Management Discussion and Analysis

Overview

This Management Discussion and Analysis (MDA) present an integrated view of the operating context, financial performance, industry dynamics, risks, opportunities, and human capital initiatives of Emami Paper Mills Limited (hereinafter referred to as 'Emami Paper' or 'the Company') for the financial year 2025-26. The MDA should be read in conjunction with the audited financial statements and disclosures contained in the Annual Report. All financial statements have been prepared in compliance with Indian Accounting Standards (Ind AS) and the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Economic overview

Global economic review

During the Calendar Year (CY) 2025, the global economy remained relatively resilient despite the lingering uncertainty surrounding international trade policies and tariff measures. Growth momentum varied across countries and sectors, demonstrating the ability of economies to adapt to an evolving global landscape.

Global economic growth stood at 3.4%, with headwinds from shifting trade policies partly offset by continued investment in technology, particularly in Artificial Intelligence (AI), across North America and parts of Asia. Supportive fiscal measures, relatively accommodative financial conditions and private sector adaptability also contributed to sustaining growth.[1]

Businesses responded to trade uncertainties through measures such as front-loading imports and diversifying supply chains, which helped mitigate trade disruptions. Inflation trends moderated across several major economies, although cost of living pressures remained elevated in the United States. Financial conditions eased during the latter half of CY 2025, supported by improved market sentiment and expectations of monetary policy adjustments in advanced economies.

Overall, the advanced economies demonstrated moderate growth during CY 2025, while emerging markets and developing economies continued to outperform, supported by domestic demand and structural momentum drivers.

World Economic Outlook Growth Projections

(Real GDP, annual percent change - Source – IMF, World Economic Outlook, April 2026)

	Global Economy	Advanced Economies	Emerging Market and Developing Economies
CY 2025	**3.4**	**1.9**	**4.4**
CY 2026 (P)	3.1	1.8	3.9
CY 2027 (P)	3.2	1.7	4.2

P – Projection

Performance of the major economies, CY 2025

United States: GDP growth moderated to ~2.1% in CY 2025 from 2.8% in CY 2024.

China: GDP growth remained stable at approximately 5.0% in CY 2025, broadly in line with the previous year.

United Kingdom: GDP growth was 1.3% in CY 2025 compared to 1.1% in CY 2024.

Japan: The economy recovered, with growth of around 1.2% in CY 2025 following a contraction of 0.2% decline in CY 2024.

Germany: Growth remained subdued at approximately 0.2% in CY 2025 compared to a 0.5% decline in CY 2024.[2]

Outlook

The global economic environment is expected to remain uncertain in CY 2026, with advanced economies likely to face the lagged impact of earlier tariff measures and ongoing policy adjustments. Trade policy uncertainty and geopolitical developments may continue to influence global economic conditions and supply chains.

In the United States, growth is projected around 2.3%, with higher tariffs expected to gradually weigh on consumption and investment. Globally, growth is expected to remain steady, supported by continued strength in technology-led sectors, albeit at a slower pace in recent years.[3]

Trade policy uncertainty, which had eased temporarily, resurfaced in February 2026 following the US Supreme Court ruling on import tariffs. At the same time, heightened geopolitical tensions in West Asia have disrupted key energy routes, including the Strait of Hormuz, exerting pressure on global commodity markets such as oil, gas and fertilisers.

[1] https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026

[2] https://www.imf.org/-/media/files/publications/weo/2026/april/english/ch1.pdf

[3] https://openknowledge.worldbank.org/server/api/core/bitstreams/a9e24256-baf8-45bb-9075-75e437e1d6f7/content

Ongoing geopolitical conflicts are expected to persist in the near term, with gradual normalisation anticipated thereafter as supply chains stabilise and production and export activity recover over the course of 2026.

Despite these challenges, the impact of tariffs and broader uncertainties is expected to moderate over CY 2026 and CY 2027. Global growth is projected at ~3.1% in CY 2026 and 3.2% in CY 2027, alongside a gradual easing of inflationary pressures.[4]

Indian economic review

The Indian economy demonstrated resilience in Financial Year (FY) 2025-26, supported by robust domestic demand, stable macroeconomic fundamentals and sustained policy support. Real GDP growth is estimated at around 7.7% in FY 2026 over the base year (2022-23), demonstrating sustained economic momentum.

From a sectoral perspective, manufacturing continued to be one of the major growth drivers, registering strong and broad-based expansion and achieving double-digit increase in FY 2025-26, fuelled by strong domestic demand and policy measures. The secondary sector also posted healthy performance, while the tertiary sector remained a key contributor to overall momentum, with both segments registering growth rates exceeding 9% in FY 2025-26. Within services, the trade, repair, hotels, transport, communication and related services segment recorded strong growth of 10.1%, indicating sustained momentum in consumption-linked activities.[5]

On the expenditure side, growth remained well-balanced between consumption and investment. Private Final Consumption Expenditure (PFCE), which accounts for over 61.5% of GDP, remained the primary growth driver, while Gross Fixed Capital Formation (GFCF) recorded over 7.6%, supported by continued infrastructure development and steady private investment.[6]

Inflation remained largely contained during FY 2025-26, with headline CPI moderating significantly during the earlier part of the year, supported by easing food prices and improved supply conditions. However, recent data indicates a gradual firming in inflation, with headline CPI inflation recorded at approximately 3.4% [7].

