for improved revenues and surplus from 2018-19 onwards.

The future is compelling for another reason. It took the Company 35 years to reach ₹1367 crore of turnover during the year ending 31st March, 2018; the Company is attractively placed to more than double turnover in the next four years.

This dramatic projected growth (as opposed to incremental) will be the result of the Company's decision to substantially increase its packaging board production capacity at a greenfield location in Gujarat.

Culture of outperformance

The expansion represents a validation of the success of the Company's boards unit at Balasore in the face of a number of challenges. When the Company commissioned this plant in April 2015, the general opinion was that it would struggle in this business given its inexperience; besides,

the unit was considered distant from downstream consuming companies; the business warranted a completely different mindset from the paper and newsprint business that the Company had been engaged in.

I am pleased to report that Emami Paper's boards business is being perceived as one of the most remarkable successes within its sector. The Company transformed every single challenge into an opportunity.

When customers were unsure whether we would be able to match the prevailing delivery schedules within the sector,

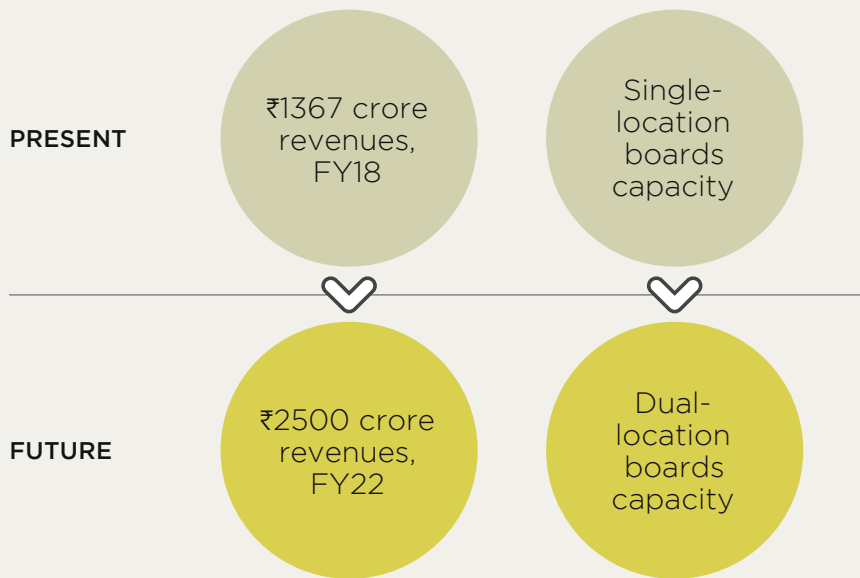
SNAPSHOT

Company placed to more than double turnover in four years

Proposed greenfield capacity in Gujarat

Intended to strengthened the business model

Will leverage extensive culture of outperformance



I AM PLEASED TO REPORT THAT EMAMI PAPER'S BOARDS BUSINESS IS BEING PERCEIVED AS ONE OF THE MOST REMARKABLE SUCCESSES WITHIN ITS SECTOR. THE COMPANY TRANSFORMED EVERY SINGLE CHALLENGE INTO AN OPPORTUNITY.

we bettered it. When industry observers wondered whether we would be able to generate adequate throughput from our plant, we reported one of the shortest learning curves. When customers wondered how we would service their growing needs after we had touched rated capacity utilisation in the first year, we proceeded to sweat our assets far in excess of rated capacity to emerge as a sectoral benchmark. When most wondered how we would be able to compete with some of the larger players within our sector, we surprised with our outperformance to emerge as the undisputed number two in size across the country's boards sector and the number one in quality across a number of board varieties. When most customers wondered whether we would be able to stabilise our quality, we engineered our product and established leadership in the recycled boards segment.

Taking our success ahead

The time has come to replicate this Balasore-driven success in a second location. The Company intends to commission 200,000 TPA boards capacity in a Gujarat location with a mandate to commission commercial production in late 2020-21.

The expansion addresses the growing demand for high-end packaging boards in India – the market for virgin boards growing at a compounded 10% per annum and the market for recycled boards is growing at 7% per annum. Besides, the expansion will reinforce the business model of our boards business in various ways.

One, it will reduce the risk of the Company operating from a single location.

Two, the unit will strengthen our pan-India access, making it possible for us to deliver to customers within declining turnaround times.

Three, the expansion will make it possible for the Company to be future-ready in servicing growing customer appetites.


Four, investment in the large capacity will leverage the ability we have established in managing India's largest single-unit boards plant at Balasore.

Five, the unit will be flexible enough to work with recycled or virgin raw material.

Outlook

It is this optimism that we present, convinced that the Company's performance in the last financial year was a foundation, that our performance in the current financial year will be substantially better, that our prospective cash flows will be reinvested in the fastest growing segment of our business and that the result of this will be a large virtuous cycle that promises profitable growth and sustainability across the foreseeable future.





At Emami Paper, being the differentiator means working diligently on projects that can take the Company ahead

At Emami Paper, not all innovations are generated out of emergency.

There is a concerted effort in working on projects concurrent with the Company's every-day working. Projects that have not been announced. Projects that have not been cleared. Projects that are not even considered to be needed. Projects driven not as much by corporate agenda as much by private calling.

For instance, two engineers associated with the board mill recognised that even as the operational controls of the plant were largely automated, engineers were still required to continuously monitor all controls – a seeming contradiction.

That is when the engineers began to work on correcting this reality. Through a project launched and addressed in their private time.

They comprehended the logic. They wrote code. They did a dry run. They presented to the plant management.

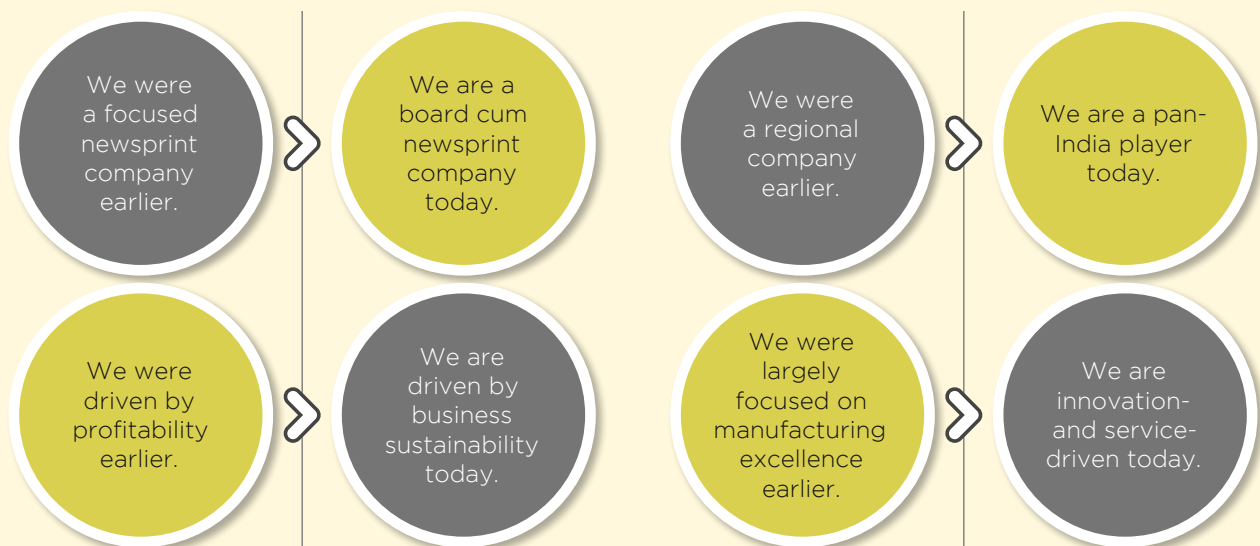
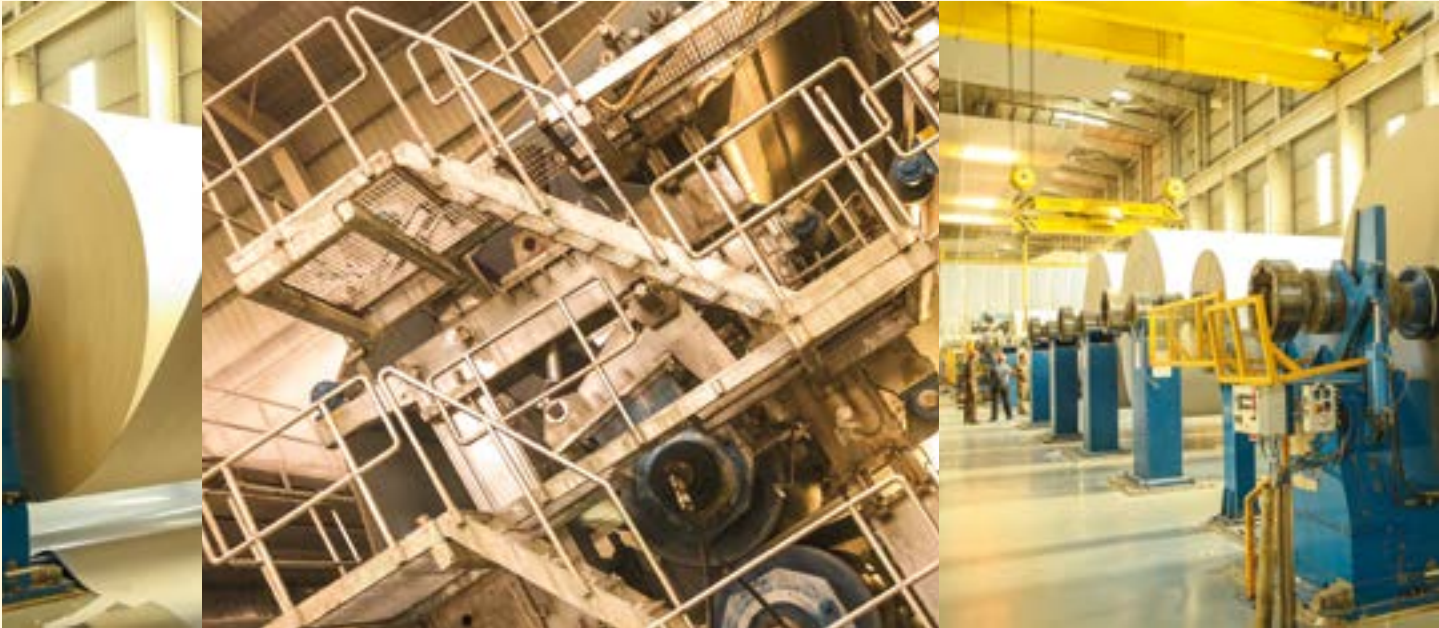
The result is that this initiative, extending beyond the normal call of duty, is now an integral feature of the Company's board plant.

Making it possible for the plant to automatically correct small operational deviations without human intervention.

Our robust business model

Emami Paper. How we have transformed our personality

At Emami Paper, we believe that success in a dynamic business is derived from the ability to stay one step ahead.



Our passion-driven culture



10

11

Emami Paper Mills Limited | Annual Report 2017-18

Excellence

'Hum kisi se haarne waale nahi hai.'

Focus

'There is an obsession to be the best in India.'

Passion

'The mantra: Retrofit, not replace.'

Competitiveness

'The success of the Company comes from just four words: We can do it.'

Well-being

'The factory employee *parivaars* are happiest in Balasore.'

Care

'The best thing that the Company has done is address the educational needs of their children.'

Urgency

'Even if any customer calls us last minute for board requirements, we deliver.'

Innovation

'We have graduated from replacement engineers to innovative engineers.'

Knowledge

'The Emami Paper factory area is not a shopfloor; it is like a campus of vibrant minds.'

Meticulous

'Emami Paper is all about detail orientation.'

Teamwork

'Emami Paper *jud ke kaam karta hain*.'

People retention

'A number of Emami Paper employees say they wish to retire only from our company.'

Service

'Emami Paper cares to deliver material *khudra-khudri* (small volumes), helping small customers grow.'

CSR

'The construction of Jagannath Mandir by Emami Paper in Balasore has helped bring employees, executives and communities together.'



How we intend taking the Company ahead

At Emami Paper, our performance ambition is to create a large paper and paperboards company respected for its ability to enhance value for its stakeholders.

Overall goal

Generate ₹2500 crore in revenues by 2021-22

Probable goal contributors

Products: The Company intends to increase its paperboards production significantly through capacity de-bottlenecking and fresh capacity creation

Technologies: The Company will continue to invest in the best technology standards of the day

Geographies: The Company intends to extend its manufacturing location from Odisha to Gujarat over the next two years

People: The Company intends to leverage its resident entrepreneurial mindset to generate consistent outperformance

10 ways in which we created a distinctive brand around our boards business

By Ashish De, Whole-time Director

At Emami Paper, our performance ambition is to create a large paper and paperboards company respected for its ability to enhance value for its stakeholders.

1 There are 200 board manufacturers in India; we resolved to be in the top two or exit the business

2 We recognised that to emerge as the biggest in scale, quality and brand, we would leverage the interplay of 'man, machine and management'

3 We created a marketing team with an average age of less than 30 and expressed *junoon* of '*Kuch kar dikhaana hai life me*'

4 We created a team where Emami Paper was their first job for nearly 85% of employees

5 We studied unmet customer needs to arrive at an indicative product mix

6 We focused on manufacturing board varieties that would translate into superior yield – more output for the customer, lower ink consumption and uninterrupted production

7 We educated customers that we provided the best price-value proposition (as opposed to delivering at the lowest price)

8 We educated customers on the invisible gains when working with us

9 We focused on emerging indispensable to customers ('*Emami ke bina chalega nahi*')

10 We invested in the single largest board machine in India to generate corresponding economies of scale

The results

Achieved 100% capacity utilisation in the first year of working (normally achieved by board companies from 18 to 36 months)

Generated around 40% more output from our rated capacity (2017-18)

Established leadership (number one or two) across different board varieties

Being socially responsible

At Emami Paper, the focus is as much on enhancing community prosperity as it is on enhancing the competitive advantage.

This priority is reflected in the Company's CSR spending – as against the government mandate of channelising 2% of the net profit in CSR initiatives, Emami Paper invested ₹2 crore (10% of its net profit) in development within a 10-kilometre radius of its plants.



Aahar Yojna



Cow shelter



Exercise notebook distribution in local school



Plantation



Health check-up camp



Organising mass marriage



Organising mass feeding



CCTV installation



Scholarship to school children



Installed tube well in school

Board of Directors



Mr. A. V. Agarwal
Executive Chairman



Mr. Manish Goenka
Non-Executive Director



Mr. P. S. Patwari
Executive Director and CEO



Mr. Ashish De
Whole Time Director



Mr. J. Godbole
Independent Director



Mr. S. Balasubramanian
Independent Director



Mr. U. G. Bhat
Independent Director



Mr. J. K. Khetawat
Independent Director



Mr. H. M. Marda
Independent Director



Mrs. Richa Agarwal
Director

Management team



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



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



Mr. A. A. Gupta
Senior Vice President



Mr. B. Agarwal
Executive Vice President



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



Mr. B. Choudhury
Vice President (Engineering)



Mr. S. Goenka
Vice President



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



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



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



Mr. S. Patwari
General Manager (Commercial)

Corporate information

BOARD OF DIRECTORS

Mr. A. V. Agarwal,
Executive Chairman

Mr. Manish Goenka,
Non-Executive Director

Mr. P. S. Patwari,
Executive Director

Mr. Ashish De,
Whole Time Director

Mr. J. N. Godbole,
Independent Director

Mr. H. M. Marda,
Independent Director

Mr. J. K. Khetawat,
Independent Director

Mr. S. Balasubramanian,
Independent Director

Mr. U. G. Bhat,
Independent Director

Mrs. Richa Agarwal,
Director

HEAD (STRATEGY & OPERATIONS)

Mr. M. B. S. Nair

PRESIDENT (FINANCE) & CFO

Mr. S. K. Khetan

VICE PRESIDENT (FINANCE) AND SECRETARY

Mr. G. Saraf

AUDITORS

M/s Agrawal 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 Bank of India

RBL Bank Limited

DCB Bank Limited

IDFC Bank Limited

IndusInd Bank

WORKS

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(Odisha)

R. N. Tagore Road, Dakshineswar,
Kolkata - 700035, (West Bengali)

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ACROPOLIS

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Email: emamipaper@emamipaper.com
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gsaraf@emamipaper.com

Website: www.emamipaper.in

Management's Discussion and Analysis

GLOBAL PAPER INDUSTRY

Global paper industry, during the year has experienced a radical shift in the business environment; mostly resulting from policy changes by Chinese Government. China, the world's largest paper recycler, having annual capacity of about 65 million tons of recycle based pulp and paper, imports about 26-million-ton waste paper per annum. China plays a decisive role in global market of waste paper. Chinese government's move to ban import of inferior grade has dramatically changed the waste paper prices globally.

Further, a considerable paper production capacity in China has seriously been affected due to emission and other environmental issues. Cumulative effect of the same has resulted into stiff decline in global supply of recycle grade newsprint, paper and paperboard with consequential increase in the price. China, which was a major exporter of paper, paperboard and newsprint, has become a paper importer due to changes in its internal policies.

Demand growth in paper and paperboard is being led by the paperboard segment, and the segment reflects impetus for better growth in coming years. This segment has reached 288 million ton annually with an increase of 2% CAGR for last 5 years largely backed by steady demand in Asia, Africa and North America as a result of growth in consumer goods as well as rising e-commerce activity. Global demand for writing & printing paper and newsprint witnessed sluggish growth owing to increasing penetration of online media, e-books and e-paper. However, demand in developing countries reflects steady growth resulting from increased literacy and awareness. Global demand stands at 99 million tpa for writing & printing paper and at 23 million tpa for newsprint.

Despite moderate growth in demand, price for paper and paperboard experienced a steady rise as a result of policy changes in China, which is expected to continue so at least for next couple of years.

INDIAN PAPER INDUSTRY

Future of Indian paper industry is quite promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. Similar to global market, the growth in demand in India is largely led by consumer packaging paperboard segment. The size of the paper industry has grown from 13 million tpa in 2011-12 to 17 million tpa in 2017-18; it is expected to reach to 23 million tpa in 2021-22 by growing at 7% CAGR.

The change in Global Scenario resulting from China's ban on import of waste paper and closure of substantial capacity in that country, has brought two sided benefits to Indian paper makers, especially for those who recycle waste paper, on account of lower waste paper prices as well as higher realization of newsprint, paper and paperboard.

Population base in India, remains to be the most significant driver for future growth in paper demand, besides increasing literacy, overall economic growth, increased preference to branded goods, rising e-commerce activities; while India accounts for nearly 17% of the world's population, it consumes only 3% of the global paper production, which shows the future potential of the Indian paper industry. India holds 15th rank among paper producing countries in the world. The total installed capacity is approximately 12.7 million tonnes. The per capita consumption of paper is around 11 kgs against the global average of 56 kgs and the Asian average of 40 kgs. Every 1 kg increase in per capita consumption results into increase in annual demand over 1 million ton.

At present, the industry is fragmented with over 750 paper mills, of which only 50 mills have a capacity of 50,000 TPA or more and the rest are of small size. About 70% of the total installed capacity of paper production in India is accounted by Gujarat, West Bengal, Orissa, Andhra Pradesh, Karnataka,

Maharashtra, Uttar Pradesh, Tamil Nadu, Haryana, Kerala, Bihar and Assam. The industry is working at 89 per cent capacity utilisation.

Newsprint Sector

Despite global downward trend in newspaper circulation, owing to penetration of smart phones and e-papers; India has a growing newspaper market, with daily circulation up from 150 million in 2002 rising to 264 million in 2017; the rise is expected to continue in the coming years. With the rise in circulation, rising literacy rates and steady growth in ad revenue, demand for newsprint has grown at a CAGR of 4% from 2 million tonnes in 2011-12 to 2.5 million tonnes in 2016-17; it is expected that the growth will continue at CAGR of 3.5% - 4% to reach 3 million ton in 2021-22.

India continues to be the only among the major economies where print media, led by newspapers, is still growing and commands a major share of the overall advertising pie. Multiple forecasts by top media agencies expect 2018 to be an even bigger year for the growth of newspapers in India.

In India, over 50% of the newsprint demand is met through import and domestic prices of newsprint is largely regulated by the global newsprint price. Domestic newsprint market witnessed about 25%-30% price increase following the changes in global newsprint scenario. Overall performance of Indian newsprint sector expected to be very promising in the years to come.

It was a welcome step by the government to introduce 5% IGST on imported newsprint as against zero import duty during pre-GST regime. Introduction of IGST on imported newsprint has provided level playing field to the Indian newsprint manufacturers against imported ones.

Consumer Packaging Board Sector

Paperboard packaging is used to provide packaging solutions, largely to the consumer products. Paperboard packaging solutions have extensive applications across several industrial verticals from healthcare to food and beverages industry and

personal care to home care. Furthermore, paper and paperboards are also used to make packaging labels, boxes, cartons and cardboard boxes.

Due to increasing consumer awareness about the ill-effects of non-biodegradable materials and rising environmental concerns, consumers are increasingly opting for environment friendly packaging solutions, thus, driving growth of the paperboard packaging market. Moreover, increasing disposable income of people, preference to branded products, rise in e-commerce activities are the vital factors fuelling growth of the paperboard packaging market currently. Growing consumer awareness for sustainable packaging techniques and recyclability of paperboard packaging are some of the other key factors boosting growth of the paperboard packaging market. For Indian paperboard manufacturers, opportunity is not only in domestic demand growth but also countries like Bangladesh, Sri Lanka are emerging as paperboard export markets for India.

In last 5 - 6 years, domestic demand for consumer packaging board has increased at 8-9% CAGR to touch 3.7 million ton in 2018; and it is expected to grow to 4.7 million ton by 2021-22 harnessing the same growth rate driven by steady economic growth, increased industrial growth and consumers' preference to branded products.

Consumer packaging board comprises of two sub-segments (i) virgin grade Value Added Product (VAP) (ii) recycle grade paperboard. The anticipated robust growth in this segment will be led by the VAP grade paperboard, which presently witnessing about 12%-13% CAGR and expected to continue as such to reach 1.3 million ton in 2021-22 from the present demand level of 1.0 million ton. Annual demand of recycle grade consumer packaging is 2.7 million ton in 2017-18, which is expected to reach 3.4 million ton in 2021-22.

Even though virgin grade paperboard has more promising future over recycled grade in consumer packaging segment; couple of years are set for grand success of the recycle based paperboard also as a result of change in industrial scenario globally.

EMAMI'S INDUSTRY PRESENCE

Emami Paper Mills Limited, part of the Emami Group of Industries has paper mills located at Balasore (Odisha) and Dakshineswar (W.B., Kolkata), is one of the most environment friendly paper mills in Eastern India. The company is largest newsprint manufacturer of India with 1,50,000 tpa capacity and produces best quality newsprint at par with the quality of imported ones. The other line of business of the Company is 2,00,000 tpa capacity consumer packaging board of recycle grade as well as that of virgin grade. Company's diversification into paperboard segment is now most discussed success story in the paper industry because of the tremendous performance of its board machine, appreciated market acceptance of the Company's paperboard. Its paperboard has also a good reputation in export market and about 10%-15% of its recycle grade paperboard is exported to overseas market.

The turnaround in the global paper scenario in the current year, brings good fortunes and prospects for the Company in coming years.

STRENGTH AND OPPORTUNITIES

- Strategic location – proximity to raw materials and nearness to the market.
- Large and growing domestic paper market and increasing export market for its products
- Pan India presence
- Partnership with best logistic companies, which enables the Company to deliver its product at any corner of India within 3-4 days at very competitive freight charges
- 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.
- Strong team having sound technical knowledge and visionary managerial capabilities to ensure production of world class quality products and best business operation.

