

Caution regarding forward-looking statements

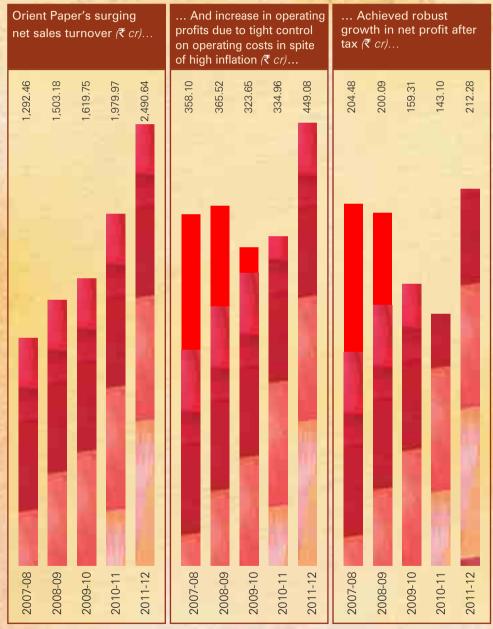
This document contains statements about expected future events and financial and operating results of Orient Paper and Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. 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 Orient Paper and Industries Limited annual report, 2011-12.

INSIDE THE REPORT

Chairman's message	01	Auditors' report	55
Unleashing value	02	Balance sheet	58
Review by our Managing Director	04	Statement of Profit & Loss	59
Review of our business segments	08	Cash flow statement	60
Our Directors' profile	20	Notes to financial statements	62
Beyond business	22	Balance sheet abstract	99
Awards and accolades	24		
Directors' report	26	Statement pursuant to Section 212	100
Management Discussion and Analysis	36	Report and Accounts of Subsidiary Company	10
Report on Corporate Governance	44		

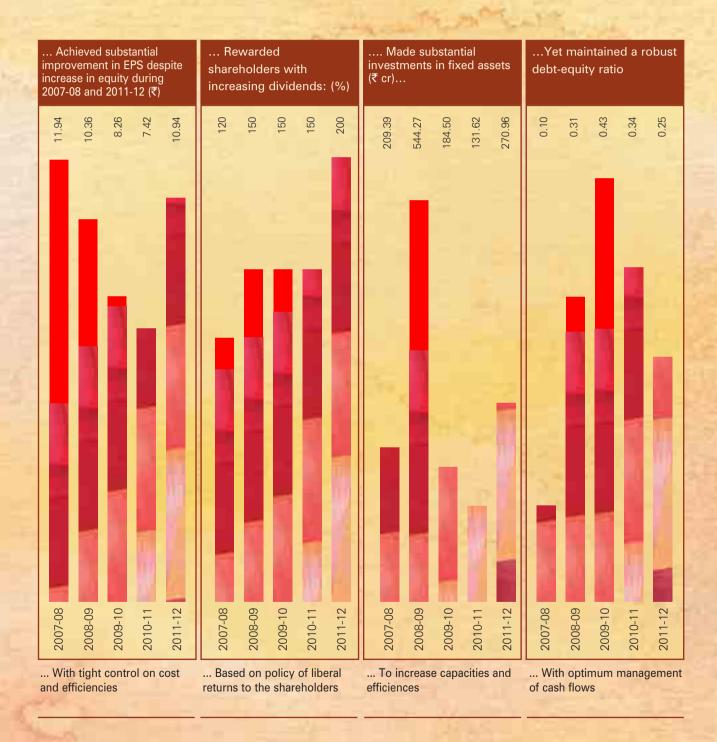


UNLEASHING VALUE. **NUMBERS SPEAK BETTER THAN WORDS!**



Five-year CAGR of 18% led by growth in all businesses

Driven by a deep commitment to lean manufacturing and optimum resource utilization



Review by the Managing Director

"AT ORIENT PAPER, OUR FOCUS ON 'RAISING THE BAR' RESULTED IN A SHARP GROWTH IN TURNOVER AND PROFITABILITY IN 2011-12. THIS ENCOURAGES US TO TAKE FURTHER STEPS TO 'UNLEASH VALUE' AS WE MOVE AHEAD WITH EVEN GREATER ENTHUSIASM AND DETERMINATION." M.L. Pachisia, Managing Director

Dear There bolders,

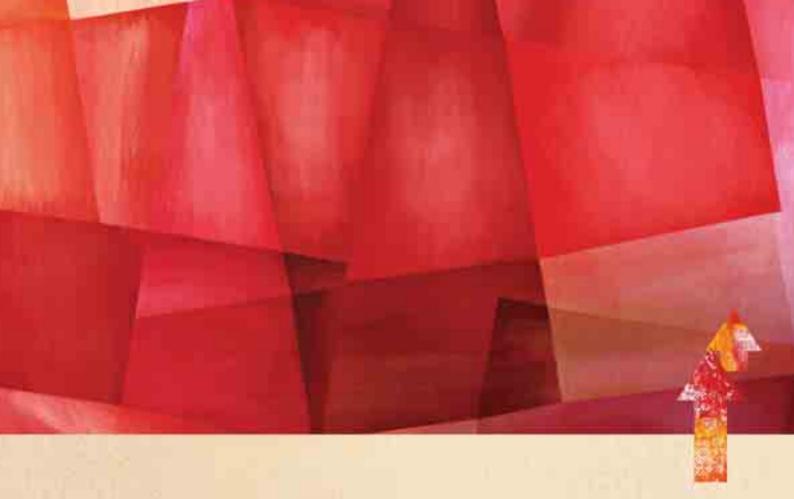
You are well aware of the challenging times faced by the Indian economy and the resultant slowdown in most sectors.

It is indeed a matter of satisfaction that despite these challenges, your Company was able to achieve its best-ever results during the year under review. We out-performed the industry in Cement and Electrical businesses, while taking effective steps to de-bottleneck the Paper business to restore it to good health.

Our net sales turnover for the year increased by 25.79% while

EBIDTA and PAT increased by 34.07% and 48.34% respectively over the preceding year. The balance sheet remained healthy with a debt-equity ratio of only 1:0.25 despite an investment of ₹ 1,131.35 cr in the last four years to expand, diversify, modernise and upgrade our businesses.

We are now focussed on unleashing value in all our businesses and concurrently create a stronger organisation that is future-focussed and ready to take on the markets of tomorrow. To this effect, we undertook several new decisions



and measures to harness the full potential of our businesses.

Listed below are some of our major achievements during the year under review as well as some of the key initiatives to propel our future growth and profitability:

Cement

The year under review

- Increased net sales turnover by 32.26% to reach ₹ 1393.28 cr against ₹ 1053.44 cr in the preceding year
- Attained one of the highest EBIT margins in the industry at 27.1% with an EBIT of ₹ 378.26 cr as against ₹ 234.28 cr in the previous year

- · Achieved further savings in energy and coal consumption
- Received several awards and accolades

The way forward

- Further consolidation and accelerated growth of our cement business through demerger of the cement division into an independent company, Orient Cement Limited, with effect from 1st April 2012. This should simultaneously result in substantial value unlocking for all our shareholders.
- Proceed with ordering plant and machinery for the proposed 3 MTPA cement plant at

Karnataka to commission the plant by 2014-15

Thus, our cement business, which has already demonstrated a best-inclass performance over the years, is now well-poised to create even greater value for all our stakeholders.

Paper

The year under review

- Increased net sales turnover by 19.98% to reach ₹ 333.75 cr against ₹ 278.16 cr in the preceding year
- Increased total paper sales volume by 16.17% over the preceding year



- Proportion of value-added tissue paper in our product mix increased to 25.59% as against 20.39 % in the previous year
- Increased tissue paper exports by 15.13% during the year under review with worldwide acceptance of our quality
- Achieved above improvements despite loss of production for 43 days during the year due to water shortages and disruptions caused by frequent breakdowns in our ageing power plant
- However, unprecedented increase in prices of pulp wood and coal resulted in huge escalations in costs for the paper industry in general
- Simultaneously paper market was sluggish as a result of which price realisation for writing and printing papers were adversely affected
- As a result, despite higher production and better efficiencies, our results were not satisfactory.

The way forward

In order to address the major bottlenecks in our paper division, we undertook the following concrete steps to restore this division to good health:

- We made significant progress in completing the new and efficient 55 MW captive power plant project, which is expected to be commissioned shortly. This will be sufficient to meet the total requirement of not only the paper plant but also the caustic chlorine plant, which is currently dependent on expensive grid power. Upon stabilisation, we expect this project to result in savings of ₹ 30-35 cr annually
- Our new 250 mn gallon water reservoirs are now fullyoperational. As a result, the chronic water shortageforced shutdowns experienced in the last four years should be minimised or eliminated in the future.
 These reservoirs are already helping us avoid any water

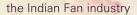
- shortage-related shutdown during 2012-13
- We commissioned the second rewinder in our new tissue machine to debottleneck constraints and achieve optimal capacity utilisation.
- The FSC certification obtained in 2011-12 will also enable us to reinforce our presence in demanding international markets and increase our exports further

We believe that these steps, coupled with a gradual improvement in the paper market, will substantially improve the performance of our paper business, leading to its turnaround soon.

Electricals

The year under review

- Completed expansion of our Fans manufacturing capacity to 80 lac units per year and introduced exciting new models
- Achieved 7.6% growth in our domestic Fan sales volume against overall de-growth of



- Achieved significant growth of 35.12% in our sales volumes of CFLs and other Lighting products and increased our in-house production capacity
- Launched a wide range of Household Electrical Appliances towards end of the year
- Worked with a reputed international consultancy firm to optimise costs, increase productivity and synergise operations. Encouraging results are already visible
- Increased total divisional net sales by 17.77%

The way forward

- We will continue to expand range and capacities for Fans and Lighting products to accelerate growth in these products
- · We will expand our reach of

Household Electrical Appliances to steadily increase our market share in this fast-growing ₹ 3,500 crore per year market

Thus, the Electricals division, which has been performing consistently, is now poised to grow even more rapidly.

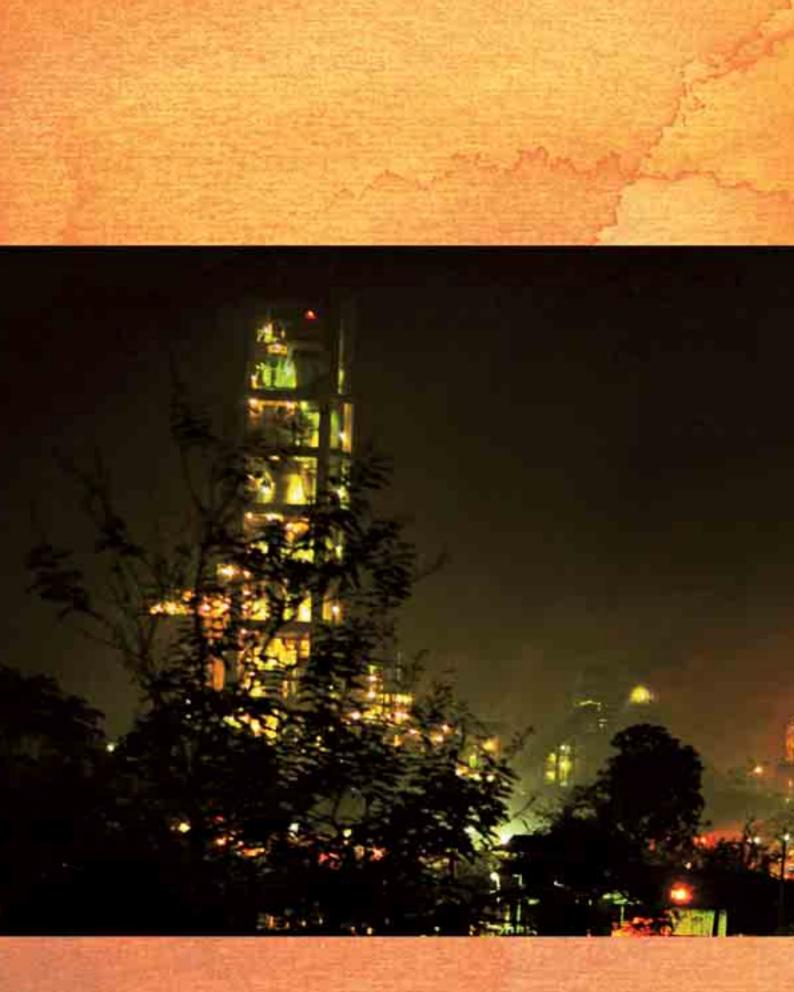
Conclusion

Our unwavering confidence in long-term potential of the Indian economy and in the capabilities of our human resources coupled with our concrete plans, gives me every reason to believe that your Company is attractively placed to grow bigger, better and faster, unleashing value for all those who invest in us, work with us and depend upon us.

M.L. Pachisia Managing Director

I important actions to unleash value proposition

- 1. Demerge the cement business and expand capacity by another 3 MTPA in Karnataka
- 2. Commission a new 55 MW power plant in the paper business
- 3. Introduce effective solutions for water shortages at the paper plant
- 4. Increase proportion of value-added tissue papers in our paper portfolio
- 5. Garner substantial market share in the newly launched range of household electrical appliances
- 6. Consolidate our leadership position in fans
- 7. Expand range and reach of our lighting products





Night view of our cement manufacturing facility at Devapur, Andhra Pradesh



Operational

- Achieved one of the highest EBIT percentage in the Indian Cement industry at 27.1% of net sales
- Achieved higher Cement production and sales volumes of 7.74% and 8.13% respectively
- Achieved further economies in power and coal consumption
- Increased the use of alternative fuels
- Increased in-house production of gypsum
- Completed arrangements to

- sell surplus power through the power exchange
- Embarked on achieving TPM Stage-III certification; we are likely to become the first Indian cement company to do so

Market and brand development

- Increased market share in the core markets of Andhra Pradesh and Maharashtra
- Undertook customer satisfaction survey; implemented key findings to improve customer satisfaction

Awards and accolades

- Received the prestigious Greentech Environment Gold Award for 2011
- Ranked first for Mines Safety (overall category) and bagged the first prize for hazard identification and risk management, publicity and propaganda and drilling and blasting and stood second for mine lighting and electrical installation





Cultural events sponsored by Birla A1

"HAVING CREATED A 5 MTPA CAPACITY, WE ARE RIGHTLY POSITIONED TO DEMERGE THE CEMENT DIVISION INTO A NEW COMPANY. THIS IS NOT ONLY A SHAREHOLDER-FRIENDLY STEP BUT WILL **ALSO STRENGTHEN OUR FOCUS TO CONTINUOUSLY EXPAND OUR CEMENT**

CAPACITY." Desh Deepak Khetrapal, Orient Cement

Key operating metrics

and a parameter			(/
	2009-10	2010-11	2011-12
Production (in lac MT)	30.59	35.08	37.80
Sales (in lac MT) – cement	30.40	34.97	37.82
Gross sales (₹ cr)	998.51	1,197.03	1,574.55
Net sales (₹ cr)	894.76	1,053.44	1,393.28
PBIT (₹ cr)	255.20	234.28	378.26
Gross power from our CPP in lac Kwh	644.30	2348.92	2592.72
Power – KWH/tonne of cement	81.74	82.09	78.10
Fuel - Heat value/Kg of clinker	790	758	720
Use of alternate fuels in tons	787	155	5366
In-house production of gypsum in tons	-	2058	11830





(₹ cr)

- Demerge the cement business and get its shares listed on the stock exchanges as soon as possible
- Implement the proposed 3 mn MTPA cement plant in Karnataka
- Enhance capacity utilisation at the **Devapur and Jalgaon** plants
- Explore other opportunities for organic and inorganic expansion of cement capacity









Our tissue paper plant



Operational

- Total paper production and sales volumes increased by 22.20% and 16.17%, respectively, despite 43 days of production lost due to water shortage and a minor fire incident in the power house in addition to frequent breakdowns of the power plant
- Tissue paper production and sales rose 53.37% and 31.22% respectively
- Bottleneck towards fully utilising the tissue paper capacity resolved by installing an additional rewinder
- Received FSC-COC (forest stewardship council-chain of custody) international certification in February 2012 to meet requirements of environmental assurance for exports to demanding overseas markets
- Increased clonal plantations through farm forestry covering

1808 hectares

Market developments

- Suffered a decline in the sales realisation of writing and printing papers despite increased costs.
- Increased share in domestic tissue market
- Increased export of tissue paper to China, USA, Europe, the Middle East and Far East

Cost push

Simultaneous to softening realisations for writing and

printing papers, pulp wood and coal prices increased sharply, increasing pressure on margins

Positives for the future

- Water reservoirs completed and made fully operational.
 No water shortage-enforced shutdown expected in 2012-13
- Imminent completion of 55
 MW captive power plant
 expected to be commissioned
 towards the end of the first
 quarter of 2012-13

Key operational metrics

(₹ cr)

	2009-10	2010-11	2011-12
Total paper production (MT)	53,589	52,534	64,194
Tissue paper production (MT)	8,161	10,710	16,426
Tissue papers exported (MT)	696	3,958	4,557
Caustic production (MT)	29,836	29,865	30,184
Pulpwood cost (₹ per ton of pulp wood)	11,702	12,578	16,163
Coal cost (₹ per ton of coal)	4,750	5,205	6,889
Gross sales turnover (₹ cr)	252.19	292.97	356,25
Net sales turnover (₹ cr)	239.38	278.16	333.75
EBIT (₹ cr)	-33.65	-27.74	-61.70

Segment outlook, 2012-13 and beyond

- No major new capacities expected in 2012-13. Therefore, expect an improvement in the writing and printing paper market with gradual absorption of overcapacity through regular demand growth
- No water shortages-related shutdown expected in 2012-13
- New power plant expected to be commissioned shortly, will result in significant cost savings and also help steady operations at the paper and caustic chlorine plants
- 15-20 MW surplus power is expected to be available from the new power plant. We hope to start sale of this surplus power after full stabilisation of the plant
- Proportion of value-added tissue paper will increase the product mix owing to the availability of a second rewinder

"WE HAVE TAKEN EFFECTIVE STEPS TO OVERCOME THE TWO **MAJOR PROBLEMS FACED BY US** IN THE LAST FEW YEARS, FIRSTLY, THE WATER RESERVOIRS BUILT BY **US WILL HELP US AVOID LONG** SHUTDOWNS EXPERIENCED IN LAST FOUR YEARS. SECONDLY, THE **NEW POWER PLANT WILL RESULT** IN SIGNIFICANT COST SAVINGS AND ALSO PROVIDE STABILITY TO **PLANT OPERATIONS AND EFFICIENCIES. THEREFORE, WE** FIRMLY BELIEVE THAT WE ARE AT THE THRESHOLD OF A **TURNAROUND IN OUR PAPER BUSINESS**"

N.K. Saha, CEO, Paper division



Our product range at the electrical division







FANS

- Achieved growth of 7.6% in domestic Fan sales, despite a decrease in industry volumes, thereby gaining market share by a healthy percentage
- Augmented the Fan manufacturing capacity to 80 lac fans per annum.
- Maintained leadership position in exports, despite tough market conditions in overseas markets
- Reduced cycle time for new product development and introduced a number of new products in the decorative fan segment, which were well accepted by the market
- Excise on fans increased by 2% from 10% to 12% effective March 2012

- Engaged a world-renowned consultancy firm to review and make suggestions on all aspects of operational improvement
- Successfully implemented new ERP-SAP, thereby modernising IT infrastructure
- Improved productivity and reliability through automation and installation of latest equipment in powder coating, machine and press shops
- Strengthened the distribution channel in Tier-II and Tier-III cities and rural markets. As per the latest report from a leading research agency, Orient is now retailed at nearly 50% of all fan retailers
- Retained India's youth icon MS Dhoni as the brand ambassador and considerably increased

advertisement and promotional expenses, thereby improving the brand recall of ORIENT and **ORIENT PSPO**

LIGHTING

- Robust sales growth of Lighting products by 35.12% over the preceding year is achieved by increasing market retail reach and thus market share
- Established higher price positioning next to only the world renowned Leader in lighting to place the brand in premium band
- Introduced an exciting range of product families for residential and SOHO segments in luminaire category in addition to lamps sources in consumer segment
- **Environment-friendly Lighting** products using no liquid mercury, a hazardous pollutant, is a prime focus while designing and launching new products. These products carry a popular environment-friendly icon for product differentiation

Key operational metrics

(₹ cr)

	2009-10	2010-11	2011-12
Fans sold (in lacs)	50.37	65.48	69.25
Lighting products sold (in lacs)	81.82	92.69	125.24
Gross sales (₹ Cr.)	518.84	705.99	832.98
Net sales (₹ cr)	485.61	648.37	763.61
EBIT (₹ cr)*	62.30	58.15	53.90

*EBIT figures for 2010-11 have been regrouped and taken after consideration bank charges as finance cost

HOME APPLIANCES

- We launched a range of Home Appliances under the brand name of 'Orient Actus'
- Orient Actus has a range of kitchen appliances, irons, water heaters and air coolers. The products are positioned as premium products in all categories. Each product is

ergonomically and aesthetically designed and will be different from competition in terms of features or aesthetics

- The key differentiators for Orient Actus are performance, aesthetics and service
- Orient Actus is a new generation high-performance range that seeks to deliver premium quality. Built specially for Indian conditions and after a detailed research on the needs of the Indian homemaker, the Orient Actus range is stylishly designed too

"WE ARE UPBEAT ABOUT OUR FANS, CFLS AND LUMINARIES PERFORMANCE ON ACCOUNT OF IMPROVED VISIBILITY OF THE ORIENT BRAND AND INCREASE IN OUR PAN-INDIA REACH. WE ARE COMPREHENSIVELY LEVERAGING THIS SYNERGY FURTHER TO VENTURE INTO PREMIUM HOME APPLIANCES THAT ARE FEATURE-RICH AND AESTHETICALLY-DESIGNED TO FIT INTO CONTEMPORARY HOUSEHOLDS."

S.B. Bhaiya, President, (Fans and Appliances Businesses)

Himanshu Dalvi, President (Lighting Business)

The way forward

- Continue to grow Fan volumes with aggressive marketing and innovative product offerings both in domestic and export markets
- Expand range of Lighting products including luminaires and LED and increase inhouse manufacturing capacity
- Launch complete range of Appliances pan-India and consolidate a competitive edge in this new product segment

DIRECTORS' PROFILE

Particulars	Age	Date of Joining	Other Directorship
Shri Chandra Kant Birla 8/9 Alipore Road Kolkata 700027 Chairman Industrialist, Indian	57	29-09-1978	* Hindustan Motors Ltd. * National Engineering Industries Ltd. * AVTEC Ltd. * Hyderabad Industries Ltd. * Birlasoft (India) Ltd. * Neosym Industry Ltd. (Formerly The Indian Smelting & Refining Co. Ltd.) * Birla Associates Pvt. Ltd. (Singapore) * Nigeria Engg. Works Ltd. (Nigeria) * Birlasoft Inc. USA * Birlasoft (U.K.) Ltd. London * Birla Brothers Pvt. Ltd. * Orient Cement Ltd. * Rivers Vegetable Oil Co. Ltd., Nigeria
Shri Basant Kumar Jhawar 51/F Gariahat Road Kolkata 700019 Director Industrialist, Indian	77	21-07-1983	* Usha Martin Ltd.* KGVK Agro Ltd.* KGVK Social Enterprises Ltd.* Usha Communications Technology Ltd. BVI
Shri Amitabha Ghosh Flat No. 32, Mehernaz 91, Cuffe Parade Mumbai 400005 Director Consultant, Indian	81	23-10-2001	* Centenary Advisory Services Pvt. Ltd. * Kesoram Industries Ltd. * Peninsula Land Ltd. * Palit Consultancy Pvt. Ltd. * Sahara India Life Insurance Co. Ltd. * Shreyas Shipping & Logistics Ltd. * Xpro India Ltd. * Zenith Fibres Ltd. * Heidelberg Cement India Ltd. * Shreyas Relay System Ltd. * Sahara Prime City Ltd. * Joonktolle Tea & Industries Ltd. * Sahara Hospitality Ltd. * Sahara Infrastructure & Housing Ltd.