On the external front, the economy remained stable despite global uncertainties, supported by adequate foreign exchange reserves and prudent fiscal management. The Government of India continued to prioritise capital expenditure, infrastructure development and structural reforms, while maintaining a path of fiscal consolidation. This approach contributed to strengthening macroeconomic stability and sustaining investor confidence.[8]

Outlook

The Indian economy is expected to maintain a positive growth trajectory, supported by strong domestic fundamentals and continued policy momentum. Economic activity is likely to be driven by steady consumption demand, improving private sector investment and sustained government expenditure. Healthier balance sheets across households, corporates and the banking sector, along with moderating inflation, provide a strong foundation for sustained growth.

Continued structural reforms, including tax rationalisation, regulatory simplification and measures to improve the ease of doing business, are expected to enhance productivity and support long term economic expansion. Further emphasis on infrastructure development, digitalisation and manufacturing-based initiative is likely to strengthen capacity formation and encourage higher levels of investment.

Growth prospects are further backed by improvements in the labour market conditions, increasing formalisation and encouraging higher levels of employment.

Overall, these factors are likely to support India's medium-term growth potential at approximately 7%, with GDP projected to increase by approximately 6.9% in FY 2026-27. The overall picture shows consistent and sustainable growth with strong domestic drivers and evolving economic fundamentals.[9]

Indian GDP Growth Trend

Year	GDP growth (%)
FY 2024-25	7.1
FY 2025-26	7.6
FY 2026-27 (P)	6.9

P – Projected
Source: RBI Bulletin, April 2026

Industry overview

Global paper industry

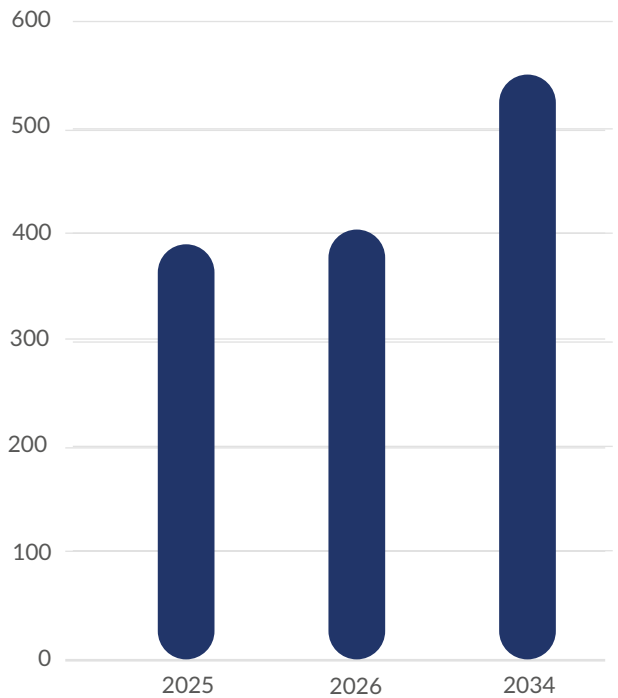
The global pulp and paper market was valued at approximately USD 394.00 billion in FY2025 and continues to reflect stable long-term growth potential, supported by its essential role across packaging, hygiene, education and other everyday applications. The market is projected to expand to around USD 551.15 billion by FY2034 from USD 408.97 billion in FY2026, registering a CAGR of about 3.8%, driven by steady demand and increasing focus on sustainability.[10]

[4] https://www.imf.org/-/media/files/publications/weo/2026/april/english/ch1.pdf
[5] https://www.mospi.gov.in/uploads/latestReleases/latest_release_1772189865181_f040336d-bc57-4aed-b80f-586d9ccb279e_Press_Note_on_New_Series_of_GDP_Estimates_with_Base_Year_2022-23_27022026.pdf
[6] https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf
[7] https://www.mospi.gov.in/uploads/latestreleasesfiles/1776078391571-Press_Release_of_CPI_March_2026.pdf
[8] https://www.mospi.gov.in/uploads/latestReleases/latest_release_1772189865181_f040336d-bc57-4aed-b80f-586d9ccb279e_Press_Note_on_New_Series_of_GDP_Estimates_with_Base_Year_2022-23_27022026.pdf
[9] 0BULT23042026FL5A726E38FAF84453B435F18A3709DD11.PDF
[10] https://www.precedenceresearch.com/pulp-and-paper-market

In FY2025, the industry operated in a relatively stable environment, supported by gradual demand recovery, improved pricing and moderation in input costs. Annual production remained robust at over 400 million tonnes, underlining the sector's continued relevance. Demand trends remained steady across key segments such as packaging, hygiene, education and banking, with institutional consumption from education, government and financial services providing a stable base despite the ongoing impact of digitalisation.[11]

During the year, pricing conditions strengthened, supported by stable import levels and limited capacity additions. Volume growth remained moderate, indicating a balanced demand-supply scenario. Profitability also improved on the back of easing raw material costs and operational efficiencies, with operating margins moving into the mid-teens range and capacity utilisation remaining in the mid-to-high range.