- Company's focus on continuous sustainable growth, especially diversification into paperboard segment, which is protected from increasing use of digitization and internet.
- Economy of scale – about 3.35 lac tpa capacity at single location
- Strong customer base and dealers/distributors network.
- Governments thrust for education and literacy coupled with increasing disposable income and overall economic growth of the nation.
- Sufficient infrastructure available with the Company for future expansion
- Well established Research and Development (R&D) facilities/activities encouraging innovation, product development and cost saving.
- Steady increase in preference to branded products by consumers, booming e-commerce and healthy growth in organised sector are the driving force for robust demand for paper and paperboard.
- Lowest cost manufacturer with advanced technology for manufacturing of newsprint and multilayer paperboard with self-sufficient captive power plants.
- Levy of IGST on imported newsprint as compared to duty free import in pre-GST regime

WEAKNESS AND THREATS

- Increasing coal cost
- Numerous Regional Trade scheme (RTs)/Free Trade Agreement (FTAs) without adequate safeguard to the domestic industries.
- Increasing competition from electronic media and digitalization (for newsprint).
- Fragment nature of industry having small and unorganised industry players
- Capital-intensive industry

IT SUPPORT

More the size increases, more the operation becomes complex; the Company embraces information technology more to control and manage its operations in order to achieve greater productivity and efficiency. The Company has already upgraded its SAP ERP system to latest HANA version and uses IT in all level of operation including production planning, production control, storage and despatch besides traditional accounting and financial data processing. SAP and other IT utilities support the Company's complex business process and strengthens internal financial control adopted by the Company. Firewalls, Anti-virus and End-Point Security measures adopted by the Company to enforce strict security practices in all nodes to mitigate network security risks and to protect company's data and other IT resources from all external threats and vulnerabilities.

Enterprise wide IT system including SAP is monitored and supported by dedicated in-house IT team in the areas such as SAP support, Data Centre Management, Networking, Software development and systems administration, Hardware Capacity Planning activities etc. The company has developed an internal control and checking system for security of its IT assets, which efficaciously operates to protect IT assets.

RISK AND CONCERNS

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

HUMAN RESOURCES AND TRADE RELATIONS

Highly capable and skilled human resources with strong motivation and dedication is the backbone of your company's success and growth. From its foundation, company's employment philosophy and practices have been based on the recognition that its people are the primary source of its competitiveness.

Your company consistently abides by human resources policy that is found on a set of following principles: equality of opportunity, continuing personal development, fairness, mutual trust and teamwork. The company takes several measures for suitable appointment, skill development and retention of in human resources including but not limited to effective appointment system, employee training (on duty as well as structured trainings), goal setting, performance based appraisal, retention by creation of a nice work place, employee engagement activities and leadership development.

Your Company's employees have collectively envisioned the future with commitment to realise your Company's vision of creating enduring value for the Company as well as for the society at large.

SAFETY

Where safety is the concern, commitment to Zero' is the top priority of your company. The senior leadership believes in promoting a safe working environment across the organisation and has taken the onus of being a role model to showcase paramount importance of workplace safety, which is embedded as a core values of the Company. Your Company has adopted an Integrated Policy which clearly defines Occupational Health, Safety and Working Environment. Suitable Personal Protective Equipment (PPE) is provided to all the concerned employees and efforts are being taken to educate and motivate the employees as well as communicate to interested parties to foster team spirit and contribute towards implementation of Safety Policy of the Company. Periodical Training Programs are conducted on handling hazardous chemicals, Material handling, Usage of PPEs, firefighting etc. to improve safety awareness among the employees and contract workmen. Mill side Safety Audit, HAZOP study and Risk Analysis are carried out periodically through experts for industrial safety and their recommendations are implemented. Material Safety Data Sheets (MSDS) are displayed at all the hazardous chemical storage areas. Testing of Pressure Vessels, Lifting tackles, Safety belts, Conveyor Systems, Building Stability, Chemical stored FRP tanks etc., are carried out through competent persons. An updated Onsite Emergency Plan (OEP) and Off-site Emergency Plan are

available to properly address emergencies. Periodic mock drills on hazardous chemical leakages and fire incident are conducted to ensure the effectiveness of emergency preparedness. The entire mill is covered with fire hydrant points with pressurised water mains firefighting. 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.

We continuously strive towards achieving our goals of zero fatalities at work place and eliminating injuries and occupational diseases across the organisation.

INTERNAL CONTROL SYSTEM

Your Company has an adequate and effective Internal Control Mechanism in place to ensure efficient conduct of its operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information as per its Management Information System (MIS). These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations and protecting assets from unauthorised use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

Apart from strong internal control, your Company has also appointed external and independent Audit Firms as its Internal Auditor for periodical checking and monitoring the Internal Control Measures for both its plants at Balasore and Kolkata.

Internal Auditors are present at the Audit Committee Meetings where Internal Audit Reports are discussed

alongside of management comments and the findings and observation of the Internal Auditors. The Terms of Reference of the Audit Committee inter alia includes reviewing the adequacy of the internal control environment, monitoring implementation of the action plans emerging out of Internal Audit findings including those relating to strengthening Company's Risk Management Systems and discharge of statutory mandates.

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

Your Directors take pleasure in presenting their Thirty Sixth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2018.

FINANCIAL SUMMARY

Particulars	2017-18 ₹/Crores	2016-17 ₹/Crores
Operational Income	1366.37	1185.08
Profit before Finance Cost, Depreciation & Taxation (PBIDT)	171.87	152.10
Less: Finance Cost	83.63	70.13
Profit Before Depreciation & Tax (PBDT)	88.24	81.97
Depreciation & amortisation	64.31	55.84
Profit Before Taxation	23.93	26.13
Less : Provision for Current taxation (MAT)	2.37	6.95
MAT Credit entitlement	(2.37)	(6.95)
Provision for deferred tax	7.55	7.05
Profit after Tax	16.38	19.08
Add : Surplus brought forward	10.44	(4.27)
Balance available for appropriation	26.82	14.81
Appropriations		
Dividend on Equity Shares	7.26	3.63
Corporate Dividend Tax	1.48	0.74
Balance carried forward	18.08	10.44

The Company adopted Indian Accounting Standard "IND-AS" from April 01, 2017 and accordingly the aforesaid summary of financial results for previous as well as current year is in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

PERFORMANCE HIGHLIGHT

Your Company registered another commendable performance with impressive top line growth despite a challenging economy. Your Company delivered record earnings during the year and achieved its highest ever revenue of ₹1366.37 crores as compared

to ₹1185.08 crores in 2016-17 registering a growth of 15.3%. Earnings Before Interest and Tax (EBIDTA) increased by 13% to ₹171.87 crores as against ₹152.10 crores in 2016-17. During the year under review, the combined production from Packaging Board, Newsprint and Writing & Printing paper stood at 2,90,778 MT and the capacity utilization stood at 100%. The Company is continuously focusing on improving operating efficiencies and minimizing cost for better financial performance.

Your Company has gained leadership position in the high end packaging board segment and continued to enjoy dominant position being one of the preferred suppliers of Newsprint in India being world class quality manufacturer of Newsprint.

OPERATIONS AND OUTLOOK

The country is passing through a challenging but interesting phase of economy. While the governance and transparency are improving, ways of working are being changed which is temporarily adding stress for unlocking future growth potential. During the year, domestic market was significantly impacted by demonetization, GST implementation, lower industrial growth and marked with many disruptions.

Your Company has achieved remarkable performance with all-round growth of Multi-layer Coated Board plant and recorded 1,63,313 MT of Board production. This was clocked through focus on product quality, process innovation, improved manufacturing efficiencies and enhanced service level with better logistic arrangements. The packaging board plant capacity increased from 1,32,000 TPA to 1,80,000 TPA during the year and will be further augmented to 2,00,000 TPA during 2018-19 by adding balancing equipment.

The market for packaging board is estimated at 3.50 Million tonnes. Recycled board account for 2.7 Million tonnes and high end Value Added Product (VAP) varieties account for remaining 0.8 Million tonnes. The demand growth for packaging board is estimated at CAGR of 8-9% in general, but CAGR for VAP products is higher at 12.13% and expected to reach 4.7 Million tonnes by 2021-22. The packaging board demand is driven by increasing requirements of FMCG, Pharma, publishing, food and beverages, garments, etc.

The Indian Newsprint industry witnessed yet another year of challenges due to lower growth in GDP, higher volume of imports at cheap rates (dumping), decrease in the number of pages per newspaper, cascading impact on availability of used newspaper and rising prices of raw material and coal.

However, newsprint industry scenario has improved since beginning of 2018 with increase in prices of newsprint by about 25%-30% and increase in demand of quality newsprint from domestic manufacturers. Demand of newsprint has grown at a CAGR of 4% during last 5 years to 2.6 Million tonnes in 2017-18. With 1,50,000 TPA newsprint capacity and focus on operational excellence and quality, your Company is well placed.

Overall, the performance has been satisfactory despite economic and industry challenges. With the implementation of GST and regularization of formal economy coupled with initiatives taken by the

government to improve infrastructure, agriculture and industry across all segments, significant industrial growth is expected in times to come. Your company is attractively positioned to take benefit of this growing opportunity and therefore looks to the future with optimism and confidence.

NEW PROJECT

As a part of the growth plan, your Company has embarked on a new Greenfield project at Bharuch, Gujarat for manufacturing of about 2,00,000 MT per annum Consumer Packaging Board by way of installing a state-of-the-art Board Machine, Co-generation Power Plant and other auxiliaries.

With the implementation of the Gujarat project, the overall packaging board, Newsprint and paper production capacity of three units of your Company will be increased to 5,50,000 MT per annum and creating new infrastructure for adding more capacities to cater increasing demand of domestic and export market.

DIVIDEND

Your Directors are pleased to recommend dividend of 60% (₹1.20 per share) on Equity shares to ₹2.00 each and 8% p.a. dividend on Preference shares of ₹100.00 each for the financial year ended 31st March, 2018. The Dividend, if approved by the shareholders, will absorb ₹14.64 crores (including the dividend Tax of ₹2.48 crores)

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 natural resource conservation

To meet its environmental objectives, the Company adopts:

- Compliance with all relevant legislative requirements.
- Minimum Pollution Load in terms of Liquid Discharge and Air Emission.
- Stimulate rational use of resources through behavioural and technological improvements.

- Minimizing waste and maximizing recycling/ reuse.
- Creating Human Awareness in Environment, Safety and Health.
- Promoting comprehensive programs for continual improvement of Environmental performance.
- Reduce specific energy consumption and associated greenhouse gas emission.

Your Company has 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 9001:2015 - Quality Management System
- ISO 14001:2015 - 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, mechanism and monitoring instruments maintained by the Company are as below:

- Online Ambient air quality monitoring system (3 Nos)
- Online stack emission monitoring system (3 nos)
- Online monitoring system for final discharge water at ETP

- State-of-the-art effluent treatment plant (ETP)- Augmented further to meet the stringent standards being proposed by CPCB. Additional features include: Equalisation tank, Flash tank and Flocculation tank before primary clarifier, Upflow Anaerobic Sludge Blanket Reactor (UASBR) before aerobic system, Online DO monitoring device in the aeration basin, Bio-gas scrubber with flaring unit and Multi Grade Filter (MGF)

- Use of ETP final water for agricultural and plantation purpose
- 100% sludge used as co-fuel in the power boiler in Balasore Plant
- Decanter for secondary sludge dewatering
- Rainwater harvesting through 17 Nos of recharge well
- Air pollution control through ESP, Ash conveying system pneumatically through close pipe line, Dust Suppression System, Water Sprinkling System
- 100% fly ash is used for fly ash bricks manufacturing.
- Green belt development

These systems and assets have enabled the Company to safeguard the environment by meeting all statutory norms. As a measure of sustainable growth policy of the Company, it continuously gears up its resources to provide better protection to environment and natural resource conservation.

SHARE CAPITAL

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

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

Financial year	Dividend ID No.	Last date of Payment of dividend	Total Amount of Dividend	Unclaimed Dividend as on 31.03.2018	Last date for transfer to I.E.P.F. on
2010-11	29th	09/09/2011	3,63,00,000	69957.00	14/09/2018
2011-12	30th	11/09/2012	3,63,00,000	66013.20	16/09/2019
2012-13	31st	11/09/2013	3,63,00,000	99385.00	16/09/2020
2013-14	32nd	09/09/2014	3,63,00,000	68624.40	14/09/2021
2014-15	33rd	09/09/2015	3,63,00,000	94495.80	14/09/2022
2015-16	34th	08/09/2016	3,63,00,000	99232.80	13/09/2023
2016-17	35th	31/08/2017	7,25,98,860	149808.00	05/09/2024
Total :			29,03,98,860	6,47,516.20	

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.

GROWTH WITH SOCIAL RESPONSIBILITY:

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.

EPML is committed to help the inhabitants of the surrounding villages by taking part in drinking water supply schemes, laying and improving roads,

culverts, providing lighting facilities, development of parks, supply of equipment and instruments to Fair Price Shops, improving infrastructure facilities in Government Schools, conducting medical camps, providing financial assistance to needy people, contributing for cultural programmes, sports activities, construction / renovation works in the place of worship etc. This has paved the way for establishing a harmonious relationship with the surrounding neighborhood.

EPML undertakes Community Development activities by categorizing the needs of the community under various heads, viz., Infrastructure and basic amenities, providing drinking water supply, education, medical camps and environment, promotion of Oriya literature, Art & Culture, assistance for the differently - abled, training of unemployed youth, Organizing sports and talent competitions etc.

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

AWARDS & RECOGNITION:

Our commitment towards Safety & Environment, Quality & Operational Excellence and HR practices continue to garner appreciation from various industry chambers and social bodies. Some of the accolades and awards received during the year are as follows:

1. Corporate Excellence, Best Paper Industry 2017 by Odisha Cultural Foundation for excellent performance with outstanding contribution and dedication to the society.
2. CII, Eastern Region conferred with 2nd Runner up Award in the large scale category of Energy Conservation.
3. State Safety Award for Best performance in Safety, Health & Environment and Best Environment Management.
4. Accolade of Appreciation by Ishani, Balasore in Baisskhi Mahotsav for infrastructure development and employment generation.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company has laid down internal financial

controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically.

AUDITORS AND AUDITORS REPORT

1. STATUTORY AUDITORS

As per section 139 and other applicable provisions of the Companies Act, 2013 the Company has appointed M/s. Agrawal Subodh & Co. Chartered Accountants (Registration No. 319260E) as the Statutory Auditors of the Company, for a period of five years till the conclusion of 40th Annual General Meeting (AGM) of the Company, subject to ratification by the shareholders in every AGM of the Company on the remuneration and other terms and conditions as may be fixed by the Board of Directors. The Board recommends the approval by the shareholders regarding the appointment of M/s Agrawal Subodh & Co, Chartered Accountants as Statutory Auditors of the Company.

The present Statutory Auditors, M/s Agrawal Subodh & Co., Chartered Accountants for both the units will continue their office till the conclusion of ensuing 40th Annual General Meeting of the Company.

2. COST AUDIT

Your Company has appointed M/s. V. K. Jain & Co. Cost Accountant as Cost Auditors of the Company for the Financial Year 2017-18 for both the units at Balasore and Kolkata under section 148 of the Companies Act, 2013, at the Board Meeting held on 16th May, 2017 to audit cost accounting records as may be applicable to the Company for the financial year 2017-18 and their remuneration was approved at the last Annual General Meeting.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, M/s V.K.Jain & Co. Cost Accountant, have been reappointed as Cost Auditor for the year 2018-19 as required under the Companies Act,

2013, the remuneration payable to Cost Auditor is required to be placed before the members in General Meeting for their ratification. As such, a resolution seeking members' ratification for the remuneration payable to them is included in the Notice convening the Annual General Meeting.

3. SECRETARIAL AUDIT

Pursuant to the provisions of section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s MKB & Associates, Company Secretary in practice for the financial year 2017-18 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure IV**.

AUDITORS' REPORT/ SECRETARIAL AUDIT REPORT

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

DISCLOSURE ON COMPLIANCES OF APPLICABLE SECRETARIAL STANDARD

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The above statement is intended to align the disclosure requirement with the provisions of section 134(5) (f) of the Act, which requires the directors to state in the Directors' Responsibility statement that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

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

- 1) The company has not given Inter Corporate loan to any Body corporates covered under the provisions of section 186 of the Companies Act, 2013 during year ended 31st March, 2018

- 2) The loan and advances given to employees are covered under the remuneration policy of the Company. Hence section 186 of the Companies Act, 2013 is not applicable.
- 3) The company has not provided any guarantee.
- 4) The details of the investments made by the Company are given in the notes to the financial statements

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

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

Web link: <http://www.emamipaper.in/compliances.php>

COMPOSITION OF AUDIT COMMITTEE

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

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

As per requirement of section 177 (9) of the Companies Act, 2013, the Company has established a Vigil mechanism for the directors and employees to report genuine concerns, as recommended by the Audit Committee and approved by the Board of Directors in their meeting held on 21st January, 2014.

The Company's Whistleblower Policy encourages Directors and employees to bring to the Company's attention, instances of unethical behavior, actual or suspected incidents of fraud or violation of the Code of Conduct that could adversely impact the Company's operations, business performance and /

or reputation. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. It is the Company's Policy to ensure that no employee is victimised or harassed for bringing such incidents to the attention of the Company.

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

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

A) Directors retirement by rotation and their re-appointment

Shri Manish Goenka, Whole Time Director and Shri P. S. Patwari, Executive Director & CEO, would retire by rotation and, being eligible, offer themselves for re-appointment as recommended by Nomination and Remuneration Committee.

Further, Shri A.V. Agarwal was re-appointed as Executive Chairman by the Board of Directors as recommended by Nomination and Remuneration Committee for a further period of three years (approx.) from 8th November, 2018 to 31st March, 2021, subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

Shri Manish Goenka has expressed his inability to act as Whole-Time Director with effect from 14th May, 2018, but agreeable to continue as Non-Executive Director of the Company.

Shri Ashish De was appointed as a Whole Time Director of the Company with effect from 13th April, 2018 for a period of 3 years (approx.) from 13th April, 2018 to 31st March, 2021 as recommended by Nomination and Remuneration Committee and also as an Additional Director as recommended by Nomination and Remuneration Committee under Section 161 of the Companies Act, 2013 to hold office till the conclusion of the ensuing Annual General Meeting of the Company.

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

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

Further, as per the provisions of Section 149 of the Companies Act, 2013, and as recommended by the Nomination and Remuneration Committee, the Board further recommends for the re-appointment of all the Independent Directors of the Company namely - Shri J. Godbole, Shri S. Balasubramanian, Shri H.M. Marda, Shri J. K. Khetawat, Shri U. G. Bhat whose present terms of appointment will expire on 31st March, 2019 for another term of consecutive 5 years, not liable to retire by rotation, commencing from 1st April, 2019 and seek approval by the members of the Company in the ensuing Annual General Meeting.

Notices under Section 160 of the Companies Act, 2013 was received by the Company from members signifying their intention to propose the aforesaid directors as candidate for the Office of Directors.

**POLICY ON DIRECTORS
APPOINTMENT AND REMUNERATION**

Pursuant to section 178 of the Companies Act, 2013, the Board of the directors of the Company has approved the revised Nomination and Remuneration policy as recommended by the Nomination and Remuneration Committee in their meeting held on 27th January, 2015.

The Performance Evaluation Policy was revised as per the Guidance Note on Board Evaluation as issued by the Securities Exchange Board of India vide Circular No:SEBI/H.O/ CFD/CMD/ CIR/P/2017/004 dated 5th January, 2017 and approved by the Board

of Directors at their Meeting held on 31st January, 2017.

The Performance Evaluation Policy was further revised as per the amendment of Section 178(2) of the Companies Act, 2013, which was approved by the Board of Directors at their meeting held on 13th February, 2018.

The policy is disclosed in the Corporate Governance Report.

**ANNUAL EVALUATION OF BOARD,
ITS COMMITTEES AND INDIVIDUAL
DIRECTORS**

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), the Board has carried out the annual performance evaluation of its own performance, its committees and individual directors on 2nd May, 2018, on the basis of agreed norms for evaluation.

Further, the independent directors have evaluated the performance of non-independent directors at a separate meeting held on 13th February, 2018.

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

**MEETINGS OF THE BOARD AND
COMMITTEE THEREOF**

The details have been covered in the Corporate Governance Report.

**MANAGERIAL REMUNERATION AND
PARTICULARS OF EMPLOYEES**

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

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

Not Applicable

CORPORATE GOVERNANCE

The Corporate Governance Report and Management's

Discussion & Analysis Report are set out as **Annexure VI** in this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

all applicable laws and that such systems are adequate and operating effectively;

MISCELLANEOUS

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

No such orders passed during the year under review.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: 02nd May, 2018

A. V. AGARWAL
Executive Chairman
DIN : 00149717

Annexures to the Directors' Report

ANNEXURE-I TO THE DIRECTORS' REPORT

Information under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March, 31, 2018.

A. Conservation of energy:

i) Energy conservation measures taken:

- Capacity Enhancement of TG-II from 15 MW to 18 MW by replacing the turbine, gear box and alternator. All auxiliaries remained same and additional power generation upto 20%. This additional power generation has helped to stop the less efficient 5 MW TG (installed in 2000-2001) and overall improvement in efficiency is 21%.
- Reduction of self-power for Power Plant 2, by changing more efficient cooling water pump with saving of 120 kwh (2880 kw/day).
- Stoppage of TG-I (5 MW) resulted in reduction of self-power consumption 250 kwh (6000 kw/day).
- Turbine frequency was reduced to 49 Hz with a saving of 750 kwh (since January 2018) – 18000 kwh/Day.
- Reduction of power consumption in centricleaning system in Board Plant, by optimization and saving of 200 kwh – 4800 kw/day.
- Reduction of energy by 100 kwh (2400 kwh/day) by replacing IR bulbs in coating section with indigenous one.

ii) Additional investment and proposal for reduction in energy consumption:

- Electrical system study carried out for harmonic study for improvement of plant availability and reliability.
- Compressed air audit shall be carried out in June 2018 for the performance of the centralised compressors, pressure variations (line sizing) and air leakages to optimize and reduce consumption of compressed air consumption (reduction of power consumption).
- Energy audit shall be carried out by third party (M/s TERI) in the months of May-July 2018 for tapping the potential saving of power and steam (Energy) and comply the PAT requirement for reduction of specific energy consumption for PAT cycle #2.

B. Technological Absorption:

i) Research & Development (R & D):

a) Specific area in which in-house R&D projects are carried out by the Company during 2017-18

- Trial of Click -10 & Latex booster to reduce the binder parts, maintaining the same surface strength (IGT) in "Emami Eco Strong" Board.
- Substitution of costly surface sizing chemical with local cost effective indigenous surface sizing agent was done in "Emami Eco Strong". All the properties related to surface sizing chemicals are at par with the indigenous surface sizing agent.
- Development of 6" core pipes from local vendor to reduce the logistic cost and over-all packing cost.