Particulars	Age	Date of Joining	Other Directorship
Shri Michael Bastian Cecilia, 1186, 22nd Cross 14th Main, HSR layout Sector III, Bangaluru- 560034 Director Consultant, Indian	67	27-10-2009	* Elder Pharmaceuticals Ltd. * Artson Engineering Ltd. * Indian Oil Corporation Ltd. * Bangalore Stock Exchange Ltd.
Shri Manohar Lal Pachisia 8/12, Alipore Road Kolkata 700027 Managing Director Service, Indian	67	23-09-1997	* GMMCO Ltd. * National Engg. Industries Ltd. * Birla Buildings Ltd. * Soorya Vanijya & Investment Ltd. * Gwalior Finance Corp. Ltd. * Birlasoft (India) Ltd. * National Bearing Co. (Jaipur) Ltd. * Birlasoft Enterprises Ltd. * Orient Cement Ltd. * Orient Electricals Ltd. * Special Engineering Services Ltd. * Nigeria Engineering Works Ltd. (Nigeria) * Rivers Vegetable Oil Co. Ltd.

CORPORATE SOCIAL RESPONSIBILITY



Mega family planning camp at the paper division



Blood donation camp conducted by the Ladies Club of Orient Cement



Health check-up camp organised by Orient Cement in which 182 persons benefitted



Mega free eye camp for 437 people of Devapur and surrounding villages. Free cataract surgeries performed for 101 cases

Orient remains committed to contributing to the well being of the society. Some of the activities carried out during the year are shown here





Mega free dental camp at Orient Cement



Distribution of desks for school children for Xth class students of ITDA's Ashram School



Distribution of utensils to 200 needy families



Blood donation camp at the Paper division





'Golden Award' at the 'GREENTECH environment EXCELLENCE AWARD 2011' in the cement sector



Best Organisation National Award from Rajiv Gandhi Memorial Foundation for Orient Cement



FSC-CHAIN OF CUSTODY certification for Paper division



Orient Cement team celebrating awards at the mines safety week hosted by us

Mines safety awards for Orient Cement

Overall performance

- 1st Prize

Hazard Identification

& Risk Management

- 1st Prize

• Publicity & Propaganda

- 1st Prize

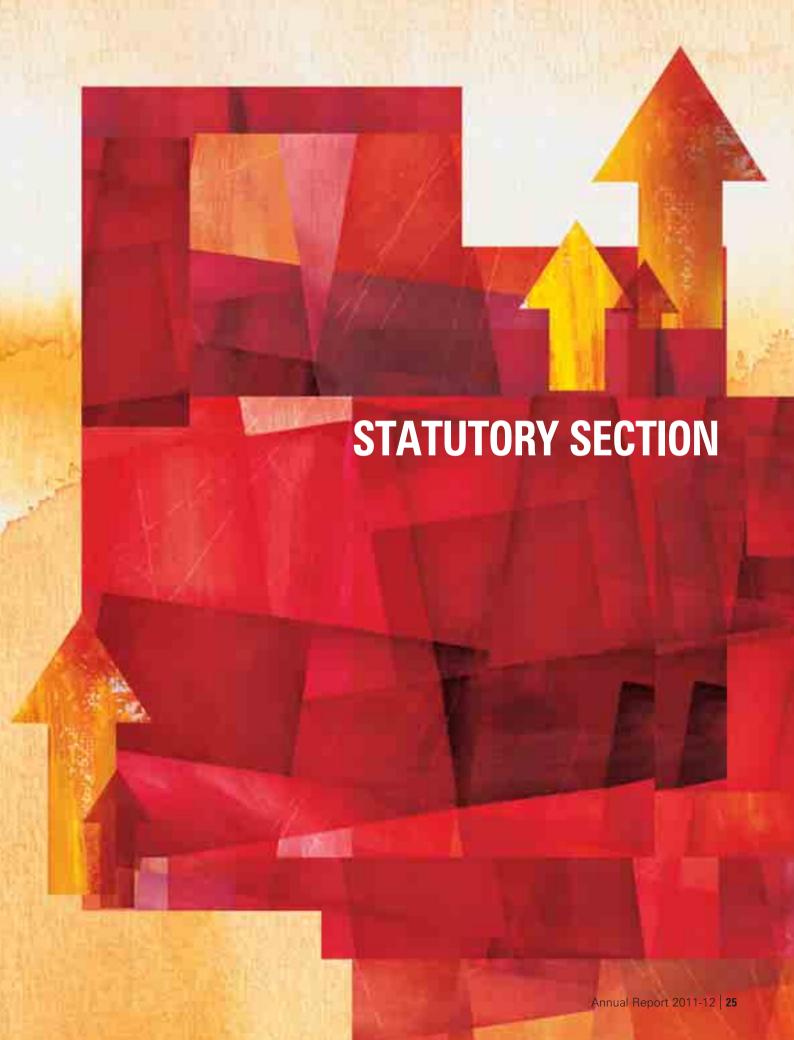
Drilling & Blasting

- 1st Prize

Mine Lighting

& Electrical installations

- 2nd Prize





Dear Thavelolders,

We are pleased to present the annual report along with audited accounts of your Company for the year ended 31st March 2012.

Financial results

The financial performance of the Company for the year ended 31st March 2012 is summarised below:

(₹ in crores)

	2011-12	2010-11
Gross sales	2763.79	2,175.00
Total income (net of excise)	2512.93	1,996.64
Earnings before interest, depreciation, amortisation & taxation	449.08	332.77
Interest/Finance costs	42.33	41.78
Profit before depreciation and taxation	406.75	290.99
Depreciation	88.40	81.48
Net profit before taxation	318.35	209.51
Taxation	106.07	66.41
Net profit	212.28	143.10
Profit brought forward from last year	105.04	169.46
Profit available for appropriations	317.32	312.56
Appropriations		
Transfer to Debenture Redemption Reserve	-	23.75
Transfer to Capital Redemption Reserve	1.00	0.00
Transfer to General Reserve	100.00	150.08
Dividend on preference shares	0.02	0.06
Dividend on ordinary shares	39.77	28.93
Corporate dividend tax	6.46	4.70
Balance carried to Balance Sheet	170.07	105.04
Total	317.32	312.56
EPS	10.94	7.42



Dividend

Subject to the shareholders' and other requisite approvals, your Directors recommend payment of final dividend of ₹ 1/- per equity share of ₹ 1 each (100%) for the year ended 31 March 2012. This is in addition to the interim dividend of ₹ 1/- (100%) paid earlier during the year, bringing the total dividend for the year ₹ 2/-(200%). The cash outflow on account on of dividend eauitv capital(including interim dividend), Preference Shares and dividend tax works out to ₹ 4625 lacs, which constitutes 21.79% of our net profit for the year.

During the year, the Board Directors decided to redeem 1,00,000 - 6% redeemable Nonconvertible Debentures of ₹ 100/each for an aggregate amount of ₹ 1,00,00,000 and the said shares were redeemed on 27th July, 2011.

Allotment of Equity Shares

During the year, 1,20,00,000 equity shares of ₹ 1/- each were allotted to the promoter group consequent upon conversion of convertible warrants issued by the company. Funds raised under the issue were utilised for the purpose as sanctioned.

Forfeiture of Equity shares

During the year 16010 partly paid up equity shares were forfeited consequent upon non payment of call money by the respective shareholders.

Demerger of Cement division

The Board, shareholders and creditors of Orient Paper & Industries Limited (OPIL) have approved a scheme for demerger of the Cement Undertaking of OPIL to Orient Cement Limited. OPIL and Orient Cement Limited have filed applications in Court seeking sanction for such demerger, which is now pending final hearing.

Economic climate and our performance

There has been a perceptible slow down in the Indian economy with GDP growth coming down to below 7% for the year under review as against over 8% growth achieved during past several years.

While slow-down in International economy caused by Euro zone crisis must have also contributed to this, we believe that internal factors like slow pace of infrastructure development, hiah inflation. unprecedented increases in prices of vital input like coal and power, credit squeeze applied by RBI and general lack of policy direction were the major factors in bringing down the rate of growth.

However, India still continues to be one of the fastest growing economies of the world and we hope that the Government will take effective and pro-active steps to restore the growth momentum to above 8% soon.

It is a matter of satisfaction that even in the face of these challenges, we were able to achieve a growth of 27 % in our net sales turnover and 48 % in our net profit after tax.

Domestic cement demand grew by 6.6% during the year due to the good growth recorded during 2nd half of the year under review. However, there was no growth in the Southern region, mainly because of negative growth of -8% in Andhra Pradesh. We were however able to increase our cement sales volumes by 8% and gain market share in our core markets. We could also achieve a



capacity utilisation of 77% compared to the industry average of 68% in South & West, where our plants are located. In spite of huge pressure on our costs because of factors totally beyond our control, we were also able to increase our PBIT from cement business by 62% through a combination of higher volumes, better product & market mix and cost reduction efforts.

of Because slow-down construction activities. overall demand for Fans also came down by 2.8% compared to previous year. However, we were still able to achieve a 5.6% growth in our Fan volumes through introduction of new and exciting models and increasing our distribution reach. In lighting products, we increased our sales volumes by 38 % and introduced several new SKUs. Towards the end of this financial year, we also launched a wide range of household electrical appliances. Overall our electrical division achieved a growth of 18 % in net sales turnover for the year. Also, we were able to achieve similar profitability level in this division as the preceding year in spite of substantial cost and competitive pressures.

In our paper division also, we were

able to increase our Paper volumes by 22 % in spite of 43 days shut down in the 1st quarter due to water scarcity and loss of 5 days output in December due to a minor fire incident in the power plant. Paper volume could have still been higher but for frequent break-down of our aging power plant. The Chemical plant performed satisfactorily. However. there were unprecedented increases in prices of pulp wood, coal and power which resulted in substantially increased losses from this business. Going forward, we expect this division's performance to improve once the new 55 MW power plant, now nearing completion, gets commissioned as it will not only bring down the cost of energy but will also contribute towards stabilizing operations. We also do not expect any water scarcity related shut down in 2012-13 as there is adequate water available in our water reservoirs. The proportion of value added Tissue papers also expected to increase as the additional rewinder for the 2nd Tissue machine is now fully operational.

Detailed business analysis, review and operational performance of each of our business segments are covered in the management discussion and analysis chapter, which forms a part of this report.

Corporate Governance

Your Company is in full compliance with the Corporate Governance requirements in terms of Clause 49 of the Listing Agreement(s). A report on Corporate Governance and a certificate from our auditors confirming compliance with the Corporate Governance requirements are attached and form part of this report.

Sustainable development and environment

W/e consider sustainable development environment and protection as integral parts of our management culture and philosophy. Significant work continues to be done in these areas on a consistent and sustainable basis. In new initiative, we have agreed to partner with Madhya Pradesh Government in allround development of 2 areas around our Paper plant under the Gandhi shed Rajiv water development project. Details of our efforts and activities in this direction are provided in the chapters covering detailed analysis of each of our businesses.



Carbon credits for cement division

We received 126317 CERs for the vear 2008-09 during this year. Therefore, an income of only ₹ 3.33 cr has been recognised during this year based upon prevailing market prices as at 31st March 2012. Our claim for a further 47000 CERs for the year 2009-10 is presently under consideration of the CDM Board. No income from these expected CERs has been accounted for during the year under review. This will be taken into account on receipt of the approved CERs.

Cash flow analysis

In conformity with the provisions of Clause 32 the of Listing Agreement(s), the cash flow statement for the year ended 31 March 2012 is included in the annual accounts.

Statutory matters

Debentures

The funds raised by issue of debentures from time to time were utilised for the purposes as sanctioned.

Directors

Shri P.K. Sen ceased to be a Director the Company w.e.f.

August, 2011. The Board places on record its appreciation of the valuable contribution made by Shri P.K. Sen during his long tenure as a member of our Board.

Mr. Michael Bastian and Shri B.K. Jhawar, directors of the company, retire by rotation and are eligible for re election.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants and Auditors of the Company, retire and offer themselves for reappointment.

Cost auditors

As required under the provisions of Section 233B of the Companies Act, 1956, qualified cost auditors were appointed to conduct cost audits.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Details regarding conservation of energy, Research and Development, foreign exchange earnings and outgo are furnished in Annexure "A" to this report, pursuant to the provisions of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Directors' responsibility statement

Directors' responsibility statement pursuant to section 217(2AA) of the Companies Act, 1956 are given in Annexure "B" to the annual report.

Note No.40 appearing in accounts referred to in the Auditors' Report is self-explanatory.

Particulars of employees

Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956 are given in Annexure "C" to the annual report.

Acknowledgements

Your Directors place on record their sincere gratitude to the shareholders, customers, bankers, financial institutions, government agencies, supply chain partners and the employees for their valuable contribution. cooperation support in the Company's endeavours to achieve continuous growth and progress.

By Order of the Board

New Delhi. 2 May, 2012 C. K. Birla Chairman

ANNEXURE — "A"

(A) Conservation of energy

- (i) In the Paper mills at Amlai, installed 5 Variable Frequency Drive (VFD) for Power Boiler No 1 FD fan, 100 w Incandescent lamps replaced with 20 w CFL lamps, 125W HVMV lamps has been replaced by 2 x 36 w CFL fittings, 500 W halogen fitting has been replaced by 70 w metal halide fitting, 100 HP SPDP Motor replaced with 100 HP EEF TEFC motors, installation of new Washing street to save steam consumption and increase recovery percentage, Grinding Job in paper m/c to reduce the steam consumption, 3048 Sq m of Thermal insulation has been done to reduce radiation losses Inefficient 50 & 125 HP motor has been replaced with 25 HP and 100 ΗP EEF pumps. Modifications have been done in the 16 MW & 6 MW turbine frequencies and also in the Mill water pump to reduce the pressure from 48 PSIG to 38 PSIG, which would reduce energy consumption. Solar Street light and solar power packs were installed both in Paper & Chemical division to reduce the energy consumption.
- (ii) In the Cement division, Installation was done in GRR control System & VFD control system in VRM 3 Coal mill vent & hot gas fan. Optimization of Kiln 3

- and Cement Mill 1 & 2 Operation, Stopping of 2 Blower out of total 3 blower for silo feeding air slide after blender discharge. The Optimization installation, stopping would result reduction of thermal energy & electrical consumption stabilization of production & output rate across the plant.
- (iii) In the Fan division, high efficiency Automatic Powder coating Plant (ITW Gema) for motor covers , hot water generator for pretreatment plant, New Hi speed Press (ING Yu) for fan laminations ceilina Automatic test conveyor & motor conveyor running at assembly line of Portable fans, Jockey / firm pump for fire hydrant and filtration Plant for drinking water installed to reduce power consumption & increase efficiency and productivity. Further in the Lighting division Liquid nitrogen and oxygen cryogenic tanks used for storage in place of Gas cylinders resulted in to increase capacity of storage and purity of gas with uniform pressure.

(B) Additional Investment and proposal, if any

(i) At the Paper mills at Amlai, proposed investments includes New energy Management System, Energy Audit, installation of High efficiency

- compressed motor, replacement of Air pre heater stubs of Power Boiler No 1 & 2 and installation of a new captive Power Plant Ultra filtration unit for DM Plant, replacement of old motors with efficient Motors,, energy installation of Solar water heating system for the Mill & the Colony replacing the existing water heating system and installation of Solar based heating system for the office building. The total investment for these projects is estimated to be ₹ 1987 lacs.
- (ii) At the Cement plant, proposed investments includes installation of new burner for Kiln No 1 firing, variable speed drives in various equipments, mechanical transport system in Cement Mill 1 for silo feeding replacing existing pneumatic transport system, new Coal crusher in Kiln -3. These would help in improving various efficiencies & energy The conservation. investment for these projects is estimated to be around ₹ 518 lacs.
- (iii) In the Fan division, additional investment proposals includes installation of new high Speed Press for ceiling fans laminations, new energy efficient Powder coating plant cover motors, installation of 2 Automatic Stator at vendor place. Further, the proposal in hand for improving



the OEE of various shops, relaying of Ceiling Fan assembly line, implantation of suggestion as per energy audit done, Further various proposals are in hand for enhancement capacity Portable fans, Hi perm ceiling and portable fan stators and portable rotor machining etc. These would help in reducing enhance energy consumption, and enhanced capacity & productivity of the Plant. In the Lighting division it is proposed to use Natural Gas in place of LPG which would result in reduction in cost of fuel Gas.

(C) Impact of above measures on consumption of energy

(i) At the Amlai paper mill, the above

- measures have & will reduce the consumption of Power & Steam with consequent impact on the cost of production.
- (ii) The above measures have & will resulted in reduction of electrical & thermal energy consumption.
- (iii) The above measures have reduced Energy Consumption, enhanced capacity and improved productivity in the Fan & the Lighting Division.

(D) Technology absorption

Form - B attached.

(E) Foreign exchange earning and outgo

(i) The Company exported fans for an aggregate value of ₹ 6438.63

during the year under lacs review, as against ₹ 6052.42 lacs during the previous year. The Company also exported paper and board and caustic soda lye for an aggregate amount of ₹ 2447.69 lacs (excluding ₹ 95.20 lacs to Nepal) during the year under review, against as ₹ 2224.84 lacs (excluding ₹ 115.99 lacs to Nepal) during the previous year.

(ii) Foreign exchange used and earned

Used: ₹58.25 Lacs

(2010-11 ₹ 107.01 lacs)

Earned: ₹ 8981.52 Lacs

(2010-11 ₹ 8393.25 lacs)

FORM-'A'

A Power & Fuel consumption(excluding consumption in Colony)

	Cement		Paper		Fan		CFL		Chemicals	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1. Electricity										
(a) Purchased										
Unit(KWH lacs)	743.06	899.67	114.48	87.23	46.46	47.52	16.01	11.94	894.22	880.75
Total amount (₹ In lacs)	3992.87	4682.88	705.09	509.43	296.82	271.85	89.70	65.01	4042.27	3627.09
Rate/Unit (₹)	5.37	5.21	6.16	5.84	6.39	5.72	5.60	5.44	4.52	4.12
(b) Own Generation										
i) Through diesel generator										
Unit(KWH lacs)	0.28	3.29	-	-	7.66	6.41	5.62	3.96	-	-
Unit/Liter of										
Diesel Furnace Oil	2.64	3.00	-	-	2.39	2.01	1.76	1.24	-	-
Cost/Unit (₹)	17.06	10.59	-	-	12.17	11.16	12.12	10.97	-	-
ii)Through Steam										
Turbine generator										
Unit(KWH lacs)	2237.33	*2012.52	1073.34	872.88	-	-	-	-	-	-
Unit/per MT of steam	0.75	0.67	337.00	299	-	-	-	-	-	-
Cost/Unit (₹)	3.50	3.14	3.59	2.99	-	-	-	-	-	-



	Cer	nent	Pap	per	Fa	an	CF	L	Chemicals	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
2. (a) Coal(BCD&E Grade)										
Quantity (MT lacs)	5.17	4.83	***1.81	***1.69	-	-	-	-	0.008	0.003
Total Cost (₹ In lacs)	17611.45	14304.40	4349.33	2705.08	-	-	-	-	20.88	7.16
Average Rate (₹)	3406.47	2964.44	2397.42	1603.30	-	-	-	-	2635.20	1973.54
(b)Low grade coal for power plant										
Quantity (MT lacs)	3.00	29.83	-	-	-	-	-	-	-	-
Total Cost (₹ In lacs)	7210.33	5648.52	-	-	-	-	-	-	-	-
Average Rate (₹)	2402.17	1893.27	-	-	-	-	-	-	-	-
3. Furnace Oil										
Quantity(K.Liters)	-	-	***652.50	***702.00	-	-	-	-	-	-
Total amount (₹ In lacs)	-	-	266.21	212.01	-	-	-	-	-	-
Average Rate (₹)	-	-	40798.51	30200.43	-	-	-	-	-	-
4. Other/Internal generation										
Quantity(KWH lacs)	-	-	**7.08	**6.28	-	-	-	-	-	-
Total Cost (₹ In lacs)	-	-	**4.29	**1.77	-	-	-	-	-	-
Rate/Unit (₹)	-	-	0.61	**0.28	-	-	-	-	-	-

^{*}Represents electricity duty paid

B. Consumption

	Prod	MT of uction nent	Per MT of Production Paper		Produ	ecce of Per picture Production Production CF		ction	Per MT of Production of Caustic Lye Chemicals	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Electricity(KWH)	78.10	81.20	1850	1828	0.96	0.97	0.23	0.25	2954	2949
Furnace Oil(K Liters)	-	-	0.10	0.013	-	-	-	-	-	-
Coal(C D E & F MT)	0.14	0.14	2.82	3.212	-	-	-	-	0.01	0.01
Others*((KWH)	-	-	11	12	-	-	-	-	-	-

^{*} Excludes generation, consumption & expenses on Power generation of 27.96 lac KWH from Power Plant during trail run period

^{**}Internal generation by back pressure turbine of Paper Machine Drive

^{***}Exclude Coal & furnace oil consumption in Lime reburning Plant



FORM - "B"

Research & Development (R&D)

1. Specific areas in which R&D was carried out by the Company

A. Paper division

- (1) Pulping studies on Raw Materials - Studies were carried out on various Raw materials that are currently being used by the Mill and also other potential raw materials to evaluate their application and suitability.
- (2) Development of Gypsum
- (3) Process Studies in order to optimize usage of Hydrogen Peroxide and Chlorine Dioxide.
- (4) Process optimization in order to develop new products on Tissue Machine.
- (5) Studies on recycling of Water to reduce fresh water intake.
- (6) Use of quaternary ammonium chemical for color reduction of Gr-III and Gr-II effluent.

B. Cement division

- (i) Feeding of alternative fuels in Kiln 1,2,3,
- (ii) Cement residue control for optimization of fly ash handling

C. Fan & Lighting division

(i) Introduction of 900/1050 mm ceiling fan "Quasar Orno in 4 shades to complete the range., 4 Blade 1200 mm Quadro orna ceiling fans in 4 shades, 1200 mm deco premium ceiling fan " Adonis" in 5 new shades ,1200 mm High speed "Speed King" Ceiling fan with innovative Nano

- painting, 1200 mm Dec premium ceiling fan Lenora in 4 new shades etc.
- (ii) Introduction of 5 Star Energy Saving ISI Marked ceiling fan for DGS&D supply.
- (iii) Introduction Of 400 mm sweep low cost fan, 400 mm sweep high speed all purpose fan, 450 mm sweep Tornodo stand fan in plating finishes
- (iv) Raw Material consumption optimization with bench marking and brain storming activity through Project "Sankalp". for stand fan benchmarking with imported fans from China.
- (v) Introduction of Jet Cool Décor model fan for UAE, New Super air for Bahrain, New hurricane & subaris under light fan for Lebanon export & TPW fans as per SLS standard for Sri Lanka market.
- (vi) Up gradation of TPW fans (7 Models) as per IEC standard for export market.
- (vii)In lighting Division new Product were introduced are 1w SP G24 NI, 55w SP & variants of 15w SP, 23w SP in 2700 K Colour Temp.

2. Benefits derived because of above R&D

A. Paper division

01. It helped in optimizing Raw materials mix out of available

- Raw materials species and their sources.
- 02. some quantity of gypsum was produced from lime sludge. However this needs further evaluation.
- 03. It has been possible to control AOX level of Grade-II effluent within the specified parameters.
- 04. we have developed M and n fold tissue Products and Towel Grades on the Tissue Machine.
- 05. We have been able to reduce fresh water consumption to 109 M3 per ton of product from 130 M3 per ton of product last year.
- 06. Laboratory evaluation have given encouraging results based on which plant scale trials will be conducted.

B. Cement division

- (i) Replacement of coal and reduction in running hours of coal mills.
- (ii) Cement residue control for optimization of fly ash handling.

C. Fan division

- (i) Better penetration in the Premium Fan & Energy Saving Fan segments..
- (ii) More Models in decorative range resulting in more sales volume.
- (iii) Cost saving projects identified and implemented worth 1.20 Crs PA.
- (iv) Enabling to expand Domestic & **Export markets**



3. Future plan of action

A. Paper division

Continue research in the above areas and work to implement other new emerging technologies for benefiting the pulp and paper industry.