Global pulp and paper market Value (In USD Billion)



Source: Precedence Research

Regional analysis

The global paper products market is geographically diverse, with North America, Europe, Asia-Pacific and the Middle East and Africa influencing demand trends. Growth in North America and Europe is supported by increasing preference for sustainable and premium products, along with regulatory focus on recyclable materials. In contrast, Asia-Pacific benefits from rapid urbanisation, expansion in e-commerce and strong industrial activity, while the Middle East and Africa are witnessing gradual growth driven by infrastructure development and the spread of organised retail.

North America accounts for approximately 30% of the market, supported by demand for sustainable packaging, hygiene products and growth in food delivery and e-commerce. Europe represents about 25%, driven by stringent environmental regulations and high adoption of recycled and eco-friendly paper products. Asia-Pacific contributes roughly 30% of global demand, led by China, which accounts for around 20%, along with India and Japan.

Japan contributes approximately 4% of global demand, supported by its focus on high-quality and specialised paper products. The rest of the world represents around 9% of the market, with growth supported by expanding infrastructure, evolving retail networks and increasing demand for packaging and hygiene products in emerging economies.[12]

E-commerce expansion

The e-commerce packaging market is growing steadily, driven by rising online retail penetration, higher internet and smartphone usage and an increasing preference for convenient and sustainable packaging solutions. The market was valued at USD 79.83 billion in FY 2025 and is projected to reach USD 114.33 billion by FY 2030, growing at a CAGR of 7.45%.

Growth is primarily driven by the expansion of e-commerce, especially in Asia-Pacific, along with rising demand from sectors such as food and beverages, electronics, apparel and personal care. Sustainability remains a defining trend, with increasing adoption of recyclable and biodegradable materials. Corrugated board continues to dominate due to its strength, versatility and recyclability.

Boxes remain the most widely used packaging format, while there is a growing adoption of smart, minimalist and reusable packaging solutions aimed at improving logistics efficiency and enhancing the customer experience. Overall, the market is expected to expand steadily, supported by structural shifts in consumption patterns, sustainability considerations and ongoing innovation in packaging materials and design.[13]

Indian paper industry

The pulp and paper industry in India plays a vital role in supporting sectors such as packaging, education and hygiene. The country contributes approximately 5% of global paper production and generates significant economic value and employment. The industry benefits from a diversified raw material base,

[11] https://link.springer.com/chapter/10.1007/978-3-032-14498-0_2

[12] https://www.fortunebusinessinsights.com/paper-products-market-106150

[13] https://www.marketsandmarkets.com/Market-Reports/e-commerce-packaging-market-103363504.html

including wood, recycled paper and agro-residues and operates through a combination of conventional and modern technologies across a widely distributed manufacturing base.

Despite its scale, per capita consumption remains relatively low at approximately 16 kg, compared with the global average, indicating substantial headroom for growth. India continues to be among the fastest-growing paper markets, supported by economic expansion, rising consumption and increasing awareness of sustainable practices, including the use of recycled fibre and environmentally eco-friendly practices.[14]

Looking ahead, the industry is expected to witness sustained growth momentum. The market is projected to reach about USD 19.1 billion by FY2033, growing at a CAGR of approximately 7.5%, driven by demand across key end-use segments and continued emphasis on sustainable production.[15]

Outlook

Paper consumption in India is projected to reach around 30 million tonnes by FY2027, primarily driven by sustained growth in the packaging segment. From FY26 onwards, the industry is likely to witness a gradual recovery, aided by stabilisation in input costs and steady demand conditions, despite ongoing import pressures.

The packaging segment is set to remain the principal growth driver, backed by rising demand for corrugated and flexible packaging, alongside an increasing transition towards sustainable materials. The tissue segment is also poised for steady growth, supported by improving hygiene awareness and evolving consumption patterns.

Overall, the Indian pulp and paper industry is likely to maintain stable growth beyond FY2026, supported by strong packaging demand, greater adoption of recycled fibre and a continued investments in sustainability and technology.[16]

Global paper and paperboard packaging industry

The global paper and paperboard packaging industry continues to exhibit resilient growth, supported by increasing preference for sustainable and recyclable packaging solutions. The market is projected to grow from USD 417.31 billion in FY2025 to USD 436.63 billion in FY2026 and further to USD 547.52 billion by FY2031, registering a CAGR of approximately 4.63% over 2026-2031.[17]

Paperboard remains a primary component of the global packaging ecosystem, accounting for nearly 15% of the USD 1.1 trillion packaging industry.[18] Its widespread adoption is driven by its recyclability, cost-efficiency and strong printability across sectors such as food and beverages, consumer goods, pharmaceuticals and e-commerce logistics.