- Shrink Film of 40 microns was replaced with high tensile 30 microns shrink film to reduce the packing cost with improve quality of packing.
- Modification in the recovered fiber logic to reduce the defect mode of blowing by 90%, blowing was one of the major defects leading to customer dissatisfaction and production loss.
- Engaging of Pick up roll system, was a mile-stone, with the loading of pickup the throughput increased substantially, breaks at press reduced drastically and machine runnability improved.
- Change in process logic of auto pilot, which maintain uniform paperboard GSM.
- Excess water from Board back water was re-used in PM-3 and PM-1 reducing the load on ETP and resulting in substantial water saving.

b) Benefits derived as a results of the above R & D

Efforts made towards in-house R & D initiatives has derived following benefits:-

- Better quality paper and paperboard with increased paper strength and improved printability.
- Saving in cost
- Decreased paper breaks
- Reduced consumption of energy and water
- Smoother and improved production process

c) Future action plan

- Continual improvement of yield.
- Continual improvement of brightness, strength, bulk and other parameters of paper and paperboard.
- Reduction of fresh water consumption by recycling and reuse of treated process water and effluent.
- Use of alternative chemicals for quality optimization and cost saving.
- Continual reduction of power and steam consumption in production process.
- Maximize utilization of treated effluent in green belt development.

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:

a) Efforts made towards technology absorption, adoption and innovation

- All UTM Pulper pumping capacity increased from 550-850 m³/hr to avoid pulper jamming after machine draw increased from 22 ton/hr to 28 ton/hr.
- All Infra-Red imported lamps were replaced with indigenous lamps due to frequent failure and thereby saving at least ₹50 lacs per year import cost.
- All Infra-Red blower capacity increased from 9000-15000 m³/hr for better drying.
- New Pulper installed below winder for pulping rejected paper from parent roll which increased winder efficiency to meet the additional production capacity from same winder.

- All CCK pumps frequency increased from 50-60 Hertz for better output.
- All drying section hood blower rpm increased from 1500-1650 to improve Hood efficiency.
- Modified starch based product and latex booster started using in coating batches to reduce latex consumption and ultimately cost saving.
- Imported surface size chemical was replaced with indigenous one in recycle board.
- Installation of UASBR, anaerobic treatment for reduction of COD.
- New filtration system for final treated effluent as tertiary method for recycling part of the treated effluent in the plant.
- Reduction of fresh water in the manufacturing process.
- Various steps were taken for controlling of fresh water consumption at source and also adopting latest technologies like efficient showering system, recycling of water, use of filter for removing suspended solid, etc.

b) Benefits derived as result of above efforts

- Overall operational efficiency of the plants improved by adoption and absorption of state-of-the art technologies.
- Quality of finished paper and paperboard improved by introduction of continuous online monitoring and automation.
- Break downs are avoided and life of machinery and equipment are increased by installation of various health checking measures along with preventive maintenance.

C. Foreign exchange earnings and outgo:

		(₹/Crores)
	2017-18	2016-17
Foreign exchange earnings	50.20	25.56
Foreign exchange outgo	564.98	463.82

Annexure II to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2018

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

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Emami Paper Mills Limited | Annual Report 2017-18

I. REGISTRATION AND OTHER DETAILS:

- i) **CIN:** L21019WB1981PLC034161
- ii) **Registration Date:** 26/09/1981
- iii) **Name of the Company:** EMAMI PAPER MILLS LIMITED
- iv) **Category / Sub-Category of the Company:** Company limited by shares/ Indian Non-Government Company
- v) **Address of the registered office and contact details: -**
ACROPOLIS, Unit 1, 15th Floor, 1858/1, Rajdanga Main Road, Kolkata -700107
Phone: (033) 66271301
Fax: (033) 66271338
Email id: emamipaper@emamipaper.in
- vi) **Whether listed company:** - Yes
- vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:**
MAHESHWARI DATAMATICS PRIVATE LIMITED
23, R. N. Mukherjee Road, 5th Floor
Kolkata - 700001
Phone: 033-2243-5029/2248-2248
Fax: 033-22484787
Email: mdplc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Newsprint	17012	29.54
2	Writing and Printing Paper	17093	9.60
3	Paper Boards	17016	60.86

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Not Applicable				

IV.SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01/04/2017)				No. of Shares held at the end of the year (31/03/2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	5657126	0	5657126	9.3508	5657126	0	5657126	9.3508	NIL
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	39576160	0	39576160	65.4162	39576160	0	39576160	65.4162	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	45233286	0	45233286	74.7670	45233286	0	45233286	74.7670	NIL
2) Foreign									
g) NRIs-Individuals	125000	0	125000	0.2066	125000	0	125000	0.2066	NIL
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	125000	0	125000	0.2066	125000	0	125000	0.2066	NIL
Promoter's Shareholding A(1) + A(2)	45358286	0	45358286	74.9736	45358286	0	45358286	74.9736	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.0000	4129171	0	4129171	6.8252	6.8252
b) Banks / FI									
c) Central Govt	0	65352	65352	0.1080	0	0	0	0.0000	-0.1080
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	0	65352	65352	0.1080	4129171	0	4129171	6.8252	6.7172
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	7334274	103000	7437274	12.2932	6916238	103000	7019238	11.6022	0.6910
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	1400389	205127	1605516	2.6538	1606678	187129	1793807	2.9650	0.3112
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	5994031	0	5994031	9.9076	2045887	0	2045887	3.3817	-6.5259
c) Others(Specify)									
Non Resident Indians	13651	0	13651	0.0226	13348	0	13348	0.0221	-0.0005
Clearing Members	22940	0	22940	0.0379	71661	0	71661	0.1184	0.0805
NBFCs registered with RBI	2000	0	2000	0.0033	0	0	0	0.0000	-0.0033
Investor Education and Protection Fund Authority	0	0	0	0.0000	67652	0	67652	0.1118	0.1118
Sub-total(B)(2)	14767285	308127	15075412	24.9184	10721464	290129	11011593	18.2012	-6.7172
Total Public Shareholding (B)=(B)(1)+ (B)(2)	14767285	373479	15140764	25.0264	14850635	290129	15140764	25.0264	NIL
C. Shares held by Custodian for GDRs& ADRs	-	-	-	-	-	-	-	-	-
Grand Totaln (A+B+C)	60125571	373479	60499050	100.0000	60208921	290129	60499050	100.0000	NIL

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01/04/2017)			Shareholding at the end of the year (31/03/2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	DIWAKAR VINIYOG PRIVATE LIMITED	9469810	15.6528	0.0000	9469810	15.6528	NIL	NIL
2.	EMAMI LIMITED	7946000	13.1341	0.0000	7946000	13.1341	NIL	NIL
3.	SUNTRACK COMMERCE PRIVATE LIMITED	7633900	12.6182	0.0000	7633900	12.6182	NIL	NIL
4.	BHANU VYAPAAR PRIVATE LIMITED	6005250	9.9262	0.0000	6005250	9.9262	NIL	NIL
5.	RAVIRAJ VINIYOG PRIVATE LIMITED	2906000	4.8034	0.0000	2906000	4.8034	NIL	NIL
6.	PRABHAKAR VINIYOG PRIVATE LIMITED	2808000	4.6414	0.0000	2808000	4.6414	NIL	NIL
7.	SURAJ VINIYOG PRIVATE LIMITED	2807200	4.6401	0.0000	2807200	4.6401	NIL	NIL
8.	PRITI SUREKA	1520926	2.5140	0.0000	1520926	2.5140	NIL	NIL
9.	RADHESHYAM GOENKA	1161250	1.9195	0.0000	1161250	1.9195	NIL	NIL
10.	RAJKUMAR GOENKA	530150	0.8763	0.0000	819200	1.3541	NIL	0.4778
11.	SUSHIL KUMAR GOENKA	726750	1.2013	0.0000	726750	1.2013	NIL	NIL
12.	SANTOSH GOENKA	239550	0.3960	0.0000	239550	0.3960	NIL	NIL
13.	SAROJ GOENKA	137000	0.2264	0.0000	137000	0.2264	NIL	NIL
14.	AMITABH GOENKA	125000	0.2066	0.0000	125000	0.2066	NIL	NIL
15.	RITU GOENKA	124813	0.2063	0.0000	124813	0.2063	NIL	NIL
16.	SHRUTI GOENKA	124813	0.2063	0.0000	124813	0.2063	NIL	NIL
17.	ASHISH GOENKA (HUF)	124812	0.2063	0.0000	124812	0.2063	NIL	NIL
18.	AMITABH GOENKA (HUF)	124812	0.2063	0.0000	124812	0.2063	NIL	NIL
19.	INDU GOENKA	111400	0.1841	0.0000	111400	0.1841	NIL	NIL
20.	MOHAN GOENKA	102000	0.1686	0.0000	102000	0.1686	NIL	NIL
21.	SUSHIL KUMAR GOENKA (HUF)	100500	0.1661	0.0000	100500	0.1661	NIL	NIL
22.	MANISH GOENKA	87000	0.1438	0.0000	87000	0.1438	NIL	NIL
23.	ASHISH GOENKA	75000	0.1240	0.0000	75000	0.1240	NIL	NIL
24.	DHIRAJ AGARWAL	25000	0.0413	0.0000	25000	0.0413	NIL	NIL
25.	ADITYA VARDHAN AGARWAL	12500	0.0207	0.0000	12500	0.0207	NIL	NIL
26.	HARSHA VARDHAN AGARWAL	10750	0.0178	0.0000	10750	0.0178	NIL	NIL
27.	PUJA GOENKA	10500	0.0174	0.0000	10500	0.0174	NIL	NIL
28.	USHA AGARWAL	8300	0.0137	0.0000	8300	0.0137	NIL	NIL
29.	RADHESHYAM AGARWAL	3500	0.0058	0.0000	3500	0.0058	NIL	NIL
30.	PRAMOD BAJORIA	1750	0.0029	0.0000	1750	0.0029	NIL	NIL
31.	SHANTI DEVI AGARWAL	1750	0.0029	0.0000	1750	0.0029	NIL	NIL
32.	LAXMI DEVI BAJORIA	1750	0.0029	0.0000	1750	0.0029	NIL	NIL
33.	RICHA AGARWAL	1500	0.0025	0.0000	1500	0.0025	NIL	NIL
34.	MEENA GOENKA	289050	0.4778	0.0000	0	0.0000	NIL	-0.4778
Total:		45358286	74.9736	0.0000	45358286	74.9736	NIL	NIL

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of Company	No. of Shares	Percentage of Total shares of Company
	At the beginning of the year				
	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/ Transfer/bonus/sweat/equity etc.)				
	At the End of the year (or on the date of separation, if prepared during the year)				

There is no change to promoters' shareholding during the period April 1, 2017 to March, 31, 2018 except inter - se transfer.

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Datewise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)				
1.	GANPATI INDUSTRIAL PVT LTD				
	As on 01-04-2017	0	0.0000		
	As on 03/11/2017 - Transfer	310000	0.5124	310000	0.5124
	As on 10/11/2017 - Transfer	310000	0.5124	620000	1.0248
	As on 08/12/2017 - Transfer	120000	0.1984	740000	1.2232
	As on 15/12/2017 - Transfer	213000	0.3521	953000	1.5752
	As on 29/12/2017 - Transfer	155000	0.2562	1108000	1.8314
	As on 05/01/2018 - Transfer	230000	0.3802	1338000	2.2116
	As on 19/01/2018 - Transfer	-1338000	2.2116	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000
2.	L AND T MUTUAL FUND TRUSTEE LTD-L AND T DYNAMIC EQUITY FUND *				
	As on 01-04-2017	0	0.0000		
	As on 19/01/2018 - Transfer	4025000	6.6530	4025000	6.6530
	As on 09/02/2018 - Transfer	10000	0.0165	4035000	6.6695
	As on 16/02/2018 - Transfer	5017	0.0083	4040017	6.6778
	As on 23/02/2018 - Transfer	32000	0.0529	4072017	6.7307
	As on 02/03/2018 - Transfer	9000	0.0149	4081017	6.7456
	As on 09/03/2018 - Transfer	23600	0.0390	4104617	6.7846
	As on 16/03/2018 - Transfer	9554	0.0158	4114171	6.8004
	As on 23/03/2018 - Transfer	11000	0.0182	4125171	6.8186
	As on 30/03/2018 - Transfer	4000	0.0066	4129171	6.8252
	As on 31-03-2018	4129171	6.8252	4129171	6.8252

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	East India Securities Limited #				
	As on 01-04-2017	460000	0.7603		
	As on 13/10/2017 - Transfer	-318790	0.5269	141210	0.2334
	As on 31-03-2018	141210	0.2334	141210	0.2334
4.	AXIS SECURITIES LIMITED				
	As on 01-04-2017	0	0.0000		
	As on 07/04/2017 - Transfer	1	0.0000	1	0.0000
	As on 14/04/2017 - Transfer	433	0.0007	434	0.0007
	As on 21/04/2017 - Transfer	-434	0.0007	0	0.0000
	As on 28/04/2017 - Transfer	200	0.0003	200	0.0003
	As on 05/05/2017 - Transfer	-200	0.0003	0	0.0000
	As on 12/05/2017 - Transfer	2	0.0000	2	0.0000
	As on 19/05/2017 - Transfer	-2	0.0000	0	0.0000
	As on 09/06/2017 - Transfer	90	0.0001	90	0.0001
	As on 16/06/2017 - Transfer	-90	0.0001	0	0.0000
	As on 30/06/2017 - Transfer	60	0.0001	60	0.0001
	As on 07/07/2017 - Transfer	15	0.0000	75	0.0001
	As on 14/07/2017 - Transfer	57	0.0001	132	0.0002
	As on 21/07/2017 - Transfer	-132	0.0002	0	0.0000
	As on 28/07/2017 - Transfer	85	0.0001	85	0.0001
	As on 04/08/2017 - Transfer	348	0.0006	433	0.0007
	As on 11/08/2017 - Transfer	-333	0.0006	100	0.0002
	As on 18/08/2017 - Transfer	511	0.0008	611	0.0010
	As on 25/08/2017 - Transfer	-611	0.0010	0	0.0000
	As on 08/09/2017 - Transfer	100	0.0002	100	0.0002
	As on 15/09/2017 - Transfer	-100	0.0002	0	0.0000
	As on 27/10/2017 - Transfer	131	0.0002	131	0.0002
	As on 03/11/2017 - Transfer	-131	0.0002	0	0.0000
	As on 17/11/2017 - Transfer	200	0.0003	200	0.0003
	As on 24/11/2017 - Transfer	-100	0.0002	100	0.0002
	As on 01/12/2017 - Transfer	-100	0.0002	0	0.0000
	As on 08/12/2017 - Transfer	8	0.0000	8	0.0000
	As on 15/12/2017 - Transfer	81492	0.1347	81500	0.1347
	As on 22/12/2017 - Transfer	74110	0.1225	155610	0.2572
	As on 29/12/2017 - Transfer	74390	0.1230	230000	0.3802
	As on 05/01/2018 - Transfer	-230000	0.3802	0	0.0000
	As on 12/01/2018 - Transfer	904000	1.4942	904000	1.4942
	As on 19/01/2018 - Transfer	-904000	1.4942	0	0.0000
	As on 02/02/2018 - Transfer	50	0.0001	50	0.0001
	As on 09/02/2018 - Transfer	-50	0.0001	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000
5.	JEKAY INTERNATIONAL TRACK PRIVATE LIMITED				
	As on 01-04-2017	287000	0.4744		
	As on 27/10/2017 - Transfer	300000	0.4959	587000	0.9703
	As on 19/01/2018 - Transfer	-587000	0.9703	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	PENGUIN TRADING & AGENCIES LIMITED				
	As on 01-04-2017	1000000	1.6529		
	As on 04/08/2017 - Transfer	20634	0.0341	1020634	1.6870
	As on 11/08/2017 - Transfer	15000	0.0248	1035634	1.7118
	As on 19/01/2018 - Transfer	-253000	0.4182	782634	1.2936
	As on 31-03-2018	782634	1.2936	782634	1.2936
7.	ANAND RATHI GLOBAL FINANCE LIMITED				
	As on 01-04-2017	1710000	2.8265		
	As on 31-03-2018	1710000	2.8265	1710000	2.8265
8.	Avees Trading & Finance Pvt. Ltd. *				
	As on 01-04-2017	200000	0.3306		
	As on 31-03-2018	200000	0.3306	200000	0.3306
9.	SIMPLEX INFRASTRUCTURES LIMITED				
	As on 01-04-2017	370500	0.6124		
	As on 31-03-2018	370500	0.6124	370500	0.6124
10.	AVANT GARDE RE-ENERGY PRIVATE LIMITED *				
	As on 01-04-2017	0	0.0000		
	As on 13/10/2017 - Transfer	318790	0.5269	318790	0.5269
	As on 26/01/2018 - Transfer	2500	0.0041	321290	0.5311
	As on 31-03-2018	321290	0.5311	321290	0.5311
11.	Avees Trading And Finance Private Limited				
	As on 01-04-2017	2769999	4.5786		
	As on 31-03-2018	2769999	4.5786	2769999	4.5786
12.	BHAGWATI PRASAD JALAN #				
	As on 01-04-2017	547000	0.9041		
	As on 27/10/2017 - Transfer	-300000	0.4959	247000	0.4083
	As on 12/01/2018 - Transfer	-247000	0.4083	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000
13.	PANKAJ JALAN #				
	As on 01-04-2017	880000	1.4546		
	As on 10/11/2017 - Transfer	-310000	0.5124	570000	0.9422
	As on 22/12/2017 - Transfer	-155000	0.2562	415000	0.6860
	As on 29/12/2017 - Transfer	-55000	0.0909	360000	0.5951
	As on 12/01/2018 - Transfer	-200000	0.3306	160000	0.2645
	As on 19/01/2018 - Transfer	-160000	0.2645	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000
14.	NIRAJ JALAN #				
	As on 01-04-2017	975000	1.6116		
	As on 03/11/2017 - Transfer	-310000	0.5124	665000	1.0992
	As on 15/12/2017 - Transfer	-212500	0.3512	452500	0.7479
	As on 12/01/2018 - Transfer	-228000	0.3769	224500	0.3711
	As on 19/01/2018 - Transfer	-224500	0.3711	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000
15.	PARWATI DEVI JALAN #				
	As on 01-04-2017	931150	1.5391		
	As on 08/12/2017 - Transfer	-120000	0.1984	811150	1.3408

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	As on 15/12/2017 - Transfer	-108000	0.1785	703150	1.1622
	As on 19/01/2018 - Transfer	-703150	1.1622	0	0.0000
	As on 31-03-2018	0	0.0000	0	0.0000
16.	VASUDHA RAHUL SANGHAI *				
	As on 01-04-2017	289686	0.4788		
	As on 31-03-2018	289686	0.4788	289686	0.4788
17.	DEVESH SANGHAI *				
	As on 01-04-2017	266000	0.4397		
	As on 31-03-2018	266000	0.4397	266000	0.4397
18.	PRABHADEVI PAWANKUMAR SANGHAI				
	As on 01-04-2017	345500	0.5711		
	As on 31-03-2018	345500	0.5711	345500	0.5711

*Not in the list of Top 10 shareholders as on 01/04/2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2018.

#Ceased to be in the list of Top 10 shareholders as on 31/03/2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2017.

(v) Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	A. V. Agarwal	At the beginning of the year	12500	0.0207	12500	0.0207
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	12500	0.0207	12500	0.0207
2.	Manish Goenka	At the beginning of the year	87000	0.1438	87000	0.1438
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	87000	0.1438	87000	0.1438
3.	P. S. Patwari	At the beginning of the year	NIL	NIL	NIL	NIL
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	NIL	NIL	NIL	NIL
4.	J. Godbole	At the beginning of the year	NIL	NIL	NIL	NIL
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	NIL	NIL	NIL	NIL
5.	S. Balasubramanian	At the beginning of the year	NIL	NIL	NIL	NIL
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	NIL	NIL	NIL	NIL
6.	Hari Mohan Marda	At the beginning of the year	2150	0.0036	2150	0.0036
		Transfer /Bonus /Purchase/Sale				
		AS on 26/01/2018- Transfer	500	0.0008	2650	0.0044
		At the end of the year	2650	0.0044	2650	0.0044

Sl. No.	For Each of the Directors & KMP	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	J K Khetawat	At the beginning of the year	NIL	NIL	NIL	NIL
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	NIL	NIL	NIL	NIL
8.	U G Bhat	At the beginning of the year	NIL	NIL	NIL	NIL
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	NIL	NIL	NIL	NIL
9.	MBS Nair	At the beginning of the year	1000	0.0017	1000	0.0017
		Transfer /Bonus /Purchase/Sale				
		As on 24/11/2017- Transfer	-500	0.0008	500	0.0008
		As on 01/12/2017- Transfer	-400	0.0007	100	0.0002
		At the end of the year	100	0.0002	100	0.0002
10.	Richa Agarwal	At the beginning of the year	1500	0.0025	1500	0.0025
		Transfer /Bonus /Purchase/Sale	NIL	NIL	NIL	NIL
		At the end of the year	1500	0.0025	1500	0.0025

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits (Trade)	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1112.97	-	4.72	1117.68
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.52		0.35	6.87
Total (i+ii+iii)	1119.49	-	5.07	1124.55
Change in Indebtedness during the financial year	128.98	-	0.07	129.06
Indebtedness at the end of the financial year				
i) Principal Amount	1241.54	-	4.82	1246.35
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.93		0.33	7.26
Total (i+ii+iii)	1248.47	-	5.14	1253.61

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri PS Patwari	Shri A V Agarwal	Shri Manish Goenka	Shri MBS Nair	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,90,60,800	60,00,000	60,00,000	96,57,785	4,07,18,585
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	29,88,050	2,80,956	1,03,237	11,50,856	45,23,099
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as% of profit - others ,specify...	-	-	-	-	-
5.	Others, please specify (Contribution to Provident Fund & others)	21,46,200	7,35,000	7,35,000	7,96,409	44,12,609
6.	Total(A)	2,41,95,050	70,15,956	68,38,237	1,16,05,050	4,96,54,293
7.	Ceiling as per the Act : All the above remunerations have been paid within the Minimum Remuneration as per Schedule V of the Companies Act, 2013					

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri J. N Godbole	Shri S. Balsubramanian	Shri H.M. Marda	Shri J. K. Khetawat	Shri U. G. Bhat	Smt. Richa Agarwal	
1.	Independent Directors							
	·Fee for attending board/ committee meetings	2,45,000/-	1,90,000/-	2,60,000/-	1,35,000/-	1,15,000/-	NIL	9,45,000/-
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	2,45,000/-	1,90,000/-	2,60,000/-	1,35,000/-	1,15,000/-	NIL	9,45,000/-
2.	Other Non-Executive Directors							
	Fee for attending board/ committee meetings	NIL	NIL	NIL	NIL	NIL	1,30,000/-	1,30,000/-
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total(2)	NIL	NIL	NIL	NIL	NIL	1,30,000/-	1,30,000/-
	Total(B)=(1+2)	2,45,000/-	1,90,000/-	2,60,000/-	1,35,000/-	1,15,000/-	1,30,000/-	10,75,000/-
	Total Managerial Remuneration	2,45,000/-	1,90,000/-	2,60,000/-	1,35,000/-	1,15,000/-	1,30,000/-	10,75,000/-
	Overall Ceiling as per the Act	13,00,000/-	10,00,000/-	14,00,000/-	7,00,000/-	5,00,000/-	6,00,000/-	55,00,000/-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

Sl. no.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL		Total
		CFO Shri S. K. Khetan	Company Secretary Shri G. Saraf	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	78,37,470	43,17,380	1,21,54,850
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	9,03,968	5,38,628	14,42,596
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as% of profit - others, specify...			
5.	Others, please specify (Contribution to Provident Fund & others)	6,22,900	4,75,339	10,98,239
6.	Total	93,64,338	53,31,347	1,46,95,685
7.	Ceiling as per the Act :		Not Applicable	

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure III to the Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The approach towards Corporate Social Responsibility at Emami Paper Mills Limited is aimed at creating an institutional environment to ensure greater socio-economic stability and finding a balance between the interests of all the stakeholders. Emami has been instrumental towards integrating the economic, social and environmental concerns into its values, culture, strategy, decision-making and operations in a transparent and accountable manner thus establishing better practices within the firm, creating wealth and improving the society.