B. Cement division

Improvement of Raw Mix design

C. Fan & Lighting division

- (i) Introduction of new models in Fan segment
 - I. 1200 mm 3 blade deco premium ceiling fan in four new shades.
 - 1200 mm New Decorative 3 blade Ceiling Fan for premium segment.
 - II. 1,200-mm new decorative fan in premium segment
 - III. 2 Nos 1200 mm conceptually different Ceiling Fan.
 - IV. One No Energy saving Ceiling Fan.
 - V. 450 mm & 500 mm Wall & stand fan in all metal construction VI. 450 mm sweep stand fan with plastic base & blade
- (ii) Introduction of new Models in Lighting Segment
 - CFL-NI products, DU 13W and DU 18W will start manufacturing from July 2012
- (iii) Introduction of new models for export market.
- I. Economically decorative Model for Export.

4. Expenditure on R&D

a. Capital - Nil (Previous Year Nil)

- b. Recurring (₹ in lacs) 62.89 (Previous Year ₹ 51.35 lacs)
- c. Total (₹ in lacs) 62.89 (Previous Year ₹ 51.35 lacs)
- d. Total R&D expenditure as percentage of total turnover –
 0.02% (Previous Year 0.02%)

5. Technology absorption, adoption and innovation

1. Efforts made towards technology absorption, adoption and innovation

(a) Paper Division:

- (i) Continue re use of white water clarifier at various places i.e. in vacuum sealing, bleach showers, vacuum pump & pump cooling at Pulp Mill.
- (ii) Re-engineering Measures to indigenize critical components of various plant and equipment is an ongoing process.
- (iii) The commissioning of Washing Street at the pulp mill has resulted in reduction in the Steam consumption, increase in chemical recovery and various other benefits.

(b) Fan & Lighting Division:

- (i) Setup of Analysis Software for Design optimization & faster development
- (ii) Benchmarking with competitors & international fans for cost saving & performance benchmarking.
- (iii) Benchmarking with competitors fans from China & India for performance, cost & Packing
- (iv) Introduction of reliability test plan to improve life of the product..

- (v) Introduction of Drop test of Packed Fan as per ISTA standards.
- (vi) Introduction of reliability Test Lab with endurance test setup and space for 150 fans under test.

(c) Cement Division:

 Measures for indigenization of critical imported part are continuing

2. Benefit derived as a result of above efforts

(A) Paper Division

- (i) Reduction in Fresh Mill Water Consumption.
- (ii) Reduction in Steam consumption and increase in chemical recovery.

(B) Fan division

- (i) Optimized designed & improved reliability of Ceiling Fan
- (ii) Optimization of Raw Material consumption in Ceiling fans resulting in cost saving.
- (iii) Improved quality assessment system enabling us to offer reliable product.
- (iv) Improved reliability in packing & reduction in transit damage

(C) Cement Division

- (i) Reduction in input & over all costs due to indigenization of various imported spares
- 3. Since the Company has not imported technology during last five years, the requisite information is not required to be given.

C. K. Birla

Chairman



ANNEXURE "B" TO THE DIRECTORS' REPORT

Directors' responsibility statement

On the basis of compliance certificates received from various executives of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the statutory auditors of the Company from time to time, the Board of Directors state

(A) That in the preparation of the annual accounts, for the year ended 31 March 2012 all the applicable accounting standards

- prescribed by the Institute of Chartered Accountants of India were followed.
- (B) That the Directors adopted such accounting policies and have applied them consistently and have made judgements and estimates in a reasonable and prudent manner, so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the profit of the company for the year.
- (C) That the Directors took proper and

sufficient for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the company and for preventing and detecting fraud and irregularities.

(D) That the Directors have prepared the annual accounts on a 'going concern' basis.

C. K. Birla

Chairman

ANNEXURE "C" TO THE DIRECTORS' REPORT

Particulars of Employees as required U/S 217(2A) of the Companies Act, 1956 and forming a part of the Directors' Report for the year ended 31 March 2012.

(a) Qualification (b) Designation/Nature of Duties (c) Age (years) (d) Remuneration (₹) (e) Experience (years) (f) Date of Joining (g) Particulars of last employment.

A. Employed throughout the financial year

1.	Bhaiya S.B.	(a) B.Com(H), FCA (b) President (General Administration) - Fan Division (c) 56 (d) 86,39,916 (e) 35 (f) 1 April 1996 (g) Nigeria Engineering Works, Nigeria, Managing Director
2.	Pachisia M.L.	(a) B.Com (b) Managing Director (c) 67 (d) 2,90,40,102 (e) 51 (f) 1 April 1991 (g) Hindustan Motors Ltd., President (Corporate Projects)
3.	Sonthalia P.K.	(a) B.Com (H), FCA, AICWA (b) President (Finance) & CFO (c) 54 (d) 74,03,750 (e) 32 (f) 15 April 1980 (g) None
4.	Tripathi P.K.	(a) B.Sc (Engineering) (Hons), (b) President (Works) (General Administration) – Cement Division (c) 53 (d) 96,28,432 (e) 29 (f) 3 December 2010 (g) Shree Cement Ltd., Jt. President (Works)

B. Employed for part of the financial year:

1.	Dalvi H.	(a) B.Sc., B.E., DIP (FM) (b) President (Lighting)-Fan Division (c) 56 (d) 31,83,076 (e) 32
		(f) 13 October 2011 (g) Havells India Ltd., Vice President.

· Remuneration includes actual payments and/or taxable value of perquisites and the Company's contribution to provident and other funds but excludes gratuity. • Nature of appointment: Appointment of Shri M. L. Pachisia, Managing Director, is contractual • Other terms and conditions: As per rules of the Company • The Managing Director is not a relative of any Director of the Company.

C. K. Birla

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall economy

There has been a perceptible slow down in the Indian economy with GDP growth coming down to below 7% for the year under review. Infrastructure development has not kept pace with expectations.

Rampant inflation and escalating cost of vital industrial inputs such as Coal, power and freight etc have also caused severe strain on the economy.

Credit squeeze and tight monetary policies adopted by RBI do not appear to have neither controlled inflation nor helped growth.

Slow-down in International economy caused by Euro zone crisis also contributed to poor market sentiments.

Coupled with lack of clear policy direction and minimal progress on the reforms process, these factors have changed the investment climate from being optimistic to cautionary.

However, India still continues to be one of the fastest growing economies of the world and hope that the Government will take effective and pro-active steps soon to restore the growth momentum to above 8%.

On our part, we continue to strongly believe in the India growth story and feel that in spite of these temporary problems, Indian economy will soon return to a healthier growth path. Accordingly, we continue to pursue aggressive growth targets for all our businesses.

2. Segment-wise business analysis

2.1 Business segment – cement 2.1.1. Industry structure and development

Thanks to a pick-up in demand in 2nd half of the year under review, domestic cement demand, which had a dismal growth of only 3% in 1st half, could register a growth of 6.6% for the year under review.

However, cement demand in Southern region recorded no growth at all mainly because of a negative growth of -8% in Andhra Pradesh. It will be recalled that Andhra Pradesh had registered a negative growth of -15% in the preceding year as well.

Capacity additions also slowed down with only 11 million tons of new capacities being commissioned during the year. With these additions, the total capacity of the Indian cement industry stood at over 300 million tons as at the end of March 2012.

Still, capacity utilisation on an all-India basis continued to be around 77% because of slower than expected growth in demand. The southern region was affected even more with capacity utilisation of plants in the region coming down to as low as 63%.

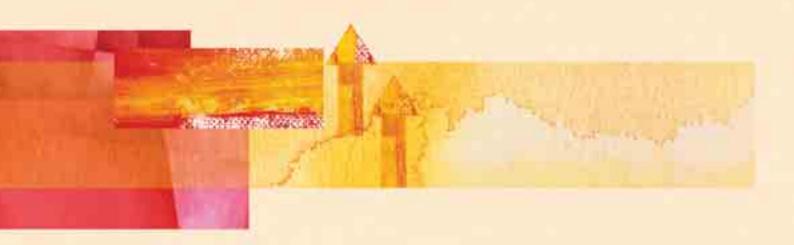
Simultaneously, the industry had to again contend with steep statutory increases in cost of most major inputs such as coal, power, fly ash etc. Logistics costs also increased significantly.

However, particularly improved demand for cement during 2nd half of the year, cement prices improved and remained generally firm.

2.1.2. Opportunities and threats

Steady pick-up in cement demand, during the 2nd half of the year under review, points towards revival of growth momentum in construction activities. We therefore feel that cement demand should grow at between 8%-10% in the coming years.

At the same time, weak investment sentiments and delays caused by problems in land acquisition and mining lease approval processes,



green field capacity additions are expected to slow down. We therefore feel that capacity utilization should improve gradually.

However, capacity utilization in Andhra Pradesh, where we are located, could remain relatively lower unless political situation in the state stabilizes. On the other hand cement demand in Maharashtra, which accounts for 65% of our cement sales volumes, has been growing healthily and should compensate for slower growth in Andhra Pradesh.

2.1.3. Segmental review and analysis

We sold 37.82 lac tons of cement during the year under review against 34.97 lac tons last year. However, we reduced our clinker sales to only 0.52 lac tons against 1.43 lac tons last vear.

Thus we achieved 8% growth in volumes against 5 % growth by the industry in Southern+ Western region. Our capacity utilization was also higher at 77% against the industry average of 68% in South & West. Consequently, we were able to increase market share in both our primary markets of Andhra Pradesh and Maharashtra.

We were also able to maintain a

better proportion of blended cement in our product mix at 73% compared to industry average of 47% in Andhra Pradesh, 69% in Maharashtra and 68% Nationally.

As with the entire cement industry, we also faced significant cost pressures because of steep increases in prices of coal, fly ash and packaging material etc. Logistics costs also increased, particularly after the rail freight hike in the last quarter of the financial year.

However, our continuous efforts towards reducing costs and improving efficiencies, enabled us to achieve best-in-class benchmarks in terms of manufacturing as well as distribution costs. For example we further improved on our power & fuel consumptions and also started using alternative fuels and in-house production of gypsum from waste materials. These initiatives helped us to partly offset the cost increases due to external factors mentioned above.

Our new 50 MW power plant also stabilized and enabled us to meet most of our power requirement for Devapur plant and insulated us against the large scale power cuts imposed in Andhra Pradesh from time to time.

As a result, we have been able to further strengthen our position as one of the lowest cost producers of cement in India.

Our sales realisation was also better this year partly because of favourable market situation and also because of better product and market mix achieved by us.

These factors contributed towards increase of 33% in net sales turnover of our cement division to from ₹ 1033.24 crores last year to ₹ 1375.09 crores for the year under review

Our PBIDT also increased by 51% to ₹ 435.64 cr from ₹ 287.90 cr. last year. Similarly PBIT also improved to ₹ 377.58 crores this year from ₹ 233.62 crores last year.

2.1.4. Risks and concerns

Cement prices are subject to fluctuations and can impact profitability from time to time.

Rising coal prices along with inconsistent quality of coal, a major input for cement industry, remain areas of concern.

2.1.5. Outlook

As approved by the Board and shareholders of the Company, cement business is proposed to be



demerged into an independent company, Orient Cement limited, with effect from 1st April 2012 through a classical demerger scheme under which all shareholders of Orient paper & Industries Limited as on the record date will receive shares of Orient Cement Limited in the ratio of 1:1. This is expected to unlock significant value for our shareholders.

While post this demerger, cement business will be reported independently, we wish to share with our existing stakeholders the outlook and plans for our cement business hereunder.

We remain hopeful that cement demand in India should increase by between 8%-10% per year during the next few years. Coupled with our continuous efforts to increase market share in our core markets. this should result in steady improvement in capacity utilisation of our existing plants. Several initiatives towards further efficiency improvements are also in the process.

We have also been able to synchronise our captive power plant with the grid and have obtained approval for sale of surplus power generated by us. Sale of surplus power is expected to commence from May 2012. This will enable us to run our power plant at full capacity thereafter.

Land acquisition for our proposed green field 3 million tons per year cement plant in Gulbarga district of Karnataka has reached an advanced stage. We have also obtained an inprinciple environmental approval. We propose to place orders for equipment and construction during the 1st half of FY 12-13.

While sales realisation will depend upon market forces, we are confident that Orient's cement business will be able to maintain its cost leadership. Coupled with expected increase in capacity utilisation of the existing facilities and the expansion plans already in hand, we believe that Orient cement will have a bright future and continue to delight all its stake holders.

2.2. Business segment - Paper 2.2.1. Industry structure and development

Aggregate Paper demand in India is estimated to be growing at around 6%. However, growth in demand for packaging boards, coated paper and tissue paper has been much higher, while in writing & printing segment it has been lower. We estimate growth in Tissue paper segment to be as high as around 20%.

During the year under review, there was no significant capacity addition in the Writing and Printing segment from integrated pulp and paper mills. However, significant capacities had been added in this segment in the last two years, which came into full production this year. This has resulted into over-capacity writing & printing paper for the present.

Globally, pulp and paper prices also softened due to poor demand from Europe and USA. Therefore export realisations were also not attractive. Withdrawal of DEPB scheme and its replacement with lower rates of duty draw back scheme also proved to be a deterrent in encouraging exports.

Combined result of the above factors resulted into lower price realisation from the writing & printing paper segment and affected market sentiments.

At the same time, pulp wood prices increased substantially because of limited availability to meet increased demand from new capacities. This was in spite of major efforts made by the organised paper industry over the years to increase plantations through social and farm forestry schemes. Social and farm forestry, in the context of small land holdings in India, obviously imposes limitations on mass scale plantations required to meet needs of the paper industry. That is why the industry has been making repeated representations to the authorities for Public- Private Partnership in large scale plantations on huge tracts of degraded forest lands and/or revenue waste lands, which can be put to productive use and create significant employment opportunities in rural areas.

Apart from pulpwood availability and



unprecedented recent costs, increases in price of coal in the garb of rationalization and re-grading have added to the woes of paper industry.

As a result of lower realisation and increasing costs, margins for the entire paper industry in India remained under severe pressure throughout the year.

A redeeming feature has been the robust growth in Tissue paper demand and reasonable price realisation in that segment.

2.2.2 Opportunities and threats

We are the largest producers of tissue paper in India. Demand for Tissue papers both in India and abroad is quite healthy and our quality is very well accepted in both markets.

With stabilization of our 2nd tissue machine after installation of the additional rewinder during the year, we should be able to increase our tissue paper production and take full advantage of the opportunities presented by this segment of paper industry.

However, any further escalation in cost of major inputs could present huge challenges unless sales prices start improving once the new capacities get absorbed by gradual increase in demand.

Water scarcity during summer season has been a threat for our paper plant for the last few years. Construction of 250 million gallon water reservoirs has, to a large extent, ameliorated this problem for future. Already, we do not foresee any water related shut down during the next financial year.

2.2.3 Segmental review and analysis

In spite of 43 days of plant shut down in the 1st quarter due to water scarcity and another 5 days lost due to a minor fire in the power plant, we could increase our paper production by 22% to 64193 tons during the year as against 52534 tons in the preceding year. Production volume could have been still higher but for frequent break-downs of our aging power plant.

We were also able to increase the proportion of the more remunerative tissue papers in our Product Mix from 20.4 % last year to 25.6 % during the year under review. Quality of our tissue papers has found wide acceptance in the global market and we have been successful in developing regular exports to UK, USA, France, Hong Kong, Singapore, China, Philippines, East Africa, Nigeria and the Middle east countries.

Our net sales turnover from Paper division increased by 20% from ₹ 277.36 crores last year to ₹ 333.75 crores during the year under review.

Although we could also achieve some improvements in efficiencies, steep escalation in costs of pulpwood, coal, power and chemicals could be not compensated. Additionally, Madhya Pradesh Government imposed electricity duty and cess of a whopping 87 paisa per unit of power generated by captive power plants. This additional burden had to be borne only by us in the Indian paper industry.

As a result even after increase in volumes and turnover, our PBIDT loss from the division increased to ₹41.53 crores from ₹8.42 crores last year. Loss before interest and tax was higher at ₹ 62.01 crores as against ₹ 28.16 crores last year.

In order to address the rising cost of pulp wood, we have been laying increasing emphasis development and plantation of clonal saplings, which ensure better survival and faster growth. Our clonal plantations increased to 4.50 million this year as against 3.65 million in the previous year and covered 1808 hectares during the year against 1448 hectares last year. The benefits from these increased plantations are expected to accrue in the coming

As informed earlier, we are building a new and efficient 55 MW power plant in order to address high energy costs, which is one of the major cost constituents in production of paper, caustic and chlorine. This power plant will not only meet our total requirement for the division and will also substantially reduce our coal and energy costs. It will also have



over 15 MW surplus capacity for sale of power. The new power plant should also be exempt from electricity duty as per M.P. Government's declared industrial policy. The project is already in advanced stage of completion and is expected to be operational by the 2nd quarter of FY 2012-13.

Risks and concerns - Amlai plant

Water shortage during summer has been a major cause of concern. However, 250 million gallons water storage facilities completed this year should be able to minimize this threat, if not totally eliminate the same. Simultaneously, we are also taking steps to consistently reduce our water consumption and have already made significant progress in this respect.

High cost of coal and deteriorating quality continue to pose concerns even though the new captive power plant will provide some relief. .

Similarly, rising cost of pulp wood continues to remain a matter of concern.

Outlook – Amlai plant

The new power plant, expected to be commissioned shortly, should substantially reduce costs and also facilitate uninterrupted operations of the paper plant. It will also open up opportunities for capacity expansion and / or income from export of power.

The additional rewinder of Tissue Machine 2 has started vielding results. Some modifications and adjustments have recently been made to improve productivity of this machine with the objective of further enriching our product mix.

Water scarcity related shut down should henceforth be minimal, if at all.

Based upon all these factors, we believe that operational performance will improve and the division will return to good health.

Brajrajnagar plant

As reported last year, operations at this plant continue to remain suspended. Only 97 employees, who are mostly required for upkeep of the facility, now remain on the rolls of this plant. We have applied for coal linkage for a IPP project on the site and await its approval.

2.3 Business segment – Electricals 2.3.1. Industry structure and

development

Fans

slow down Because of in construction activities, the Indian fan industry registered a de-growth of -2.8% compared to the previous year. It has indeed been a long time since the industry saw a year of de-growth Most organised players in the Indian fan industry have reported lower volumes than the previous year. Orient is one of only two companies to have achieved positive growth during the year.

Ceiling fans constituted around 74% of the total demand for fans with table, pedestal, exhaust and industrial fans accounting for the balance.

Costs for the industry always remain under pressure because fluctuations in prices of commodities like copper, aluminium, paints etc.

On the other hand, Fan industry remains highly competitive with several organised players and a number of relatively smaller regional producers. It is therefore not possible always to pass on these increased costs to the market.

Therefore, successful players not only need to continuously achieve higher volumes but also to reduce through regular costs engineering, while maintaining quality and product innovations to attract customer preference.

Lighting

The lighting industry in India is estimated have grown by 15% during the year under review with CFLs and Luminaires growing by 21% and 20% respectively.

With power tariffs increasing and growing awareness on energy conservation, CFLs and energy efficient Luminaires are becoming increasingly popular.

Orient entered Lighting business 3



years ago and has been initially consolidating its position gradually in CFL and Luminaires segments of the lighting industry.

Household electrical appliances

Orient has entered this line of business for the first time just before last quarter of the financial year under review. The products covered by this segment include water heaters, air coolers, mixers/grinders/ juicers, electric irons, kettles, toasters etc.

The Indian market for these appliances is estimated to be worth ₹ 5200 crores and is estimated to be growing at the rate of around 12% per year. The market is being catered by about a dozen medium and large volume players.

With changing life styles and growing nuclear families, usage of these appliances is bound to grow rapidly and therefore this business presents a good potential for Orient's growth.

2.3.2 Opportunities and threats Fans

With increase in construction activities during the last 2 quarters, we believe that domestic demand for fans should revert to a healthy growth again. However, the segment will remain highly competitive and pricing power is likely to be limited.

International markets, particularly Africa and middle-east, present further scope for growth, although we face stiff competition from China in these markets. All the same, we are gradually closing the gap with our Chinese competitors and should be able to increase market share over the next few years.

Escalating costs remain an area of concern and therefore continuous value engineering led cost reductions are critical.

With rapid changes in customer preferences, it is also important to introduce new models and features more frequently.

Lighting

thrust Growing on energy conservation and increasing power tariffs are bound to drive demand for energy-efficient light sources.

At the same time, the business is likely to remain highly competitive with limited scope of increase in realisation to cover cost increases.

The CFL industry faces a huge challenge of high field returns mainly because of erratic and power fluctuation in several parts of the country. This causes further strain on margins.

Household Luminaires provide relatively better margins and are less prone to field returns.

All the same, there is huge growth opportunity in both these products and margins should improve with increase in volumes.

2.3.3 Segment review and analysis

We achieved growth of 5.3% in our fan volumes as against a negative growth of -2.8% in the industry as a whole. Obviously, this has been possible through increase in our market share across the entire product range.

We introduced a number of new and exciting models, which have been greatly appreciated customers. Simultaneously, we also further strengthened our distribution network to extend our market reach and penetration.

As a result sales of our fans increased to 69.25 lac units during the year from 65.48 lac units in the previous year.

While cost escalations arising out of frequent increase in commodity prices continued to put pressure on margins, we could offset part of the same by reduction in costs through concentrated actions on optimisation in all areas.

In this effort, we have also engaged the services of one of the most reputed International consulting organisation. While part of benefits from this initiative has been captured within the year under review, further benefits are expected to be derived in the coming year.

Lighting

We could achieve a growth of 44% in sales volume to reach 1.25 million



units this year as against 87 lac units in the previous year.

Our market share has thus increased from 3.3% last year to 4.2% during the year under review.

Apart from introducing several new SKUs, we have further increased our distribution reach and penetration across the Country.

Household appliances

While we have just introduced this product range in limited markets, we are highly encouraged by the initial response from customers and dealers alike.

Within a limited period of less than four months and restricted markets in which these products have been test marketed, we have been able to achieve sales of over fifty one thousand appliances.

We therefore see a good avenue for growth in this large market.

Overall

Net sales turnover of the division increased by 18% to ₹ 763.61 crores from ₹ 648.37 crores in the previous vear.

In spite of the cost escalations and initial expenditure on introduction of new product ranges, we could maintain similar level of PBIDT at ₹ 60.03 crores compared to ₹ 61.98 crores in the previous year.

2.3.4 Risks and concerns

Any slow-down in construction activity could affect demand growth

adversely.

Rising input costs remain an area of major concern.

2.3.5 Outlook

Fans

Our fan division continues to achieve increasing share in the domestic market. A spate of new products introduced during last year and those in the pipe line should enable us to further strengthen our competitive edge.

We also expect our export volumes to grow significantly based upon the response from our existing markets and as well as new territories being focused upon. New models specially designed for export markets will help in the process.

We have significantly increased our media spend including television, outdoor and print media. A new campaign has recently been launched and is being appreciated by the market. The brand recall is excellent.

Our capacity already stands expanded to 90 lac fans per year and we hope to achieve full utilisation of this capacity in the next couple of years.

Lighting

We are encouraged by the significant growth already achieved during the year under review.

Introduction of new SKUs and increase in quantum of in-house production should enable us to continue this growth momentum and improve our profitability from this business.

Household electrical appliances

We are particularly excited about our diversification in this segment. Initial response to our unique products designs has been quite encouraging.

While it will take us some time to achieve full potential and a healthy bottom line from this business, we remain convinced of its synergy with our electrical business and its long term growth potential.

Overall

Overall we expect our electrical business to steadily grow into a sizeable business with robust profitability.

3. Company's overall performance and analysis

Sales and profit

Our gross sales increased from ₹ 2175 crores in 2010-11 to ₹ 2764 crores in 2011-12, while net sales increased from ₹ 1959 crores to ₹ 2491 crores.

Despite challenges escalations and poor performance of our paper business, we achieved profit before depreciation and interest of ₹ 449 crores for the year against ₹ 333 crores in the previous year.

Net profit before tax also increased similarly from ₹ 209 crores in the preceeding year to ₹ 318 crores for



the year under review.

Net profit after tax (after deferred tax provision of ₹ 10.88 crores) was ₹ 212 crores this year against ₹ 143 crores last year.

This translates to an EPS of ₹ 10.94 and cash EPS of ₹ 16.06 for the year as against ₹ 7.42 and ₹ 12.94 respectively for the preceding year.