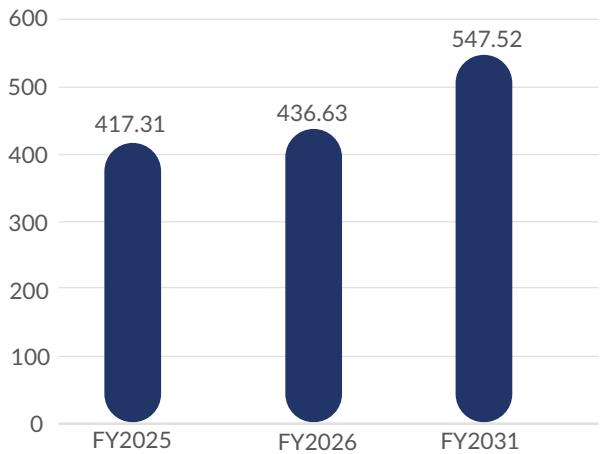
The industry is witnessing a gradual transition from rigid plastics to fibre-based packaging, supported by stricter environmental regulations and the growing implementation of Extended Producer Responsibility (EPR) frameworks. Corrugated boxes and containerboard continue to dominate the segment, with containerboard expected to account for approximately 56% of product type share in FY2025. E-commerce remains a significant demand contributor, accounting for approximately 22-25% of packaging demand.[19]

Recycled fibre dominates the raw material market, accounting for approximately 53.67% of total consumption in FY2025,[20] with recycled waste paper contributing nearly 61% of raw material usage.[21] This trend demonstrates increased focus on circular economy practices, lower resource intensity and regulatory emphasis on carbon footprint reduction.

From a regional perspective, Asia-Pacific leads global demand with a share of approximately 43.89% in FY2025.[22] While the sector exhibits steady growth, it shows characteristics of a maturing market, with a CAGR of around 2.7% in the broader paperboard packaging segment through FY2035.[23]

Overall, the industry is characterised by strong sustainability alignment, technological advancements and steady demand across end-use sectors.

Global paper and paperboard packaging industry



Source: Future Market Insights

[14] https://ipmaindia.org/overview-2/
[15] https://finance.yahoo.com/news/india-paper-industry-outlook-report-112800495.html
[16] https://groww.in/blog/best-paper-stocks-in-india
[17] https://www.mordorintelligence.com/industry-reports/global-paper-and-paperboard-packaging-market
[18] https://www.futuremarketinsights.com/reports/paperboard-packaging-market
[19] https://www.futuremarketinsights.com/reports/paperboard-packaging-market
[20] https://www.mordorintelligence.com/industry-reports/global-paper-and-paperboard-packaging-market
[21] https://www.futuremarketinsights.com/reports/paperboard-packaging-market
[22] https://www.mordorintelligence.com/industry-reports/global-paper-and-paperboard-packaging-market
[23] https://www.futuremarketinsights.com/reports/paperboard-packaging-market

Global food and beverages market

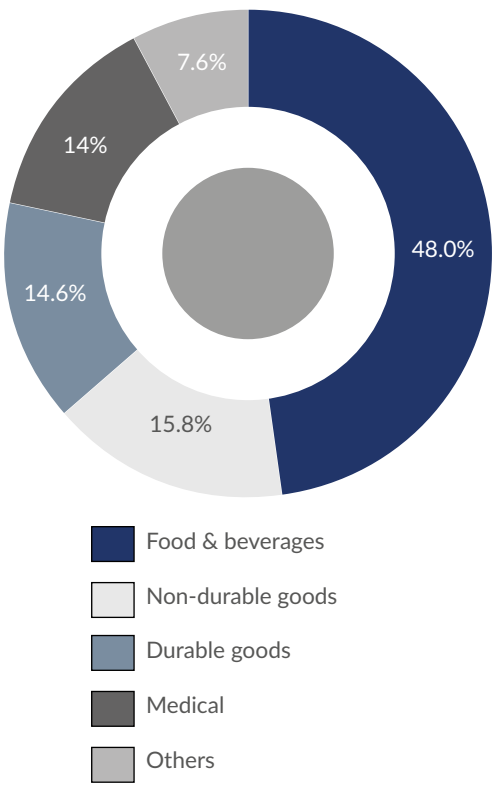
The food and beverages sector remains the largest application segment within the global paper and paperboard packaging industry, accounting for approximately 48% of total revenue in FY2025. Its prominence is driven by the need for packaging that meets stringent food safety requirements while supporting sustainability and brand differentiation.

The shift toward eco-friendly and recyclable formats has accelerated the adoption of paperboard solutions such as cartons, trays and folding boxes across categories including ready-to-eat meals, dairy, bakery and beverages. Paperboard offers a combination of strength, protection and print quality, make it suitable for both functional and branding requirements.

Advances in coating technologies, including aqueous and biopolymer-based barriers, have improved resistance to moisture, grease and oxygen. These developments have expanded the applicability of paperboard in more demanding use cases, while enabling substitution of plastic packaging and ensuring compliance with food contact regulations.

With evolving consumer preferences and the increasing need for efficient and visually appealing packaging, paperboard is expected to retain its importance, supported by regulatory developments and continued innovation.

Insights into the recycled waste paper raw material segment



Source: Future Market Insights

India paper and paperboard packaging industry

The paper and paperboard packaging segment remains the largest and fastest growing segment of the paper industry in India, accounting for approximately 47-55% of total demand.[24] The market is projected to grow from USD 13.72 billion in FY2025 to USD 14.54 billion in FY2026 and further to USD 19.57 billion by FY2031, registering a CAGR of approximately 6.13% over 2026-2031.[25]

Growth is supported by strong domestic consumption across sectors such as FMCG, pharmaceuticals, textiles and e-commerce, with applications spanning corrugated boxes, cartons and specialised packaging solutions.