Emami's CSR drives the organization doing business in a responsible, integrated, invisibly linked manner delivering values in the sectors of environment, welfare, corporate governance and community at large. The investment in the CSR intends at enhancing the socio-economic development of the society to have a lasting impact on the lives of people. The CSR team at Emami endeavors at integrating sustainability into strategic thinking and in the process reaping profits by re-engineering of the business and reducing wastes. The team has progressed commendably in creating opportunities at the rural level to gain a social competence.

The major thrust areas of development include Promoting Education and Vocational Skills; Animal Welfare; Eradication of Hunger, Malnutrition & Promotion of Health and Sanitation and Creation of Rural Infrastructure. Catering to the community needs, Emami facilitates -

- a. In creating an educated and empowered community through access of education at the primary level, providence of basic amenities like toilets, water, free text books etc. in educational institutions.
- b. For eradicating poverty and promoting health; free kitchen for the poor suffices poverty stricken people and poor children are being fed with protein supplements to combat malnutrition.
- c. Traditional Homeopathic and Ayurvedic health clinics are in operating in remote villages to treat the patients and provide medicines free of cost. Lack of proper infrastructure is a major handicap towards the socio-economic development of rural areas.
- d. To raise the quality of life, Emami provides necessary infrastructural facilities in the villages like laying and improving roads, culverts, lighting facilities, development of parks etc. for better living condition of the community.
- e. To ensure environmental sustainability and animal welfare, the Company targets for least exploitation and zero pollution by adopting cleaner technologies and minimal consumption of natural resources.
- f. It takes care of nutrition and medical requirement to abandoned cattle in an exclusively made animal shelter.

The development programs are structured with intrinsic value to accelerate the return of these investments towards the society. Our endeavor in making a positive impact won't have been possible without the active co-operation from the local administration, community institutions, our employees and the community at large. We are committed to continue in our venture with an indomitable will and passion towards serving the society.

Web link: <http://www.emamipaper.in/social-commitments.html>

2. Composition of CSR Committee:

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

3. Average net profit of the Company for last three financial years: ₹2004.06 lacs

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹40.08 lacs

5. Details of CSR spend for the financial year 2017-18:

a) Total amount spent for the financial year: ₹183.83 lacs

b) Amount unspent, if any: Nil

c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	Projects/ Activities	Sector	Location	Amount outlay (Budget) project or program wise	Amount spent on the project or program	Cumulative expenditure up to reporting period	Amount spent: Direct or through implementing agency
1	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.	Eradication of hunger & health care	Balasore (Odisha) & Dakshineswar (Kolkata)	70.00	76.94	76.94	76.94 - Direct
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Literacy	Balasore (Odisha) & Dakshineswar (Kolkata)	37.00	34.31	34.31	34.31 - Direct
3	Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups.	Gender equality & women empowerment	Balasore (Odisha) & Dakshineswar (Kolkata)	14.00	9.47	9.47	9.47 - Direct
4	Ensuring environmental sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources.	Environment	Balasore (Odisha) & Dakshineswar (Kolkata)	35.00	32.46	32.46	32.46 - Direct

Sl. No.	Projects/ Activities	Sector	Location	Amount outlay (Budget) project or program wise	Amount spent on the project or program	Cumulative expenditure up to reporting period	Amount spent: Direct or through implementing agency
5	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.	Protection of Historical importance and national heritage	Balasore (Odisha) & Dakshineswar (Kolkata)	13.00	12.98	12.98	12.98 - Direct
6	Contribution to Prime Ministers National Relief Fund or any other fund setup by the Central Government for socio economic development and relief	Donation	Balasore (Odisha) & Dakshineswar (Kolkata)	5.00	--	--	--
7	Rural Development	Development	Balasore (Odisha) & Dakshineswar (Kolkata)	25.00	17.67	17.67	17.67 - Direct
8	Building CSR activities as per Rule 4(6)	Employee service	Balasore (Odisha) & Dakshineswar (Kolkata)	1.00	--	--	--
				200.00	183.83	183.83	183.83

Annexure IV to the Director's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To
The Members,
EMAMI PAPER MILLS LIMITED

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;
- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:
 - a) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
 - b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - e) The Securities & Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008
 - f) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

- g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the following laws/acts are also, inter alia, applicable to the Company:
 - a) The Environment Protection Act 1986
 - b) The Water (Prevention and Control of Pollution) Act, 1974
 - c) The Air (Prevention and Control of Pollution) Act 1981
 - d) Hazardous Waste (Management, Handling, and Transboundary Movement) Rules 2008, as amended from time to time.
 - e) The Indian Boilers Act 1923.

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

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

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

This report is to be read with our letter of even date which is annexed as **Annexure - I** which forms an integral part of this report.

For MKB & Associates

Date: 15th April, 2018

Place: Kolkata

Company Secretaries
Manoj Kumar Banthia
[Partner]
ACS No. 11470
COP No. 7596
FRN: P2010WB042700

Annexure- I

To
The Members,
EMAMI PAPER MILLS LIMITED

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries

Manoj Kumar Banthia
[Partner]
ACS No. 11470
COP No. 7596
FRN: P2010WB042700

Date: 15th April, 2018
Place: Kolkata

Annexure – V to the Director's Report

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

A) Details of every employee of the Company as required under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended vide Notification dated 30th June, 2016 by Ministry of Corporate Affairs for the year ended 31st March, 2018:

i) Percentage increase in remuneration of each director, CEO, CFO, CS or manager and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

Name	Designation	Percentage increase (%)	Ratio
Shri A. V. Agarwal	Executive Chairman	3.5	20:1
Shri Manish Goenka	Whole time Director	1.19	20:1
Shri P. S. Patwari	Executive Director (CEO)	41.80	71:1
Shri M. B. S. Nair	Whole time Director	12.34	34:1
Shri J. Godbole	Non-Executive, Independent Director	11.36	1:1
Shri H. M. Marda	Non-Executive, Independent Director	4.00	1:1
Shri U. G. Bhat	Non-Executive, Independent Director	-	1:1
Shri S. Balasubramanian	Non-Executive, Independent Director	26.67	1:1
Shri J. K. Khetawat	Non-Executive, Independent Director	-	1:1
Smt. Richa Agarwal	Non-Executive,(Woman Director)	-	1:1
Shri S. K. Khetan	President (Finance) & CFO	8.74	27:1
Shri G. Saraf	Vice President (Finance) & CS	7.71	16:1

ii) Percentage increase in the median remuneration of employees in the financial year: 68.85%

iii) Number of permanent employees on the rolls of company: 1470

iv) Explanation on:

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	41.32%
Percentile increase in the managerial remuneration	15.80%
Justification for increase in the managerial remuneration	Retention of talented technical and managerial personnel as per Remuneration Policy of the Company.
Exceptional circumstances for increase in the managerial remuneration, if any	N.A.

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

B) I) Details of every employee of the Company who as required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2018:

Sl. No	Name and Age	Qualification & Experience (in years)	Designation	Date of Joining	% of equity share held	Remuneration	Previous employment
Employment throughout the year							
1.	Shri P. S. Patwari (63 years)	B.Com, FCA (38 years)	Executive Director (CEO)	28.11.1994	NIL	2,41,95,050/-	Hindusthan Motors Ltd.
2.	Shri M.B.S. Nair (67 years)	B.Sc (Che) Paper Technology from IPT, Saharanpur (44 years)	Whole Time Director (Director Operations)	16.11.1999	0.0002	1,16,05,050/-	Sri Venkatesa Paper & Boards

II) Statement pursuant to Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rule 2014

The Board's report shall include a statement showing the names of the top ten employees in terms of remuneration drawn and the names of every employee of the Company who -

- if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and Two Lakhs rupees
- if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate was not less than Eight Lakhs Fifty Thousand rupees per month

Sl. No	Name and Age	Qualification & Experience (in years)	Designation	Date of Joining	% of equity share held	Remuneration	Previous employment
Employment throughout the year							
1.	Shri P. S. Patwari (63 years)	B.Com, FCA (38 years)	Executive Director (CEO)	28.11.1994	NIL	2,41,95,050/-	Hindusthan Motors Ltd.
2.	Shri M.B.S. Nair (67 years)	B.Sc (Che) Paper Technology from IPT, Saharanpur (44 years)	Whole time Director (Director-Operations)	16.11.1999	0.0002	1,16,05,050/-	Sri Venkatesa Paper & Boards.
3.	Shri S.K.Jain (62 years)	B.Sc, MBA (R&A), PG in Paper Industry (40 years)	Senior President	08.11.2005	NIL	1,00,71,821/-	Khanna Paper Mills Ltd.
4.	Shri S. K. Khetan (53 years)	ACA, ACS, (29 years)	President (Finance) & C.F.O.	11.10.1999	NIL	93,64,338/-	Titagarh Industries Ltd.
5.	Shri Manish Goenka (44 years)	MBA (20 years)	Whole Time Director	01.02.2000	0.1438	68,38,237/-	Gulmohar Paper Ltd.
6.	* Shri A.V. Agarwal (43 years)	B.Com (20 years)	Executive Chairman	23.10.2000	0.0207	70,15,956/-	Gulmohar Paper Ltd.

Sl. No	Name and Age	Qualification & Experience (in years)	Designation	Date of Joining	% of equity share held	Remuneration	Previous employment
7.	Shri G.Saraf (61 years)	FCS, LLB (43 years)	Vice President (Finance) & Secretary	30.03.1994	NIL	53,31,347/-	Polar Latex Ltd.
8.	** Shri Shyam Patwari (31years)	C. A. (7years)	GM - Commercial	21.7.2011	NIL	48,42,232/-	...
9.	Shri Soumyajit Mukherjee (43 years)	P.G. in Economics (18 years)	Asst. Vice President (Marketing & Sales)	15.04.2014	NIL	41,64,928/-	J K Paper Limited
10.	Shri Mukesh Kumar Agarwal (45 years)	B.Com (Hons) ACA,C.S.(Inter) (21 years)	Senior G.M. (Finance)	17.04.1997	NIL	38,52,731/-	Indian Oil Corporation Ltd.

Note:

Shri P. S. Patwari, Shri M. B. S. Nair, Shri S. K. Jain, Shri Manish Goenka, Shri S. K. Khetan, Shri G. Saraf, Shri Soumajit Mukherjee, Shri Mukesh Agarwal, are not relative of any other Director, Key Managerial Personnel and Manager of the Company.

*Shri A. V. Agarwal is the husband of Smt.Richa Agarwal, Non-Executive, Non-Independent Director of the Company.

**Shri Shyam Patwari is son of Shri P.S.Patwari, Executive Director of the Company.

Annexure – VI

CIN : L21019WB1981PLC034161

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

• Composition

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

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

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

Sl No	Name of the Director	DIN	Executive/ Independent/ Non executive	No. of Board Meetings attended	Attendance at previous AGM on 14.08.2017	No. of outside Director-ship held in other Public Limited Companies	No. of membership/ chairmanship in other Board/ Committee	
							Chairman	Member
01	Mr. A. V. Agarwal	00149717	Chairman, Executive	4	Yes	3	-	-
02	Mr. Manish Goenka	00363093	Executive	5	Yes	2	-	-
03	Mr. P. S. Patwari	00363356	Executive	5	Yes	1	-	-
04	Mr. J. Godbole	00056830	Non-Executive, Independent	5	Yes	7	4	5
05	Mr. S. Balasubramanian	02849971	Non-Executive, Independent	4	Yes	7	-	7
06	Mr. H. M. Marda	00855466	Non-Executive, Independent	5	Yes	8	2	1
07	Mr.J.K.Khetawat*	00920819	Non-Executive, Independent	3	No*	3	-	-
08	Mr. U.G.Bhat *	00353361	Non-Executive, Independent	4	No*	2	-	-
09	Mr. M.B.S. Nair **	03086056	Executive	4	Yes	-	-	-
10	Mrs. Richa Agarwal	01505726	Non-Executive	4	Yes	-	-	-
11	Mr.Ashish De ***	08109683	Executive	-	N.A.	-	-	-

* Mr. J. K. Khetawat and Mr. U. G .Bhat could not attend Annual General Meeting held on 14th August, 2017 due to their preoccupation.

**Resigned w.e.f.13.04.2018

***Appointed as Whole Time Director w.e.f.13.04.2018

3. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR

During the year Five Board Meetings were held on 16th May, 2017, 14th August, 2017, 31st August, 2017, 26th October, 2017 and 13th February, 2018 .

4. DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE

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

5. INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS

As required under the Regulation 17(7) read with Part - A of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the information's which were placed before the Board are as follows:

- A. Annual Operating Plans and Budgets and any updates.
- B. Capital Budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of Meetings of Audit Committee and other Committees of the Board of Directors.
- E. The Information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature.
- J. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- K. Significant labor problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of Wage Agreement, implementation of Voluntary Retirement Scheme etc.
- L. Sale of investments, assets which are material in nature and not in normal course of business.
- M. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- N. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

6. CODE OF CONDUCT

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

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

Code for prevention of Insider-Trading practices and Fair Disclosures

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

Further in terms of Amended Regulation, 2015 of SEBI vide its Notification No. LAD-NRO/GN/2014-15/21/85 dated 15.01.2015 the Company also adopted a Code of Conduct for Prevention of Insider Trading 2015 under SEBI (Prohibition of Insider Trading) Regulation, 2015 as well as a Code of Corporate Fair Disclosures Practices.

All the Directors on the Board, Officers, designated employees at Senior Management and connected persons at all locations who could be privy to unpublished price sensitive information of the Company are governed by this Code. This amended code was approved by the Board of Directors in their meeting held on 27th January, 2015.

The Code of Corporate Fair Disclosures Practices is also displayed on the Website of the Company as: <http://www.emamipaper.in/compliances.php>

7. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY THE NON-EXECUTIVE DIRECTORS AS ON MARCH, 31, 2018.

Sl. No	Name of Directors	Category	No. of Equity Shares
01	Mr. J. Godbole	Non-Executive, Independent	NIL
02	Mr. S. Balasubramanian	Non-Executive, Independent	NIL
03	Mr. J. K. Khetawat	Non-Executive, Independent	NIL
04	Mr. H. M. Marda	Non-Executive, Independent	2650
05	Mr. U. G. Bhat	Non-Executive, Independent	NIL
06	Mrs. Richa Agarwal	Non-Executive, Promoter	1500

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

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

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

9. AUDIT COMMITTEE

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

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

- A.** The Audit Committee shall act in accordance with the terms of reference specified under Section 177 of the Companies Act, 2013 and as per the provisions of Regulation 18(3) read with Schedule-II, Part-C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which shall inter alia include:
 1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;

- v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any Related Party Transactions;
 - vii. Modified opinion(s) if any in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of users/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the listed entity with Related Parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
 11. Evaluation of international financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the whistle blower mechanism;
 19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of audit committee.

B. The audit committee shall mandatorily review the following information:

- 1) Management Discussion and Analysis of financial condition and results of operations;
- 2) Statement of significant Related Party Transactions (as defined by the audit committee), submitted by management;
- 3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4) Internal Audit Reports relating to internal control weaknesses; and
- 5) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the audit committee.

6) Statement of deviations:

- (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- (b) Annual Statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

b) Composition, Name of Members and Chairman

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

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

The composition of the Audit Committee meets the requirement of Section 177 of the Companies Act, 2013 and Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. G. Saraf, Company Secretary acts as the Secretary to the Committee.

The attendance of each member director at the Audit Committee Meeting held during the Financial Year 2017-18 is furnished below:

Sl. No.	Name of Director	Position	Audit Committee Meeting	
			Held	Attended
01.	Mr. J. Godbole	Chairman	4	4
		Non-Executive Independent Director		
02.	Mr. S. Balasubramanian	Member	4	4
		Non-Executive Independent Director		
03.	Mr. H. M. Marda	Member	4	4
		Non-Executive Independent Director		
04.	Mr. J. K. Khetawat	Member	4	2
		Non-Executive Independent Director		

The above meetings were held on 16th May, 2017, 14th August, 2017, 26th October, 2017 and 13th February, 2018.

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

Mr. J. Godbole, Chairman of the Audit Committee was present in the Annual General Meeting of the Company held on 14th August, 2017.

10. NOMINATION AND REMUNERATION COMMITTEE & POLICY

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

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

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- 2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

- 3) Devising a policy on diversity of board of directors;
- 4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- 5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

b) Composition, Name of Members and Chairman

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

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

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

c) Meeting and attendance during the year

The attendance of each member director at the Nomination & Remuneration Committee Meeting held during the Financial Year 2017-18 is furnished below:

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

During the year one meeting of the Nomination and Remuneration Committee was held on 13th February, 2018.

11. Performance Evaluation criteria for independent directors.

The Company had adopted a Performance Evaluation Policy at the Meeting of the Board of Directors held on 27th January, 2015.

The Performance Evaluation Policy was revised as per the Guidance Note on Board Evaluation as issued by the Securities Exchange Board of India vide Circular No:SEBI/H.O/ CFD/CMD/ CIR/P/2017/004 dated 5th January, 2017 and approved by the Board of Directors at their Meeting held on 31st January, 2017.

The Performance Evaluation Policy was further revised as per the amendment of Section 178(2) of the Companies Act, 2013, which was approved by the Board of Directors at their meeting held on 13th February, 2018.

The revised Criteria for Performance Evaluation of the Independent Directors as per the abovementioned Policy are as follows:

Sl. No	Evaluation Criteria
I. a)	Knowledge and Competency: How the person fares across different competencies as identified for effective functioning of the entity and the Board
b)	Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates
II.	Fulfillment of Functions: Whether the person understands and fulfills the functions to him/her as assigned by the Board and the law
III.	Ability to function as a team: Whether the person is able to function as an effective team-member
IV.	Initiative: Whether the person actively takes initiative with respect to various areas
V.	Availability and attendance: Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay
VI.	Commitment: Whether the person is adequately committed to the Board and the entity
VII.	Contribution: Whether the person contributed effectively to the entity and in the Board meetings
VIII.	Integrity: Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)
IX.	Independence: Whether the person is independent from the Company and other directors and there is no conflict of Interest
X.	Independent views and judgement: Whether the person exercises his/ her own judgement and voices opinion freely

Policy for Selection and Appointment of Directors and their Remuneration:

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

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

Remuneration to Non-Executive Directors:

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

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

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

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

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

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

Remuneration paid to the Directors of the Company for the year ended 31-03-2018:

(Amount in ₹)

Name of Directors	Salary & Allowances (Fixed component)*	Other Perquisites **	Provident Fund	Total	Service Contract	Notice Period
Mr. A. V. Agarwal	60,00,000	2,95,956	7,20,000	70,15,956	3 Years (w.e.f.08.11.2015)	3 Months
Mr. Manish Goenka	60,00,000	1,18,237	7,20,000	68,38,237	3 Years (w.e.f.01.07.2015)	3 Months
Mr. P. S. Patwari	1,78,60,800	42,03,050	21,31,200	2,41,95,050	3 Years (w.e.f.01.04.2017)	3 Months
Mr. M. B. S. Nair	65,11,740	43,11,901	7,81,409	1,16,05,050	3 Years (w.e.f. 25.04.2017)	3 Months
Total :	3,63,72,540	89,29,144	43,52,609	4,96,54,293		

* Fixed component includes Basic Salary and Fixed allowances

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

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

Remuneration to Non-Executive Directors:

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

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

Name of the Directors	Total Rupees
Mr. J. Godbole	2,45,000/-
Mr. S. Balasubramanian	1,90,000/-
Mr. H. M. Marda	2,60,000/-
Mr. J. K. Khetawat	1,35,000/-
Mr. U. G. Bhat	1,15,000/-
Mrs. Richa Agarwal	1,30,000/-
Total :	10,75,000/-

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

- During the year, the Company has paid ₹57,44,369/- as professional fees to M/s S.P.B. Projects & Consultancy Ltd; a Company in which Mr. U. G. Bhat is interested as Managing Director.
- Except these, there was no other pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

12. PERFORMANCE EVALUATION OF BOARD:

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

The Evolution Criteria was revised as per the Guidance Note on Board Evaluation as issued by the Securities Exchange Board of India vide Circular No: SEBI/H.O./CFD/CMD/ CIR/P/2017/004 dated 5th January, 2017 and approved by the Board of Directors at their Meeting held on 31st January, 2017.

The Performance Evaluation Policy was further revised as per the amendment of Section 178(2) of the Companies Act, 2013, which was approved by the Board of Directors at their meeting held on 13th February, 2018.

The various broad criteria applicable for the Performance Evaluation of the Board as per the new Performance Evaluation Policy are as follows:

- I. Structure of the Board
- II. Meetings of the Board
- III. Functions of the Board
- IV. Board and Management
- V. Professional Development

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

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

Further, the Independent directors have evaluated the performance of Executive Chairman, Non-Independent Directors and the Board of Directors as a whole at a separate meeting held on 13th February, 2018 as per requirement of Regulation 25 (3) & (4) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Nomination and Remuneration Committee had also evaluated performance of each of the Directors based on the aforesaid evaluation factors, in their meeting held on 13th February, 2018.

13. STAKEHOLDERS' RELATIONSHIP COMMITTEE :

The Stakeholders' Relationship Committee was constituted on 25th April, 2014, as per requirement of Section 178(5) of the Companies Act, 2013 and entrusted the responsibilities to deal with matters relating to transfers / transmissions of shares and monitor redressal of complaints from shareholders with respect to Loss of Share Certificates, issue of duplicate Share Certificates etc.

The Committee presently consists with the following members:-

Mr. H. M. Marda	Chairman
Mr. P. S. Patwari	Member
Mr. Manish Goenka	Member

Meeting and attendance during the year

The attendance of each member director at the Stakeholders' Relationship Committee Meeting held during the Financial Year 2017-18 is furnished below:

Sl. No.	Name of Director	Position	Remuneration Committee Meeting	
			Held	Attended
01.	Mr. H. M. Marda	Chairman Non-Executive Independent Director	1	1
02.	Mr. P. S. Patwari	Member Executive Director & CEO	1	1
03.	Mr. Manish Goenka	Member Whole Time Director	1	1

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

During the year one meeting of the Stakeholders Relationship Committee was held on 13th February, 2018.

There were two complaints received during the year which have been resolved and no complaint remains pending as on date.

14. RISK MANAGEMENT SYSTEM

The monitoring of Risk Management continued under Audit Committee and Board of Directors. Presentation of progress and implementation status of mitigation plans were made by the Executive Management Team periodically.

15. CORPORATE SOCIAL RESPONSIBILITIES COMMITTEE:

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

The Committee presently consist the following members:

Mr. A.V. Agarwal	Chairman
Mr. J. Godbole	Member
Mr. P. S. Patwari	Member
Mr. Manish Goenka	Member
Mr. H. M. Marda	Member
Mrs. Richa Agarwal	Member

During the year two meetings of the Corporate Social Responsibility Committee were on 16th May, 2017 and 26th October 2017.