We invested ₹ 272.48 crores on capital projects during the year mostly out of internal generation.

The financial position of the Company continues to be fairly strong with our debt equity ratio at 0.25:1 and the DSCR of 5.57.

We believe that your Company has initiated a number of concrete steps in each of its businesses to unleash significant value through not only demerger of the cement business but also to achieve accelerated growth through diversification and expansion in the electricals and paper businesses as well.

4. Internal control systems and their adequacy

The Company has established adequate internal control systems, which provide reasonable assurances with regard safeguarding Company's assets, promoting operational efficiencies and ensuring compliance with various statutory provisions. The internal audit department regularly reviews internal control systems in business processes and verifies

compliance with the laid down policies and procedures. Reports of the internal audit department are reviewed by the senior management and are also placed before and comprehensively discussed at the meetings of the Audit Committee. The Audit Committee reviews the adequacy of internal control systems, audit findinas suggestions. The internal audit department also keeps a track of and monitors the progress implementation of suggestions for improvements.

The Company's statutory auditors regularly interact with the Audit Committee to share their findings and the status further under improvement actions implementation.

5. Human resource development/Industrial relations

The Company has adopted a progressive policy to develop its human resources through continuous training and motivation, to achieve greater efficiencies and competencies. Progress made by the Company was possible in no small measure by efforts of the entire team. The total number of permanent employees as on 31 March 2012 was 3,807.

We have also taken concrete steps to improve organizational health by creating focused management teams in each of our businesses with specific targets for growth in volumes and profitability while building and retaining talent.

Industrial relations were harmonious at all our units. Safety, welfare and training at all employee levels continue to be areas of major focus for the Company.

6. Cautionary statement

Statements in this report on management discussion and analysis relating to the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable security laws or regulations. These statements are based upon certain assumptions and expectations of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, selling prices, raw material costs and availability, changes in government regulations and tax structure, general economic developments in India and abroad, factors such as litigation, industrial relations and other unforeseen events.

Company assumes responsibility in respect of forwardlooking statements made herein which may undergo changes in future on the basis of subsequent developments, information events.



(As required under Clause 49 of the Listing Agreement entered into with the stock exchanges)

I. Company's philosophy on **Corporate Governance**

The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and enhancing stakeholders' value. The Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way so as to create value that can be sustained on a long-term

basis for all its stake-holders, including shareholders, employees, customers, government and the lenders. In addition to compliance with the regulatory requirements, the Company endeavours to ensure the highest standards of ethical conduct throughout the organisation.

II. Board of Directors

(a) Composition of the Board

The Board of Directors comprises

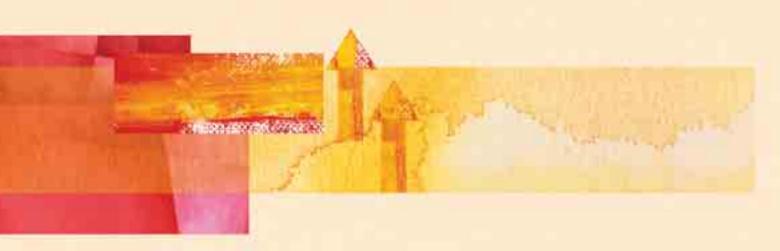
five members, consisting of four Non-Executive Directors who account for about 80% of the Board's strength as against the minimum requirement of 50% as per the Listing Agreement. The Non-Executive Directors are eminent professionals with rich experience in business and industry, finance, law and public enterprises. composition of the Board is as under:

Name of the Director	Category of the Director	Number of other Directorship(s) held*	Number of Board Committee (s) of which he is a member**	Number of Board Committee (s) of which he is a Chairman *
Sri C. K. Birla	Chairman Non-Executive	7	-	-
Sri B. K. Jhawar	Independent Non-Executive	4	1	-
Sri P. K. Sen #	Independent Non-Executive	-	-	-
Sri A. Ghosh	Independent Non-Executive	12	10	5
Mr. Michael Bastian	Independent Non-Executive	4	6	3
Sri M. L. Pachisia	Managing DirectorExecutive	10	3	1

^{*} Excluding Directorships in private limited companies and foreign companies.

^{**} Includes the membership/chairmanship only of Audit Committee(s) and Shareholders'/ Investors Grievances Committee(s).

[#] Ceased to be a Director during the year w.e.f. 8th August, 2011.



(b) Details of sitting fee, remuneration, among others, paid to Directors

Name of the Director		aid during 2011-12 and sittir oard and/or Committee the	
	Fee	Commission	Total
Shri C. K. Birla	1,00,000	2,00,00,000	2,01,00,000
Shri B. K. Jhawar	1,40,000	10,00,000	11,40,000
Shri P. K. Sen (ceased wef 08.08.2011)	-	3,53,425*	3,53,425
Shri A. Ghosh	1,80,000	10,00,000	11,80,000
Mr. Michael Bastian	2,40,000	10,00,000	12,40,000

^{*}Paid for the period from 01.04.2011 to 07.08.2011

Shri M. L. Pachisia	Remuneration (₹) *
Salary and perquisites	2,65,25,502
Contributions to P.F./Superannuation Fund	25,14,600
Total	2,90,40,102

^{*} The above remuneration does not include contribution to Gratuity Fund.

The appointment of Managing Director is contractual in nature for a period of two years with effect from 23 September 2011, as approved by the Directors and is terminable by either side on three months' notice. No severance fee is payable to the Managing Director upon termination of his employment.

Details of shares held by Directors

Name of the Director	Number of shares held
Shri C. K. Birla	28,97,570
Shri B. K. Jhawar	Nil
Shri P. K. Sen(ceased wef 08.08.2011)	-
Shri A. Ghosh	7,000
Mr. Michael Bastian	24,000
Shri M. L. Pachisia	36,640



(c) Number of Board Meetings held and attended by Directors

- (i) Five meetings of the Board of Directors were held during the year ended 31 March 2012 on the following dates
- 27 April, 2011, 27 July, 2011, 2 November, 2011, 30 January, 2012 and 7 March, 2012
- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31 March 2012 and of the last Annual General Meeting is as under

Directors	Number of Board Meeting attended	Attendance at the last AGM	
Shri C. K. Birla	5	No	
Shri B. K. Jhawar	2	No	
Shri P. K. Sen (ceased wef 08.08.2011)	-	No	
Shri A. Ghosh	5	Yes	
Mr. Michael Bastian	5	Yes	
Shri M. L. Pachisia	5	No	

III Audit Committee

- (i) The Audit Committee comprises of three Independent Member -Directors namely
- (1) Shri A. Ghosh (2) Shri B. K. Jhawar
- (3) Mr. Michael Bastian

All the members of the Audit Committee are Non-Executive Directors. Shri A. Ghosh is the Chairman.

(ii) Four Audit Committee meetings were held on 27 April 2011, 27 July 2011, 2 November, 2011 and 30 January, 2012. The attendance of each Audit Committee member was as under:

Name of the Audit Committee member	Number of meetings attended
Shri A. Ghosh	4
Shri B.K. Jhawar	2
Shri P.K. Sen (ceased wef 08.08.2011)	-
Mr. Michael Bastian	4

(iii) At the invitation of the Company, Statutory Auditors, Managing Director, President (Finance) and CFO and the Head of internal audit also attended the Audit Committee Meetings to brief the Committee and to answer and clarify queries raised at the Committee meetings. The Company Secretary acts as the Committee's Secretary. The concerned officers from the Company's different plants are also invited to the Audit Committee meetings to brief the Committee and clarify any queries raised by the Committee, as and when required.

(iv) The role and terms of reference of the Audit Committee cover the matters specified for committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

IV. Management Committee

Committee Management comprises of one Independent



Member Directors and one Executive Director namely

1. Shri B. K. Jhawar 2. Shri M. L. Pachisia

Except Shri M. L. Pachisia, Managing Director, other member of the Management Committee is Non-Executive Directors. Shri M. L. Pachisia is the Chairman.

The Management Committee meets as and when necessary to attend day-to-day affairs and urgent business and is empowered to do all such acts and deeds the Board is empowered to do, subject to the provisions of the Companies Act, 1956.

Two Committee meetings were held during the year on 27 December 2011 and 23 February, 2012. The attendance of each Committee member was as under

Name of	Meetings
the member	attended
Shri M. L. Pachisia	2
Shri B. K. Jhawar	2
Shri P. K. Sen (ceased	
wef 08.08.2011)	-

V. Remuneration Committee

The Remuneration Committee of the Directors of the Company comprises two Independent Directors namely:

- 1. Shri B. K. Jhawar
- 2. Shri P. K. Sen(ceased wef 08.08.2011)
- 3. Mr. Michael Bastian

Shri B. K. Jhawar is the Chairman of the Remuneration Committee.

Remuneration Committee meeting was held during the year on 17 June.2011.

The attendance of each Committee member was as under:

Name of	Meetings
the member	attended
Shri B. K. Jhawar	1
Shri P. K. Sen(ceased	-
wef 08.08.2011)	
Mr. Michael Bastian	1

VI. Shareholders/Investors' **Relation Committee**

(a) The Shareholders/Investors' Relation Committee comprises one Non-Executive Director namely Mr. Michael Bastian and an Executive Director Shri M. L. Pachisia. Mr. Michael Bastian is the Chairman. Shri S. L. Saraf, the Company Secretary was designated as the Compliance Officer.

During the year ended 31 March 2012, 22 complaints received from the shareholders/debenture holders were attended on time and there were no grievances pending as on 31 March 2012. There were no share transfers pending for registration for more than 30 days as on 31 March 2012.

Two Shareholders/Investors Relation Committee meeting were held on 27 April 2011 and 2 November 2011. The attendance of each Committee member was as under

Name of	Meetings
the member	attended
Shri P. K. Sen (ceased wef 08.08.2011)	-
Shri M. L. Pachisia	2
Mr. Michael Bastian	2



(b) Details of Directors seeking reappointment at the ensuing Annual General Meeting fixed on date are given hereunder

i) Name of the Director	Mr.Michael Bastian	
Date of appointment	27 October 2009 Chartered Accountant having vast experience in Finance, Banking, Treasury operations, investment and Human Resources Development	
Expertise in specific functional area		
List of other Directorship held (excluding Directorship in Private Limited and Foreign Company)	Elder Pharmaceuticals Ltd. Indian Oil Corporation Ltd. Artsons Engineering Ltd. Bangalore Stock Exchange Ltd.	
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Orient Paper & Industries Ltd Member Audit Committee and Chairman and Member Shareholders / Investors Relation Committee Indian Oil Corporation Ltd Chairman and Member Audit Committee Elder Pharmaceuticals Ltd. Chairman and Member Audit Committee Artsons Engineering Ltd. Member Audit Committee Bangalore Stock Exchange Ltd. Member Audit Committee	
i) Name of the Director	Shri B.K. Jhawar	
Date of appointment	21st July,1983	
Expertise in specific functional area	Industrialist with vast Business experience.	
List of other Directorship held (excluding Directorship in Private Limited and Foreign Company)	Usha Martin Ltd. KGVK Agro Ltd. KGVK Social Enterprises Ltd. Usha Communications Technology Ltd,BVI	
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Orient Paper & Industries Ltd. Member Audit Committee	



VII. Code of Conduct for **Directors and senior** management

A Code of Conduct as applicable to the Directors and the members of the senior management was approved by the Board and the same

is being duly abided by all of them. Declaration to this effect was obtained from the Managing Director.

VIII. Compliance certificate

Compliance certificate for Corporate Governance from auditors of the Company is annexed herewith.

ix. General Body Meetings

(a) The details of Annual General Meetings and Extra Ordinary General Meetings held in last three years are as under

	Day	Date	Time	Venue
AGM	Thursday	3 September 2009	12.30 p.m.	Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar (Orissa)
AGM	Friday	06 August 2010	12.30 p.m.	-do-
EGM	Monday	07 March 2011	12.30 p.m.	-do-
AGM	Monday	08 August 2011	12.30 p.m.	-do-

- (b) Whether special resolutions were put through postal ballot last three years? Yes
- (c) Are special resolutions proposed to be put through postal ballot this year? Yes, if required

The Company will follow the procedure prescribed under Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

X. Disclosures

- (i) There were no related party transactions that may have potential conflict with the Company's interest at large.
- (ii) No penalties or strictures were imposed on the Company by stock exchanges or the SEBI or any statutory authority on any matter related to capital markets during the last three years.

XI. Means of communication

(i) Half-yearly report sent to each household of shareholders

(ii) Quarterly results which news papers normally publish in

Nο

Economic Times in (all editions), Utkal Mail (in oriya language published from Bhubaneswar)

and also put on Company's website

www.orientpaperindia.com

(iii) Whether MD & A is a part of this Annual Report

- Yes

XII. General shareholder information

a. Annual General Meeting to be held Day, date, time and venue

Day: Monday

Date: 13th August, 2012

Time: 12.30 pm

Venue: Unit - VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012. Orissa



b. Financial calendar 2012-13

First quarterly results Second quarterly results Third quarterly results

Audited yearly results for the year ending 31 March 2013

c. Dates of book closure

d. Listing on stock exchanges

Before 14 August 2012 Before 14 November 2012 Before 14 February 2013 Before end of May 2013

- 28th July,2012 to 3rd August,2012 (both days inclusive)
- 1. The Bombay Stock Exchange Ltd Phiroze Jeejeebhoi Towers, Dalal Street, Fort, Mumbai – 400001
- 2. The National Stock Exchange of India Ltd Exchange Plaza, 5th floor, Plot No. C/1, G Block Bandra - Kurla Complex, Bandra East, Mumbai - 400 051

Note: Listing fee was paid to The Bombay Stock Exchange Ltd and The National Stock Exchange of India Ltd for the year 2012-13.

e. Stock/Company/Security common code

Equity shares

The Bombay Stock Exchange Ltd 502420 The National Stock Exchange of India Ltd **ORIENTPPR**

f. Market price data

The details of monthly highest and lowest closing quotations of the Company's equity shares on The National Stock Exchange of India Ltd during financial year 2011-12 are as under

Quotation at The National Stock Exchange Ltd

Month	High	Low
April 2011	61.25	54.10
May 2011	60.85	55.30
June 2011	62.00	55.90
July 2011	65.95	53.20
August 2011	63.00	52.55
September 2011	62.95	57.05
October 2011	61.10	56.55
November 2011	64.85	48.00
December 2011	52.00	43.70
January 2012	54.00	47.00
February 2012	64.00	51.00
March 2012	62.00	54.55



g Registrar and Transfer Agents:

M/s MCS Limited, 77/2A, Hazra Road, Kolkata-700 029 is acting as the Company's Registrar and Share Transfer Agents.

h Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Officers of the Registrars were authorised to approve transfers and the same were also approved by the Committee of Directors/Shareholders/Investors Relation.

i Distribution of shareholding

The shareholding distribution of equity shares as on 31 March 2012 is given below

Serial number	Number of equity shares held	Number of folios	Number of shares	% of shareholding
1	1 - 500	15,686	25,44,088	1.24
2	501 - 1,000	2,187	18,57,063	0.91
3.	1,001 - 2,000	1,265	19,93,126	0.97
4.	2,001 - 3,000	556	14,68,297	0.72
5.	3,001 - 4,000	288	10,56,583	0.52
6.	4,001 - 5,000	248	11,82,460	0.58
7.	5,001 - 10,000	435	31,99,167	1.56
8.	10,001 - 50,000	354	72,01,218	3.51
9.	50,001 - 1,00,000	55	39,09,732	1.91
10.	1,00,001 and above	97	18,04,57,026	88.08
	Total	21,171	20,48,68,760	100.00

j Shareholding pattern as on 31 March 2012

SI No.	Category	Number of folios	% of folios	Number of shares	% of shareholdings
1	Promoters	18	0.08	7,68,29,922	37.50
2.	Mutual funds and UTI	54	0.26	4,48,35,290	21.88
3.	Banks, financial institutions, insurance companies (central and state government institutions/non-government institutions)	18	0.08	2,66,57,832	13.01
4.	Pvt. corporate bodies	701	3.31	2,66,25,047	13.00
5.	Indian public	19,964	94.30	2,19,35,256	10.71
6.	NRIs/OCBs/FIIs	416	1.97	79,85,413	3.90
	Total	21,171	100	20,48,68,760	100.00



k Dematerialisation of equity

The Company's shares are currently traded only in dematerialised form on two stock exchanges namely The National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd. To facilitate trading in dematerialised form, the Company entered into agreements with both the depositories namely The National Securities Depository Ltd (NSDL) and The Central Depository Services (India) Ltd (CDSL). Shareholders can open accounts with any of the depository participants registered with any of these depositories. As on 31 March 2012, about 98.65% of the Company's shares were in dematerialised form.

I. Unclaimed Shares

Pursuant to the requirement of clause 5a(ii) of the Listing

Agreement entered into with the Stock Exchanges, three reminders were issued to the holders of unclaimed equity shares of the company at their registered address, the company has opened an unclaimed suspense account under a style 'Orient Paper & Industries Ltd.- Unclaimed Suspense Account' and 758110 equity shares were transferred to the said account. (174 unclaimed cases)

Company ISIN No. INE 592A01026

m. Plants (manufacturing units)

- 1) Orient Paper Mills
- P.O. Amlai Paper Mills 484117 Dist. Shahdol (MP)
- 2) Orient Cement
- P.O. Devapur Cement Works Dist. Adilabad - 504218 (AP)
- 3) Orient Cement Nashirabad, Dist. Jalgaon (MS)

- 4) Orient Fans
- 6, Ghore Bibi Lane Kolkata - 700054
- 5) Orient Fans
- 11, Industrial Estate, Sector 6, Faridabad - 121006
- 6) Orient Fans
- 17, Taratalla Road, Kolkata-700088
- n. Address for correspondence Orient Paper & Industries Ltd Birla Building, 13th Floor 9/1, R. N. Mukherjee Road Kolkata - 700001 Email ID:

cosec@orientpaperindia.com

The above report was placed before the Board at its meeting held on 2 May, 2012 and was approved.



AUDITORS' CERTIFICATE

То

The Members of

Orient Paper and Industries Limited

We have examined the compliance of conditions of corporate governance by ORIENT PAPER AND INDUSTRIES LIMITED, for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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 S. R. BATLIBOI & CO.

Firm Registration Number-301003E CHARTERED ACCOUNTANTS

per Raj Agrawal

New Delhi 2nd May 2012

Partner Membership No. 82028



FINANCIAL SECTION



Auditors' Report

To

The Members of

ORIENT PAPER & INDUSTRIES LIMITED

- 1. We have audited the attached Balance Sheet of ORIENT PAPER & INDUSTRIES LIMITED (the Company) as at 31st March, 2012 and also the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- As stated in to Note No.40, no provision has been made for Water Tax demand amounting to Rs.21879.32 lacs (including interest and penalty) since the Company's application for waiver thereof is under consideration by the Government of Madhya Pradesh. Had the above liability been considered, profit for the year would have been Rs. 6447.01 lacs (after considering tax impact) as against the reported profit of Rs. 21227.58 lacs and reserves & surplus as at the balance sheet date would have been Rs.95027.79 lacs as against the reported figure of Rs.109808.36 lacs.

In respect of above, the previous year's audit report was similarly modified.

- 5. Further to our comments in the Annexure referred to above :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

- ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet, the Statement of Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors as on
 - 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as Director in terms of Clause (g) of subsection (1) of section 274 of the Companies Act, 1956:
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said statements of account, except for the possible impact of our comments on the matter stated in para (4) above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - in the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E Chartered Accountants

per Raj Agrawal

Place: New Delhi. Date: 2nd May,2012

Partner Membership No. 82028

annexure to the auditors' report (referred to in our report of even date to the members of orient paper & industries limited as at and for the year ended 31st march, 2012)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification (except for assets of the written down value of Rs.1416.86 lacs at Brajrajnagar unit, due to suspension of production activities) which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. However, discrepancies, if any, at Brajrajnagar unit are unascertainable due to non verification of fixed assets for the reasons mentioned
 - There was no disposal of a substantial part of fixed assets during the year.
- ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year except for the value of Rs.32.90 lacs at Brajrajnagar unit, due to suspension of production activities.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification. However, discrepancies, if any, at Brajrajnagar unit are unascertainable due to non verification of inventories for the reasons mentioned in (a) above.
- a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- In our opinion and according to the information and iv) explanations given to us, and having regard to the explanation that some of the items purchased are of a proprietory nature and alternate sources do not exist for obtaining quotations thereof, it appears that there is an

- adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the above section, have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- The Company has not accepted any deposit from the public.
- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of paper, cement, electrical consumer durables and chemicals and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- ix) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and other material statutory dues applicable to it though there have been slight delays in certain cases and also certain payments are not yet made as indicated in (b)
 - b) According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues outstanding at the year end for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of the dues	Amount (Rs in lacs)	Period to which the amount relates	Due Date	Date of Payment
Orissa Municipal Act	Industrial Licence Fees	21.10	1996-97 to 2010-11	Beginning of the respective years	Not yet Paid
Electricity Duty Act (Orissa)	Interest on duty payable on own generation of power	74.43	1998-99 to 2009-10	Subsequent month after accrual	Not yet Paid



(c) According to the records of the Company, the dues outstanding in respect of sales tax, income tax, custom duty, wealth tax, service tax, excise duty & cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on inputs and capital goods	1979-83, 1986-98, 2000-2010	778.08	Deputy/Assistant Commissioner/ Commissioner/ High Court/ CESTAT
	Inclusion of interest in Assessable value	1994-96	10.99	Dy. Commissioner/ Commissioner
	Disallowance of refund on post manufacturing expenses of paper	1976-77 to 1983-84	149.06	Deputy Commissioner
	Differential duty on manufacture of paper/ duty on various inputs due to difference in classification/ Duty on shortage /excess etc.	1975 to 1977, 1978 to 1985, 1993-97, 2000-01, 2002-03 & 2005-07	47.49	Asst Commissioner/ Deputy Commissioner/ Commissioner Appeals/Addl. Commissioner/ Jt. Commissioner
A. P. Sales Tax/AP Vat Act/ Central Sales Tax Act, 1956	Demand on second sales and freight charges realized separately by raising debit invoices and other matters	1983-85, 1990-91, 1993-94 to 2004-05 & 2009-10	282.23	Asst. Commissioner/ Appellate Dy. Commissioner/ Sales Tax Appellate Tribunal/High Court.
MP Sales Tax Act,1961/ Central Sales Tax Act 1956	Demand with respect to disallowance of cash discount, levy of higher rate of purchase tax, difference in classification of goods etc.	1998-99, 2000-02 & 2005-06	59.27	Deputy Commissioner Appeals/ Appellate Board/High Court
Other State/Central Sales Tax Acts	Sales tax on stock transfer/export sales, non submission of forms, penalty etc.	Various	212.51	Asst. Commissioner/ Deputy commissioner/ Sales Tax officer / Sales Tax Appellate Tribunal/ High court/ Supreme Court
Income Tax Act,1961	Tax deducted at source & interest thereon	2006-07 to 2008-09	2,699.77	Commissioner (Appeals)
M.P. Upkar Adhinium, 2004	Energy development cess on consumption of Captive power including surcharge	2001-2002 to 2011-12	3,090.61	Supreme Court

- The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and in the immediately preceding financial year.
- Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the Order are not applicable.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- xv) According to the information and explanations provided to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term

basis have been used for long-term investment.

- xviii) The Company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- According to the information and explanations given to us, the Company had created security in respect of debentures issued in earlier years and outstanding during the year.
- The Company has not raised any money through a public issue during the year.
- Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO.