Expansion in e-commerce and organised retail, along with the rise of quick-commerce platforms, continues to drive demand for lightweight and high-strength packaging. Increasing penetration into Tier-2 cities is further contributing to regional demand expansion and localised supply chain development.

Regulatory developments remain a key influence, with restrictions on select single-use plastics and the implementation of Extended Producer Responsibility (EPR) norms accelerating the shift towards recyclable, paper-based alternatives. This transition is strengthened by growing consumer preference for environmentally responsible products.

The industry is also witnessing advancements in areas including lightweight boards, micro-flute packaging and smart packaging solutions incorporating traceability features. Investments in process efficiency and automated printing technologies are enhancing product quality and operational performance.

Policy support, including measures such as the Minimum Import Price (MIP) on Virgin Multi-Layer Paper Board (VPB), has contributed to improved pricing stability and protection from low-cost imports. Additionally, increasing focus on integration, recycling and sustainable sourcing is improving cost efficiency and long-term resilience.

Overall, favourable demand fundamentals, regulatory support and continuous innovation are expected to sustain growth momentum in the Indian paper and paperboard packaging industry.

India paper and paperboard packaging industry

Financial Year	Amount (In USD Billion)
2025	13.72
2026	14.54
2031	19.57

Source: Mordor Intelligence

[24] https://www.brickworkratings.com/Research/Pulp%20&%20Paper%20Industry_Final.pdf

[25] https://www.mordorintelligence.com/industry-reports/india-paper-and-paperboard-packaging-market

Wastepaper-based paper manufacturing in India

Wastepaper-based paper manufacturing in India has emerged as a critical component of the industry's raw material ecosystem, supported by growing environmental awareness and increasing demand for sustainable products. Recycled waste paper, sourced from residential, commercial and industrial streams such as corrugated boxes, office paper and newspapers, is processed through stages including sorting, pulping, de-inking and refining to produce a wide range of paper grades. This model supports applications across packaging, writing and printing, tissue and paperboard, making it an integral part of the circular economy while reducing dependence on virgin wood pulp and lowering overall environmental impact.

The segment is also driven by strong structural demand from packaging, particularly due to the expansion of e-commerce and organised retail, along with regulatory push towards waste reduction and recycling. From an operational perspective, wastepaper constitutes a significant portion of input costs, accounting for a large share of operating expenses, highlighting its importance in cost structures and margin dynamics. At the same time, the model offers favourable economics, supported by steady demand and value-added applications. Despite challenges such as supply variability and dependence on efficient collection systems, continued advancements in recycling technologies and increasing adoption of sustainable practices are expected to support long-term growth in wastepaper-based manufacturing.

Waste paper is the primary raw material for paper manufacturing in India, accounting for nearly 80% of the total raw material base.[26]

Environmental and financial advantages of utilising waste paper

Aspect	Description
Conservation of Natural Resources	Increasing utilisation of recycled fibre reduces dependence on virgin pulp, supporting forest conservation, preserving biodiversity and promoting efficient resource utilisation within a circular economy framework.
Optimised Energy and Water Usage	Processing of wastepaper is relatively less resource-intensive compared to virgin pulp-based production, contributing to improved energy and water efficiency while supporting cost optimisation across operations.
Lower Environmental Footprint	Greater use of recycled inputs helps reduce landfill waste, lower carbon emissions and minimise pollution associated with conventional paper manufacturing processes, supporting evolving environmental compliance requirements.
Cost Efficiency and Margin Support	Wastepaper serves as a relatively cost-effective raw material, enabling better control over input costs and supporting margin stability, particularly during periods of volatility in global pulp prices.
Supply Chain Diversification and Resilience	A diversified sourcing approach across domestic and international markets enhances raw material availability, mitigates supply-side risks and supports operational continuity amid fluctuations in global pulp and wastepaper markets.

Writing and printing paper industry in India[27]

The industry comprises a mix of large integrated players and smaller mills, with an increasing focus on efficiency, sustainability and value-added offerings. Supported by steady demand and improving realisations, the segment is expected to maintain a positive outlook.

The writing and printing paper segment in India remains a key component of the overall paper industry, supported by its extensive use across education, administration and commercial activities. Domestic paper consumption is expected to approach ~30 million tonnes by FY2027, driven by sustained demand from educational institutions, organised sectors and institutional applications. The segment accounts for nearly one-third of total paper demand in India, reflecting its continued relevance within the industry.

Despite the gradual impact of digitalisation on discretionary usage, demand remains stable across essential applications such as textbooks, examination papers, security printing and official documentation. This resilience is further supported by India's relatively low per capita consumption of ~16 kg, significantly below the global average, indicating substantial scope for long-term growth as literacy levels, income and formalisation continue to improve.