Meeting and attendance during the year

The attendance of each member director at the Corporate Social Responsibility Committee Meeting held during the Financial Year 2017-18 is furnished below:

Sl. No.	Name of Director	Position	Remuneration Committee Meeting	
			Held	Attended
01.	Mr. A.V. Agarwal	Chairman Executive Chairman	2	2
02.	Mr. J. Godbole	Member Non-Executive Independent Director	2	2
03.	Mr. P. S. Patwari	Member Executive Director & CEO	2	2
04.	Mr. Manish Goenka	Member Whole Time Director	2	2
05.	Mr. H. M. Marda	Member Non-Executive Independent Director	2	2
06.	Mrs. Richa Agarwal	Member Non-Executive Non-Independent Director	2	2

16. FINANCE COMMITTEE:

The Finance Committee was constituted by the Board in its meeting held on 6th May, 2015 to deal with expediting financial decisions including the transactions and dealing with various Banks for long term and short term financial requirements of the Company.

The Committee presently consist the following members:

Mr. H. M. Marda	Chairman
Mr.J. K. Khetawat	Member
Mr. Manish Goenka	Member
Mr. P. S. Patwari	Member

No meeting of the Finance Committee held during the year 2017-18.

17. PROJECT MANAGEMENT COMMITTEE

The Project Management Committee was constituted by the Board in its meeting held on 14th August, 2017 to study the various aspects of proposed expansion of Multilayer Coated Board manufacturing at Balasore, Odisha. Further at the Board Meeting held on 13th February, 2018 the scope of the Committee was modified to include exploration of the acquisition of one or more mills in India in the field of high-end packaging board by the Company.

The Committee presently consist the following members:

Mr. H. M. Marda	Chairman
Mr.J. K. Khetawat	Member
Mr. Manish Goenka	Member
Mr. P. S. Patwari	Member

No meeting of the Project Management Committee held during the year 2017-18.

18. FUND RAISING COMMITTEE

The Fund Raising Committee was constituted by the Board in its meeting held on 31st August, 2017 for deciding various matters related for the purpose of raising funds through issuance of Securities. The Committee was further reconstituted on 26.10.2017 when Mr.J. Godbole was inducted as a member of the Committee.

The Committee presently consist the following members:

Mr. H. M. Marda	Chairman
Mr. P. S. Patwari	Member
Mr. Manish Goenka	Member
Mr. J. K. Khetawat	Member
Mr. J. Godbole	Member

No meeting of the Fund Raising Committee held during the year 2017-18.

19. GENERAL BODY MEETING

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

Financial Year	Venue	Date	Time
2014 - 15	Emami Towers, 687, Anandapur, E.M. Bypass, Kolkata - 700 107	11.08.2015	11.00 a.m.
2015 - 16	-do-	10.08.2016	11.00 a.m.
2016 - 17	-do-	14.08.2017	11.00 a.m.

Whether special Resolutions were passed in previous three AGMs: Yes

The following Special Resolutions were passed in previous three AGMs:

YEAR 2016-17:

- 1) Approval of reappointment of Shri P. S. Patwari (DIN.00363356) as Executive Director, for a period of 3 years w.e.f 1st April, 2017 including payment of remuneration for that period.
- 2) Approval of reappointment of Shri M. B. S. Nair (DIN.03086056) as Whole Time Director, designated as Director (Operations) for a period of 3 years w.e.f. 25th April, 2017 including payment of remuneration for that period.
- 3) Approval of Remuneration with continuation of the appointment of Shri Shyam Patwari in the office or place of Profit under Section 188 of the Companies Act 2013.

YEAR 2015-16:

- 1) To approve variation of the remuneration of Mr. M. B. S. Nair, (DIN.03086056) as Whole-Time Director designated as Director (Operations) w.e.f.18th November 2015 to 25th April, 2017.

YEAR 2014-15:

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

Whether Special Resolutions passed last year through Postal Ballot – Yes

1. Approval for issue of further Securities up to ₹250 crores
2. Alteration of Authorised Share Capital of the Company

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

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

21. SUBSIDIARY COMPANY

The Company does not have any subsidiary Company.

22. DISCLOSURES**Related party transactions:**

The Company has not entered into any transaction of material nature with the promoters, directors or the management 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 adopted Indian Accounting Standards("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder from 1st April, 2017.

23. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

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

A) Directors retirement by rotation and their re-appointment

Shri Manish Goenka, Whole Time Director and Shri P. S. Patwari, Executive Director & CEO, would retire by rotation and, being eligible, offer themselves for re-appointment as recommended by Nomination and Remuneration Committee.

Further, Shri A.V.Agarwal was re-appointed as Executive Chairman by the Board of Directors as recommended by Nomination and Remuneration Committee for a further period of three years (approx.) from 8th November, 2018 to 31st March, 2021, subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

Shri Manish Goenka has expressed his inability to act as Whole-Time Director with effect from 14th May, 2018, but agreeable to continue as Non-Executive Director of the Company.

Shri Ashish De was appointed as a Whole Time Director of the Company with effect from 13th April, 2018 for a period of 3 years (approx.) from 13th April, 2018 to 31st March, 2021 as recommended by Nomination and Remuneration Committee and also as an Additional Director as recommended by Nomination and Remuneration Committee under Section 161 of the Companies Act, 2013 to hold office till the conclusion of the ensuing Annual General Meeting of the Company.

The information pertaining to these Directors are as follows:

Name of Director	Mr. Manish Goenka	Mr. P S Patwari	Mr. A V Agarwal
Age	About 44 years	About 63 years	About 43 years
Date of Appointment	01.02.2000	28.11.1994	23.10.2000
Expertise in Specific Functional areas	Industrialist with extensive business experience, expertise in Corporate Planning, Business Development, Strategy Formulation and Overall Management.	Chartered Accountant, extensive experience in the area of Finance, Accounting, Corporate Planning, Business Development, Strategy formulations and overall management.	Well known Industrialist. Rich and varied experience in Finance Corporate Planning, Business Development, Strategy formulation and overall management.
Qualification	M.B.A.	B.Com., F.C.A.	B.Com.
Chairman/ Director of other Companies.	-Bhanu Vyapaar Private Limited -Emami Cement Limited -Prestige Vyapaar Limited -Emami Group of Companies Pvt .Ltd.	-Barbrik Barter Private Limited -Biswanath Barter Private Limited -Bengal Emami Housing Limited -Prakash Mercantile Private Limited. -Emami Centre For Creativity Private Limited	-Emami Limited-Suntrack Commerce Pvt. Limited -Emami Cement Ltd. -Ajanta Suppliers Pvt. Ltd. -Emami Group of Companies Pvt.Ltd -T.M.T.Viniyogan Ltd.
Membership/ Chairmanship in Other Board/ Committee	NIL	NIL	NIL
Equity Shares held in the Company	87,000	NIL	12,500

Name of Director	Shri Ashish De
Age	68 years
Date of Appointment	13.04.2018
Expertise in Specific Functional areas	A renowned Paper and Paper Board Technologist with Rich and varied experience of 45 years in setting up of Big Paper Board Mill projects and also an expert in global marketing network. He is also expert in the area of corporate planning, strategy formulation and marketing management.
Qualification	1. Post Graduate Diploma in Pulp and Paper Technology from Institute of Paper Technology, Saharanpur. 2. Advanced Short course training in Non-Wood Fibre (Recycled Paper) and Paper Coating Technology from N. C. State University, North Carolina, USA.
Chairman/ Director in other companies	NIL
Membership/ Chairmanship in other Board/ committees	NIL
Equity Shares held in the Company	NIL

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

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

Further, as per the provisions of Section 149 of the Companies Act, 2013, and as recommended by the Nomination and Remuneration Committee, the Board further recommends for the re-appointment of all the Independent Directors of the Company namely - Shri J. Godbole, Shri S. Balasubramanian, Shri H.M. Marda, Shri J. K. Khetawat, Shri U. G. Bhat whose present terms of appointment will expire on 31st March, 2019 for another term of consecutive 5 years, not liable to retire by rotation, commencing from 1st April, 2019 and seek approval by the members of the Company in the ensuing Annual General Meeting.

Notices under Section 160 of the Companies Act, 2013 was received by the Company from members signifying their intention to propose the aforesaid directors as candidate for the Office of Directors.

The information pertaining to these Directors are as follows:

Name of Director	Mr. H.M.Marda	Mr. U.G.Bhat	Mr. J. K. Khetawat
Age	About 75 years	About 80 years	About 77 years
Date of Appointment	27.01.2009	26.09.2003	11.08.2011
Expertise in Specific Functional areas	An Industrialist with extensive business experience over 3 decades in the area of Accounting, Corporate Planning, Strategy formulation and overall management.	A Well known Technocrat professional and a reputed project consultants in paper industry with rich and varied experience in setting up of project.	An Industrialist with extensive business experience in the area of Accounting, Corporate Planning, Strategy formulation and overall management.

Name of Director	Mr. H.M.Marda	Mr. U.G.Bhat	Mr. J. K. Khetawat
Qualification	B.Com, ACA .	B.Sc. B.E.	Sr. Cambridge
Chairman/ Director of other Companies.	<ul style="list-style-type: none"> - Emami Infrastructure Ltd. - Zandu Realty Ltd. - Chandramukhi Impex Ltd. - Prabhu Polycolor Ltd. - Prabhu Poly Pipes Ltd. - South City Projects (Kolkata) Ltd - Rama Overseas Limited - Creative Cultivation Private Limited - Emami Constructions Pvt Ltd - Emami Power Limited 	<ul style="list-style-type: none"> - SPB Projects and Consultancy Ltd. - Shree Sakthi Paper Mills Limited 	<ul style="list-style-type: none"> - South City Projects (Kolkata) Ltd. - Kolkata Metropolitan South City Development Ltd. - South City International School - South City Developers Pvt. Ltd. - South City Bel-Air Property Management Pvt.Ltd. - RTL Logistics Limited - Aravali Tie Up Pvt Ltd - Aravali Barter Pvt Ltd - Biswanath Tie Up Pvt Ltd - Rameshwara Estates Pvt Ltd - Vijaybhan Investment and Consultancy Pvt Ltd - South City Retreat Property Management Private Limited
Membership/ Chairmanship in other Board / committee	<ul style="list-style-type: none"> - Emami Infrastructure Ltd - Zandu Realty Ltd. 	NIL	NIL
Equity shares held in the Company.	2650	NIL	NIL

Name of Director	Mr. J. Godbole	Mr. S. Balasubramanian
Age	About 73 years	About 75 years
Date of Appointment	17.03.2007	05.05.2010
Expertise in Specific Functional areas	He is former Chairman of IDBI having extensive experience in the area of Finance, in particular Bank Finance, Accounting Corporate Planning and strategy formulation.	He is former Chairman of Company Law Board, has rich and varied experience in the Corporate Law. He is a well known personality for his valuable contribution to the Corporate world. He was also former member of Indian Postal Service and having senior level experience in public sector.
Qualification	B.Tech(Hons), IIT PowaiCertificate in Fin. Management	B.Com., L.L.B, A.C.A, A.C.S., AICWA,DMA(ICA)
Chairman/ Director of other Companies.	<ul style="list-style-type: none"> - J.K.Cements Ltd. - Kesar Terminals & Infrastructure Ltd. - Zuari Agro Chemicals Ltd. - Gujarat Alkalies and Chemicals Ltd. - Embio Ltd. - Zuari Global Ltd. - Saurashtra Cement Ltd. 	<ul style="list-style-type: none"> - GVK Power & Infrastructure Ltd. - Jaypee Infratech Ltd. - Machino Plastics Ltd. - TTK Healthcare Limited - Peerless Hotels Limited - Malnad Projects Pvt.Ltd. - GVK Airport Developers Limited - Sanghi Industries Limited

Name of Director	Mr. J. Godbole	Mr. S. Balasubramanian
Membership/ Chairmanship in other Board / committee	<ul style="list-style-type: none"> - Embio Ltd - Gujarat Alkalies and Chemicals Limited - J K Cement Ltd - Kesar Terminals & Infrastructure Ltd. - Saurashtra Cement Ltd. - Zuari Agro Chemicals Ltd. - Zuari Global Ltd 	<ul style="list-style-type: none"> - GVK Power & Infrastructure Ltd. - Machino Plastics Ltd. - TTK Healthcare Limited - Peerless Hotels Limited - Malnad Projects Pvt. Ltd. - GVK Airport Developers Limited
Equity shares held in the Company.	NIL	NIL

25. CEO/CFO Certification

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

26. COMPLIANCE REPORT

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

Audit Qualification:

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

Training of Board Members:

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

Mechanism for the Evaluation of Non-Executive Directors:

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

Whistle Blower Policy:

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

Vigil Mechanism Policy:

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

- To provide for adequate safeguards against victimization of Employees and Directors who avail of the mechanism and also provide for direct access to the chairperson of the Audit Committee or the Directors nominated to play the role of Audit Committee, as the case may be, in exceptional cases.
- The existence of the mechanism will be appropriately communicated within the organization after its establishments.
- In case of repeated frivolous complaints being filed by a Director or an employee, the Audit Committee or the Director nominated to play the role of Audit Committee may take suitable action against the concerned Director or Employee including reprimand.

- The Company encourages an open door policy where employees have access to the Head of the Business/Function. Any Employee may report unethical attitude at the workplace without fear and reach the Chairman of the Audit Committee.

Policy for Preservation of Records/Documents of the Company:

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

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

Policy for Determination of Materiality of any Events/Information:

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

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

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

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

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

Performance Evaluation Policy:

The Company had adopted a Performance Evaluation Policy which was approved by the Board of Directors at the Board Meeting held on 27th January, 2015.

The Securities and Board of India vide their Circular No: SEBI/H.O./CFD/CMD/CIR/P/2017/004 dated 5th January, 2017, issued a guidance Note on Board Evaluation. The Company revised its Performance Evaluation Policy in line with the said Guidance note.

The Revised Performance Evaluation Policy was approved by the Board of Directors at their meeting held on 31st January, 2017.

As per the Amendment in Section 178 of the Companies Act, 2013, Nomination & Remuneration Committee shall specify methodology for effective evaluation of Performance of Board and Committees and Individual Directors either by the Board, Nomination & Remuneration Committee or an Independent External Agency and the Nomination and Remuneration Committee can review the implementation of evaluation system.

The Performance Evaluation Policy was further revised as per the keeping in view the amendments in the Companies Amendment Bill, 2017 and was approved by the Board of Directors at their Meeting held on 13th February 2018.

Secretarial Audit:

Secretarial Audit from an Independent Practicing Company Secretary M/s. M. K. B. & Associates, Company Secretary for the financial year ended 31st March, 2018 has been completed and Secretarial Audit for the year forms part of this Annual Report.

Shareholders' Rights and Means of Communication

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

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

- a) Details of its business;
- b) Terms and conditions of appointment of Independent Directors;
- c) Composition of various committees of Board of Directors;
- d) Code of conduct of Board of Directors and senior management personnel;
- e) Details of establishment of Vigil mechanism/Whistle Blower policy;
- f) Policy on dealing with Related Party Transactions;
- g) Details of Familiarization Programmes imparted to Independent Directors
- h) The email address for grievance redressal
- i) Contact information of the designated officials for assisting and handling investors grievances;
- j) Financial information including:
 - i. Notice of meeting of the Board of Directors where Financial Results shall be discussed;
 - ii. Financial Results, on conclusion of the meeting of the Board of Directors where financial results were approved.
 - iii. Complete copy of the annual report including Balance Sheet, Profit and Loss Account, Directors' Report, Corporate Governance Report etc;
- k) Shareholding Pattern

Management's Discussion and Analysis

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

27. Shareholders Information

a) Unclaimed Dividend

Unclaimed dividend for the year prior to and including the financial year 2009-10 have been transferred to the General Revenue Account of the Central Government / the Investor Education and Protection Fund established by the Central Government / (IEPF), as applicable.

Shareholders who have not encashed their dividend warrants to financial year(s) up to and including 2009-10 may claim such dividend (transferred to the General Revenue Account) from the Registrar of Companies, West Bengal, Government of India, Nizam Palace, II MSO Building, 2nd Floor, 234/4 A. J. C. Bose Road, Kolkata-700 020 by applying in the prescribed form.

The dividend for the undernoted years, if remaining unclaimed for 7 years, will be statutorily transferred by the Company to I.E.P.F.in accordance with the schedule given below. Communication has been sent by the Company to the concerned Shareholders advising them to write to the Company with respect to their unclaimed dividend. (Attention is drawn that the unclaimed dividend for the financial year 2010-11 is due for transfer to IEPF on 14/09/2018).

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

(Amount in ₹)

Financial year	Dividend ID No.	Last date of Payment of dividend	Total Amount of Dividend	Unclaimed Dividend as on 31.03.2018	Last date for transfer to I.E.P.F. on
2010-11	29th	09/09/2011	3,63,00,000	69957.00	14/09/2018
2011-12	30th	11/09/2012	3,63,00,000	66013.20	16/09/2019
2012-13	31st	11/09/2013	3,63,00,000	99385.00	16/09/2020
2013-14	32nd	09/09/2014	3,63,00,000	68624.40	14/09/2021
2014-15	33rd	09/09/2015	3,63,00,000	94495.80	14/09/2022
2015-16	34th	08/09/2016	3,63,00,000	99232.80	13/09/2023
2016-17	35th	31/08/2017	7,25,98,860	149808.00	05/09/2024
Total :			29,03,98,860	6,47,516.20	

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

b) Transfer of Unclaimed Shares to the Investor Education and Protection Fund (IEPF) Account as per Section 124(6) of Companies Act, 2013

The Ministry of Corporate Affairs vide its Circular No: G.S.R. 854(E) dated 5th September, 2016, notified Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, subsequently modified on 28th February, 2017.

In terms of the provisions of Section 124(6) of the Companies Act, 2013 read with IEPF Rules, in addition to the Unpaid or Unclaimed Dividend required to be transferred by the Company to the Investor Education and Protection Fund Authority, Equity shares relating to such unclaimed/unpaid Dividend and lying unpaid or unclaimed for 7 consecutive years or more were also required to be transferred to the Investor Education and Protection Fund Suspense Account (IEPF SUSPENSE ACCOUNT).

Accordingly the Company have transferred 67,652 shares in respect of which Dividends have not been claimed for the consecutive period of 7 years from 2008-2009 to 2009-10. The Total amount of Unclaimed/unpaid Dividend transferred to the IEPF suspense Account is ₹1,35, 304/- on 23/11/2017 and 05/12/2017.

The Breakup of the transfer to the IEPF Account is as follows:

Sl. No	Financial Year	No. of shares	Total Value of Amount transferred to IEPF suspense A/c.
1.	2008-09	65352	130704.00
2.	2009-10	2300	4600.00
Total:		67652	135304.00

Each of the shareholders was sent personal Notices at their latest Address on behalf of the Company regarding transfer of their shares and also mentioned as how to claim those shares and unclaimed dividend amount. A Public Notice was also published in an English and Bengali Newspaper and the same was uploaded in the Website of the Company along with the details of those shareholders.

In terms of Rule 6(3) of the Investor Education and Fund Authority (Accounting Audit, Transfer and Refund) Rules, 2016, the Statement containing the details of Name, Folio No. and Number of Shares transferred to IEPF Suspense Account is made available in our website www.emamipaper.in

i. 36th Annual General Meeting:

Date : 10th August, 2018

Time : 11.00 a.m.

Venue : Ozora, Acropolis, 20th floor, 1858/1 Rajdanga Main Road, Kolkata-700107

ii. Date of Book Closure:

3rd August, 2018 to 10th August, 2018 (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 2nd August, 2018.

iii. Dividend:

The Board of Directors has recommended a dividend at the rate of 60% i.e. ₹1.20 (Rupees One and twenty paise only) per Equity Share of ₹2/- each and at the rate of 8% on Preference Share of ₹100/-. This is subject to the approval of the Members at the ensuing Annual General Meeting. The dividend, if approved by the Members at the ensuing Annual General Meeting, will be paid / credited on and from 31st August, 2018.

iv. Financial Calendar of the Company:

- i. April to March
- ii. First Quarter Results – 2nd week of August
- iii. Half –yearly Results – 2nd week of November
- iv. Third Quarter Results – 2nd week of February
- v. Results for the year ending 31st March – by May.

v. Listing of Equity Shares on Stock Exchange:

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

The relevant Listing Fees for the year was paid.

vi. Stock Code:

The Bombay Stock Exchange Ltd. - 533208

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

vii. Stock Price Data:

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

Market Price Data: High/Low in each month in the Financial Year 2017-18:

Month	BSE	
	High Price (₹)	Low Price (₹)
April, 2017	142.00	110.00
May, 2017	132.45	95.00
June, 2017	115.00	99.00
July, 2017	138.40	112.10
August, 2017	184.50	123.00
September, 2017	180.95	154.00
October, 2017	182.30	180.00
November, 2017	188.00	150.00
December, 2017	203.00	166.05
January, 2018	269.00	185.00
February, 2018	217.00	150.15
March, 2018	205.65	179.00

viii. Registrars & Transfer Agents (Physical & Demat):

Maheshwari Datamatics Pvt. Ltd.
23, R. N. Mukherjee Road, 5th Floor
Kolkata - 700001
Phone: 033-2243-5029/2248-2248
Fax: 033-22484787
Email: mdplc@yahoo.com

ix. 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.

x. Distribution of Shareholding and Shareholding Pattern as on 31.03.2018 (Equity):

Category	Number of shares held	% of Shareholding
A. Promoters' holding		
Promoters		
- Indian promoters:		
Individuals	5657126	9.35
Corporate	39576160	65.41
- Foreign Promoters	125000	0.21
Sub-total	45358286	74.97
B. Non-promoters' holding		
1. Institutional investors		
a. Mutual Funds and UTI	4129171	6.83
b. Banks, financial institutions and Insurance companies	--	--
c. Central Govt./State Govt.	--	--
d. Foreign Institutional Investors	--	--
Sub-total	4129171	6.83
2. Others		
a. Private corporate bodies	7019238	11.60
b. Indian public	3839694	6.35
c. NRI / OCBs	13348	0.02
d. NBFCs registered with RBI	--	--
d. Others(Clearing Member)	71661	0.12
e. Others(Investors Education & Protection Fund)	67652	0.11
Sub-total	11011593	18.20
Grand-total	60499050	100.00

Analysis of Shareholding:

Category	No. of Shareholders	Number of Shares held	% of Shareholding
1 - 50	1123	20554	0.0340
51 - 100	469	43360	0.0716
101- 150	107	14371	0.0237
151 - 250	294	61928	0.1024
251 - 500	356	146947	0.2429
501 - 5000	497	814239	1.3459
5001 and above	141	59397651	98.1795
Total :	2987	60499050	100.00

xi. Dematerialisation of Shares

99.52 percent of the Company's Paid up Equity Share Capital are held in dematerialised form, out of which 90.01 percent are held with National Securities Depository Limited (NSDL) and 9.51 percent are held with Central Depository Services Limited (CDSL) as on 31st March, 2018.

xii. 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.

xiii. Plant Locations:

1. Vill - Balgopalpur
Balasore - 756 020, Odisha
Phone : (91) (6782) 275723/26/79
Fax : (91) (6782) 275778
Email :balasore@emamipaper.in
2. R. N. Tagore Road, Alambazar
Kolkata -700 035, West Bengal
Phone: (91)(33) 6622-3100, 6540-9610
Fax:(91)(033) 2564-6926
Email: gulmohar@emamipaper.in

xiv. Address for correspondence:

EMAMI PAPER MILLS LIMITED
Acropolis, Unit 1, 15th Floor
1858/1, Rajdanga Main Road, Kolkata -700107
Kolkata-700 107.
Phone No. (033) 66271301
Fax (033) 66271338
Email :emamipaper@emamipaper.in; gsaraf@emamipaper.com
Website : www.emamipaper.in

xv. Electronic Clearing Service (ECS):

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

For and on behalf of the Board

Place : Kolkata
Date : 2nd May, 2018

A. V. AGARWAL
Executive Chairman
(DIN.00149717)

Report 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 on 31st March, 2018 as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

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

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2018.