Firm Registration Number: 301003E Chartered Accountants

> per Raj Agrawal Partner Membership No. 82028

Place: New Delhi. Date: 2nd May,2012

Balance Sheet as at 31st March, 2012

(₹ in lacs)

Reserves and surplus 4 109,808.36 86,8 Money received against Share Warrants - 1,7 111,857.15 90,2 Non-current liabilities Long-term borrowings 5 14,890.52 27,2 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 1 Long-term provisions 7 1,893.54 1,7	028.77 515.97 717.50 262.24 285.54 535.51
Share capital 3 2,048.79 2,048.79 Reserves and surplus 4 109,808.36 86,8 Money received against Share Warrants - 1,7 111,857.15 90,2 Non-current liabilities Long-term borrowings 5 14,890.52 27,2 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 1,7 Long-term provisions 7 1,893.54 1,7	262.24 285.54 535.51 127.01
Reserves and surplus 4 109,808.36 86,8 Money received against Share Warrants - 1,7 111,857.15 90,2 Non-current liabilities Long-term borrowings 5 14,890.52 27,2 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 1 Long-term provisions 7 1,893.54 1,7	262.24 285.54 535.51 127.01
Money received against Share Warrants – 1.7 Non-current liabilities Long-term borrowings 5 14,890.52 27,7 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 1 Long-term provisions 7 1,893.54 1,7	717.50 262.24 285.54 535.51 127.01
Non-current liabilities 5 14,890.52 27,2 Long-term borrowings 5 14,623.49 13,8 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 1,7 Long-term provisions 7 1,893.54 1,7	262.24 285.54 535.51 127.01
Non-current liabilities 5 14,890.52 27,3 Long-term borrowings 5 14,890.52 27,3 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 6 Long-term provisions 7 1,893.54 1,7	285.54 535.51 127.01
Long-term borrowings 5 14,890.52 27,3 Deferred Tax Liabilities (Net) 14 14,623.49 13,8 Other long-term liabilities 6 87.43 1,7 Long-term provisions 7 1,893.54 1,7	535.51 127.01
Deferred Tax Liabilities (Net) 14 14,623.49 13,5 Other long-term liabilities 6 87.43 Long-term provisions 7 1,893.54 1,7	535.51 127.01
Other long-term liabilities687.43Long-term provisions71,893.541,7	127.01
Long-term provisions 7 1,893.54 1,7	
31,494.98 42,0	746.19
	694.25
Current liabilities	
Short-term borrowings 8 23,678.61 18,6	647.22
Trade payables 9 22,171.07 18,9	945.13
Other current liabilities 9 29,433.76 17,8	36.82
Short-term provisions 7 4,387.80 5,0	079.40
79,671.24 60,8	508.57
Total 223,023.37 193,4	165.06
Assets	
Non-current assets	
Fixed assets	
Tangible assets 10 122,051.98 118,4	100.92
Intangible assets 11 1,138.42 1,	153.78
Capital work-in-progress 14,427.33 1,6	665.91
Expenditure on Expansion/New projects (pending allocation) 12 2,920.58 1,0	061.71
Non-current investments 13 901.65	903.84
Long-term loans and advances 15 3,697.05 6,6	520.21
145,137.01 129,8	306.37
Current assets	
Current investments 17 7,844.14 5,7	727.70
Inventories 18 19,642.66 16,4	123.45
Trade receivables 16.1 34,695.05 23,9	965.29
Cash and bank balances 19 5,149.19 5,8	383.91
Short-term loans and advances 15 9,893.97 11,2	283.64
Other current assets 16.2 661.35	374.70
77,886.36 63,6	558.69
Total 223,023.37 193,4	465.06
Summary of significant accounting policies 2.1	

S. L. Saraf secretary P. K. Sonthalia President (Finance) and CFO

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi

Dated: 2nd May, 2012

For and on behalf of the board of directors

C. K. Birla Chairman

M. L. Pachisia Managing Director



Statement of profit and loss for the year ended 31st March, 2012

(₹ in lacs)

	Notes	31st March, 2012	31st March, 2011
INCOME			
Revenue from operations (gross)	20	276,378.14	219,599.78
Less: excise duty		27,314.40	21,603.21
Revenue from operations (net)		249,063.74	197,996.57
Other income	21	2,229.49	1,667.12
Total revenue (I)		251,293.23	199,663.69
Expenses			
Cost of raw material & components consumed	22	73,946.68	60,923.89
Purchase of traded goods	23	12,500.41	9,068.61
(Increase) / decrease in inventories of finished goods,	23	(1,398.72)	397.43
work-in-progress and traded goods			
Employee benefits expense	24	14,676.30	11,914.09
Other expenses	25	106,660.81	83,863.64
Total (II)		206,385.48	166,167.66
Earnings before interest, tax, depreciation and		44,907.75	33,496.03
amortization (EBITDA) (I) - (II)			
Depreciation and amortization expense	26	8,900.93	8,209.09
Less: Recoupment from revaluation reserve		60.89	60.89
Net depreciation and amortization expense		8,840.04	8,148.20
Finance costs	27	4,233.22	4,396.71
Profit before tax (including ₹ 35,940.90 lacs (31 March 2011:		31,834.49	20,951.12
₹ 21,340.33 lacs) for discontinuing operations - Refer Note No. 28)			
Tax expenses			
Current tax [including ₹ 50.39 lacs (31 March 2011: ₹ 36.47 lacs) for	earlier years]	9,555.39	4,239.97
Less: MAT Credit Entitlement		36.46	107.00
Net Current Tax Expense		9,518.93	4,132.97
Deferred tax		1,087.98	2,507.70
Total tax expense (including ₹ 12,159.96 lacs (31 March 2011:		10,606.91	6,640.67
₹ 6,883.56 lacs) for discontinuing operations - Refer Note No. 28)			
Profit for the year (including ₹ 23,780.94 lacs (31 March 2011:		21,227.58	14,310.45
₹ 14,456.78 lacs) for discontinuing operations - Refer Note No. 28)			
Earnings per equity share [nominal value of share ₹ 1 (31 March 201	1: ₹1] 30		
Basic	₹	10.94	7.42
Diluted	₹	10.94	7.41
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi

Dated: 2nd May, 2012

S. L. Saraf secretary P. K. Sonthalia President (Finance) and CFO

C. K. Birla Chairman

For and on behalf of the board of directors

M. L. Pachisia Managing Director

Cash Flow Statement for the year ended 31st March, 2012

(₹ in lacs)

	01 - 14 - 1 - 0010	(< In lacs)
	31st March, 2012	31st March, 2011
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	31834.49	20951.12
Adjustments for :		
Depreciation	8840.04	8148.20
Interest Expense	4007.85	4177.61
Other Borrowing Cost	225.37	219.10
Loss on Fixed Assets Sold/Discarded(Net)	46.45	90.07
Irrecoverable loans, debts & advances written off	42.41	18.96
Provision for Doubtful Loan, Debts & Advances	135.84	71.30
Provision for Diminution in value of Investments	(8.00)	(8.06)
Unrealised Foreign Exchange Loss/(Gain) (Net)	(32.84)	4.60
Interest & Dividend Income	(805.02)	(599.78)
	44286.59	33073.12
Operating Profit before Working Capital Changes :		
Increase in Trade Payables, Other Liabilities & Provisions	6079.00	5825.41
(Increase) in Trade Receivables	(10,845.62)	(5640.70)
(Increase) in Loans & Advances and Other Assets	(1717.63)	(2570.67)
(Increase) in Inventories	(3,219.21)	(1392.52)
CASH GENERATED FROM OPERATIONS:	34583.13	29294.64
Direct Taxes Paid (Net)	(6427.95)	(5638.80)
NET CASH FROM OPERATING ACTIVITIES	28155.18	23655.84
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	55.30	131.32
Purchase of Investments (Net)	(2102.51)	(1926.61)
Interest Received	281.46	140.44
Dividend Received	528.18	449.66
Purchase of Fixed Assets	(23454.54)	(17951.45)
Fixed Deposits	(13.07)	(11.67)
Loans (given)	-	(0.35)
NET CASH USED IN INVESTING ACTIVITIES	(24705.18)	(19168.66)



Cash Flow Statement (Contd.)

(₹ in lacs)

	31st March, 2012	31st March, 2011
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(2979.15)	(3121.82)
Increase/(Decrease) in other loans (Net)	5031.39	6165.67
Issue of Equity Shares	90.02	0.10
Issue of Share Warrant	-	1717.50
Premium on Issue of Equity Shares	5,063.04	3.53
Interest Paid	(5496.17)	(4476.88)
Other Borrowing Cost	(225.37)	(219.10)
Redemption of Preference Shares	(100.29)	(0.12)
Dividend Paid	(4789.82)	(2868.27)
Preference Dividend Paid	(7.92)	(6.00)
Dividend Tax Paid	(783.52)	(481.54)
NET CASH FROM /(USED IN) FINANCING ACTIVITIES	(4197.79)	(3286.93)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(747.79)	1200.25
* Cash & Cash Equivalents - Opening Balance	5872.24	4669.74
Add: Cash Balance transferred from Amalgamating Company	-	2.25
Total Cash & Cash Equivalents - Opening Balance	5872.24	4671.99
* Cash & Cash Equivalents - Closing Balance	5124.45 **	5872.24

Represents Cash and Bank Balances as indicated in Note No 19 and excludes ₹ 24.74 lacs (₹ 11.67 lacs) being Fixed Deposits with maturity of more than three months.

Note: The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

S. L. Saraf secretary P. K. Sonthalia President (Finance) and CFO

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi

Dated: 2nd May, 2012

For and on behalf of the board of directors

C. K. Birla Chairman

M. L. Pachisia Managing Director

Includes ₹ 99.91 lacs (₹ 67.77 lacs) lying in Unpaid Dividend Account and ₹ 23.59 lacs (₹ 9.95 lacs) of receipts/pass books lodged with Government Departments/Banks as security.

Notes 01 CORPORATE INFORMATION

Orient Paper & Industries Ltd. (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in manufacture & sale of Cement, Paper, Electrical Consumer Durables, Chemicals, Industrial Blowers and Air Pollution Control Equipments. The Company presently has manufacturing facilities at Devapur, Jalgaon, Amlai, Brairajnagar, Faridabad & Kolkata.

Notes 02 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained in 2.1 (a) below.

2.1 Summary of significant accounting policies

(a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible fixed assets

Fixed Assets are stated at cost or revalued amount, as the case may be, less accumulated depreciation/amortisation and impairment losses, if any. The cost comprises the purchase price inclusive of duties (net of cenvat / VAT), taxes, incidental expenses, erection / commissioning expenses etc. and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. In case of revaluation of fixed assets, the original cost as written-up by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on an existing fixed asset, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.



Notes 02 BASIS OF PREPARATION (Contd.)

(d) Depreciation on tangible fixed assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided under Straight Line Method (except for furniture, fixtures and vehicles valuing ₹ 1.336.31 lacs (31st March 2011, ₹ 1.304.94 lacs) where Written Down Value method is followed) at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher. As per the above policy, depreciation on the following assets has been provided at rates which are higher than the corresponding rates prescribed in Schedule XIV.

	Estimated Useful Life
Non-Factory Buildings (Chemical Unit)	26-55 years
Plant & Machinery:	
Mercury Cell Division (Chemical Unit)	3.5 years
Other Plant & Machinery (Chemical Unit)	1-17 years
Moulds & Dies (Electrical Consumer Durables Division)	3 years
Mist Chamber (Paper Plant)	8 years
RMC Plant (Cement Unit)	5 years

Depreciation on revalued assets is provided at the rates specified under section 205 (2) (b) of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher. Additional depreciation charged on revalued amount of assets is recouped from the revaluation reserve.

Depreciation on fixed assets added / disposed off during the period is provided on pro-rata basis with reference to the date of addition/disposal.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes 02 BASIS OF PREPARATION (Contd.)

Intangible assets being Specialized Software and Mining Rights are amortised on a straight line basis over a period of 3 years and 10 years respectively.

(f) Leases

Operating Lease:

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

(g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

(h) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for a previously revalued tangible fixed asset, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the



Notes 02 BASIS OF PREPARATION (Contd.)

asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Investment property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management, or that prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(k) Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which

Notes 02 BASIS OF PREPARATION (Contd.)

they will be incorporated are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average / transaction moving weighted average method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on annual weighted average basis.

By-products are valued at net realisable value.

Saleable scrap, whose cost is not identifiable, is valued at net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

Certified emission reduction (CER) credits

Income from certified emission reduction (CER) credits is recognized at estimated realisable value on confirmation of CERs by the concerned authorities.

Claims / Refunds

Insurance & other claims / refunds, due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

(m) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. Investment in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.



Notes 02 BASIS OF PREPARATION (Contd.)

Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset / liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense / income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

(n) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Superannuation Schemes are defined contribution schemes and the contributions are charged to the Statement of Profit & Loss of the year when the contributions to the respective funds are due. The Company has no obligations other than the contributions payable to the respective funds.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Future monthly installments payable under Voluntary Early Retirement Scheme in respect of the employees who opted for the said scheme and due beyond 12 months, are discounted to its net present value.

(o) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period,

Notes 02 BASIS OF PREPARATION (Contd.)

to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under The Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(p) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.



Notes 02 BASIS OF PREPARATION (Contd.)

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

(r) Provisions

A provision is recognized when the Company has a present obligation as a result of 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 not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Warranty Provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Provision is based on historical experience. The estimate of such warranty-related costs is revised annually.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(t) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(u) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gains, are ignored as a matter of prudence.

(v) Excise Duty & Custom Duty

Excise duty on Finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(w) Shares/ Debentures Issue Expenses

Shares/Debentures issue expenses (net of tax) including redemption premium are adjusted against Securities Premium Account.

(₹ in lacs)

	31st March, 2012	31st March, 2011
Notes 03 SHARE CAPITAL		
Authorized shares (No. in lacs)		
7,500 (31 March 2011: 7,500) Equity Shares of ₹ 1/- each	7,500.00	7,500.00
25 (31 March 2011: 25) Preference Shares of ₹100/- each	2,500.00	2,500.00
Issued Shares (No. in lacs)		
2,048.88 (31 March 2011: 1,928.88) Equity Shares of ₹1/- each	2,048.88	1,928.88
- (31 March 2011: 1) 6% Redeemable Non -Cumulative		
Preference Shares of ₹100/- each	-	100.00
Total issued capital	2,048.88	2,028.88
Subscribed and paid-up shares (No. in lacs)		
2,048.69 (31 March 2011: 1,928.85) Equity Shares of ₹1/- each	2,048.69	1,928.85
Less: Calls in arrear	-	0.10
Add: Forfeited shares (Amount Originally Paid-Up)	0.10	0.02
	2,048.79	1,928.77
- 31 March 2011: 1) 6% Redeemable Non-Cumulative		
Preference Shares of ₹100/- each	-	100.00
Total subscribed and paid-up share capital	2,048.79	2,028.77

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period Equity shares

	31st March, 2012		31st March, 2011			
	No. in lacs	₹ in lacs	No. in lacs	₹ in lacs		
At the beginning of the period	1,928.85	1,928.77	1,928.85	1,928.77		
Issued during the period - on conversion of share warrants	120.00	120.00	_	_		
Shares forfeited during the year	0.16	0.08	_	_		
Outstanding at the end of the period	2,048.69	2,048.69	1,928.85	1,928.77		

Preference shares

	31st March, 2012		31st March, 2011	
	No. in lacs	₹ in lacs	No. in lacs	₹ in lacs
At the beginning of the period	1.00	100.00	1.00	100.00
Redeemed during the period	1.00	100.00	_	_
Outstanding at the end of the period	-	-	1.00	100.00

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays 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.

During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.00 including interim dividend of ₹1.00 per share (31 March 2011: ₹1.50).

(c) Terms of Redeemable Non-Cumulative Preference Shares

Redeemable non-cumulative preference shares issued in earlier years have been redeemed during the year which carried dividend @6% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors upto the date of redemption is subject to the approval of the shareholders in the ensuing Annual General Meeting.



Notes 03 SHARE CAPITAL (Contd.)

(d) Details of shareholders holding more than 5% shares in the company

(₹ in lacs)

Name of the shareholder	31st March, 2012		31st March, 2011	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
Equity shares of ₹1 each fully paid				
Central India Industries Limited	491.44	23.99%	396.44	20.55%
Reliance Capital Trustee Co. Ltd A/c Reliance Growth Fund	143.42	7.00%	141.91	7.36%
Shekhavati Investments & Traders Ltd.	123.21	6.01%	98.21	5.09%
Redeemable Non-Cumulative Preference				
Shares of `100 each fully paid				
GMMCO Limited	-	-	1.00	100.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(₹ in lacs)

		(< in lacs)
	31st March, 2012	31st March, 2011
Notes 04 RESERVES AND SURPLUS	-	
	40.40	40.40
Capital reserve	40.12	40.12
Capital redemption reserve		
Balance as per the last financial statements	2,042.02	2,042.02
Add: Amount transferred from surplus balance in the statement of Profit & Loss	100.00	
	2,142.02	2,042.02
Investment Subsidy	15.00	15.00
Securities premium account		
Balance as per the last financial statements	16,318.98	16,315.45
Add: Premium on issue of equity shares on conversion of share warrants	6,750.00	_
Add: Received against calls in arrear	0.54	3.53
Closing Balance	23,069.52	16,318.98
Debenture redemption reserve		
Balance as per the last financial statements	4,875.00	4,375.00
Add: amount transferred from surplus balance in the statement of profit and loss	-	2,375.00
Less: amount transferred to General Reserve	2,375.00	1,875.00
Closing Balance	2,500.00	4,875.00
Revaluation reserve		
Balance as per the last financial statements	845.37	906.26
Less: amount transferred to the statement of	60.89	60.89
profit and loss as reduction from depreciation		
Closing Balance	784.48	845.37
General reserve		
Balance as per the last financial statements	51,875.00	35,000.00
Add: Amount transferred from surplus balance in the statement of profit and loss	10,000.00	15,007.72
Add: Amount transferred from Debenture Redemption Reserve	2,375.00	1,875.00
Less: Adjustment arisen on Amalgamation	-	7.72
Closing Balance	64,250.00	51,875.00

(₹ in lacs)

	31st March, 2012	31st March, 2011
Notes 04 RESERVES AND SURPLUS (Contd.)	-	
Surplus in the statement of profit and loss	-	
Balance as per last financial statements	10,504.48	16,946.35
Profit for the year	21,227.58	14,310.45
Less: Appropriations		
Proposed final equity dividend (amount per share ₹1.00 (31 March 2011:₹1.50))	2,048.69	2,893.27
Tax on proposed equity dividend	332.35	469.36
Interim equity dividend (amount per share ₹1.00 (31 March 2011: ₹Nil))	1,928.69	-
Tax on interim equity dividend	312.88	
Dividend on preference shares (amount per share ₹1.92 (31 March 2011: ₹6.00))	1.92	6.00
Tax on preference dividend	0.31	0.97
Transfer to debenture redemption reserve	-	2,375.00
Transfer to capital redemption reserve	100.00	-
Transfer to general reserve	10,000.00	15,007.72
Total appropriations	14,724.84	20,752.32
Net surplus in the statement of profit and loss	17,007.22	10,504.48
Total reserves and surplus	109,808.36	86,515.97

Notes 05 LONG-TERM BORROWINGS

	Non-curre	ent portion	Current maturities	
	31-March-12 31-March-11 ₹ in lacs		31-March-12 ₹ in lacs	31-March-11 ₹ in lacs
Debentures (Privately Placed) (Secured)	\ III lacs	\ III IdC3	(III lacs	(III lacs
0.01 lac (31 March 2011: 0.01 lac) 12.45%	10,000.00	10,000.00	-	_
Non-Convertible Debentures of ₹10 lacs each				
Term loans from banks (Secured)	_	12,278.34	12,278.34	2,812.35
Other loans and advances (unsecured)				
Deferred sales tax loan	4,890.52	5,007.20	116.68	166.80
	14,890.52	27,285.54	12,395.02	2,979.15
Amount disclosed under the head	-	_	(12,395.02)	(2,979.15)
"other current liabilities"(note 9)				
Net amount	14,890.52	27,285.54	-	_

- 12.45% Non-Convertible Debentures of ₹10 lacs each are redeemable at par on November 14, 2013 and these Debentures are secured by first mortgage/charge ranking pari-passu with each other on the moveable and immovable properties pertaining to the Paper Plants at Amlai and Brajrajnagar and Cement plants at Devapur and Jalgaon and a first charge on the Company's freehold land at Mehsana, Gujarat.
- 2. (a) Term Loans of ₹ 1,144.34 lacs (31st March 2011 ₹ 2,288.69 lacs) carry interest @ 8.25% to 8.35%. The loans are repayable in 6 half yearly installments starting from 31st July, 2009 and ending on 31st July, 2012. The loans are secured by first charge ranking pari-passu with each other on the immovable properties (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur and by way of hypothecation of moveable fixed assets (both present and future) ranking pari passu with each other, pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur.
 - (b) Term Loan of ₹9,470 lacs (31st March 2011 ₹ 9,470 lacs) carries interest @ 8.50% which is repayable in two equal installments payable on 27th May, 2012 and 27th August, 2012 and term Loan of ₹ 1,664 lacs (31st March 2011 ₹ 3,332 lacs) carries interest @ 8.90% which is repayable in 12 quarterly installments of ₹ 417 lacs each, starting from 30th June, 2010. These loans are secured by first charge ranking pari-passu with each other on the fixed assets (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plants at Devapur and Jalgaon.
- 3. Deferred sales tax loan is interest free and is payable in 26 installments between February, 2012 to January, 2023.



(₹ in lacs)

		(
	31st March, 2012	31st March, 2011
Notes 06 OTHER LONG-TERM LIABILITIES		
Deferred Payment Liabilities (Voluntary Retirement Scheme)	72.31	124.62
Trade & Other Deposits	15.12	2.39
	87.43	127.01

Notes 07 PROVISIONS

	Long	Long-term		t-term
	31-March-12	31-March-11	31-March-12	31-March-11
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Provision for employee benefits				
Provision for gratuity (note 31)	1,445.51	1,286.28	539.00	498.79
Provision for leave benefits	_	_	717.84	633.13
	1,445.51	1,286.28	1,256.84	1,131.92
Other provisions				
Provision for warranties	409.83	421.71	623.41	413.81
Provision for Mining Restoration Costs	38.20	38.20	_	_
Provision for Taxation (Net)	_	_	126.51	164.07
Proposed equity dividend	_	_	2,048.69	2,893.27
Provision for tax on proposed equity dividend	_	_	332.35	469.36
Proposed preference dividend	_	_	_	6.00
Provision for tax on proposed preference dividend	_	_	-	0.97
	448.03	459.91	3,130.96	3,947.48
	1,893.54	1,746.19	4,387.80	5,079.40

Provision for warranties

A provision is recognized for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty period, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilized within two years of the Balance Sheet date, since the warranty period is generally for two years. The table below gives information about movement in warranties provisions.

(₹ in lacs)

		(* 111 1430)
	31st March, 2012	31st March, 2011
At the beginning of the year	835.52	618.02
Arising during the year	892.60	716.56
Utilized during the year	694.88	499.06
At the end of the year	1,033.24	835.52
Current portion	623.41	413.81
Non-current portion	409.83	421.71

Provision for Mining Restoration Costs

The activities at the cement unit involve mining of land taken under lease. In terms of relevant statutes, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard -29, the management has estimated such future expenses on best judgment basis and provision thereof has been made in the accounts. The table below gives information about movement in mining restoration cost provisions.

Notes 07 PROVISIONS (Contd.)	Notes 07 PROVISIONS (Contd.)				
 (₹ in lacs					
	31st March, 2012	31st March, 2011			
At the beginning of the year	38.20	38.20			
Arising during the year	_	_			
Utilized during the year	-				
At the end of the year	38.20	38.20			
Current portion	-	_			
Non-current portion	38.20	38.20			
Notes 08 SHORT-TERM BORROWINGS					
Debentures (Privately Placed) (Secured)					
- (31 March 2011: 95) Non-Convertible Debentures of ₹ 10 lacs each	-	9,500.00			
Cash credit from banks (secured)	11,560.13	5,147.22			
Other Loans & Advances:					
Commecial Papers (unsecured)					
From a Scheduled Bank	6,500.00	2,500.00			
From Others	5,000.00	1,500.00			
Buyers Credit (Unsecured)	618.48	_			
	23,678.61	18,647.22			

- 1. Cash credit from banks is secured / to be secured against hypothecation of stock in trade, stock in progress, raw materials, stores and chemicals, book debts and other current assets of the Company and second charge on fixed assets of the Company. The cash credit is repayable on demand and carries interest @ 10.90% p.a. to 14.90% p.a. (10.70% p.a. to 13.15% p.a.)
- 2. Commercial papers from banks & others carry interest @ 10.25% p.a. to 10.65% p.a and are repayable between a period of 84 days to 172 days.
- 3. Buyers Credit carry interest @ 3.51% p.a. to 4.31% p.a and is repayable in 180 days.