Newsprint industry in India

The global newsprint industry continues to witness demand from newspapers, magazines, brochures and flyers, while also adapting to changing printing technologies and increasing focus on sustainable paper solutions. According to industry estimates, the global newsprint market was valued at around USD 32.82 billion in 2024 and is projected to reach approximately USD 41.07

[26] https://ippta.co/wp-content/uploads/2023/11/88-94.pdf
[27] https://www.brickworkratings.com/Research/Pulp%20&%20Paper%20Industry_Final.pdf

billion by 2032, growing at a CAGR of 2.84%. The Asia-Pacific region is expected to witness significant growth due to increasing demand from emerging economies such as India and China. The industry is also seeing greater adoption of recycled materials and environmentally conscious manufacturing practices.[28]

In India, the Indian Newspaper Society (INS) has highlighted that domestic newsprint production remains significantly below the country's requirements. India's annual newsprint demand is estimated at around 1.2 million tonnes, whereas domestic production has struggled to exceed 0.5 million tonnes, meeting only about 40% of total demand.

The supply gap has persisted for more than 20 years, with no meaningful expansion in dedicated domestic newsprint manufacturing capacity. As a result, several newspaper publishers continue to depend on imported newsprint to ensure uninterrupted printing and distribution of newspapers.

The total exports from the domestic newsprint industry were only around 18,000 tonnes over the past 15 years. According to the association, these low export volumes indicate the absence of significant surplus capacity and reinforce concerns regarding the continued weakness of domestic newsprint manufacturing in India.[29]

Specialty Paper Industry in India

The India specialty paper market is witnessing growth due to increasing demand from packaging, labeling, food service and healthcare applications. According to industry estimates, the market reached 3.30 billion metric tons in 2024 and is expected to reach 4.30 billion metric tons by 2033, growing at a CAGR of 2.6% during 2025-2033. Rising demand for eco-friendly and sustainable paper solutions, along with government initiatives such as "Make in India" and advancements in paper manufacturing technology, continue to support the adoption of specialty paper products across industries.[30]

Within this market, OGR (Oil and Grease Resistant) Paper has emerged as an important food packaging solution for bakeries, restaurants, cafés and food chains. Designed with a special coating that prevents oil, grease and moisture penetration, OGR Paper is used for packaging burgers, sandwiches, pastries and wraps, while maintaining freshness and presentation. The product offers benefits such as oil and grease resistance, food safety, durability, recyclability and biodegradability, making it a sustainable alternative to conventional plastic wraps and butter paper.[31]

Similarly, specialty paper-based pharmaceutical and healthcare packaging inserts are gaining importance due to stringent packaging requirements in the healthcare sector. Fiberboard partition inserts used for pharmaceutical and healthcare applications are required to meet cleanliness, dimensional precision and material traceability requirements. These inserts are widely used for packaging vials, ampoules, syringes, medical devices and diagnostic products, where protection against movement, contamination and damage during transit is critical. The packaging solutions also require material certificates, lot traceability and compliance documentation to support regulatory and quality requirements within pharmaceutical and healthcare applications.[32]

Growth drivers

Education-Driven Demand: Sustained improvement in literacy levels and increasing enrolment across educational institutions continue to support demand for textbooks, notebooks and examination papers, providing a stable consumption base.

Government and Institutional Support: Continued investment in education and administrative infrastructure, along with large-scale examination systems, ensures steady and recurring demand for writing and printing paper.

Structural Growth Headroom: India's per capita paper consumption remains significantly below the global average, indicating considerable scope for growth as income levels rise and access to education and organised sectors expands.

Expansion of the Formal and Corporate Economy: Growth in organised sectors, including financial services and corporate enterprises, is driving demand for office stationery, copier paper and documentation, supporting consistent volume offtake.

Premiumisation and Product Mix Enhancement: Rising preference for higher-quality and specialised paper in corporate and institutional applications is driving a shift toward value-added products, supporting improved realisations.

Operational Efficiency and Sustainability Focus: Ongoing investments in technology, process optimisation and sustainable manufacturing practices are enhancing operational efficiency and strengthening long-term competitiveness of the industry.

Company overview

Emami Paper Mills Limited established in 1981, is engaged in the manufacture and sale of newsprint, writing and printing paper and paperboard, catering to diverse range of end-use industries. The Company is a recognised player within the Indian paper industry, with an established presence across product segments.

[28] https://www.wiseguyreports.com/reports/newsprint-market
[29] https://www.business-standard.com/industry/news/newspaper-production-india-ins-demand-shortfall-126020401239_1.html
[30] https://www.imarcgroup.com/india-specialty-paper-market
[31] https://www.axonpackagingpaper.com/ogr-paper.php
[32] https://www.premier-packaging-products.com/non-classe/packaging-inserts-for-healthcare-pharmaceuticals-what-the-industry-requires/

It operates as a non-integrated paper mill, sourcing pulp and wastepaper from domestic as well as international markets. This sourcing approach provides flexibility in raw material procurement and enables effective cost management in line with prevailing market conditions.

The manufacturing facilities are equipped with contemporary paper machines, de-inking capabilities, captive power generation and established environmental management systems. These capabilities support operational efficiency, ensure product quality consistency and facilitate compliance with applicable statutory and regulatory requirements.

The Company maintains a strong presence in the domestic market, supported by an extensive distribution network and long-standing relationships with institutional customers, converters and dealers. It continues to focus on improving its product mix with a higher contribution of value-added and specialty products, including oil and grease resistant papers and pharma inserts, while strengthening its position in the packaging board segment.