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

For, Agrawal Subodh & Co.
Chartered Accountants
Firm's Registration No - 319260E

Place: Kolkata
Date: 2nd May, 2018.

Subodh Kumar Agrawal
Partner
Membership No. - 054670

COMPLIANCE CERTIFICATE

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

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

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. We also certify that based on our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee :
 - a. significant changes in internal control during the year over financial reporting during the year;
 - b. significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements ;and
 - c. instances of significant fraud of which we have become aware and the involvement there in ,if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 2nd May, 2018

Place: Kolkata

For **Emami Paper Mills Limited**

S. K. KHETAN

PRESIDENT-FINANCE (CFO)

For **Emami Paper Mills Limited**

P. S. PATWARI

EXECUTIVE DIRECTOR (CEO)

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

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

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

All members of Board, its Committees and all employees working at level of Executive and above including Senior Managerial Personnel have affirmed compliance with the Code of Conduct of the Company for the year 2017-18.

For **Emami Paper Mills Limited**

P. S. PATWARI

Executive Director
(Chief Executive Officer)

Date: 2nd May, 2018

Place: Kolkata

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Independent Auditors' Report

To the Members of

EMAMI PAPER MILLS LIMITED

Report on the IndAS Financial Statements

We have audited the accompanying Ind AS financial statements of EMAMI PAPER MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the IndAS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account

the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the previous auditors whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 16th May, 2017 and 24th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion on the Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st

March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit and Auditors) rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For, **Agrawal Subodh & Co.**

Chartered Accountants
Firm's Registration No - 319260E

Subodh Kumar Agrawal

Place: Kolkata Partner
Date: 02nd May, 2018. Membership No. - 054670

Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ Section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of Emami Paper Mills Limited (“the Company”) as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Auditors’ Responsibility

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

controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, **Agrawal Subodh & Co.**

Chartered Accountants

Firm's Registration No - 319260E

Subodh Kumar Agrawal

Place: Kolkata

Partner

Date: 02nd May, 2018. Membership No. - 054670

Annexure "B" to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds, comprising all the immovable properties of land and buildings

which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except for one plot of leasehold land, which is in the process of being registered, the gross block and net block of which amounts to ₹15.23 lacs and ₹13.08 lacs respectively, as on 31st March, 2018.

- ii. According to the information and explanations given to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of accounts.

- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the

opinion that, prima facie, the prescribed cost records have been made and maintained.

- vii. According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues to the appropriate authorities during the year. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) Details of dues of Central Sales Tax, Service Tax, Excise Duty, Entry Tax and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Particulars	Financial year to which the matter pertains	Forum where matter is pending	Amount (₹ in Lacs)	Amount Unpaid (₹ In Lacs)
The Central Excise Act, 1994 & Service Tax (Finance Act, 1994)	1994-95	ACCE	0.87	
	2002-03 to 2006-07	CCE CAL-III	0.70	
	2011-12 & 2012-13	Comm. Appeals	0.21	
	2015-16	Comm. Appeals	2.89	3.45
	2006-07	Tribunal	74.81	38.98
		Case to be filed before		
	2011-12 & 2012-13	CESTAT, Kolkata	8.41	7.72
	2011-12 & 2012-13	CESTAT, Kolkata	2.62	2.49
	2011-12	CESTAT, Kolkata	3.67	2.88
Central Sales Tax	1993-94	Tribunal	20.26	16.26
	2004-05	DCCT	1.99	0.53
	2006-07	Tribunal	3.82	3.82
	2009-10	Comm. Appeals	19.62	17.12
	2010-11	Comm. Appeals	2.68	1.98
	2012-13 & 2013-14	Comm. Appeals	92.44	67.43
	2014-15 & 2015-16	Comm. Appeals	197.33	177.6

Particulars	Financial year to which the matter pertains	Forum where matter is pending	Amount (₹ in Lacs)	Amount Unpaid (₹ In Lacs)
Value Added Tax Act, (Orissa)	2006-07	Tribunal	0.64	0.59
	2009-10	Comm. Appeals	10.79	10.79
	2010-11	Comm. Appeals	25.48	25.48
Orissa Sales Tax	1989-90	High Court	2.01	0.79
ESIC	1996-97	ESIC Court	0.25	0.22
Entry Tax Act (West Bengal)	2013-14	High Court	52.38	52.38
	2014-15	High Court	54.89	54.89
	2015-16	High Court	53.71	53.71
	2016-17	High Court	56.99	56.99
	2017-18	High Court	14.28	14.28

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted during the year in repayment of loans or borrowings to financial institutions, bankers and the government. The Company did not have any outstanding debentures during the year.

ix. The Company did not raise any money by way of initial public offer and further public offer (including debt instrument). To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were applied for the purpose for which the loans were obtained.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the Company has paid/ provided for managerial remunerations in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections

177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable.

xvi. According to information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For, **Agrawal Subodh & Co.**

Chartered Accountants
Firm's Registration No - 319260E

Subodh Kumar Agrawal

Place: Kolkata Partner
Date: 02nd May, 2018. Membership No. - 054670

Balance Sheet as at 31st March, 2018

				₹ in Crores
Particulars	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	2.1	1,281.58	1,219.70	1,224.99
Capital work-in-progress	2.2	8.74	4.79	4.58
Intangible assets	2.3	0.18	0.25	0.35
Financial assets				
Investments	2.4	56.33	55.71	49.93
Loans	2.5	2.75	2.75	4.38
Derivative assets	2.6	6.27	3.82	-
Others	2.7	0.25	0.25	0.93
Other non-current assets	2.8	16.36	30.41	22.11
		1,372.46	1,317.68	1,307.27
Current assets				
Inventories	2.9	261.06	229.01	172.80
Financial assets				
Trade receivables	2.10	221.47	149.16	104.60
Cash and cash equivalents	2.11	13.83	29.87	75.36
Bank balance other than cash and cash equivalents	2.12	2.31	3.77	4.23
Loans	2.13	0.79	2.32	0.11
Derivative assets	2.14	3.38	1.47	-
Others	2.15	0.63	0.98	0.62
Current tax asset (net)	2.16	-	-	0.06
Other current assets	2.17	87.98	77.93	50.62
		591.45	494.51	408.40
Total assets		1,963.91	1,812.19	1,715.67
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	2.18	12.10	12.10	12.10
Other equity		230.66	222.31	201.20
		242.76	234.41	213.30
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	2.19	961.92	917.93	950.34
Derivative liability	2.20	3.29	7.88	15.00
Other financial liabilities	2.21	4.94	4.87	4.64
Provisions	2.22	6.67	4.38	3.32
Deferred tax liabilities (net)	2.23	7.88	6.61	6.19
Deferred revenue	2.24	50.69	56.64	55.65
		1,035.39	998.31	1,035.14
Current liabilities				
Financial liabilities				
Borrowings	2.25	413.94	357.75	269.09
Trade payables	2.26	84.52	82.13	75.20
Derivative liability	2.27	4.26	4.40	10.40
Other financial liabilities	2.28	176.22	128.64	107.23
Other current liabilities	2.29	6.29	4.21	5.31
Current tax liability (net)	2.30	0.53	2.34	-
		685.76	579.47	467.23
Total equity and liabilities		1,963.91	1,812.19	1,715.67
Significant accounting policies	1			
Notes forming part of the financial statements	2			
First time adoption of Ind AS	3			

The accompanying notes are an integrated part of these financial statements.

In terms of our attached report of even date

For **Agrawal Subodh & Co**

Chartered Accountants

Firm Registration Number : 319260E

Subodh Kumar Agrawal

Partner

Membership No. - 054670

Place: Kolkata

Date: 2nd May, 2018

S. K. Khetan

President (Finance) & CFO

G. Saraf

V.P.(Finance) & Secretary

A. V. Agarwal

Manish Goenka

P. S. Patwari

Directors

Statement of Profit and Loss for the year ended 31st March, 2018

		₹ in Crores	
Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
REVENUES			
Revenue from operation	2.31	1,366.37	1,185.08
Other income	2.32	10.90	23.86
Total income		1,377.27	1,208.94
EXPENSES			
Cost of material consumed	2.33	878.82	758.60
Changes in inventories of finished goods and work-in-progress	2.34	2.30	(22.05)
Employee benefits expense	2.35	62.15	57.50
Finance costs	2.36	83.63	70.13
Depreciation and amortization expense		64.31	55.84
Excise Duty		10.29	45.08
Other expenses	2.37	251.84	217.71
Total expenses		1,353.34	1,182.81
Profit before tax		23.93	26.13
Tax expenses			
Current tax	2.38	-	-
Deferred tax		7.55	7.05
Total tax expenses		7.55	7.05
Profit for the year		16.38	19.08
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of gains/(loses) on employees defined benefit plans		(0.40)	(0.09)
Less: Income tax effect on above		0.14	0.03
Fair value changes of investment in equity shares		0.62	5.79
Less: Income tax effect on above		-	-
Items that will be reclassified to profit and loss			
Net fair value changes of cash flow hedges		0.53	1.03
Less: Income tax effect on above		(0.18)	(0.36)
Total other comprehensive income		0.71	6.40
Total comprehensive income for the year		17.09	25.48
Earning per equity share (Face value ₹ 2/- each)			
(1) Basic (in ₹)		2.71	3.15
(2) Diluted (in ₹)		2.71	3.15
Significant accounting policies	1		
Notes forming part of the financial statements	2		
First time adoption of Ind AS	3		

The accompanying notes are an integrated part of these financial statements.
In terms of our attached report of even date

For **Agrawal Subodh & Co**
Chartered Accountants
Firm Registration Number : 319260E

Subodh Kumar Agrawal
Partner
Membership No. - 054670

S. K. Khetan
President (Finance) & CFO

A. V. Agarwal
Manish Goenka
P. S. Patwari } Directors

Place: Kolkata
Date: 2nd May, 2018

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

Statement of changes in equity

Equity share capital

₹ in Crores			
Particulars	Balance at the beginning of the reporting year	Changes during the reporting year	Balance at the end of the reporting year
For the year ended 31.03.2017	12.10	-	12.10
For the year ended 31.03.2018	12.10	-	12.10

Other equity

₹ in Crores								
Particulars	Reserve and surplus				Items of other comprehensive income			Total
					Not re-classifiable to profit and loss		Re-classifiable to profit & loss	
	Capital reserve	Securities premium	General reserve	Retained earnings	FVTOCI of Equity investment	Remeasurement of defined benefit plans	Cash flow hedge reserve	
Balance on 01.04.2016	1.33	17.60	140.00	(4.27)	47.86	(1.32)	-	201.20
Profit for the year				19.08				19.08
Other comprehensive income for the year					5.79	(0.06)	0.67	6.40
Total comprehensive income	-	-	-	19.08	5.79	(0.06)	0.67	25.48
Dividend and tax thereon				(4.37)				(4.37)
Balance on 31.03.2017	1.33	17.60	140.00	10.44	53.65	(1.38)	0.67	222.31
Profit for the year				16.38				16.38
Other comprehensive income for the year					0.62	(0.26)	0.35	0.71
Total comprehensive income	-	-	-	16.38	0.62	(0.26)	0.35	17.09
Dividend and tax thereon				(8.74)				(8.74)
Balance on 31.03.2018	1.33	17.60	140.00	18.08	54.27	(1.64)	1.02	230.66

The accompanying notes are an integrated part of these financial statements.
In terms of our attached report of even date

For **Agrawal Subodh & Co**
Chartered Accountants
Firm Registration Number : 319260E

Subodh Kumar Agrawal
Partner
Membership No. - 054670

S. K. Khetan
President (Finance) & CFO

A. V. Agarwal
Manish Goenka
P. S. Patwari

Directors

Place: Kolkata
Date: 2nd May, 2018

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

Cash Flow Statement for the year ended 31st March, 2018

₹ in Crores		
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash Flow From Operating Activities :		
Profit before tax	23.93	26.13
Adjustment for :		
Depreciation and amortization expenses	64.31	55.84
Notional Foreign Exchange Loss / (Gain)	2.93	(12.20)
Fair value Loss / (Gain) on derivatives	(8.56)	(17.39)
Provision for Earned Leave & Gratuity (Net)	1.90	0.97
Finance cost	83.63	70.13
Dividend Income	(0.24)	(0.41)
Income from current investment measured at fair value through profit and loss	(1.66)	(2.40)
(Profit) / loss on sale of property, plant and equipment	0.08	(0.01)
Operating profit before working capital changes :	166.32	120.66
Add: Decrease / Increase in Working Capital		
Trade receivables, loans and advances	(66.21)	(80.93)
Bank Balances (except cash/cash equivalent)	1.47	0.45
Inventories	(32.05)	(56.21)
Trade and other payables	7.34	5.82
Cash generated from operations	76.87	(10.21)
Taxes paid	(8.13)	(4.55)
Net Cash from / (used in) Operating Activities	68.74	(14.76)
Cash Flow From Investing Activities :		
Purchase of property, plant and equipment	(126.15)	(63.36)
Sale of property, plant and equipment	0.21	0.16
Dividend income	0.24	0.41
Income from current investment	1.66	2.40
Proceeds from maturity of long term investment	-	0.01
Net Cash from / (used in) investing activities	(124.04)	(60.38)
Cash Flow From Financing Activities :		
Proceeds from non-current borrowings (net)	62.17	(8.20)
Increase/(Decrease) in current borrowings	51.30	99.67
Interest and other finance cost paid	(65.47)	(57.45)
Dividend paid	(8.74)	(4.37)
Net Cash used in Financing Activities	39.26	29.65
Net increase in Cash & Cash Equivalents	(16.04)	(45.49)
Cash & Cash Equivalents (Opening Balance)	29.87	75.36
Cash & Cash Equivalents (Closing Balance)	13.83	29.87

The accompanying notes are an integrated part of these financial statements.
In terms of our attached report of even date

For **Agrawal Subodh & Co**
Chartered Accountants
Firm Registration Number : 319260E

Subodh Kumar Agrawal
Partner
Membership No. - 054670

S. K. Khetan
President (Finance) & CFO

A. V. Agarwal
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P. S. Patwari

Directors

Place: Kolkata
Date: 2nd May, 2018

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

Notes to the financial statements for the year ended 31st March, 2018

1. THE COMPANY INFORMATION

Emami Paper Mills Limited (the 'Company'), is a public limited Company incorporated and domiciled in India with its registered office in Kolkata, West Bengal. The Company is listed on the Bombay Stock Exchange (BSE). The Company is India's one of the largest producer of Newsprint, Writing & Printing Paper and Multilayer Coated High-end Packaging Boards. The Company has plants at Balasore and Kolkata locations.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on 2nd May, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements for the year ended 31st March, 2018, are the first the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS.

The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards", with 1st April, 2016, being the transition date.

In accordance with Ind AS 101 "First time adoption of Indian Accounting Standards", the Company has presented a reconciliation from the presentation of financial statements under Previous GAAP to Ind AS of total equity as at 1st April, 2016 and 31st March, 2017, total comprehensive income and cash flow for the year ended 31st March 2017.

b) Basis of Preparation

The financial statements have been prepared on accrual and going concern basis and under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values as per Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

c) Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities includes useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provisions for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

d) Property, Plant and Equipment

An item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Property, plant & equipment are carried at cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of the qualifying assets. Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

Property, plant and equipment includes spare parts, stand-by equipment and servicing equipment which are expected to be used for a period more than twelve months and meets the recognition criteria of plant, property and equipment.

Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognised in the statement of profit and loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognised in the statement of profit and loss.

e) Intangible assets

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

f) Depreciation and amortization of property, plant and equipment and intangible assets

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

- a. On straight-line method in respect of
 - i) Buildings of Paper machine-II, III, IV, ETP-II, Power Generation Unit-II & III at Balasore.
 - ii) Plant & machinery of Paper Machine III, IV, ETP-II, Power Generation unit-II & III at Balasore.
 - b. On written down value method in respect of other assets.
 - c. Leasehold land is amortised over the period of lease.
 - d. Software licenses are amortised over a period of Licence.
- Freehold land is not depreciated.

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

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

Depreciable value of fixed asset is its cost of acquisition as reduced by estimated residual value.

g) Inventories

- a. Finished goods, stock-in-process, raw materials, stores, chemicals and spare parts are valued at lower of cost or net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.
- b. Valuation of inventory is done under weighted average cost formula.
- c. Inventories do not include items of spare parts which meets the recognition criteria of plant, property and equipment and be treated as such.

Provisions are made to cover slow moving and obsolete items based on historical experience.

h) Cash and Cash Equivalents

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

i) Financial Instruments

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables:

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

Debt Instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

a) Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

b) Measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

c) Measured at fair value through profit or loss:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are measured at fair value. The Company in respect of equity investments, which are not held for trading made an irrevocable election based on its judgment to present in the other comprehensive income subsequent changes in the fair value (FVOCI) of such equity instrument.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

Expected credit losses are recognised for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

Financial Liabilities and Equity Instruments:

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities-

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

j) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

k) Revenue Recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the customers. Revenue is measured at the fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government.

Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis. Incentives are recognised when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received. Incentives are recorded at fair value where applicable. Duties and taxes waivers for capital assets purchased under Export Promotion Credit Guarantee (EPCG) schemes are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

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

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

l) Government grants:

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Government grants received is subject to any condition to be fulfilled by the Company, recognition of grant in the statement of profit and loss is made on a systematic basis in proportion to fulfillment of such condition. Total grants received less the amounts credited to the statement of profit and loss at the balance sheet date are included in the balance sheet as deferred income.

m) Expenditure:

Expenses are accounted on accrual basis.

n) Employee Benefits:

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (Ind AS)-19., 'Employee Benefits' These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each year end. Actuarial gains and losses for defined benefit plans are recognised through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Defined Benefit Plan can be short term or Long terms which are defined below:

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

a. Short-term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

b. Long-term Employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

o) Impairment of Non-Financial Assets:

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

p) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to an item which is recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

q) Leases:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in net profit in the Statement of Profit & Loss over lease term.

r) Foreign Currency Transactions and Translations

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the Statement of Profit and Loss at the end of each reporting period.

In accordance with Ind AS 101, the Company has continued capitalisation of exchange differences arising on long-term foreign currency monetary items outstanding as on 31st March, 2016 in accordance with paragraph 46A of Accounting Standard 11, "The Effect of Changes in Foreign Exchange Rates". Accordingly, exchange differences arising from such 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 asset. Other exchange differences are recognised as income or expenses in the Statement of Profit & Loss.

Monetary Assets and Liabilities in foreign currency that are outstanding at the year end are translated at the year end exchange rates and the resultant gain/loss is accounted for in the Statement of Profit & Loss.

s) Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

a. Fair value hedges -

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

that date.

b. Cash flow hedges –

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income. The gains / losses relating to the ineffective portion is recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity is recognised immediately in the Statement of Profit and Loss.

t) Segment Reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

u) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

v) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

w) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related securities and included within borrowing costs. Premiums payable on early redemptions of debt securities, in lieu of future finance costs, are written off as borrowing costs when paid.

x) Fair value measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.1 PROPERTY, PLANT AND EQUIPMENTS (PPE)

(All amounts in ₹ Crores, unless otherwise stated)										
Particulars	Gross Block as at 31.03.17	Acquisition	Disposal/ adjustment	Gross Block as at 31.03.18	Accumulated Depreciation as at 31.03.17	Depreciation for the year	Disposal/ adjustment	Accumulated Depreciation as at 31.03.18	Closing WDV as at 31.03.18	Opening WDV as at 01.04.17
Tangible Assets										
Free-hold land	7.25	0.02	-	7.27	-	-	-	-	7.27	7.25
Leasehold land	12.18	0.05	-	12.23	0.20	0.20	-	0.40	11.83	11.98
Factory building	150.82	5.05	-	155.87	5.27	5.18	-	10.45	145.42	145.55
Non factory building	101.89	15.97	-	117.86	2.96	3.19	-	6.15	111.71	98.93
Plant & Equipment	996.39	99.65	0.28	1,095.76	45.14	53.62	0.01	98.75	997.01	951.25
Office equipment	0.55	0.25	-	0.80	0.20	0.22	-	0.42	0.38	0.35
Computers	1.19	0.43	-	1.62	0.66	0.50	-	1.16	0.46	0.53
Furniture & Fittings	3.62	3.92	0.01	7.53	0.98	0.86	-	1.84	5.69	2.64
Vehicles	1.50	1.08	0.04	2.54	0.28	0.47	0.02	0.73	1.81	1.22
Total	1,275.39	126.42	0.33	1,401.48	55.69	64.24	0.03	119.90	1,281.58	1,219.70

2.2 CAPITAL WORK-IN-PROGRESS

Particulars	Gross Block as at 31.03.17	Acquisition	Disposal/ adjustment	Gross Block as at 31.03.18	Accumulated Depreciation as at 31.03.17	Depreciation for the year	Disposal/ adjustment	Accumulated Depreciation as at 31.03.18	Closing WDV as at 31.03.18	Opening WDV as at 01.04.17
Capital Work In Progress	4.79	9.31	5.36	8.74	-	-	-	-	8.74	4.79
Total	4.79	9.31	5.36	8.74	-	-	-	-	8.74	4.79

2.3 OTHER INTANGIBLE ASSETS

Particulars	Gross Block as at 31.03.17	Acquisition	Disposal/ adjustment	Gross Block as at 31.03.18	Accumulated Depreciation as at 31.03.17	Depreciation for the year	Disposal/ adjustment	Accumulated Depreciation as at 31.03.18	Closing WDV as at 31.03.18	Opening WDV as at 01.04.17
Computer Software	0.40	-	-	0.40	0.15	0.07	-	0.22	0.18	0.25
Total	0.40	-	-	0.40	0.15	0.07	-	0.22	0.18	0.25

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.1 PROPERTY, PLANT AND EQUIPMENTS (PPE)

(All amounts in ₹ Crores, unless otherwise stated)									
Particulars	Gross Block as at 01.04.16	Acquisition	Disposal/ adjustment	Gross Block as at 31.03.17	Accumulated Depreciation as at 01.04.16	Depreciation for the year	Disposal/ adjustment	Closing WDV as at 31.03.17	Opening WDV as at 01.04.16
Tangible Assets									
Free-hold land	7.25	-	-	7.25	-	-	-	7.25	7.25
Leasehold land	12.18	-	-	12.18	-	0.20	-	11.98	12.18
Factory building	153.78	0.07	3.03	150.82	-	5.27	-	145.55	153.78
Non factory building	84.97	17.86	0.94	101.89	-	2.96	-	98.93	84.97
Plant & Equipment	961.87	47.94	13.42	996.39	-	45.14	-	951.25	961.87
Office equipment	0.32	0.23	-	0.55	-	0.20	-	0.35	0.32
Computers	0.82	0.37	-	1.19	-	0.66	-	0.53	0.82
Furniture & Fittings	3.08	0.54	-	3.62	-	0.98	-	2.64	3.08
Vehicles	0.72	0.86	0.08	1.50	-	0.28	-	1.22	0.72
Total	1,224.99	67.87	17.47	1,275.39	-	55.69	-	1,219.70	1,224.99