Notes 09 OTHER CURRENT LIABILITIES		
Trade payables (including acceptances of ₹ Nil (31 March 2011: ₹ 277.41 lacs))		
(refer note 43 for details of dues to micro and small enterprises)	22,171.07	18,945.13
Other liabilities		
Payables against purchase of Fixed Assets	3,479.78	3,268.87
Current maturities of long-term borrowings (note 5)	12,395.02	2,979.15
Advance against Sales	1,463.67	1,499.17
Interest accrued but not due on borrowings	303.73	771.42
Preference Share Redemption Amount	5.19	5.48
Investor Education and Protection Fund will be credited by		
following amounts (as and when due)		
Unpaid dividend	99.91	67.77
Others		
Trade & Other Deposits	6,027.79	5,143.83
Current portion of Deferred Payment Liabilities		
(Voluntary Retirement Scheme)	64.51	72.42
Statutory dues payable	5,544.50	3,974.47
Other Miscellaneous	49.66	54.24
	29,433.76	17,836.82
	51,604.83	36,781.95



Notes 10 TANGIBLE ASSETS

(₹ in lacs)

	Freehold	Leasehold	Factory	Non-Factory	Railway	Plant and	Furniture	Office	Vehicles	Total
	Land (b)	Land	Buildings (b)	Building	Sidings	equipment	and fixtures	equipment		
Cost or valuation										
At 1 April 2010	453.22	195.97	5,998.06	3,923.18	2,394.59	147,376.84	1,216.05	555.15	664.76	162,777.82
Additions	2,959.57	_	844.19	739.04	14.62	10,650.63	89.02	45.82	31.04	15,373.93
Acquisitions through	-	-	-	40.06	-	-	-	-	-	40.06
amalgamation										
Disposals	_	-	-	-	354.22	423.16	26.71	27.25	16.87	848.21
Other adjustments										
- Borrowing costs	-	_	_	-	-	268.09	-	_	-	268.09
At 31 March 2011	3,412.79	195.97	6,842.25	4,702.28	2,054.99	157,872.40	1,278.36	573.72	678.93	177,611.69 (a)
Additions	5,100.36	-	120.91	1,565.43	-	5,282.08	151.15	122.42	71.96	12,414.31
Disposals	_	-	_	_	-	466.96	15.22	9.73	70.88	562.79
Other adjustments										
- Borrowing costs	-	-	-	-	-	-	-	-	-	_
At 31 March 2012	8,513.15	195.97	6,963.16	6,267.71	2,054.99	162,687.52	1,414.29	686.41	680.01	189,463.21 (a)
Depreciation										
At 1 April 2010	_	94.05	1,805.48	1,252.82	1,777.16	45,468.32	653.20	347.11	448.43	51,846.57
Acquisitions through	-	-	-	2.40	-	-	-	-	_	2.40
amalgamation										
Charge for the year	-	4.03	193.35	78.93	53.90	7,510.12	71.60	34.64	42.05	7,988.62 (e)
Disposals	-	-	-	-	354.22	226.13	20.19	13.78	12.50	626.82
At 31 March 2011	-	98.08	1,998.83	1,334.15	1,476.84	52,752.31	704.61	367.97	477.98	59,210.77
Charge for the year	-	4.02	218.37	92.27	53.08	8,124.23	88.07	40.00	41.46	8,661.50 (e)
Disposals	-	-	_	_	-	385.97	13.34	7.21	54.52	461.04
At 31 March 2012	_	102.10	2,217.20	1,426.42	1,529.92	60,490.57	779.34	400.76	464.92	67,411.23
Net Block										
At 31 March 2011	3,412.79	97.89	4,843.42	3,368.13	578.15	105,120.09	573.75	205.75	200.95	118,400.92
At 31 March 2012	8,513.15	93.87	4,745.96	4,841.29	525.07	102,196.95	634.95	285.65	215.09	122,051.98

- a. Includes assets held in Joint Ownership with others ₹1,342.83 lacs (31st March 2011, ₹191.47 lacs), which have been charged against the amount payable as rent for the land and proportionate share of expenses.
- b. Includes ₹2,766.00 lacs (31st March 2011, ₹1,866.53 lacs) and ₹79.87 lacs (31st March 2011, ₹79.87 lacs) in respect of land and flats respectively whose registration in the Company's name is pending.
- c. Land, Buildings and Plant & Equipments of the Paper units at Amlai & Brajrajnagar, Cement unit at Devapur, Air Conditioning unit at Kolkata and land at Faridabad unit of the Company were revalued in earlier years and the resultant surplus thereon was transferred to Revaluation Reserve.
- d. Capitalized borrowing costs
 - The borrowing cost capitalized during the year ended 31 March 2012 was ₹1,020.63 lacs (31 March 2011: ₹594.61 lacs). The Company has capitalized this borrowing cost in the Capital work-in-progress (CWIP) and Expenditure on Expansion/New Projects. The amount of borrowing cost shown as Other Adjustments above reflects the amount of borrowing cost transferred from CWIP and Expenditure on Expansion / New Projects.
- e. Includes depreciation ₹275.42 lacs (31st March 2011: ₹292.63 lacs) on assets at Brajrajnagar unit, where manufacturing operations were not carried on during the year.

Notes 11 INTANGIBLE ASSETS

(₹ in				
	Computer software	Mining Rights	Total	
Gross block				
At 1 April 2010	247.59	626.00	873.59	
Purchase	15.20	688.60	703.80	
At 31 March 2011	262.79	1,314.60	1,577.39	
Purchase	213.88	_	213.88	
At 31 March 2012	476.67	1,314.60	1,791.27	
Amortization				
At 1 April 2010	150.97	62.60	213.57	
Charge for the year	78.58	131.46	210.04	
At 31 March 2011	229.55	194.06	423.61	
Charge for the year	97.78	131.46	229.24	
At 31 March 2012	327.33	325.52	652.85	
Net block				
At 31 March 2011	33.24	1,120.54	1,153.78	
At 31 March 2012	149.34	989.08	1,138.42	

Notes 12 DETAILS OF EXPENDITURE ON EXPANSION/NEW PROJECTS: (PENDING ALLOCATION)

			(₹ in lacs)
		31st March, 2012	31st March, 2011
a)	Pre-Operative & Trial Run Expenses:		
	Salary & Wages	347.41	189.72
	Contribution to Provident & Other Funds	14.32	14.01
	Employees Welfare Expenses	19.07	13.49
	Rent & Hire Charges	20.85	7.54
	Rates & Taxes	4.99	4.00
	Insurance	0.67	0.63
	Project Consultancy charges	212.97	16.08
	Interest on Fixed Loans	1,020.63	594.61
	Miscellaneous Expenses	217.96	158.24
		1,858.87	998.32
b)	Add:Balance brought forward from previous year	1,061.71	331.48
c)	Less: Allocated to Fixed Assets during the year	_	268.09
d)	Balance carried to Balance Sheet	2,920.58	1,061.71



Notes 13 NON-CURRENT INVESTMENTS

		(₹ in lacs)
	31st March, 2012	31st March, 2011
Investment property (at cost less accumulated depreciation)		
Cost of land and building given on operating lease	809.61	809.61
Less: Accumulated depreciation	90.95	80.76
Net block	718.66	728.85
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in joint venture		
173.99 lacs (31 March 2011: 173.99 lacs) Equity shares of 20 K.Sh each fully paid-up i	n –	_
Panafrican Paper Mills (E.A) Ltd. (Valued at the rate of exchange prevailing		
on the date of payments or allotments)		
(At cost less provision for other than temporary diminution in		
value ₹413.92 lacs (31st March 2011 ₹ 413.92 lacs)		
Government securities (unquoted)		
6 Years National Savings Certificates	0.65	0.65
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
0.25 lac (31 March 2011: 0.25 lac) equity shares of ₹ 10 each fully	_	_
paid-up in Tungabhadra Industries Ltd.		
(At Cost less provision for diminution ₹0.77 lac (31 March 2011: ₹0.77 lac)		
200 (31 March 2011: 200) equity shares of ₹10 each fully paid-up in Orissa	_	_
Textiles Mills Ltd. (At Cost less provision for diminution ₹0.02 lac (31 March 2011: ₹0.02 lac)		
9.06 lacs (31 March 2011: 9.06 lacs) equity shares of ₹10 each fully paid-up	127.12	127.12
in Hyderabad Industries Ltd.		
15.45 lacs (31 March 2011: 15.45 lacs) equity shares of ₹10 each fully paid-up	6.73	6.73
in Century Textiles & Industries Ltd.		
Investment in equity instruments (unquoted)		
0.30 lac (31 March 2011: 0.30 lac) equity shares of ₹10	3.01	3.01
each fully paid-up in Birla Buildings Ltd.		
0.06 lac (31 March 2011: 0.06 lac) equity shares of ₹10 each fully paid-up in GMMCO Ltd.	45.48	37.48
(At Cost less provision for diminution ₹8.16 lacs (31 March 2011: ₹16.16 lacs)		
	182.99	174.99
	901.65	903.84
Aggregate amount of quoted investments	133.85	133.85
(Market value: ₹8,690.24 lacs (31 March 2011: ₹8,600.08 lacs))		
Aggregate amount of unquoted investments	49.14	41.14
Value of investment property	718.66	728.85
Aggregate provision for diminution in value of investments	422.87	430.87

- a) Government Securities of the Face Value of ₹0.65 lac (31 March 2011: ₹0.65 lac) are lodged with Government Departments as Security Deposits.
- b) The Company alongwith other co-owners, has developed a plot of land and constructed a building thereon at 25, Barakhamba road, New Delhi, where the Company's share is 15%. The registration of the said plot of land of the value of ₹432.94 lacs (31 March 2011: ₹432.94 lacs) in the name of the Company is still pending.

Notes 14 DEFERRED TAX LIABILITY (NET)

		(₹ in lacs)
	31st March, 2012	31st March, 2011
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/	16,569.92	15,273.57
amortization charged for the financial reporting		
Gross deferred tax liability	16,569.92	15,273.57
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current	1,466.18	1,364.02
year but allowed for tax purposes on payment basis		
Provision for doubtful debts and advances	132.62	90.56
Provision for warranties	347.63	283.48
Gross deferred tax asset	1,946.43	1,738.06
Net deferred tax Liability	14,623.49	13,535.51

Notes 15 LOANS AND ADVANCES

(₹in la				(₹ in lacs)
	No	Non-current Curr		
	31-March-12	31-March-11	31-March-12	31-March-11
Capital advances (Unsecured)				
Considered good	1,278.62	3,841.02	_	_
(A)	1,278.62	3,841.02	_	_
Trade & Other Deposits (Unsecured)				
Considered good	2,023.65	2,380.22	212.02	137.58
Doubtful	_	_	10.00	10.00
	2,023.65	2,380.22	222.02	147.58
Provision for doubtful Trade & Other Deposits	_	_	10.00	10.00
(B)	2,023.65	2,380.22	212.02	137.58
Loan and advances to related parties (note 37(b))				
Unsecured, considered good	_	_	158.41	
(C)	-	_	158.41	_
Advances recoverable in cash or in kind or for value				
to be received or pending adjustments (Unsecured)				
Considered good	63.12	39.17	2,745.96	2,066.41
Doubtful		_	13.19	13.38
	63.12	39.17	2,759.15	2,079.79
Less: provision for doubtful advances	_	_	13.19	13.38
(D)	63.12	39.17	2,745.96	2,066.41
Other loans and advances (Unsecured, Considered Good)				
MAT Credit Entitlement	-	-	288.46	3,417.00
Deposits against demand under dispute	320.33	339.57	357.41	193.95
Claims & Refunds Receivable	-	_	3,182.68	2,981.08
Prepaid Expenses	11.33	20.23	379.00	289.40
Balances with Excise, Customs,	-	-	2,570.03	2,198.22
Port Trusts and Other Government Authorities				



Notes 15 LOANS AND ADVANCES (Contd.)

	(₹ in lacs			(₹ in lacs)
	Non-current		C	urrent
	31-March-12	31-March-11	31-March-12	31-March-11
Other loans and advances (Considered Doubtful)				
Claims & Refunds Receivable	_	_	22.83	22.83
Balances with Excise, Customs,	_	_	48.81	13.97
Port Trusts and Other Government Authorities				
	331.66	359.80	6,849.22	9,116.45
Less: provision for doubtful claims & refunds receivable	_	_	22.83	22.83
Less: provision for doubtful balances with Excise, Customs,	_	_	48.81	13.97
Port Trusts and Other Government Authorities				
(E)	331.66	359.80	6,777.58	9,079.65
Total (A+B+C+D+E)	3,697.05	6,620.21	9,893.97	11,283.64

Advances due by officers of the Company.

(₹ in lacs)

	Non-current		Non-current Current	
	31-March-12	31-March-11	31-March-12	31-March-11
Advances due by officers of the Company	0.50	_	3.10	3.66

Notes 16 TRADE RECEIVABLES AND OTHER ASSETS

16.1 Trade receivables

(₹ in lacs)

	Current	
	31-March-12	31-March-11
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	15.37	33.08
Unsecured, considered good	304.97	152.45
Doubtful	304.65	215.02
	624.99	400.55
Provision for doubtful trade receivables	304.65	215.02
(A)	320.34	185.53
Other receivables		
Secured, considered good	3,026.01	2,387.28
Unsecured, considered good	31,348.70	21,392.48
Doubtful	9.28	3.91
	34,383.99	23,783.67
Provision for doubtful trade receivables	9.28	3.91
(B)	34,374.71	23,779.76
(A)+(B)	34,695.05	23,965.29

16.2 Other assets

(₹ in lacs)

	Current	
	31-March-12	31-March-11
Unsecured, considered good		
Interest accrued on Investments	1.45	1.29
Interest accrued on Loans, Debts, Deposits etc.	62.97	81.68
Export Benefit Receivable	263.89	291.73
Certified Emission Reduction Credit	333.04	_
	661.35	374.70

	21-t-Mb 2012	(₹ in lacs)
Current investments (valued at lower of cost and fair value)	31st March, 2012	31st March, 2011
Unquoted equity instruments		
Investment in a subsidiary		
5 lacs (31 March 2011: Nil) Equity shares of ₹ 1 each fully paid-up in Orient Cement Ltd.	5.00	_
Unquoted mutual funds		
- (31 March 2011: 3.52 lacs) units of ₹ 1000.91 each fully paid-up of		
Baroda Pioneer Treasury Advantage Fund - Institutional		
Daily Dividend Plan- Reinvestment	-	3,524.36
2.43 lacs (31 March 2011-Nil) units of ₹ 1000.53 each fully paid up of		
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan - Reinvestment.	2,427.48	-
- (31 March 2011: 149.96 lacs) units of ₹ 10.0206 each fully paid-up of		7.5.5
J P Morgan India Short Term Income Fund - Weekly Dividend- Reinvestment	_	1,502.68
10.25 lacs (31 March 2011: Nil) units of ₹ 100.02 each fully paid-up of	1 005 07	
Birla Sun Life Floating Rate Fund - STP - IP- Daily Dividend Plan - Reinvestment – (31 March 2011: 19.95 lacs) units of ₹ 10.0325 each fully paid-up of	1,025.37	_
SBI Premier Liquid Fund - Institutional Plan - Daily Dividend Reinvestment		200.13
100.89 lacs (31March 2011: Nil) units of ₹ 10.0165 each fully paid-up of		200.13
J.M. High Liquid Fund- Treasury Plan - Institutional Option - Daily dividend Reinvestment	1,010.55	_
57.17 lacs (31 March 2011- Nil) units of ₹ 15.2874 each fully paid-up of	1,610.00	
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Reinvestment	874.00	_
1.00 lac (31 March 2011: Nil) units of ₹ 1000.4971 each fully paid up of		
Morgan Stainley Liquid Fund - Daily Dividend Reinvesment	1,000.53	_
1.50 lacs (31 March 2011: 49.85 lacs) units of ₹1000.25 (31 March 2011 ₹ 10.0325)	1,500.78	500.10
each fully paid-up of SBI Premier Liquid Fund - Super Institutional		
Plan - Daily Dividend Reinvestment		
6 Years National Savings Certificates	0.43	0.43
	7,844.14	5,727.70
Notes 18 INVENTORIES		
Valued at Lower of Cost and Net Realisable Value		
Raw materials & components (refer note 22)	4,154.07	3,196.41
Work-in-progress (refer note 23)	2,367.93	2,267.77
Finished goods (refer note 23)	4,405.24	3,420.66
Traded goods (refer note 23)	1,053.14	526.90
Stores, Chemicals and spare parts etc.	7,568.89	6,839.81
At Estimated Realisable Value	7,500.09	0,039.01
By-Products	1.40	4.89
	91.99	167.01
Scrap		
The above includes stock in transit:	19,642.66	16,423.45
Raw Materials	22.00	01.75
	32.09	91.75
Work-in-progress	88.11	79.60
Finished Goods	- 00.00	3.93
Traded goods	26.62	100 50
Stores, Chemicals and spare Parts etc.	79.61	130.53
	226.43	305.81



Notes 19 CASH AND BANK BALANCES

(₹ in lacs)

	Current	
	31-March-12	31-March-11
Cash and cash equivalents		
Balances with banks:		
 On current accounts (including ₹6.43 lacs (31st March 2011, ₹6.43 lacs) in earmarked accounts) 	2,794.26	3,456.60
 Deposits with original maturity of less than three months 	0.08	0.14
- On unpaid dividend account	99.91	67.77
- On savings bank account	0.11	0.11
In Post office savings bank account	0.82	0.82
Cheques on hand	2,206.31	2,325.71
Unpaid matured deposits	0.55	0.55
Cash on hand	22.41	20.54
	5,124.45	5,872.24
Other bank balances		
Deposits with original maturity for more than 12 months	3.55	11.67
Deposits with original maturity for more than 3 months but less than 12 months	21.19	_
	24.74	11.67
	5,149.19	5,883.91

Receipts/Pass Books for ₹23.59 lacs (31 March 2011: ₹9.95 lacs) are lodged with Government Departments/Banks as security.

Notes 20 REVENUE FROM OPERATIONS

	21st March 2012	21-t March 2011
	31st March, 2012	31st March, 2011
Revenue from operations		
Sale of products		
Finished goods	260,646.60	204,734.01
Semi Finished Goods	1,273.59	2,919.76
Traded goods	14,164.88	10,584.21
	276,085.07	218,237.98
Less: Cash Discount, Rebates etc.	5,433.81	3,843.40
	270,651.26	214,394.58
Other operating revenue		
Scrap sales	3,182.47	2,507.00
Export Incentives	570.66	599.17
Industrial Promotion/ sales tax subsidy	1,382.16	1,860.80
Certified Emission Reduction Credit	333.04	_
Other Receipts	258.55	238.23
Revenue from operations (gross)	276,378.14	219,599.78
Less: Excise duty #	27,314.40	21,603.21
Revenue from operations (net)	249,063.74	197,996.57

[#] Excise duty on sales amounting to ₹27,314.40 lacs (31 March 2011: ₹21,603.21 lacs) has been reduced from sales in profit & loss account and excise duty on decrease/ (increase) in stock amounting to ₹133.75 lacs (31 March 2011: ₹157.89 lacs) has been considered as (income)/expense in note 23 of financial statements.

Notes 20 REVENUE FROM OPERATIONS (Contd.)		
Detail of products sold		(₹in lacs)
	31st March, 2012	31st March, 2011
Finished goods sold		
Pulp, Paper & Board	27,949.54	22,984.34
C.S.Lye (excluding flake conversion)	3,555.94	2,704.16
C.S.Flakes	2,484.59	1,860.16
Liquid Chlorine	352.34	737.55
HydroChloric Acid	96.36	218.88
Portland Cement	154,147.03	114,510.54
Electrical Fans	57,505.71	52,169.89
Lights & Luminaries	8,321.65	5,058.72
Air Pollution Control Equipments	218.76	165.84
Industrial Blowers	636.42	492.37
Other Miscellaneous Items	245.34	315.92
	255,513.68	201,218.37
Semi Finished Goods Sold		
Clinker	1,273.59	2,919.76
Traded goods sold		
Electrical Fans	10,622.22	8,601.53
Lights & Luminaries	1,375.16	1,236.89
Appliances	1,193.15	_
Exercise Books	673.46	417.91
Tissue Paper	-	0.12
	13,863.99	10,256.45
	270,651.26	214,394.58

Notes 21 OTHER INCOME		
Interest income on		
Debts, deposits, advances etc.	262.91	150.12
Dividend income on		
Current investments	310.05	218.48
Long-term investments	232.06	231.18
Rental income on Long-term investments	308.36	277.93
Insurance & Other Claims	148.36	15.70
Rent & Hire Charges	216.22	132.56
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	416.43	474.51
Gain on Exchange Rate Fluctuations (net)	209.43	35.05
Provision for Dimunition in the value of Long Term Investments written back	8.00	8.06
Miscellaneous Receipts	117.67	123.53
	2,229.49	1,667.12



Notes 22 COST OF RAW MATERIALS & COMPONENTS CONSUMED

	(₹ in lacs)	
	31st March, 2012	31st March, 2011
Inventory at the beginning of the year	3,196.41	2,806.04
Add: Purchases & procurement expenses / job charges	75,013.00	62,085.14
[inclusive of Royalty & Cess ₹2,626.40 lacs (31 March 2011: ₹1,846.23 lacs)		
	78,209.41	64,891.18
Less: Sales	108.66	770.88
Less: inventory at the end of the year	4,154.07	3,196.41
Cost of raw materials & components consumed	73,946.68	60,923.89

Details of raw materials & components consumed

Bamboo	4,107.08	3,111.11
Wood	6,268.67	3,496.71
Salt	1,091.68	919.03
Lime Stone	5,684.94	4,822.78
Clinker *	7,379.94	5,266.57
Pozzolona Material	3,151.26	2,052.33
Copper Wire Road & Strips	6,600.61	6,070.53
CRCA, Silicon Sheets & Plates	7,774.62	6,749.11
Blades for Ceiling Fans	5,935.62	4,635.70
PCBs	3,142.02	1,994.82
Miscellaneous Items #	22,810.24	21,805.20
	73,946.68	60,923.89

^{*} represents transportation cost of Clinker from Devapur Unit to Jalgaon Unit

Details of inventory

Raw materials		
Bamboo	357.11	301.34
Wood	400.48	210.21
Salt	139.29	91.03
Pozzolona Material	45.12	52.16
Copper Wire Road & Strips	343.36	418.90
CRCA, Silicon Sheets & Plates	237.26	135.86
Blades for Ceiling Fans	157.59	175.02
PCB	42.81	46.87
Miscellaneous Items	2,431.05	1,765.02
	4,154.07	3,196.41

[#] It is not practicable to furnish item wise details in view of large number of items which differ in size and nature, each being less than 10% in value of the total.