Opportunity and Challenges

Opportunities

Opportunities	Description
Sustainable Packaging Expansion	Increasing regulatory push and evolving consumer preferences towards environmentally responsible materials are accelerating the shift towards paper-based packaging, creating opportunities in sustainable solutions.
Rising Demand for Paper Products in India	Population growth, economic expansion and greater awareness of sustainability are contributing to increased demand for paper and paperboard products, supporting volume growth.
E-commerce Packaging Boom	Continued growth in e-commerce is driving demand for corrugated boxes, craft paper and packaging products, supporting volume growth.
Growth in Digital Printing Industry	Rising adoption of digital printing technologies is increasing demand for high-quality and specialised paper, providing opportunities for product diversification.
Shift Towards Value-Added and Specialty Products	Growing demand for Oil and Grease Resistant (OGR) and pharma insert-grade papers is enabling movement towards higher-margin segments with relatively lower competition intensity.
Import Substitution and Cyclical Demand in Newsprint	Reduced domestic supply and import dependence create opportunities to benefit from import substitution and demand cycles.
Product Diversification and Operational Flexibility	The ability to adjust product mix across categories supports margin optimisation, improved capacity utilisation and responsiveness to changing manage market conditions.

Challenges

Challenges	Description
Raw Material Cost and Availability Risk	Volatility in the availability and pricing of key inputs such as pulp and wastepaper can increase production expenses and disrupt operational stability.
Competitive Pressure from Low-Cost Imports	Imports from countries such as China and Southeast Asia may exert pressure on domestic pricing and affect market share.
Stringent Environmental Regulations	Tightening norms relating to on emissions, waste management and water usage may lead to higher compliance costs and necessitate additional capital investment.
Evolving Sustainability Expectations	Rising expectations around environmentally responsible operations may require ongoing investment in sustainable technologies, with potential near-term impact on profitability.

Operational efficiency

The Company's non-integrated operating model enables a diversified sourcing strategy, reducing reliance on captive forestry and limiting exposure to domestic wood cost volatility. This approach enhances procurement flexibility and supports operational adaptability.

Key strategic advantages	Description
Procurement flexibility	The ability to source pulp from multiple global suppliers enables optimisation of input costs through supplier selection based on pricing, quality and currency movements.
Currency linked advantage	Access to international markets allows the Company to benefit from favourable currency fluctuations, which can improve cost competitiveness during periods of rupee strength.

Quality optimisation	Availability of a wide range of pulp grades across geographies enables optimal blending, ensuring consistent product quality, especially for specialty grades.
Risk diversification	A geographically diversified sourcing model reduces dependence on any single market and mitigates risks associated with supply disruptions arising from regulatory, logistical or environmental factors.

Statement of Profit and Loss

(₹ in Crores)

PARTICULARS	FY 2025-26	FY 2024-25
Total Income	1928.32	1932.50
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	217.18	146.27
Profit Before Tax	93.36	33.39
Profit After Tax	61.38	26.01

Financial ratios

PARTICULARS	2025-26	2024-25	% change in ratio	Reason where variance is more than 25%
Debtor's turnover	7.45	7.72	(3.5%)	N.A.
Inventory turnover	5.74	7.36	(22%)	N.A.
Interest coverage ratio	4.04	2.37	70.9%	Increase in EBITDA Margin
Current ratio	1.11	1.05	5.4%	N.A.
Debt-equity ratio	1.42	1.14	25.1%	Due to repayment of certain Preference shares and variation in terms of certain Preference. Shares leading reclassification from Equity to Debt.
Operating EBITDA margin (%)	11.39%	7.65%	48.8%	Increase in EBITDA Margin
Operating profit margin (%)	8.68%	6.3%	37.8%	Increase in profitability
Net profit margin (%)	3.22%	1.35%	138.6%	Increase in profitability
Return on net worth	9.80%	3.58%	173.4%	Increase in profitability

Human resources

A strong foundation of experienced leadership and a skilled workforce forms a critical pillar of the Company's long-term growth. Operating within a technically intensive industry, the business relies on capabilities across process engineering, quality control and operational efficiency. Emami Paper Mills Limited draws upon this technical and managerial expertise to deliver consistent performance, improve efficiencies and execute its strategic priorities.

The leadership team has demonstrated resilience in guiding industry cycles, maintaining operational discipline during periods of volatility while responding to emerging opportunities. This balance of strategic direction and execution capability supports sustained growth and competitive positioning.

The Company also places emphasis on building a progressive and inclusive workplace culture. Through initiatives that encourage collaboration, diversity and continuous capability development, it seeks to strengthen employee engagement and organisational effectiveness. This people-centric approach contributes to improve productivity and supports long-term value creation.

2,875

Workforce Strength (including 1,059 employees and 1,816 workers)

₹ 133.36 crore

Spend on Employee Benefits

Sustainability

Sustainability and responsible business practices are integral to the Company's operational philosophy and strategic direction. Emami Paper Mills Limited maintains a strong compliance framework while advancing its Corporate Social Responsibility (CSR) initiatives. In a regulatory environment characterised by increasing regulatory scrutiny and heightened customer expectations around sustainable sourcing, this focus supports risk management and strengthens the Company's competitive positioning.