2.2 CAPITAL WORK-IN-PROGRESS

Particulars	Gross Block as at 01.04.16	Acquisition	Disposal/ adjustment as at 31.03.17	Gross Block as at 31.03.17	Accumulated Depreciation for the year as at 01.04.16	Disposal/ adjustment as at 31.03.17	Closing WDV as at 31.03.17	Opening WDV as at 01.04.16
Capital Work In Progress	4.58	35.47	35.26	4.79	-	-	4.79	4.58
Total	4.58	35.47	35.26	4.79	-	-	4.79	4.58

2.3 OTHER INTANGIBLE ASSETS

Particulars	Gross Block as at 01.04.16	Acquisition	Disposal/ adjustment as at 31.03.17	Gross Block as at 31.03.17	Accumulated Depreciation for the year as at 01.04.16	Disposal/ adjustment as at 31.03.17	Closing WDV as at 31.03.17	Opening WDV as at 01.04.16
Computer Software	0.35	0.05	-	0.40	-	0.15	0.25	0.35
Total	0.35	0.05	-	0.40	-	0.15	0.25	0.35

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.4 NON-CURRENT INVESTMENTS

(All amounts in ₹ Crores, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Investment measured at fair value through other comprehensive income			
Quoted equity shares fully paid up			
Emami Ltd: Face value ₹1/- each	49.82	49.21	43.43
	(4,66,500 nos)	(4,66,500 nos)	(4,66,500 nos)
Emami Infrastructure Ltd: Face value ₹2/- each	0.02	0.01	-
	(833 nos)	(833 nos)	(833 nos)
Aggregate amount and market value of quoted investment	49.84	49.22	43.43
Unquoted equity shares fully paid up			
Pan Emami Cosmed Ltd: Face value ₹10/- each	6.48	6.48	6.48
Aggregate amount of unquoted investment	6.48	6.48	6.48
Investment carried at amortized cost			
Investment in Government securities (Lodged with government authorities)			
Investment in national saving certificates	0.01	0.01	0.02
Total	56.33	55.71	49.93

2.5 NON-CURRENT LOANS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered goods			
Security deposit	2.75	2.75	4.38
Total	2.75	2.75	4.38

2.6 NON-CURRENT DERIVATIVE ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Interest rate swaps	6.27	3.82	-
Total	6.27	3.82	-

2.7 OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Fixed deposit with banks with original maturity more than 12 months	0.25	0.25	0.93
Others	-	-	-
Total	0.25	0.25	0.93

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.8 OTHER NON-CURRENT ASSETS

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Capital advances	6.26	15.39	8.59
Prepaid expenses	0.16	0.41	0.32
Indirect tax credit	-	3.43	3.43
Indirect tax deposits under litigation	6.12	10.89	9.48
Deposits	3.52	0.01	0.01
Loans and advances to employees	0.30	0.28	0.28
Inter-corporate deposits	-	-	-
Total	16.36	30.41	22.11

2.9 INVENTORIES

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw materials and chemicals	174.52	144.23	114.30
Work in progress	26.52	10.86	6.03
Finished goods	21.41	39.37	22.15
Stores and spares	34.63	30.66	28.54
Packing materials	3.98	3.89	1.78
Total	261.06	229.01	172.80
Includes following inventories in transit			
Raw materials and chemicals - in transit	28.40	35.74	22.67
Stores and spares - in transit	0.01	0.61	0.09
	28.41	36.35	22.76

2.10 TRADE RECEIVABLES

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Due from others	221.47	149.16	104.60
	221.47	149.16	104.60

2.11 CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balance with bank on current accounts	13.69	5.22	3.08
Fixed deposit with original maturity of less than 3 months	-	24.50	72.14
Cheques in hand	-	0.01	-
Cash in hand	0.14	0.14	0.14
	13.83	29.87	75.36

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.12 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unclaimed dividend account	0.07	0.06	0.06
Fixed deposit with scheduled banks	2.24	3.71	4.17
	2.31	3.77	4.23

2.13 CURRENT LOANS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Security deposits	0.79	2.32	0.11
	0.79	2.32	0.11

2.14 CURRENT DERIVATIVE ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered good			
Interest rate swap	3.38	1.47	-
	3.38	1.47	-

2.15 OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Export incentive receivable	0.48	0.81	-
Interest receivable	0.15	0.17	0.62
	0.63	0.98	0.62

2.16 CURRENT TAX ASSET (NET)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance income tax (net of provision)	-	-	0.06
	-	-	0.06

2.17 OTHER CURRENT ASSETS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured, considered goods			
Indirect tax credit	55.14	49.65	32.59

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.17 OTHER CURRENT ASSETS

(All amounts in ₹ Crores, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Inter-corporate deposits	-	-	2.78
Advance to suppliers	29.85	25.73	12.06
Loans and advances to employees	0.59	0.69	0.85
Prepaid Expenses	1.62	1.11	1.07
Deposits	0.20	0.13	0.24
Advance to Others	0.58	0.62	1.03
	87.98	77.93	50.62

2.18 EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Authorised			
Equity Shares of ₹2/- each	16.00	12.40	12.40
Number of equity shares	(8,00,00,000)	(6,20,00,000)	(6,20,00,000)
Preference Share of ₹100/- each	61.25	61.25	61.25
Number of preference shares	(61,25,000)	(61,25,000)	(61,25,000)
	77.25	73.65	73.65
Issued, Subscribed & Paid up			
Equity Shares of ₹2/- each fully paid up	12.10	12.10	12.10
Number of equity shares	(6,04,99,050)	(6,04,99,050)	(6,04,99,050)
	12.10	12.10	12.10

Terms and rights attached to equity shares

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

Shareholders holding more than 5% equity shares in the Company

Name of shareholders	As at 31st March, 2018 Number and % of holding	As at 31st March, 2017 Number and % of holding	As at 1st April, 2016 Number and % of holding
Diwakar Viniyog Private Limited	9469810 (15.65%)	9469810 (15.65%)	9469810 (15.65%)
Emami Limited	7946000 (13.13%)	7946000 (13.13%)	7946000 (13.13%)
Suntrack Commerce Private Limited	7633900 (12.62%)	7633900 (12.62%)	7633900 (12.62%)
Bhanu Vyapaar Private Limited	6005250 (9.93%)	6005250 (9.93%)	6005250 (9.93%)

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.19 NON-CURRENT BORROWINGS

(All amounts in ₹ Crores, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured loans	827.60	755.22	778.60
Term loans from banks	288.75	278.97	269.70
8% Cumulative Redeemable Non-Convertible Preference Shares	1,116.35	1,034.19	1,048.30
Less: Current maturities of non-current borrowings	154.43	116.26	97.96
	961.92	917.93	950.34

Terms of repayment of non-current borrowings

Allahabad Bank

ECB repayable in 20 quarterly installment commencing from 01.07.2016	47.24	58.37	65.87
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Exim Bank

ECB repayable in 28 quarterly installment commencing from 03.04.2017	78.02	90.54	92.43
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IDBI Bank

ECB repayable in 24 quarterly installment commencing from 31.03.2017	66.77	80.35	85.52
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Axis Bank

ECB repayable in 20 quarterly installment commencing from 01.02.2017	89.53	95.14	98.26
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Axis Bank

ECB repayable in 20 quarterly installment commencing from 16.04.2018	64.63	64.14	65.36
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Axis Bank

FCNR(B) repayable in 21 quarterly installment commencing from 30.06.2017	71.75	84.02	97.95
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State Bank of India

FCNR(B) repayable in 24 quarterly installment commencing from 30.06.2016	41.99	52.52	59.54
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State Bank of India

FCNR(B) repayable in 16 quarterly installment commencing from 29.06.2015	40.16	53.19	68.74
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State Bank of India

FCNR(B) repayable in 12 quarterly installment commencing from 28.03.2018	35.31	-0.18	-
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YES Bank

FCNR(B) repayable in 17 quarterly installment commencing from 30.11.2018	35.18	-	-
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DCB Bank

FCNR(B) repayable in 24 quarterly installment commencing from 30.04.2019	50.10	-	-
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IDFC Bank

FCNR(B) repayable in 20 quarterly installment commencing from 06.03.2019	50.74	-	-
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Notes to the financial statements (Contd.) for the year ended 31st March, 2018

Terms of repayment of non-current borrowings	(All amounts in ₹ Crores, unless otherwise stated)		
RBL Bank			
FCNR(B) repayable in 24 quarterly installment commencing from 03.01.2017	45.26	47.25	49.29
ICICI Bank			
FCNR(B) repayable in 20 quarterly installment commencing from 30.06.2019	74.60	74.07	-
State Bank of Hyderabad			
RTL repaid in full on 28.03.2017	-	-	19.97
ICICI Bank			
RTL Repayable in 14 quarterly instalment commencing from 24.12.2014	18.18	29.91	41.83
ICICI Bank			
RTL Repayable in 17 quarterly instalment commencing from 03.09.2015	18.16	25.91	33.84

Repayment/redemption terms of 8% cumulative redeemable non-convertible preference shares (CRNPS)

50,00,000 CRNPS are redeemable at a premium of ₹500 per share and 11,25,000 CRNPS are redeemable at a premium of ₹600 per share on the expiry of 12 years from the date of issue, with an option to redeem it earlier at a premium to be decided mutually between the Company and the CRNPS holders at a meeting of CRNPS holders called for this purpose.

2.20 NON-CURRENT DERIVATIVE LIABILITY

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Interest rate swap	0.27	0.53	-
Currency swap	3.02	7.35	15.00
	3.29	7.88	15.00

2.21 OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Retention money	0.12	0.15	0.14
Trade deposits	4.82	4.72	4.50
	4.94	4.87	4.64

2.22 NON-CURRENT PROVISIONS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for employee benefits			
Gratuity	6.29	4.24	3.22
Earned leave	0.38	0.14	0.10
	6.67	4.38	3.32

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.23 DEFERRED TAX LIABILITIES (NET)

(All amounts in ₹ Crores, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred tax liabilities			
Difference in tax base of property, plant and equipment	129.65	116.29	78.84
Fair valuation of investment	1.49	1.49	1.49
Deferred tax assets			
Unabsorbed tax depreciation	(80.46)	(75.43)	(45.39)
Carry forward tax losses	(4.29)	(4.29)	(4.29)
Deferred allowances under Income Tax Act	(1.53)	(0.79)	(0.76)
	44.86	37.27	29.89
MAT Credit entitlement	(36.98)	(30.66)	(23.70)
Net deferred tax liabilities	7.88	6.61	6.19

2.24 DEFERRED REVENUE

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Import duty savings (EPCG) attributable to pending export obligation	50.69	56.64	55.65
	50.69	56.64	55.65

- i) Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss based on fulfilment of related export obligations.
- ii) During the year an amount of ₹5.95 crore (2016-17: ₹2.99 crore) was released to statement of profit and loss on fulfillment of export obligations.

2.25 CURRENT BORROWINGS

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Secured			
Loan repayable on demand from banks	126.64	134.75	131.75
Buyer's credit facilities from banks	287.30	223.00	137.34
	413.94	357.75	269.09

2.26 TRADE PAYABLES

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Payable to micro, small and medium enterprises	0.24	0.57	0.28
Payable to related parties	0.06	-	-
Payable to others	84.22	81.56	74.92
	84.52	82.13	75.20

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.27 CURRENT DERIVATIVE LIABILITY

(All amounts in ₹ Crores, unless otherwise stated)			
Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Interest rate swap	0.10	0.15	-
Currency swap	4.16	4.25	10.40
	4.26	4.40	10.40

2.28 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Current maturities of non current borrowings	154.43	116.26	97.96
Interest accrued but not due	7.26	6.87	5.46
Accrued employee benefits	0.05	0.04	0.03
Unclaimed dividend	0.07	0.06	0.06
Other payables	14.41	5.41	3.72
	176.22	128.64	107.23

2.29 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance from customers	3.61	1.21	3.03
Statutory dues	2.68	3.00	2.28
	6.29	4.21	5.31

2.30 CURRENT TAX LIABILITY (NET)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for income tax (net of advance tax)	0.53	2.34	-
	0.53	2.34	-

2.31 REVENUE FROM OPERATION

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of paper and paperboard	1,359.80	1,180.83
Other operating revenues		
Scrap sales	3.10	2.25
Export incentives	1.67	1.11
Others	1.80	0.89
Total	1,366.37	1,185.08

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.32 OTHER INCOME

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Dividend income	0.24	0.41
Insurance claim	0.83	0.44
Profit on sale of property, plant and equipment	-	0.01
Profit on Sale of current investments	1.66	2.40
Import duty saving (EPCG) attributable to export obligation met during the year	5.95	2.99
Foreign exchange fluctuation	1.80	17.39
Others	0.42	0.22
Total	10.90	23.86

2.33 COST OF MATERIAL CONSUMED

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Pulp and waste paper	748.23	637.03
Chemicals	104.90	98.03
Packing materials	25.69	23.54
Total	878.82	758.60

2.34 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Inventories at the beginning of the year		
Finished goods	39.37	22.15
Work-in-progress	10.86	6.03
Total (A)	50.23	28.18
Inventories at the end of the year		
Finished goods	21.41	39.37
Work-in-progress	26.52	10.86
Total (B)	47.93	50.23
(Increase) / Decrease [A - B]	2.30	(22.05)

2.35 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries and wages	52.89	48.72
Contribution to provident and other funds	4.23	3.82
Staff welfare expenses	5.03	4.96
Total	62.15	57.50

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.36 FINANCE COSTS

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expenses on borrowings	56.93	51.91
Effective interest on redeemable, non-convertible preference shares	15.68	15.17
Other interest expenses	0.44	0.58
Other borrowing costs	3.49	3.80
Exchange difference regarded as adjustment to borrowing cost	8.36	2.67
Less: Interest earned	(1.27)	(4.00)
Total	83.63	70.13

2.37 OTHER EXPENSES

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumption of stores and spares	25.25	26.08
Power and fuel	137.35	108.33
Rent	1.68	0.88
Repairs to buildings	0.49	0.62
Repairs to plant and machinery	4.37	3.94
Repairs others	2.58	2.72
Insurance	1.63	1.31
Manufacturing expenses	23.22	19.51
Freight outward	9.48	11.49
Selling expenses	16.81	16.25
Donation	0.44	0.31
Directors' sitting fee	0.11	0.11
Rates and taxes	18.63	12.40
Loss on sale of fixed assets	0.08	-
Miscellaneous expenses	13.94	13.76
	256.06	217.71
Less: Trial run expenses (net)	4.22	-
Total	251.84	217.71

2.38 CURRENT TAX

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Current income tax for the year	6.32	6.95
Less: MAT credit available	(6.32)	(6.95)
Total	-	-
Reconciliation of estimated income tax to income tax expense is as below:		
Profit/(loss) before tax	23.93	26.13
Expected income tax expense at statutory income tax rate	8.28	9.04

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.38 CURRENT TAX (Contd.)

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
a) Income exempt from tax	(0.08)	(0.15)
b) Non-deductible expenses	0.79	0.96
c) Effect of tax holiday period on deferred tax	(1.44)	(2.80)
Tax expenses reported	7.55	7.05
Current tax net of MAT credit	-	-
Deferred tax	7.55	7.05
Total tax expenses as per profit and loss statement	7.55	7.05

2.39 EMPLOYEE BENEFITS

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

Sl. No.	Particulars	2017-18		2016-17	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Funded	Funded	Funded
I.	Change in present value of obligation during the year				
	Present value of obligation at the beginning of the year	10.81	2.88	9.41	2.64
	Included in profit and loss:				
	- Current Service Cost	1.22	0.40	0.94	0.35
	- Interest Cost	0.82	0.22	0.76	0.21
	- Past Service Cost				
	- Actuarial Gain/(Loss)				
	Included in OCI:				
	Actuarial losses/(gains) arising from:				
	- Experience adjustments	1.32	(0.10)	(0.02)	(0.41)
	- Financial assumption	(0.77)	(0.05)	0.44	0.10
	Others				
	Benefits Paid	(0.53)	(0.05)	(0.72)	(0.01)
	Present Value of obligation as at year end	12.87	3.30	10.81	2.88
	Current Liabilities	2.94	1.02	1.60	0.87
	Non-Current Liabilities	9.93	2.28	9.21	2.01
	Total Liability	12.87	3.30	10.81	2.88
II.	Change in Fair Value of Plan Assets during the year				
	Plan assets at the beginning of the year	6.57	2.74	6.19	2.54
	Included in profit and loss:				
	Interest Income	0.51	0.21	0.48	0.20
	Expected return on plan assets				
	Included in OCI:				
	- Actuarial Gain/(Loss) on plan assets	-	-	0.02	-

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.39 EMPLOYEE BENEFITS (Contd.)

(All amounts in ₹ Crores, unless otherwise stated)					
Sl. No.	Particulars	2017-18		2016-17	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
		Funded	Funded	Funded	Funded
	Others:				
	Employer's contribution	0.03	0.02	0.60	0.01
	Benefits Paid	(0.53)	(0.05)	(0.72)	(0.01)
	Plan assets at the end of the year	6.58	2.92	6.57	2.74
	Weighted Average Asset Allocations at the year end				
	Equities	-	-	-	-
	Bonds	-	-	-	-
	Gilts	-	-	-	-
	Insurance Policies	100%	100%	100%	100%
	Total	100%	100%	100%	100%
III.	Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
	1. Present Value of obligation as at year-end	12.87	3.30	10.81	2.88
	2. Fair Value of plan assets at year end	6.58	2.92	6.57	2.74
	3. Funded status (Surplus)/(Deficit)	(6.29)	(0.38)	(4.24)	(0.14)
	Net Asset/(Liability)	(6.29)	(0.38)	(4.24)	(0.14)
IV.	Expenses recognised in the Statement of Profit and Loss				
	Current Service Cost	1.22	0.40	0.94	0.35
	Interest Cost	0.82	0.22	0.76	0.21
	Past Service Cost	-	-	-	-
	Expected return on plan assets	(0.51)	(0.21)	(0.48)	(0.20)
	Total Expense	1.53	0.41	1.22	0.36
V.	Expenses recognised in the Statement of Other Comprehensive Income				
	Net Actuarial (Gain)/Loss	0.55	(0.15)	0.42	(0.31)
	Expected return on plan assets excluding interest income	-	-	(0.02)	-
	Total Expense	0.55	(0.15)	0.40	(0.31)
VI.	Actuarial Assumptions				
	Discount Rate	7.75%	7.75%	7.50%	7.50%
	Salary Escalation - First 5 Years	6.00%	6.00%	6.00%	6.00%
	Salary Escalation - After 5 Years	6.00%	6.00%	6.00%	6.00%
	Expected Rate of Return on Plan Assets	7.75%	7.75%	7.50%	7.50%
	Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
VII.	The best estimate contribution for the next year would be ₹4.58 Crores for Gratuity and ₹1.44 Crores for Leave Encashment.				

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

VIII Experience Adjustments

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31.03.18		Year ended 31.03.17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(Gain) / Loss on Plan Liabilities	1.32	(0.10)	(0.02)	(0.41)
% of Opening Plan Liabilities	12.21%	-3.47%	-0.21%	-15.53%
Gain / (Loss) on Plan Assets	-	-	0.02	-
% of Opening Plan Assets	0.00%	0.00%	0.32%	0.00%

IX Sensitivity Analysis

Gratuity	Year ended 31.03.18		Year ended 31.03.17	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.23)	1.50	(0.84)	0.95
Future salary growth (1% movement)	1.49	(0.23)	0.94	(0.84)
Withdrawal Rates (1% movement)	0.67	0.48	0.11	(0.10)

Leave Encashment	Year ended 31.03.18		Year ended 31.03.17	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.20)	0.21	(0.19)	0.22
Future salary growth (1% movement)	0.21	(0.20)	0.22	(0.19)
Withdrawal Rates (1% movement)	0.02	(0.03)	0.04	(0.02)

X Maturity Profile of Defined Benefit Obligations

Year	Year ended 31.03.18		Year ended 31.03.17	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Funded	Funded	Funded
1st Following Year	0.71	0.17	1.36	0.80
2nd Following Year	2.88	1.02	0.45	0.11
3rd Following Year	1.72	0.29	0.55	0.13
4th Following Year	1.73	0.23	0.75	0.10
5th Following Year	1.46	0.27	0.52	0.11
6th Following Year	1.20	0.32	0.44	0.16
7th Following Year	1.32	0.23	0.51	0.08
8th Following Year	1.23	0.22	0.47	0.09
9th Following Year	1.29	0.21	0.47	0.09
10th Following Year	1.19	0.28	5.30	1.21

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.40 CONTINGENT LIABILITIES AND COMMITMENTS

(All amounts in ₹ Crores, unless otherwise stated)				
Sl. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
A.	CONTINGENT LIABILITIES			
	Claims against the Company not acknowledged as debts (Net of Advances) :			
	Sales tax matters	3.22	1.49	1.72
	Entry tax matters	2.32	2.13	2.13
	Excise duty, service tax and customs duty matters	0.56	0.92	0.82
	Other matters	0.00	0.00	0.00
	Total	6.10	4.54	4.67
Contingent liabilities disclosed above represent possible obligations where the possibility of cash outflow to settle the obligations is remote.				
In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations and financial conditions.				
	Outstanding guarantees and letters of credit furnished by the bankers on behalf of the Company	67.20	56.51	52.41
B.	COMMITMENTS			
	Capital commitments			
	Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	5.57	28.87	15.84
	Other commitments			
	Withdrawal of incentive tariff of electricity by NESCO	0.42	0.42	0.62
	Total	5.99	29.29	16.46

2.41 LEASES

The Company has entered into operating lease agreements for office space, godowns, and guest house. The total charge to statement of profit and loss for the year on account of operating lease is ₹1.08 crore (₹0.65 crore).

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

Future minimum lease payments under non-cancellable operating leases are as below:

Sl. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
	Not later than one year	0.75	0.76	0.73
	Later than one year but not later than five years	0.56	1.31	3.37
	Later than five years	-	-	-
	Total	1.31	2.07	4.10

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.42 RELATED PARTY DISCLOSURES

Related Parties with whom transactions have taken place during the year

a. Key Management Personnel

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 S.K. Khetan, President (Finance) & CFO
Shri G.Saraf, VP (Finance) & Secretary

Other Directors

Shri J.N. Godbole, Independent Director
Shri S. Balasubramanian, Independent Director
Shri H.M. Marda, Independent Director
Shri J.K. Khetawat, Independent Director
Shri U.G. Bhat, Independent Director
Smt Richa Agarwal, Non Executive Director

b. Relatives of Key Management Personnel

Shri R.S. Agarwal
Smt. Usha Agarwal
Shri Harsh Vardhan Agarwal
Smt. Preeti Sureka
Shri Shyam Patwari

c. Enterprise where Key Management Personnel and their relatives are able to exercise significant influence

Emami Limited
Emami Cement Limited
Emami Capital Market Limited
AMRI Hospitals Limited
Oriental Sales Agencies (India) Private Limited
Suntrack Commerce (P) Ltd.
Sneha Enclave Private Limited
Sneha Gardens Private Limited
Emami Estates Private Limited
Bhanu Vyapaar Private Limited
Auto Hi-Tech Private Limited
Diwakar Viniyog Private Limited
Pan Emami Cosmed Ltd
TMT Viniyogan Limited
SPB Projects & Consultancy Ltd

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

Disclosure of transactions between the Company and related parties

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise described in (c) above		Total	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Remuneration to Key Management Personnel*								
- Short Term Employment benefits	6.38	5.46	-	-	-	-	6.38	5.46
- Other Remunerations	-	-	-	-	-	-	-	-
Purchases of Goods & Services	-	-	-	-	0.37	0.53	0.37	0.53
Rent Maintenance & Other Charges Payable	0.00	0.01	0.01	0.01	0.76	0.88	0.77	0.90
Salary Paid	-	-	0.47	0.26	-	-	0.47	0.26
Reimbursement for SAP maintenance	-	-	-	-	0.60	0.61	0.60	0.61
Interest received	-	-	-	-	-	2.87	-	2.87
Dividend Received	-	-	-	-	0.24	0.41	0.24	0.41
Balance as on 31st March	-	-	-	-	-	-	-	-
- Investment	-	-	-	-	0.56	0.56	0.56	0.56
- Security Deposit Given	-	-	-	-	-	-	-	-
- Creditors	-	-	-	-	0.06	-	0.06	-
- Inter Corporate Deposit	-	-	-	-	-	-	-	-
- ICD Interest receivable	-	-	-	-	-	-	-	-

* Post employment benefits are actuarially determined on overall basis and hence not separately provided.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.43 DISCLOSURES ON FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2(i) to the financial statements.