		(₹ in lacs
	31st March, 2012	31st March, 2011
Inventories at the end of the year	4.050.44	500.00
Traded goods	1,053.14	526.90
Work-in-progress	2,367.93	2,267.77
Finished goods	4,405.24	3,420.66
By Products	1.40	4.89
Scrap	91.99	167.01
	7,919.70	6,387.23
Inventories at the beginning of the year	F20 00	F40.04
Traded goods	526.90	548.94
Work-in-progress	2,267.77	2,994.89
Finished goods	3,420.66	2,974.50
By Products	4.89	3.57
Scrap	167.01	104.87
	6,387.23	6,626.77
(Increase)/decrease of excise duty on inventory	133.75	157.89
	(1,398.72)	397.43
Details of purchase of traded goods	0.005.00	7.040.00
Electrical Fans	9,225.03	7,646.36
Lights & Luminaries	1,279.36	963.72
Appliances	1,382.39	-
Exercise Books	613.63	458.43
Tissue Paper	-	0.10
	12,500.41	9,068.61
Details of inventory		
Traded goods		
Electrical Fans	209.91	158.13
Lights & Luminaries	290.76	218.78
Appliances	444.59	-
Exercise Books	107.88	149.99
	1,053.14	526.90
Work-in-progress		
Clinker	831.37	1,037.41
Paper	450.04	550.49
Salt	35.28	28.48
CS Lye	206.73	3.16
Fans & Components	492.47	378.94
rans a components	100.34	96.9
Lights & Luminaries	2.20	0.36
Lights & Luminaries Air Pollution Control Equipments	2.20 1.17	
Lights & Luminaries Air Pollution Control Equipments Industrial Blowers Others		0.36 1.20 170.82



Notes 23 (INCREASE) / DECREASE IN INVENTORIES (Contd.)		
Details of inventory (Contd.)		(₹in lacs)
	31st March, 2012	31st March, 2011
Finished goods		
Pulp, Paper & Board	643.88	90.14
C.S.Lye (excluding flake conversion)	82.83	115.01
C.S.Flakes	52.96	11.99
Portland Cement	850.38	819.12
Electrical Fans	2,419.70	1,834.48
Lights & Luminaries	348.51	532.40
Air Pollution Control Equipments	4.63	6.12
Industrial Blowers	2.35	11.40
	4,405.24	3,420.66
By-products		
Liquid Chlorine	1.12	4.20
HydroChloric Acid	0.28	0.69
	1.40	4.89

Notes 24 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	11,659.42	9,555.71
Contribution to provident and other funds	938.15	841.80
Gratuity expense (Note 31)	705.49	275.87
Staff welfare expenses	1,373.24	1,240.71
	14,676.30	11,914.09

Notes 25 OTHER EXPENSES

Charity & Donations

Less: Utilisation against provision

Professional & Consultancy Charges

Loss on sale of fixed assets (net)

Miscellaneous expenses

Sales Tax, Surcharge & Turnover Tax etc.

Provision for doubtful debts and advances

Bad debts / advances written off (net of reversals)

Above expenses include research and development expenses

Warranty Claims

Notes 20 OTHER EXI ENGES		(₹ in lacs)
	31st March, 2012	31st March, 2011
Consumption of stores and spares	7,430.23	6,055.06
(after adjusting Sales & Claims ₹354.81 lacs (31st March 2011, ₹316.77 lacs)		
Handling & Other charges to contractors	2,134.93	1,878.17
Power and fuel	40,693.15	32,993.39
Packing, Freight and forwarding charges	32,190.99	25,723.07
Rent & Hire Charges	867.91	674.10
Rates and taxes	363.46	213.27
Insurance	274.30	244.67
Repairs and maintenance		
Plant and machinery	4,593.97	4,046.37
Buildings	627.56	532.33
Advertising and sales promotion	8,103.91	4,658.16
Directors' commisssion	233.53	140.00
Directors' Sitting Fees	6.60	9.40
Commission on sales	1,129.29	1,064.43
Payment to auditor as auditor:		
Audit fee	50.00	40.00
Limited review	30.00	24.00
In other capacity:		
Tax audit fee	12.00	12.00
For certificates & other services	4.10	11.55
Reimbursement of expenses	6.93	4.62
Payment to cost auditor	1.33	1.52

100.21

694.88

2,287.08

1,592.20

1,993.35

42.41

67.80

135.84

46.45

62.89

3,928.36 106,660.81 100.00

499.06

532.96

18.96

45.63

71.30

90.07

51.35

3,433.07

83,863.64

1,744.60

1,245.54

Notes 26 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	8,661.50	7,988.62
Amortization of intangible assets	229.24	210.04
Depreciation of investment property	10.19	10.43
	8,900.93	8,209.09
Less: recoupment from revaluation reserve	60.89	60.89
	8 840 04	8 1/8 20



Notes 27 FINANCE COSTS

		(₹ in lacs)
	31st March, 2012	31st March, 2011
Interest	4,007.85	4,177.61
Other Borrowing Cost	225.37	219.10
	4,233.22	4,396.71

Notes 28 DISCONTINUING OPERATION

The Company's Board of Directors at its meeting held on July 27, 2011 has approved a scheme of arrangement to demerge the cement undertaking of the Company by transferring the same on a going concern basis to a newly formed wholly owned subsidiary namely Orient Cement Ltd. w.e.f 1st April, 2012 subject to approval of court and shareholders.

The Company has filed the scheme with Hon'ble High Court of Orissa. The above cement division is a separate segment as per AS-17, Segment Reporting.

The following statement shows the revenue and expenses of discontinuing operations:

Income		
Revenue from operations (gross)	157,454.61	119,702.85
Less: excise duty	18,126.78	14,359.19
Revenue from operations (net)	139,327.83	105,343.66
Other income	305.21	260.79
Total revenue (I)	139,633.04	105,604.45
Expenses		
Cost of raw materials consumed	20,452.34	15,652.10
(Increase)/ decrease in inventories of finished goods and work-in-progress	95.46	869.14
Employee benefits expense	3,687.43	3,019.19
Other expenses	71,765.78	57,207.86
Total (II)	96,001.01	76,748.29
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)	43,632.03	28,856.16
Depreciation and amortization expense	5,808.18	5,430.36
Less: Recoupment from revaluation reserve	2.13	2.13
Net depreciation and amortization expense	5,806.05	5,428.23
Finance costs	1,885.08	2,087.59
Profit before tax	35,940.90	21,340.34
Tax expenses (including deferred tax)	12,159.96	6,883.56
Profit after tax	23,780.94	14,456.78

The carrying amounts of the total assets and liabilities to be transferred on 1st April, 2012 are as follows. Comparative information for Cement Division is included in accordance with AS 24 Discontinuing Operations.

Total assets	117,959.59	109,864.53
Total liabilities	53,470.72	52,704.46
Net assets	64,488.87	57,160.07
The net cash flows attributable to the Cement Division are as below:		
The net cash flows attributable to the Cement Division are as below:		
Operating activities	28,678.28	23,982.61
Investing activities	(9,433.08)	(7,819.36)
Financing activities	(20,266.67)	(14,766.67)
Net cash inflows / (outflows)	(1,021.47)	1,396.58

Notes 29

Orient Cement Ltd. (OCL) was formed during the year as a subsidiary of the Company for the purpose of transfer of Company's Cement business w.e.f 1st April, 2012 as per the scheme of arrangement as stated in note no. 28 above subsequent to all regulatory approvals and compliances. After necessary approvals, shares held by the Company in the said subsidiary will stand cancelled in terms of scheme of arrangement. In view of above, the Company has not prepared Consolidated Financial Statements in terms of paragraph 11 of the Accounting Standard 21 'Consolidated Financial Statements', OCL being the only Subsidiary Company held by the Company.

Notes 30 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in lacs)

	31st March, 2012	31st March, 2011
Profit after tax	21,227.58	14,310.45
Less : Dividends on redeemable non convertible preference shares & tax thereon	2.23	6.97
Net profit for calculation of basic and diluted EPS	21,225.35	14,303.48

	No. in lacs	No. in lacs
Weighted average number of equity shares in calculating basic EPS	1940.85	1928.85
Effect of dilution:		
Weighted average number of equity shares which would		
be issued on conversion of share warrants	-	1.23
Weighted average number of equity shares in calculating diluted EPS	1940.85	1930.08
Earnings per equity share [nominal value of share ₹1 (31 March 2011: ₹1]		
Basic	10.94	7.42
Diluted	10.94	7.41

Notes 31 GRATUITY - DEFINED BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed atleast five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	G	ratuity
	31-March 2012	31-March 2011
Current service cost	264.78	233.99
Interest cost on benefit obligation	309.66	279.63
Expected return on plan assets	(215.46)	(197.67)
Past Service Cost	_	271.70
Net actuarial(gain) / loss recognized in the year	403.03	(176.73)
Net benefit expense	762.01	410.92
Actual return on plan assets	199.24	177.19



Notes	21	GRATUITY -	DEFINED	RENIFFIT	ΡΙ ΔΝΙ	(Contd)
140163	J 1			DLINLIII		(COIIIa.)

Balance Sheet

benefit asset / liability

(₹ in lacs)

	Gratuity	
	31-March 2012	31-March 2011
Present value of defined benefit obligation	(4,625.71)	(4,077.28)
Fair value of plan assets	2,641.20	2,292.21
Plan asset / (liability)	(1,984.51)	(1,785.07)

Changes in the present value of the defined benefit obligation are as follows	Gra	tuity
Opening defined benefit obligation	4,077.28	3,967.57
Current service cost	264.78	233.99
Interest cost	309.66	279.63
Benefits paid	(412.82)	(478.41)
Actuarial (gains) / losses on obligation	386.81	(197.21)
Past Service Cost	_	271.70
Closing defined benefit obligation	4,625.71	4,077.28

Changes in the fair value of plan assets are as follows:	Gra	tuity
Opening fair value of plan assets	2,292.21	2,090.79
Expected return	215.46	197.67
Contributions by employer	517.24	502.64
Benefits paid	(367.49)	(478.41)
Actuarial gains / (losses)	(16.22)	(20.48)
Closing fair value of plan assets	2,641.20	2,292.21

The Company expects to contribute ₹525 lacs to gratuity in the next year (31 March 2011: ₹475 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		tuity
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

	Giu	taity
Discount rate	8.00%	7.50%
Salary Increase	5.00%	5.00%
Attrition Rate	1.00%	1.00%-2.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Notes 31 GRATUITY - DEFINED BENEFIT PLAN (Contd.)

Amounts for the current and previous four periods are as follows:

(₹ in lacs)

31- March, 12	31- March, 11	31- March, 10	31- March, 09	31- March, 08
4,625.71	4,077.28	3,967.57	3,572.53	3,140.03
2,641.20	2,292.21	2,090.79	1,854.69	1,458.87
(1,984.51)	(1,785.07)	(1,876.78)	(1,717.84)	(1,681.16)
(228.95)	(197.21)		Not Available*	
(23.59)	(20.48)		Not Available*	
	4,625.71 2,641.20 (1,984.51) (228.95)	4,625.71 4,077.28 2,641.20 2,292.21 (1,984.51) (1,785.07) (228.95) (197.21)	4,625.71 4,077.28 3,967.57 2,641.20 2,292.21 2,090.79 (1,984.51) (1,785.07) (1,876.78) (228.95) (197.21)	4,625.71 4,077.28 3,967.57 3,572.53 2,641.20 2,292.21 2,090.79 1,854.69 (1,984.51) (1,785.07) (1,876.78) (1,717.84) (228.95) (197.21) Not Available*

^{*} The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

Notes 32 LEASES

Operating lease: Company as lessor

Certain office premises, depots etc are obtained on operating leases. The lease term is for 1-3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases. The leases are cancelable. (₹ in lacs)

31st March, 2012	31st March, 2011
867.91	674.10
-	_
867.91	674.10
	867.91 _

Operating lease: Company as lessor

The Company has leased out certain buildings on operating leases. The lease term is for 1-3 years and thereafter renewable. There is escalation clause in the lease agreements. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancelable.

Notes 33 THE FOLLOWING EXPENSES ARE INCLUDED UNDER OTHER HEADS IN THE PROFIT & LOSS ACCOUNT:

(₹ in lace)

(
	31st March, 2012	31st March, 2011
Stores & Spares Consumed	3901.36	2678.10
Rent & Hire Charges	6.68	7.74
Bulding Repairs	73.40	8.63
Machinery Repairs	103.19	40.67
Salary & Wages	234.21	210.25
Contribution to Provident & Other Funds	15.03	14.21
Contribution to Gratuity Funds	56.52	135.05
Staff Welfare Expenses	181.15	156.02

Notes 34 INTEREST IN A JOINT VENTURE

The Company has 29.34% share of interest valuing ₹413.92 lacs in its Joint Venture Company namely Pan African Paper Mills (EA) Limited, Kenya which is engaged in the manufacturing of Paper.

The Company has ceased to have joint control over the above Joint Venture Company subsequent to suspension of operations from 30th January, 2009 and in view of the circumstances arising thereafter. Accordingly, no disclosure for interest in said Joint Venture asset, liabilities, income, expenses etc. have been made in these accounts.

Notes 35

During the year, the Company's Electrical and Consumer Durable Division has implemented SAP system under ERP platform. Accordingly, the Company has changed its method of valuation of inventory of raw materials, packing materials and stores & spares at the said Division from annual weighted average to transaction moving weighted average. This change has resulted in the profit for the year being higher by ₹211.47 lacs.



Notes 36 SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Paper", "Cement" and "Electrical Consumer Durables" as the business segments.

Paper – Consists of manufacture and sale of pulp, paper & board and chemicals.

Cement - Consists of manufacture and sale of cement.

Electrical Consumer Durables - Consists of manufacture / purchase and sale of Electric Fans - ceiling, portable and airflow, along with Components and Accessories thereof, lights & luminaries and Appliances.

Others - Consist of other miscellaneous business/services comprising less than 10% revenues.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

Business segments

Year ended 31 March, 2012

(₹ in lace)

(\land in i					(< in lacs)
Particulars	Cor	ntinuing Operation	ons	Discontinuing	Total
	Paper	Electrical Consumer Durables	Others	Operaions Cement	
Revenue *					
External	33,374.84	75,570.97	790.10	139,327.83	249,063.74
Inter segment	_	_	_	_	_
Total revenue from operations	33,374.84	75,570.97	790.10	139,327.83	249,063.74
Results					
Segment results	(6,427.29)	5,298.32	48.96	37,778.39	36,698.38
Unallocated Income / (Expenses) (net of unallocable expenses/income)					(630.67)
Operating profit					36,067.71
Finance costs					4,233.22
Profit / (Loss) before tax					31,834.49
Income taxes					10,606.91
Net profit / (Loss)					21,227.58
As at 31 March, 2012					
Segment assets	52,647.10	40,931.54	262.02	117,897.21	211,737.87
Unallocated assets					11,285.50
Total assets					223,023.37
Segment liabilities	8,331.71	15,250.00	123.58	17,124.72	40,830.01
Unallocated liabilities					70,336.21
Total liabilities					111,166.22
Other segment information					
Capital expenditure:					
Tangible assets **	14346.45	1812.49	0.81	9795.71	25,955.46
Intangible assets	_	213.88	_	_	213.88
Depreciation ***	2,297.10	597.47	2.22	5,674.59	8,571.38
Amortization	26.49	71.29	_	131.46	229.24

Notes 36 SEGMENT INFORMATION (Contd.)

Business segments

Year ended 31 March, 2012

(₹ in lacs)

Tour Chaca of Wardin, 2012				(₹ in lacs)			
Particulars	Con	tinuing Operation	ons	Discontinuing	Total		
	Paper	Electrical Consumer Durables	Others	Operations Cement	Operations		
Revenue *							
External	27,815.98	64,226.21	610.72	105,343.66	197,996.57		
Inter segment	_	_	_	_	_		
Total revenue from operations	27,815.98	64,226.21	610.72	105,343.66	197,996.57		
Results							
Segment results	(3,288.20)	5,766.28	70.79	23,377.04	25,925.91		
Unallocated Income / (Expenses)							
(net of unallocable expenses/income)					(578.08)		
Operating profit					25,347.83		
Finance costs					4,396.71		
Profit / (Loss) before tax					20,951.12		
Income Taxes					6,640.67		
Net profit / (Loss)					14,310.45		
As at 31 March, 2011							
Segment assets	40,090.05	32,332.26	221.42	109,787.49	182,431.22		
Unallocated assets					11,033.84		
Total assets					193,465.06		
Segment liabilities	7,354.55	11,840.33	122.43	16,194.78	35,512.09		
Unallocated liabilities					67,690.74		
Total liabilities					103,202.83		
Other segment information							
Capital expenditure:- **							
Tangible assets	6,069.00	2,650.27	0.52	7,775.31	16,495.10		
Intangible assets	-	_	_	688.60	688.60		
Depreciation ***	2,188.07	415.63	2.56	5,296.77	7,903.03		
Amortization	78.58	_	_	131.46	210.04		

Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

			(*
Year ended 31 March, 2012	India	Overseas	Total
Revenue			
Sales to external customers	239,281.34	9,782.40	249,063.74
Revenue attributable to discontinuing operations	139,327.83	_	139,327.83
Revenue from continuing operations	99,953.51	9,782.40	109,735.91
Other segment information			
Segment assets	210,217.15	1,520.72	211,737.87



Notes 36 SEGMENT INFORMATION (Contd.)

			(₹ in lacs)
Year ended 31 March 2011	India	Overseas	Total
Revenue*			
Sales to external customers	188,783.52	9,213.05	197,996.57
Less: sales attributable to discontinuing operations	105,343.66	-	105,343.66
Revenue from continuing operations	83,439.86	9,213.05	92,652.91
Other segment information			
Segment assets	180,991.26	1,439.96	182,431.22

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

- * Net of excise duty.
- ** Excluding ₹ 1079.14 lacs (31st March 2011, ₹ 53.13 lacs) being unallocated corporate/other assets.
- *** Excluding ₹39.42 lacs (31st March 2011, ₹35.13 lacs) on unallocated corporate/other assets.

Notes 37 RELATED PARTY DISCLOSURES

N.	ames	of re	lated	parties
	ullioo	0110	lutou	puitios

Related parties where control exists	
Subsidiary Company	Orient Cement Limited
Related parties with whom transactions have taken place during the year	
Key management personnel	Mr. M.L. Pachisia (Managing director)
	Mr. V. Kishore
	Mr. B.S.Gilra
	Mr. S. B. Bhaiya
	Mr. B. Pandey
	Mr. M.C.Gautam (Upto 29th April, 2010)
	Mr. P.K. Tripathy
Enterprises owned or significantly influenced by key management	
personnel or their relatives	Origami Products
	Origami
	Origami Tissues
	Origami Enterprises
	Origami Industries
	Origami Ventures

Notes 37 RELATED PARTY DISCLOSURES (Contd.)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale of goods

(₹ in lacs)

a. Calc of goods					(₹ in lacs)
	Year ended	Sale of goods	Interest Income	Amount owed by related parties*	Amount owed to related parties*
Enterprises owned or significantly influenced by key management personnel or their relatives					
Origami Tissues	31-Mar-12	84.64		0.09	
Oliganii rissues					
0	31-Mar-11	178.19		7.89	
Origami	31-Mar-12	216.06		16.48	
	31-Mar-11	148.24		7.11	
Origami Enterprises	31-Mar-12				
	31-Mar-11		0.21		
Origami Industries	31-Mar-12				
	31-Mar-11	5.33			1.13
Origami Ventures	31-Mar-12	58.59		0.48	
	31-Mar-11	92.94		3.74	
Others	31-Mar-12	17.37		0.20	
	31 <mark>-Ma</mark> r-11	19.11			0.71

^{*} The amounts are classified as trade receivables and trade payables, respectively.

b. Dividend Paid

(₹ in lacs)

Viriaco (Viriaco				
	Year ended	Dividend Paid	Amount owed	Amount owed
			by related	to related
			parties	parties
Key management personnel				
Mr. M.L. Pachisia	31-Mar-12	0.92	_	_
	31-Mar-11	0.55	_	_

c. Advances given and repayment thereof

(₹ in lacs)

	Year ended	Advances given	Repayment	Interest accrued	Amount owed by related parties
Subsidiary company					
Orient Cement Limited	31-Mar-12	158.41			158.41
	31-Mar-11	_			_

Loans given to related parties are interest free and repayable on demand.



Notes 37 RELATED PARTY DISCLOSURES (Contd.)

d. Remuneration to key managerial personnel

(₹ in lacs)

	Transaction during the year	Amount owed by related parties	Amount owed to related parties
Mr. M.L. Pachisia	31-Mar-12	253.96	
	31-Mar-11	171.83	
Mr.B Pandey	31-Mar-12	56.26	1.94
	31-Mar-11	48.45	1.89
Mr. S.B. Bhaiya	31-Mar-12	86.55	
	31-Mar-11	67.90	
Mr.M.C.Gautam upto 29-04-2010)	31-Mar-12	_	
	31-Mar-11	2.68	
Mr.B.S.Gilra	31-Mar-12	15.86	0.20
	31-Mar-11	13.08	0.20
Mr.V. Kishore	31-Mar-12	43.53	1.79
	31-Mar-11	37.04	0.70
Mr.P K Tripathy	31-Mar-12	96.28	1.16
	31-Mar-11	28.49	3.67
Total	31-Mar-12	552.44	5.09
	31-Mar-11	369.47	6.46

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes 38 CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹4,236.02 lacs (31 March 2011: ₹13,001.15 lacs).
- (b) For commitments relating to lease arrangements, please refer note 32

Notes 39 CONTINGENT LIABILITIES

	31st March, 2012	31st March, 2011
a) Outstanding bank guarantees	963.55	702.77
b) Demands/claims by various Government authorities and others not		
acknowledged as debts and contested by the Company:		
Excise Duty	2,068.74	2,125.91
Sales Tax	930.68	931.64
Income Tax	2,730.16	2,875.75
Water Tax	3,102.96	2,416.14
Escot Charges	4,318.60	1,182.60
Others	4,797.39	4,901.28
	*17,948.53	14,433.32
Against the above, payments have been made under protest and/ or debts		_
have been withheld by respective parties.	677.74	533.52

- Based on discussions with the solicitors/ favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision thereagainst is considered necessary.
- c) Outstanding claims from employees not acknowledged as debts, including Bonus claims under adjudication and wages for suspension period at Brajrajnagar Unit. Amount unascertainable

Notes 39 CONTINGENT LIABILITIES (Contd.)

d) The Company has filed a writ petition in the High Court of Jabalpur, contesting the order of Commissioner Commercial Tax in the case of IOC Ltd regarding taxability of furnace oil at par with diesel. Pending final disposal of this matter, the Company is unable to ascertain the impact of the order, if any, on the accounts of the Company.

Notes 40

Water Tax demand received from the Water Resources Department of the Government of Madhya Pradesh has been paid/provided to the extent of liability admitted by the Company for the period upto April, 2009 i.e. the period prior to new agreement (effective from May 2009) entered into with the Water Resource Department. No provision against the balance demand of ₹21,879.32 lacs (including compounded interest and penalty) has been made since the Company's application for waiver thereof is under consideration by the government of Madhya Pradesh.

Notes 41 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

- (a) Derivative instrument not for trading or speculation but as hedge of underlying transaction, outstanding as on the Balance Sheet date:
- i) Forward contract in respect of foreign currency trade receivables of USD 2.65 million (USD 1.20 million) and foreign currency trade payables of JPY Nil (JPY 1.59 million)
- ii) Cross Currency Swap of JPY/INR ₹841.95 lacs (₹1683.91 lacs) and ₹302.39 lacs (₹604.78 lacs) in respect of loan with interest rate @ 6 months JPY Libor plus 1.5% vis- a-vis fixed rate of 8.35% and 8.25% respectively.
- iii) Cross Currency Swap of USD/INR ₹9,470 lacs(₹9,470 Lacs) in respect of loan with interest rate @ 3 months USD Libor plus 2.5% vis- a- vis fixed rate of 8.50%.
- (b) Particulars of unhedged foreign currency exposure as at the reporting date Foreign Currency Trade Receivables (including advances) and Trade Payables aggregating to ₹498.44 lacs (₹909.53 lacs) and ₹233.31 lacs (₹400.97 lacs) respectively.