The Company has made investments in environmental infrastructure, including effluent treatment and wastepaper recycling systems, focusing on circular economy principles.

These capabilities are becoming increasingly important as key customer segments, such as FMCG and pharmaceuticals, integrate sustainability criteria into their procurement decisions.

In addition, the Company prioritises responsible sourcing practices, including procurement of wood pulp from Forest Stewardship Council (FSC)-certified suppliers, ensuring adherence to globally recognised environmental standards. Its continued focus on recycling, resource efficiency and environmental protection highlights a long-term goal to minimising ecological impact while supporting sustainable growth.

Risk management

A balanced growth strategy requires systematic identification and management of risks that may affect performance and execution. The Company has established robust systems, review mechanisms and procedures to identify and effectively manage these risks.

Risk	Description	Mitigation strategy
Raw Material Risk (Pulp Price Volatility)	Exposure to fluctuations in global pulp and wastepaper prices may impact input costs and margins.	The Company follows a diversified sourcing strategy across geographies and suppliers, supported by long-term arrangements. Inventory planning and calibrated procurement cycles, along with selective hedging, are undertaken to manage price fluctuations.
Currency Fluctuation Risk	Foreign currency exposure arises from import of raw materials and related obligations.	The Company adopts prudent hedging practices, including forward contracts and natural hedging mechanisms, to manage foreign exchange exposures.
Environmental and Regulatory Risk	The Company is subject to evolving environmental laws, regulations and compliance requirements, which may impact operations.	The Company maintains a structured compliance framework aligned with applicable environmental standards and certifications, supported by continuous monitoring and process upgrades.
Competitive Intensity Risk	Capacity additions and competitive pressures in the paper industry may affect pricing and market share.	The Company focuses on value-added and specialty segments, along with product differentiation and stronger customer engagement, helping mitigate competitive pressures.
Digital Disruption to Newsprint	The shift towards digital media consumption may reduce demand for newsprint over time.	The Company is progressively shifting its product mix towards packaging board and specialty grades, with the objective of reducing dependence on the newsprint segment and aligning with evolving demand trends.
Energy Cost Risk	Energy costs constitute a significant portion of operating expenses and are subject to volatility.	The Company utilises captive power generation, proximity to coal sources and ongoing energy efficiency initiatives, including evaluation of alternate energy sources, to optimise energy costs.
Asset Utilisation Risk	Sub-optimal utilisation of manufacturing capacity may affect operating efficiency and profitability.	The Company maintains a diversified product portfolio and adopts flexible production planning to optimise capacity utilisation across product segments.
Talent Risk	Availability and retention of skilled manpower are critical for operational continuity and growth.	The Company focuses on employee engagement, capability development and retention initiatives to maintain a stable and productive workforce.
Quality Risk	Inconsistencies in product quality may affect customer relationships and market positioning.	The Company follows stringent quality control systems and adheres to recognised international standards, supported by continuous process improvements.

Risk	Description	Mitigation strategy
Economic Risk	Macroeconomic conditions and demand variability may impact consumption across key segments.	The Company mitigates this risk through product diversification and presence across multiple end-use segments, reducing dependence on any single demand driver.
Liquidity Risk	Liquidity constraints may affect the Company's ability to meet its financial obligations.	The Company maintains prudent financial discipline, including effective working capital management and timely servicing of debt obligations.
Cyber Security Risk	Increasing reliance on digital systems exposes the Company to potential cyber threats and data security risks.	A robust IT security framework is implemented, including a comprehensive security policy, access controls, firewalls and endpoint protection to guard against malware, viruses, ransomware and Trojans.

Internal control systems

The Company has implemented a robust internal control mechanism designed to ensure the efficient and secure execution of its operations. This system aims to prevent and detect fraud and errors while maintaining accurate and complete accounting records in accordance with the Management Information System (MIS). The primary objective of these controls is to provide reasonable assurance regarding proper accounting practices, safeguard the Company's assets from unauthorised use or loss and ensure compliance with applicable regulations.

To further strengthen its internal control processes, the Company has engaged an independent external audit firm to act as its internal auditors. These auditors are tasked with periodically assessing the effectiveness of the Company's internal control framework. Their audit reports, along with management comments and observations, are reviewed during Audit Committee meetings.

The Audit Committee plays a crucial role in reviewing the adequacy of the internal control environment, ensuring that the Company's risk management systems comply with statutory requirements and monitoring the implementation of corrective actions based on internal audit findings. The Company also operates a comprehensive budgetary control system, with key performance indicators (KPIs) established for all significant operational parameters. These KPIs are regularly reviewed by the management team during Management Committee meetings, chaired by the Whole-time Director and attended by all departmental heads.

Cautionary statement

Certain statements in the Management Discussion and Analysis section relating to the Company's objectives, expectations, projections, estimates and others may constitute forward looking statements under applicable laws and regulations. These statements are based on current assumptions and available information; however, actual results may differ materially from those expressed or implied due to factors beyond the Company's control.

Forward looking statements are subject to uncertainties and risks and do not guarantee future performance. Readers are advised not to place undue reliance on these statements. The Company undertakes no obligation to revise or update any forward-looking statements in light of future events, new information, or developments, except as may be required by applicable law.