CAPITAL MANAGEMENT

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings and issue of non-convertible debt securities.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2018, 31st March, 2017 and 1st April, 2016.

As at 31st March, 2018

Particulars	(All amounts in ₹ Crores, unless otherwise stated)						
	Amortised cost	Fair Value through comprehensive income	Derivative instruments designated as hedging	Derivative instruments not designated as hedging	Fair Value through statement of profit and loss	Total carrying value	Total fair value
Financial assets:							
Cash and bank balances	16.14	-	-	-	-	16.14	16.14
Trade receivables	221.47	-	-	-	-	221.47	221.47
Investments	-	56.33	-	-	-	56.33	56.33
Derivatives	-	-	1.56	8.09	-	9.65	9.65
Loans	3.54	-	-	-	-	3.54	3.54
Other financial assets	0.88	-	-	-	-	0.88	0.88
	242.03	56.33	1.56	8.09	-	308.01	308.01
Financial liabilities:							
Trade and other payables	84.52	-	-	-	-	84.52	84.52
Borrowings	1,530.29	-	-	-	-	1,530.29	1,530.29
Derivatives	-	-	-	7.55	-	7.55	7.55
Other financial liabilities	26.73	-	-	-	-	26.73	26.73
	1,641.54	-	-	7.55	-	1,649.09	1,649.09

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

As at 31st March, 2017

(All amounts in ₹ Crores, unless otherwise stated)						
Particulars	Amortised cost	Fair Value through other comprehensive income	Derivative instruments designated as hedging	Derivative instruments not designated as hedging	Fair Value through statement of profit and loss	Total carrying value
Financial assets:						
Cash and bank balances	33.64	-	-	-	-	33.64
Trade receivables	149.16	-	-	-	-	149.16
Investments	-	55.71	-	-	-	55.71
Derivatives	-	-	1.04	4.25	-	5.29
Loans	5.07	-	-	-	-	5.07
Other financial assets	1.23	-	-	-	-	1.23
	189.10	55.71	1.04	4.25	-	250.10
Financial liabilities:						
Trade and other payables	82.13	-	-	-	-	82.13
Borrowings	1,391.94	-	-	-	-	1,391.94
Derivatives	-	-	-	12.28	-	12.28
Other financial liabilities	17.25	-	-	-	-	17.25
	1,491.32	-	-	12.28	-	1,503.60

As at 1st April, 2016

Particulars	Amortised cost	Fair Value through other comprehensive income	Derivative instruments designated as hedging	Derivative instruments not designated as hedging	Fair Value through statement of profit and loss	Total carrying value
Financial assets:						
Cash and bank balances	79.59	-	-	-	-	79.59
Trade receivables	104.60	-	-	-	-	104.60
Investments	-	49.93	-	-	-	49.93
Derivatives	-	-	-	-	-	-
Loans	4.49	-	-	-	-	4.49
Other financial assets	1.55	-	-	-	-	1.55
	190.23	49.93	-	-	-	240.16
Financial liabilities:						
Trade and other payables	75.20	-	-	-	-	75.20
Borrowings	1,317.39	-	-	-	-	1,317.39
Derivatives	-	-	-	25.40	-	25.40
Other financial liabilities	13.91	-	-	-	-	13.91
	1,406.50	-	-	25.40	-	1,431.90

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.44 FINANCIAL RISK MANAGEMENT

The company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has established a Risk Management system, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A. MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2018 and 31st March, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

₹ in Crores				
Particulars	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 31st March, 2018				
Non-derivative liabilities				
Trade payables	84.52	84.52		84.52
Borrowings	1,530.29	568.37	961.92	1,530.29
Security deposits	4.82	-	4.82	4.82
Others	21.91	21.79	0.12	21.91
Derivative liabilities				
Swaps	7.55	4.26	3.29	7.55

₹ in Crores				
Particulars	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 31st March, 2017				
Non-derivative liabilities				
Trade payables	82.13	82.13		82.13
Borrowings	1,391.94	474.01	917.93	1,391.94
Security deposits	4.72	-	4.72	4.72
Others	12.53	12.38	0.15	12.53
Derivative liabilities				
Swaps	12.28	4.40	7.88	12.28

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

₹ in Crores				
Particulars	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 1st April, 2016				
Non-derivative liabilities				
Trade payables	75.20	75.20	-	75.20
Borrowings	1,317.39	367.05	950.34	1,317.39
Security deposits	4.50	-	4.50	4.50
Others	9.41	9.27	0.14	9.41
Derivative liabilities				
Swaps	25.40	10.40	15.00	25.40

B. MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors.

(i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

a) Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in U.S. dollar, Euro and GBP against the functional currencies of the Company.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Any weakening of the functional currency may impact the Company's exports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

The following table sets forth information relating to foreign currency exposure as at March 31, 2018:

	₹ in Crores			
	U.S. dollar	Euro	GBP	Total
a) Financial assets	16.88	0.58	0.25	17.72
b) Financial liabilities	1,287.56	27.70	1.45	1,316.71

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately ₹0.18 crores and ₹13.17 crores for financial assets and financial liabilities respectively for the year ended March 31, 2018.

The following table sets forth information relating to foreign currency exposure as at March 31, 2017:

	₹ in Crores			
	U.S. dollar	Euro	GBP	Total
a) Financial assets	9.14	0.89	0.24	10.27
b) Financial liabilities	1,135.73	26.53	5.48	1,167.75

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately ₹0.10 crores and ₹11.68 crores for financial assets and financial liabilities respectively for the year ended March 31, 2017.

The following table sets forth information relating to foreign currency exposure as at April 1, 2016:

	₹ in Crores			
	U.S. dollar	Euro	GBP	Total
a) Financial assets	6.70	2.50	-	9.20
b) Financial liabilities	1,057.93	24.07	5.65	1,087.65

1% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately ₹0.09 crores and ₹10.88 crores for financial assets and financial liabilities respectively for the year ended 31st March, 2016.

b) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Interest Rate Risk Exposure

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total
Fixed Rate Borrowings	36.34	3%	55.82	5%	95.64	9%
Variable Rate Borrowings	1,205.20	97%	1,057.16	95%	952.05	91%
Total Borrowings	1,241.54	100%	1,112.97	100%	1,047.69	100%

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

Sensitivity on variable rate borrowings

Particulars	₹ in Crores			
	Impact on Profit & Loss Account		Impact on Equity	
	31/03/18	31/03/17	31/03/18	31/03/17
Interest rate increase by 0.25%	(3.01)	(2.64)	(3.01)	(2.64)
Interest rate decrease by 0.25%	3.01	2.64	3.01	2.64

c) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities. The company is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income.

The fair value of Company's investment in quoted equity securities as at March 31, 2018, 2017 and April 1, 2016 was ₹49.84 crores, ₹49.22 crores and ₹43.43 crores, respectively. A 10% change in equity price as at March 31, 2018, 2017 and April 1, 2016 would result in an impact of ₹4.98 crores, ₹4.92 crores and ₹4.34 crores, respectively.

(Note: The impact is indicated on equity before consequential tax impact, if any).

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, government securities, money market liquid mutual funds and derivative instrument with financial institutions. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc.

The Company's maximum exposure to credit risk as at 31st March, 2018, 2017 and 1st April, 2016 is the carrying value of each class of financial assets.

2.45 CARRYING VALUE AND FAIR VALUE OF FINANCIAL INSTRUMENTS IS AS FOLLOWS

Particulars	(All amounts in ₹ Crores, unless otherwise stated)					
	Total Carrying Value			Total Fair Value		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Financial Assets :						
Investments in liquid mutual funds	-	-	-	-	-	-
Investments in equity instruments	56.32	55.70	49.91	56.32	55.70	49.91

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.45 CARRYING VALUE AND FAIR VALUE OF FINANCIAL INSTRUMENTS IS AS FOLLOWS

(All amounts in ₹ Crores, unless otherwise stated)						
Particulars	Total Carrying Value			Total Fair Value		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans	3.54	5.07	4.49	3.54	5.07	4.49
Trade Receivables	221.47	149.16	104.60	221.47	149.16	104.60
Cash and Cash Equivalents	13.83	29.87	75.36	13.83	29.87	75.36
Other Financial Assets	12.85	10.30	5.80	12.85	10.30	5.80
Total	308.01	250.10	240.16	308.01	250.10	240.16
Financial Liabilities :						
Borrowings	1,530.29	1,391.94	1,317.39	1,530.29	1,391.94	1,317.39
Trade Payables	84.52	82.13	75.20	84.52	82.13	75.20
Other Financial Liabilities	34.28	29.53	39.31	34.28	29.53	39.31
Total	1,649.09	1,503.60	1,431.90	1,649.09	1,503.60	1,431.90

2.46 FAIR VALUE HIERACHY

Level 1 - Quoted Prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables presents fair value hierachy of assets and liabilities measured at fair value on a recurring basis -

(All amounts in ₹ Crores, unless otherwise stated)				
Particulars	As at 31.03.2018	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets :				
Investments in equity instruments	56.32	49.84	-	6.48
Derivative financial instruments	9.65	-	9.65	-
Liabilities :				
Derivative financial instruments	7.55	-	7.55	-

(All amounts in ₹ Crores, unless otherwise stated)				
Particulars	As at 31.03.2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets :				
Investments in equity instruments	55.70	49.22	-	6.48
Derivative financial instruments	5.29	-	5.29	-
Liabilities :				
Derivative financial instruments				
	12.28	-	12.28	-

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

2.46 FAIR VALUE HIERACHY (Contd.)

(All amounts in ₹ Crores, unless otherwise stated)				
Particulars	As at 01.04.2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets :				
Investments in equity instruments	49.91	43.43	-	6.48
Derivative financial instruments	-	-	-	-
Liabilities :				
Derivative financial instruments	25.40	-	25.40	-

2.47 Expenditure incurred on Corporate Social Responsibility activities, included in different heads of expenses in the Statement of Profit and Loss is ₹1.84 Crores (₹1.92 Crores).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended 31st March, 2018 is ₹0.40 Crores (₹0.34 Crores) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

2.48 DISCLOSURES REQUIRED UNDER THE MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT.

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

2.49 EARNINGS PER SHARE (EPS)

(All amounts in ₹ Crores, unless otherwise stated)		
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Net Profits after tax (₹ in crore)	16.38	19.08
Number of equity shares (Nos. in crore)	6.05	6.05
Basic and diluted earnings per share (₹)	2.71	3.15
Nominal Value per share (₹)	2.00	2.00

2.50 PAYMENT TO AUDITORS

(All amounts in ₹ Crores, unless otherwise stated)		
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
As auditors		
Audit fee	0.15	0.14
Tax audit fees	0.02	0.02
Branch auditors	-	0.02
In other capacity		
For certification & Consultancy		
To statutory auditors	0.05	0.15
To branch auditors	-	-
Out of pocket expenses to branch auditors	0.01	0.00
Total	0.22	0.32

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

2.51 TRIAL RUN EXPENSES (NET)

(All amounts in ₹ Crores, unless otherwise stated)		
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Cost of material consumed		
Pulp and waste paper	24.45	-
Chemicals	2.37	-
Packing materials	0.62	-
Changes in inventory of finished goods and work-in-progress	(11.66)	-
Power and fuel	5.01	-
Stores and maintenance	0.58	-
Employee benefit expenses	4.05	-
Overheads	1.33	-
Total trial run expenses	26.75	-
Realisation from sale of trial production	22.53	-
Trial run expenses (net)	4.22	-

2.52 The Company's business activity falls within a single primary business segment which is "Manufacture of Paper and Paper Board" and the Company primarily operates in India. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable operating or geographical segments applicable to the Company.

2.53 The Board of Directors has recommended final dividend of ₹1.20 per equity share of ₹2/- each and a final dividend of ₹8.00 per preference share of ₹100/- each subject to approval of shareholders in ensuing Annual General Meeting. Proposed dividend as above amounting to ₹12.16 crore for the year 2017-18 and dividend distribution tax thereon, has not been recognised as liability as on 31.03.2018 in terms of Indian Accounting Standard - 10 'Events After The Reporting Period' as notified by Ministry of Corporate Affairs through Companies (Accounting Standards) Amendment Rules, 2016 dated 30.03.2016.

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

3. FIRST TIME ADOPTION OF IND AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. These financial statements for the year ended 31st March, 2018 are the first financial statements the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31st March, 2018, together with the comparative information as at and for the year ended 31st March, 2017 and the opening Ind AS Balance Sheet as at 1st April, 2016, the date of transition to Ind AS.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Balance Sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

(i) Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure all its property, plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(ii) Long Term Foreign Currency Monetary Items

The Company has elected to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

B. Mandatory Exemptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(i) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- I. Reconciliation of Equity as at 1st April, 2016
- II. A. Reconciliation of Equity as at 31st March, 2017
B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017.
- III. Adjustments to Statement of Cash Flows for the year ended 31st March, 2017

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

3.1 Reconciliation of equity as previously reported under Previous GAAP and as per Ind AS

₹ in Crores							
Description	Note	Opening Balance Sheet as at 01.04.2016			Balance Sheet as at 31.03.2017		
		Previous GAAP	Ind AS adjustments	Ind AS	Previous GAAP	Ind AS adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	(a)	1,195.01	29.98	1,224.99	1,186.00	33.70	1,219.70
Capital work-in-progress		4.58	-	4.58	5.35	(0.56)	4.79
Other Intangible assets		0.35	-	0.35	0.25	-	0.25
Financial assets							
Investments	(b)	0.58	49.35	49.93	0.56	55.15	55.71
Loans	(c)	4.38	-	4.38	2.75	-	2.75
Derivative assets		-	-	-	-	3.82	3.82
Other financial Assets		0.93	-	0.93	0.25	-	0.25
Other non-current assets		22.11	-	22.11	30.41	-	30.41
Current assets							
Inventories		172.80	-	172.80	229.01	-	229.01
Financial assets							
Trade receivables	(d)	104.64	(0.04)	104.60	149.48	(0.32)	149.16
Cash and Cash equivalents		75.36	-	75.36	29.87	-	29.87
Bank Balances other than above		4.23	-	4.23	3.77	-	3.77
Loans		0.11	-	0.11	2.32	-	2.32
Derivative assets		-	-	-	-	1.47	1.47
Other Financial Asset		0.62	-	0.62	0.98	-	0.98
Current tax asset (Net)		0.06	-	0.06	-	-	-
Other current assets		50.62	-	50.62	77.93	-	77.93
Total Assets		1,636.38	79.29	1,715.67	1,718.93	93.26	1,812.19
EQUITY AND LIABILITIES							
Equity							
Equity Share capital		73.35	(61.25)	12.10	73.35	(61.25)	12.10
Other equity	(b),(f)	376.19	(174.99)	201.20	402.11	(179.80)	222.31
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	(e)	707.08	243.26	950.34	654.36	263.57	917.93
Derivative liability		(6.59)	21.59	15.00	-	7.88	7.88
Other financial liabilities		4.64	-	4.64	4.87	-	4.87
Provisions		3.32	-	3.32	4.38	-	4.38
Deferred tax liabilities (Net)	(f)	4.70	1.49	6.19	4.79	1.82	6.61
Deferred revenue	(a)	-	55.65	55.65	-	56.64	56.64
Current liabilities							

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

3.1 Reconciliation of equity as previously reported under Previous GAAP and as per Ind AS (Contd.)

₹ in Crores							
Description	Note	Opening Balance Sheet as at 01.04.2016			Balance Sheet as at 31.03.2017		
		Previous GAAP	Ind AS adjustments	Ind AS	Previous GAAP	Ind AS adjustments	Ind AS
Financial liabilities							
Borrowings		269.09	-	269.09	357.75	-	357.75
Trade and other payables		75.20	-	75.20	82.13	-	82.13
Derivative liability		6.59	3.81	10.40	-	4.40	4.40
Other financial liabilities		117.50	(10.27)	107.23	128.64	-	128.64
Current tax liability (net)		-	-	-	2.34	-	2.34
Other current liabilities		5.31	-	5.31	4.21	-	4.21
Total Equity and liabilities		1,636.38	79.29	1,715.67	1,718.93	93.26	1,812.19

3.2 Reconciliation Statement of Profit & Loss as previously reported under IGAAP and as per Ind AS

₹ in Crores				
Description	Note	Year ended on 31st March, 2017		
		Previous GAAP	Ind AS adjustments	Ind AS
Revenue from operations	(h)	1,140.36	44.72	1,185.08
Other Income		16.41	7.45	23.86
Other gains/(losses)		-	-	-
Total Income		1,156.77	52.17	1,208.94
Expenses				
Cost of material consumed		758.60	-	758.60
Change in inventories of finished goods, stock in trade and work -in-progress		(22.05)	-	(22.05)
Employee benefit expense	(i)	57.59	(0.09)	57.50
Finance costs	(e)	57.01	13.12	70.13
Depreciation and amortisation expense	(a)	54.84	1.00	55.84
Excise Duty	(h)	-	45.08	45.08
Other expenses		217.79	(0.08)	217.71
Total Expenses		1,123.78	59.03	1,182.81
Profit/(loss) before exceptional items and tax		32.99	(6.86)	26.13
Exceptional items		-	-	-
Profit/(loss) before tax		32.99	(6.86)	26.13
Tax expense:				
Current tax		-	-	-
Deferred tax		7.05	-	7.05
Profit/(loss) for the year (A)		25.94	(6.86)	19.08
Other Comprehensive Income				

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

₹ in Crores				
Description	Note	Year ended on 31st March, 2017		
		Previous GAAP	Ind AS adjustments	Ind AS
Items that will not be reclassified to profit or loss				
Remeasurement of net defined benefit liability	(i)	-	(0.09)	(0.09)
Gains and losses from investments in equity instruments designated at fair value through other comprehensive income;		-	5.79	5.79
Income tax relating to items that will not be reclassified to profit or loss		-	0.03	0.03
Items that may be reclassified to profit or loss				
Net Fair Value Loss on Hedging Instruments entered into for Cash Flow Hedges		-	1.03	1.03
Income tax relating to items that will be reclassified to profit or loss		-	(0.36)	(0.36)
Other comprehensive income/(loss) for the year (B)		-	6.40	6.40
Total Comprehensive Income for the year (A+B)		25.94	(0.46)	25.48

3.3 Adjustments to Statement of Cash flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Notes to the Reconciliations

a) Property, plant and equipment

The company has restated carrying amount of borrowings to amortised cost in accordance with the requirements of Ind AS 109 as at the date of the transition. Accordingly, restatement of carrying amount of borrowings to amortised cost, where upfront fee were capitalised earlier, are made by corresponding reduction in the carrying amount of property, plant and equipment (net of cumulative depreciation impact).

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Credit Guarantee (EPCG) schemes are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. On the transition date, the Company, therefore, recorded an adjustment to measure such property, plant and equipment in accordance with Ind AS 16. Under Previous GAAP, cost of the property, plant and equipment was recorded at the cash price paid to acquire such assets.

Consequently, depreciation relating to the above differences in the cost of property, plant and equipment under Ind AS and Previous GAAP has also been adjusted.

b) Non Current Investments

Under previous GAAP, non-current investments were stated at cost less any impairment that was other than temporary. Under Ind AS, financial assets in equity instruments other than investments in subsidiaries have been classified as Fair Value Through Other Comprehensive Income (FVTOCI). At the date of transition to Ind AS, difference between the fair value of investment and IGAAP carrying amount has been recognised in Retained Earnings.

Notes to the financial statements (Contd.) for the year ended 31st March, 2018

c) Loans/Other Financial Assets/ Other Current Assets:

As per Schedule III, Security Deposits are to be classified under Loans or Other Non-current/Current Assets respectively. Accordingly, Security Deposits which are financial in nature are classified under Loans and other deposits are classified under Non-current/ Current Assets respectively.

Under IGAAP, Loans and Advances were shown together under Loans and Advances. However, as per Schedule III, Loans are classified under other Non-current/Current Assets.

d) Provision for expected credit losses

Impairment for trade receivable is measured in Ind AS based on life time expected credit losses. Expected credit loss allowance is measured based on historical credit loss experience, defaults, bankruptcy and forward looking information where relevant adjusted for probability of recovery. Under Previous GAAP, provision for trade receivable is measured based on factors such as age of receivables, defaults etc. adjusted for probability of recovery.

e) Borrowings & Other Financial Liabilities

The company has restated carrying amount of borrowings to amortised cost in accordance with the requirements of Ind AS 109 as at the date of the transition. The company, pursuant to IGAAP charged the upfront fees of borrowings to profit and loss, except those when borrowings are related to acquisition / construction of property, plant and equipment, in that cases upfront fees are capitalised as a part of the cost to the property, plant and equipment.

Accordingly, restatement of carrying amount of borrowings to amortised cost, where upfront fee were capitalised earlier, are made by corresponding reduction in the carrying amount of property, plant and equipment (net of cumulative depreciation impact) and the difference between the adjustments to the carrying amount of borrowings and that to fixed assets, is recognised in the retained earnings as at the date of the transition. Restatement of other borrowings at amortised cost is made by giving corresponding effect to retained earnings.

The company has issued 61,25,000 numbers of 8% Cumulative Redeemable Non-Convertible Preference Shares, which under IGAAP was recognised as Equity. Those preference shares are classified as debt measured at amortised cost as at transition date as per the requirements of Ind AS 109 by giving corresponding effect in retained earnings.

The Company uses derivative financial instruments, such as interest rate swaps, currency swaps, to hedge its foreign currency risks, interest rate risks respectively and Hedge accounting as permitted under Ind AS 109 and as per Company accounting policy is applied for the purpose of Accounting in the financial statements.

As per Ind AS 109, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

f) Deferred Taxes

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

Notes to the financial statements *(Contd.)* for the year ended 31st March, 2018

g) Proposed Dividend

Under Previous GAAP, proposed dividends and related dividend distribution tax was recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

h) Excise Duty

Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

i) Defined Benefit Plans

Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans had been recognised in Statement of Profit and Loss. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognised in Other Comprehensive Income net of tax.

In terms of our attached report of even date

For **Agrawal Subodh & Co**

Chartered Accountants

Firm Registration Number : 319260E

Subodh Kumar Agrawal

Partner

Membership No. - 054670

Place: Kolkata

Date: 2nd May, 2018

S. K. Khetan

President (Finance) & CFO

G. Saraf

V.P.(Finance) & Secretary

A. V. Agarwal

Manish Goenka

P. S. Patwari

Directors



**Glimpse of the 35th Annual General Meeting
held on 14th August, 2017**



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



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