Notes 42

Loans and advances in the nature of loans given to subsidiaries and associates and firms/ companies in which directors are interested and which are outstanding at the end of the year in terms of Securities and Exchange Board of India's circular dated January 10, 2003

(₹ in lacs)

Particulars	Outstandi	ng Amount as a	Maximum Amount		
			outstanding		
		during	ng the year		
	31-March-12	31-March-11	31-March-12	31-March-11	
Advances to a Subsidiary Company					
Orient Cement Limited	158.41	_	158.41	_	



Notes 43 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

(₹ in lacs) 31st March, 2011 The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year Principal amount due to micro and small enterprises 1.391.68 1,332.23 Interest due on above 0.03 1,391.71 1,332.23 The amount of interest paid by the buyer in terms of section 16 of the MSMED 96.15 0.98 Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year The amount of interest due and payable for the period of delay in making payment 1.70 (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. 0.03 The amount of interest accrued and remaining unpaid at the end of each accounting year 0.50 The amount of further interest remaining due and payable even in the succeeding 0.50 3.74 years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 Notes 44 VALUE OF IMPORTS CALCULATED ON CIF BASIS Capital goods 782.39 1,330.35 Trading goods 501.20 846.23 Raw materials & components 3,031.31 1,356.08 Spares Parts & Chemicals 435.37 810.66 4,750.27 4,343.32 Notes 45 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS) Sales Commission 5.31 22.95 Professional & Consultancy fees 12.76 27.01 Miscellaneous 40.18 57.05 58.25 107.01

Notes 46 IMPORTED AND INDIGENOUS RAW MATERIALS & COMPONENTS AND SPARE PARTS CONSUMED (INCLUDING ITEMS DEBITED TO OTHER HEADS OF EXPENSES)

				(₹ in lacs)
	% age of total	Value	% age of total	Value
	consumption	(₹ in lacs)	consumption	(₹ in lacs)
	31 March 12	31 March 12	31 March 11	31 March 11
Raw Materials & components				
Imported	3.44%	2,545.83	2.42%	1,475.35
Indigenously obtained	96.56%	71,400.85	97.58%	59,448.54
	100.00%	73,946.68	100.00%	60,923.89
Spare parts				
Imported	6.74%	266.25	6.99%	182.53
Indigenously obtained	93.26%	3,686.67	93.01%	2,428.47
	100.00%	3,952.92	100.00%	2,611.00

Notes 47 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

Year of remittance (ending on) period to which it relates

	1 April 2011 to 31st March, 2012	1 April 2010 to 31st March, 2011
Number of non-resident shareholders	416	373
Number of equity shares held on which dividend was due	7,985,413	6,784,610
Amount remitted and / or paid in Indian Currency (₹ in lacs)	214.06	101.77

Notes 48 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

year of remittance (ending on)	(₹ in lacs)		
	31st March, 2012	31st March, 2011	
Exports of goods at F.O.B. Value	8,981.52	8,393.25	

Notes 49 PREVIOUS YEAR FIGURES

Till the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preperation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has relcassified previous year figures to conform to this years' classification. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preperation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements, particularly presentation of Balance Sheet.

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi

Dated: 2nd May, 2012

For and on behalf of the board of directors

C. K. Birla Chairman

M. L. Pachisia Managing Director



Information pursuant to the Provisions of Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's Business Profile

I.	Registration Details										
	Registration No.	L210110R1936PLC000117	State Code							1	5
	Balance Sheet Date 3 1 Date	0 3 2 0 1 2 Month Year									
II.	Capital Raised during the year (Am	ount in Thousands)									
	Public Issue	N I L	Right Issue						N	I	L
	Bonus issue	N I L	Private Placement				1	2	0	0	0
III.	Position of Mobilisation and Deplo	yment of Funds (Amount in Thousa	nds)								
	Total Liabilities 2	2 3 0 2 3 3 7	Total Assets	2	2	3	0	2	3	3	7
	Sources of Funds										
	Paid-up Capital	2 0 4 8 7 9	Reserves & Surplus	1	0	9	8	0	8	3	6
	Share Warrant	N I L	Unsecured Loans		2	3	1	6	8	5	9
	Secured Loans	3 3 8 3 8 4 7	Deferred Payment Liability				1	3	6	8	2
	Deferred Tax Liability	1 4 6 2 3 4 9	Current Liablities		3	9	3	9	8	8	5
	Application of Funds										
	Net Fixed Assets 1	4 0 5 3 8 3 1	Investments			8	7	4	5	7	9
	Current Assets	7 3 7 3 9 2 7	Misc. Expenditure						N	1	L
IV.	Performance of the Company (Am	ount in Thousands)									
	Turnover 2	4 9 0 6 3 7 4	Total Expenditure	2	0	6	3	8	5	4	8
	Profit Before Tax	3 1 8 3 4 4 9	Profit After Tax		2	1	2	2	7	5	8
	Earning Per Share in ₹	1 0 . 9 4	Dividend Rate (%)						2	0	0
V.	Generic Names of Three Principal	Products / Services of Company (as	s per monetary terms)								
	Item Code No Description	2 5 2 3 1 0 0 0 Ordinary Portland Cement									
	Item Code No Description	4 8 0 2 4 0 0 0 Paper									
	Item Code No Description	8 4 1 4 5 1 0 2 Electric Fans									

For and on behalf of the board of directors

Place: New Delhi

Dated: 2nd May, 2012

S. L. Saraf secretary P. K. Sonthalia President (Finance) and CFO

C. K. Birla Chairman

M. L. Pachisia Managing Director

Statement regarding subsidiary companies pursuant to Section 212 of the Companies Act, 1956

The entire subscribed capital as on 31 March 2012 of Orient Cement Limited was held by the Company. The net aggregate amount of the (loss) of the subsidiary company for the period ended 31 March 2012 which concern the members of the Company, but have not been dealt with in or for the purposes of the account of the Company, are given below

Name of subsidiary	Aggregate amount for subsidiary's financial year ended 31 March 2012	Aggregate amount for the previous financial year of the subsidiary since it became a subsidiary
Orient Cement Ltd.	Rs. (15890795)	Rs. (15890795)

C. K. Birla Chairman

S. L. Saraf secretary

P. K. Sonthalia President (Finance) and CFO

M. L. Pachisia Managing Director

New Delhi 2nd May 2012

Directors' Report

For the period ended 31st March, 2012

То

The Shareholders,

Your Directors submit their Report and Audited Accounts of the Company for the period ended 31st March, 2012.

The Profit & Loss Account shows a Loss of Rs.1,58,90,795/- towards amalgamation expenses and is proposed to be carried forward.

The Company has filed a petition in the Hon'ble High Court, Orissa for approval of Scheme of Arrangement between Orient Paper & Industries Ltd (OPIL)., and Orient Cement Limited., in connection with transfer of Cement under taking from OPIL to the Company, which is now pending for final hearing.

Shri P.C. Agarwalla a Director of the Company retires by rotation and is eligible for re election.

Sarvashri C.K. Birla, Haigreve Khaitan and Desh Deepak Khetrapal were appointed as additional Directors of the Company and hold office till ensuing Annual General Meeting of the Company. A notice has been received from a shareholder for appointing Sarvashri C.K. Birla, Haigreve Khaitan and Desh Deepak Khetrapal as Directors of the Company at the said Annual General Meeting.

M/s. S.R. Batliboi & Co., Chartered Accountants, Auditors of the Company retires and offer themselves for reappointment.

In the preparation of the Annual Accounts, the Company has followed the applicable accounting standards along with proper explanation relating to material departures.

Such accounting policies have been selected and applied consistently and reasonable judgments and estimates have been made, so as to get a true and fair view of the state of affairs of the Company for this period.

Proper and sufficient care has been taken for maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on an ongoing concern basis.

New Delhi 2nd May, 2012 M. L. Pachisia Director

P. K. Sonthalia Director

Auditors' Report

То

The Members of

Orient Cement Limited

- We have audited the attached Balance Sheet of Orient Cement Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and

- cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - in the case of the statement of profit and loss, of the loss for the period ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the period ended on that date.

For S.R. BATLIBOI & CO.

Firm registration number: 301003E

Chartered Accountants

per Raj Agrawal

Place : New Delhi Partner
Date: 2nd May, 2012 Membership No.:82028

Annexure to the Auditors' Report

Referred to in our report of even date

То

The Members of

Orient Cement Limited

- i) The Company does not have any fixed assets, hence, sub clauses (a) to (c) of clause 4(i) of the Order are not applicable to the Company.
- ii) Since the Company did not have any inventory, sub clauses (a) to (c) of clause 4 (ii) of the Order are not applicable to the Company.
- iii) a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- iv) The Company has not made any purchase of inventory & fixed assets and has not sold goods or rendered any services during the period. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company and hence not commented upon.
- v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order are not applicable to the Company and hence not commented upon.

- vi) The Company has not accepted any deposits from the public.
- vii) The provisions relating to internal audit are not applicable to the Company.
- viii) Since the Company is yet to commence business activity, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- ix) The provisions relating to provident fund, income-tax, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess are not applicable to the Company. Accordingly, the provisions of clauses 4(ix) (a) to (c) are not applicable to the Company and hence not commented upon.
- x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has not taken any loans from financial institution or bank and no debentures were outstanding during the period.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the

- provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The Company did not have any term loans outstanding during the period.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the period to parties or companies covered in the register maintained under section 301 of

the Companies Act, 1956.

- xix) The Company did not have any outstanding debentures during the period.
- xx) The Company has not raised any money through public issue during the period.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the reporting period.

For S.R. BATLIBOI & CO.

Firm registration number: 301003E Chartered Accountants

per Raj Agrawal

Partner

Place: New Delhi Date: 2nd May, 2012 Membership No.:82028

Balance Sheet as at 31st March, 2012

(₹ in lacs)

	Notes	31st March, 2012
Equity and liabilities		
Shareholders' funds		
Share capital	2	5.00
Reserves and surplus	3	(107.35)
		(102.35)
Current liabilities		
Trade payables	4	0.50
Current liabilities	4	158.41
		158.91
Total		56.56
Assets		
Non-Current Assets		
Deferred Tax Assets	9	51.56
Current assets		
Cash and bank balances	5	5.00
Total		56.56
Summary of significant accounting policies	2.1	

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi

Dated: 2nd May, 2012

For and on behalf of the board of directors

M. L. Pachisia Director

P. K. Sonthalia Director

Statement of Profit and Loss for the period ended 31st March, 2012

(₹ in lacs)

Notes	31st March, 2012
Expenses	
Prelimenary Expenses written off	0.28
Professional & Consultancy fees	154.36
Payment to Auditor	
As Audit fees	0.50
For certificates & other services	0.50
Miscelleneous Expenses	3.27
Total Expense	158.91
Profit/(loss) before tax	(158.91)
Tax expenses	
Deferred tax Charge/(Credit)	(51.56)
Total tax expense	(51.56)
Profit/(loss) for the year	(107.35)
Earnings per equity share [nominal value of share ₹1]	
Basic & Diluted 10	(21.47)
Summary of significant accounting policies 2.1	

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi

Dated: 2nd May, 2012

For and on behalf of the board of directors

M. L. Pachisia Director

P. K. Sonthalia Director

Cash Flow Statement for the period ended 31st March, 2012

(₹ in lacs)

·	(\ 111 lacs)
	31st March, 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/(loss) before Tax	(158.91)
Operating Profit before Working Capital Changes :	
Increase in Trade Payables & Other Liabilities	158.91
Net CASH GENERATED FROM OPERATIONS:	-
(B) CASH FLOW FROM FINANCING ACTIVITIES :	
Issue of Equity Shares	5.00
NET CASH FROM FINANCING ACTIVITIES	5.00
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B)	5.00
* Cash & Cash Equivalents - Closing Balance	5.00
* Represents Cash and Bank Balances as indicated in Note No 5	

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028

Place: New Delhi Dated: 2nd May, 2012 For and on behalf of the board of directors

M. L. Pachisia Director P. K. Sonthalia Director

Notes 01

1. BACKGROUND

Orient Cement is a subsidiary company of Orient Paper & Industries Limited. The Company has been incorporated on 22 July, 2011. The Company has not started any business activity. However a scheme of arangement has been filed with the respective court as stated in Note 6 below.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restriction recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that

sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of 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 or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(d) Preliminary Expenses

In accordance with the requirements of Accounting Standard - 26, Preliminary expenses incurred in connection with the formation of the company are charged off in the year such expenses are incurred.

(e) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(f) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(₹ in lacs)

	31st March, 2012
Notes 02 SHARE CAPITAL	
Authorized shares	
500000 equity shares of ₹1/- each	5.00
	5.00
Issued, subscribed and fully paid-up shares	
500000 equity shares of ₹1/- each fully paid	5.00
	5.00

Notes 02 SHARE CAPITAL (Contd.)

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period **Equity Shares**

	31st March, 2012	
	No. of shares	₹ in lacs
At the beginning of the period		
Issued during the period	500,000	5.00
Outstanding at the end of the period	500,000	5.00

(a) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share.

(b) Shares held by holding company

The above 500,000 Equity Shares of ₹1 each are held by its holding Company namely Orient Paper & Industries Ltd.

(₹ in lacs)	
31st March, 2012	
(107.35)	

Notes 03 RESERVES AND SURPLUS	
Surplus/(Deficit) in the statement of profit and loss	
Profit/(Loss) for the year	(107.35)
Net surplus/(deficit) in the statement of profit and loss	(107.35)
Total reserves and surplus	(107.35)

Notes 04 CURRENT LIABILITIES	
Trade payables	0.50
Other liabilities	
Amount payable to Orient Paper & Industries Limited (Holding Company) (Refer Note No. 7)	158.41
	158.41
	158.91

Notes 05 CASH AND BANK BALANCES	
Cash and cash equivalents	
Balances with banks:	
- On current accounts	5.00
	5.00

Notes 06

A scheme of arrangement to demerge the cement undertaking of the Holding Company namely Orient paper & Industries Limited, by transferring the same a going concern basis to the Company w.e.f. 1st April, 2012, has been filed with the Honb'le High Court of Orissa, whose approval is pending as on date.

Notes 07

Orient Paper & Industries Limited, the holding company, has incurred certain professional & consultancy fees, and other miscellenous expenses towards the demerger scheme as stated in note 6 above, which are to be borne by the Company, in terms of the said scheme of arrangement. The said expenses are reimburseable to the holding Company and accordingly, the same has been shown under the head Current liabilities.

Notes 08

As the Company has not yet commenced any business activity, segment reporting disclosures as per Accounting Standard -17, are not applicable and hence not furnished.

/ F in land)

	(< in lacs)
	31st March, 2012
Notice Of DEFERRED TAY ACCET	_
Notes 09 DEFERRED TAX ASSET	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed	
for tax purposes in future years	51.56

The fell and on a float the confit and above data and in the basis and diluted EDC assessmentions.	
The following reflects the profit and share data used in the basic and diluted EPS computations:	
Net Profit/(Loss) after tax for calculation of basic and diluted EPS	(107.35)
	No. in lacs
Weighted average number of equity shares in calculating diluted EPS	5.00
Earnings per equity share [nominal value of share ₹1]	
Basic & Diluted	₹ (21.47)

Notes 11 RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Holding Company

Orient Paper & Industries Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Advances received

(₹ in lacs)

	Year ended	Advances received	Repayment	Interest accrued	Amount owed to related parties
Holding Company					
Orient Paper & Industries Limited	31-Mar-12	158.41			158.41

Notes 12

This being the first financial year of the Company, previous year figures have not been given.

As per our report of even date.

For S. R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. 82028 Place: New Delhi

Dated: 2nd May, 2012

For and on behalf of the board of directors

M. L. Pachisia Director

P. K. Sonthalia Director



Orient Paper and Industries Limited

Registered Office: Unit - VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751 012 (Orissa)

NOTICE

TO

THE SHAREHOLDERS.

NOTICE is hereby given that the Annual General Meeting of the Shareholders of ORIENT PAPER & INDUSTRIES LTD., will be held on Monday, the 13th August, 2012 at 12.30 p.m. at UNIT-VIII, PLOT NO.7, BHOINAGAR, BHUBANESWAR-751012 (ORISSA) to transact the following business:

- 1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March 2012, together with the Report of the Directors thereon.
- 2. To declare dividend on Preference and Equity shares.
- 3. To elect Directors in place of those retiring by rotation.
- 4. To appoint Auditors for the current year and to fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution.

"Resolved that M/s. S.R. Batliboi & Company, Chartered Accountants of 22, Camac Street, Block "C", 3rd floor, Kolkata-700016 be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board of Directors

SPECIAL BUSINESS

5 To consider and, if thought fit, to pass with or without modification, the following resolutions

AS ORDINARY RESOLUTION:

"Resolved that pursuant to the provisions of Article 95 of the Articles of Association of the Company and Sections 198,269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act,1956 and such approvals as may be required, Shri M.L. Pachisia be and is hereby reappointed as the Managing Director of the Company for a period of 2 years with effect from 23rd September,2011 with liberty to either party to terminate the appointment on three months

notice in writing to the other at a remuneration and on terms set out below.

i) Salary (Basic) per month:

Rs.8,00,000/-.subject to such increments as the Board may approve from time to time provided that the monthly salary shall not exceed Rs.10,00,000/-.

ii) Other Allowances (per month):

Rs.1,50,000/- subject to such increase as the Board may approve from time to time provided that the said allowances shall not exceed Rs.2,00,000/-.

iii) Other reimbursements/Perquisites

a) Housing I

Expenditure by the Company on hiring furnished accommodation for the Managing Director subject to a maximum of 60% of the basic salary.

Or

Housing II

In case Company owned furnished accommodation is provided no allowances shall be paid.

Or

Housing III

In case no accommodation is provided by the Company, the Managing Director shall be entitled to 60% of the basic salary as and by way of House Rent Allowance.

b) Medical Reimbursement

Expenditure incurred for the Managing Director and his family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

c) Leave:

In accordance with the rules framed by the Company.

d) Leave Travel Assistance:

Reimbursement of expenditure incurred for the Managing Director and his family once in a year subject to a maximum of one months' salary.

e) Club Fees:

Actual fees for a maximum of two clubs. This will not include admission fee and life membership fees.

f) Personal Accident Insurance:

Premium not to exceed a sum of Rs. 4000/- per annum.

- **g)** Contribution to Provident Fund and Superannuation/Annuity Fund will be as per Scheme of the Company.
- h) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
- i) Encashment of unavailed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- j) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for Private purpose shall be billed by the Company to the Managing Director. If the Managing Director engages a driver, he will be reimbursed Rs.10000/- per month on account of Driving charges.
- k) In addition to the above, the Board may at its

- discretion pay to the Managing Director other allowances, benefits, perquisites and ex-gratia amount not exceeding Rs.75,00,000/- per financial year commencing from 2011-12.
- I) Minimum Remuneration: The remuneration as specified at SI. Nos. I to IV above subject to the approval of the Shareholders shall continue to be paid to Shri M.L. Pachisia as and by way of minimum remuneration notwithstanding the loss or inadequacy of profit during the tenure of his office.

Shri M. L. Pachisia shall, subject to superintendence, control and directions of the Board of Directors, have the management of the whole or substantially the whole of the affairs of the Company and shall perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred upon him by the Board.

By order of the Board
For ORIENT PAPER & INDUSTRIES LTD.

P.K. Sonthalia

President (Finance) & CFO

Kolkata, the 13th July, 2012

Regd. Office:

Unit:VIII,Plot No.7

Bhoinagar, Bhubaneswar-751012 (Orissa)

Notes:

- A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
- The Share Transfer Books and the Register of Members of the Company will remain closed from 28th July, to 3rd August,2012 (both days inclusive) for the purpose of payment of dividend on equity shares.
- 3. Subject to the provisions of Section 206A of the Companies Act,1956 dividend on Equity Shares as recommended by the Board of Directors if declared at the meeting will be payable to the holders of Equity Shares on or after 13th August, 2012 to those holders of Equity Shares whose name appear in the Register of Members / Beneficial Owners as per details furnished by the depositories at the end of the

business hour on 27th July,2012.

- Mr.Michael Bastian and Shri B.K. Jhawar, Directors of the Company, retire by rotation and are eligible for reelection.
- 5. The instruments of Share transfer complete in all respects should be sent to the Company's Registrar and Transfer Agents M/s. MCS Ltd., 77/2A, Hazra Road, Kolkata-700029, well in advance, so as to reach them prior to the Book closure dates, shares under any defective transfer (unless defect is removed prior to Book closure dates) and/or instruments of transfer received after the said dates will not be considered for payment of dividend.
- Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such folios and send the relevant share certificates to MCS Limited, Share transfer

- agents of the Company for their doing the needful.
- Members are requested to notify change in address, if any, immediately to MCS Ltd, Share Transfer Agents of the Company, quoting their folio number.
- 8. In view of the amended provisions of Section 205A of the Companies Act, 1956, the unclaimed Dividends for the Financial Years 2006-07, 2007-08, 2008-09, 2009-10, and 2010-11 will be transferred to the Investor Education and Protection Fund established by the Central Government in accordance with Section 205C of the Companies Act. 1956 if the same is not claimed
- within a period of seven years by the Shareholders.
- Shareholders who have not received and / or claimed the Dividends for the above years are requested to claim the same from the Company at the earliest.
- 9. Pursuant to the recommendation of the SEBI Committee on Corporate Governance for reappointment of the retiring Directors, the relevant details of the concerned Directors are given in the Report on Corporate Governance forming a part of the Annual Report.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants, Members who hold shares in physical form are requested to register their e-mail address with MCS Ltd., 77/2A, Hazra Road, Kolkata-700 029 the Registrar and Share Transfer Agents of the Company

Explanatory Statement (As required by Section 173 of the Companies Act, 1956)

RESOLUTION NO. 5

It may be noted that pursuant to the resolution adopted by the Shareholders at the General Meeting held on 14th July 2008, .Shri M.L Pachisia was re-appointed as the Managing Director of the Company for a period of three years w.e.f. 23.09.2008 at a remuneration and on the terms and conditions as stated in the said resolution:

The term of appointment of Shri M.L. Pachisia expired on 22nd September, 2011. The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 17th June, 2011 and 27th July, 2011 decided to re-appoint Shri M.L. Pachisia, as the Managing Director of the Company for a further period of two years w.e.f 23.09.2011 on the terms and conditions as stated in the Resolution subject to the approval of the Shareholders . Shri M L Pachisia, has an experience of over 50 years and is highly experienced

and controls the affairs of the Company as whole. He has successfully and in a sustained way contributed significantly towards improvement in performance of the company. The remuneration payable to the Managing Director is comparable to the remuneration paid to a person holding similar position in other companies of similar size as that of the company. An abstract of the terms of re-appointment of Shri M L Pachisia as Managing Director has already been circulated as required under Section 302 of the Companies Act, 1956.

Accordingly your Directors recommended the resolution as stated out in the Notice. Shri M L Pachisia is deemed to be concerned or interested in the resolution, which pertains to remuneration payable to him. None of other

Directors are in any way concerned or interested in the resolution.



Orient Paper and Industries Limited

Registered Office: Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751 012 (Orissa)

	PROXY
I/We	
of	in the district
of	being members(s) of
ORIENT PAPER & INDUSTRIES LTD. he	ereby appoint
of	
in the district of	
or failing him	
of	
in the district of	
as my/ our Proxy to vote for me/us on Monday, the 13th August, 2012 and at a	my/our behalf at the Annual General Meeting of the Company to be held on any adjournment thereof.
Signed this day of	
Signature	Affix a Re. 1/- Revenue Stamp
Note: i) The Proxy must be deposited at the finding the aforesaid meeting. ii) i) The Proxy need not be a member.	Registered Office of the Company not less than 48 hours before the time for
FOR OFFICE USE ONLY:	Proxy No
	Ledger Folio / DP-ID/Client ID No
	No. of Shares

CORPORATE INFORMATION

Board of Directors

Shri C.K. Birla (Chairman)

Shri B.K. Jhawar

Shri A. Ghosh

Shri Michael Bastian

Shri M.L. Pachisia - Managing Director

Board Committees

Audit Committee

Shri A. Ghosh (Chairman)

Shri B.K. Jhawar

Shri Michael Bastian

Shareholders/Investors Relation Committee

Shri Michael Bastian

Shri M.L. Pachisia

Remuneration Committee

Shri B.K. Jhawar

Shri Michael Bastian

Committee of Directors

Shri M.L. Pachisia

Shri B.K. Jhawar

Auditors

M/s S.R. Batliboi & Co. Chartered Accountants 22, Camac Street, Block 'C', 3rd floor Kolkata – 700 016

Registered Office

Unit - VIII, Plot No. 7

Bhoinagar

Bhubaneshwar - 751 012 (Orissa)

Principal Office

Birla Building, 13th Floor, 9/1 R.N. Mukherjee Road Kolkata-700 001

Plants

- Devapur, Andhra Pradesh
- Jalgaon, Maharashtra
- Amlai, Madhya Pradesh
- Brajrajnagar, Orissa
- Faridabad, Haryana
- Kolkata, West Bengal

Share Transfer Agents

MCS Limited

77/2A Hazra Road

Kolkata - 700 029



Orient Paper and Industries Limited

Registered office:

Unit – VIII, Plot No. 7, Bhoinagar, Bhubaneshwar – 751 012 (Orissa) Principal office:

Birla Building, 13th floor, 9/1, R.N. Mukherjee Road, Kolkata-700 001 e-mail: cosec@orientpaperindia.com