



ORIENT PAPER AND INDUSTRIES LIMITED

Registered Office: Unit –VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012, (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 Friday, the 16th August, 2013 at 12.30 p.m. at UNIT-VIII, PLOT NO.7, BHOINAGAR, BHUBANESWAR-751012 (ORISSA) to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March 2013, together with the Report of the Directors thereon.
2. To declare dividend.
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 & Co. LLP, 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 resolution as an ORDINARY RESOLUTION:

“Resolved that Mr. Narendra Singh Sisodia who has been appointed by the Board of Directors as an Additional Director of the Company w.e.f. 31st October, 2012, and who holds office upto the date

of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (the Act), and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed a Director of the Company.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

“Resolved that subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the Board to waive recovery of the excess remuneration of ₹ 1,87,69,989.00 paid to Shri M. L. Pachisia, Managing Director of the Company during the period from 1st April, 2012 to 31st March, 2013 in excess of the limit prescribed under Section 309 read with Schedule XIII of the Companies Act, 1956.”

By Order of the Board
For ORIENT PAPER & INDUSTRIES LTD.
P.K. Sonthalia
President (Finance) & CFO

Regd. Office:
Unit: VIII, Plot No. 7
Bhoinagar
Bhubaneswar-751012 (Orissa)
Kolkata, the 15th July, 2013

Notes:

1. 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. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The Share Transfer Books and the Register of Members of the Company will remain closed from 5th August, 2013 to 9th August, 2013 (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

16th August, 2013 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 book closure date.

4. Shri C. K. Birla and Shri Amitabha Ghosh, Directors of the Company, retire by rotation and are eligible for re-election.
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.
6. 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.
7. 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, 2010-11 and 2011-12 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 appointment/re-appointment of 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

Shri Narendra Singh Sisodia was appointed as an Additional Director (Independent) of the Company w.e.f. 31st October, 2012. Pursuant to Section 260 of the Companies Act, 1956, Shri Sisodia will hold office as Director only upto the date of this Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose Shri Sisodia for appointment as a Director at the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance. The Board of Directors, therefore, recommend the resolution for approval of the members.

None of the directors except Shri Narendra Singh Sisodia is concerned or interested in the proposed resolution.

RESOLUTION NO. 6

It may be noted that pursuant to the resolution adopted by the Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 17th June, 2011 and 27th July, 2011, Shri M. L. Pachisia

was re-appointed as Managing Director of the Company for a further period of two years w.e.f. 23rd September, 2011 on the terms and conditions as stated in the said resolutions subject to the approval of the Shareholders of the Company.

The Shareholders at the Annual General Meeting held on 13th August, 2012 approved the re-appointment of Shri M.L Pachisia as the Managing Director of the Company and the remuneration payable to him.

It may be noted that the Company has paid remuneration to Managing Director during the year 2012-13 as approved by the shareholders. However, the said remuneration has exceeded the limit specified in Part II of Schedule XIII of the Act in view of loss incurred by the Company during the year 2012-13 consequent upon de-merger of its Cement undertaking w.e.f. 1st April, 2012.

During the period from 1st April, 2012 to 31st March, 2013, the company has paid ₹ 1,87,69,989.00 to the Managing Director in excess of the limit prescribed in Schedule XIII of the Companies Act, 1956.

Remuneration paid	Amount in Rupees
Salary & Perquisites (Excluding contribution to P.F., S.F. and Gratuity Fund)	235,69,989
Less: Limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.	48,00,000
Excess Remuneration	1,87,69,989

An application has already been made to the Central Government on 19th June, 2013 for waiver of excess remuneration paid to the Managing Director during the period from 1st April, 2012 to 31st March, 2013.

The information required in terms of Part II, Section II-1(C) of Schedule XIII to the Act, is given below:

GENERAL INFORMATION:

(i) Nature of industry.

The Company was incorporated on July 25, 1936. The company is inter-alia engaged in the business of manufacture of Paper and Consumer Electrical goods. The Company has five manufacturing units located at Amlai (Madhya Pradesh), Brajrajnagar (Orissa), Kolkata (West Bengal), Faridabad (Haryana) and Noida (Uttar Pradesh). The Brajrajnagar unit is non-operational since 1999.

(ii) Date or expected date of commencement of commercial production.

The Company is in operation since the year 1936.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not applicable.

(iv) Financial performance based on given indicators.

As per Audited Financial Results	2010-11	2011-12	2012-13
Paid up Capital	19.29	20.49	20.49
Reserve & Surplus	760.11	928.01	287.54
Profit & Loss Account	105.05	170.07	130.44
Revenue from Operations	1979.97	2490.64	1269.52
Other Income	16.67	22.29	17.67
Total Revenue	1996.64	2512.93	1287.19
Total Expenses	1787.13	2194.59	1332.51
Profit before Taxation	209.51	318.34	(45.32)
Tax Expenses/(Income) including Deferred Tax	66.41	106.07	(13.08)
Managerial Remuneration	1.96	2.90	2.66

(v) Export performance and net foreign exchange collaborations.

Earned: ₹ 10837.77 Lacs during the year 2012-13.

Used: ₹ 83.67 Lacs during the year 2012-13.

Net Foreign Exchange Earned: ₹ 10754.10 lacs as on 31.03.2013.

(vi) Foreign investments of collaborators, if any.

Nil.

INFORMATION ABOUT THE APPOINTEE:

(i) Background details.

Shri M.L. Pachisia, is a Commerce Graduate. He has over 50 years experience. Shri M.L. Pachisia was appointed as a whole time Director of the Company designated as Executive Director for a period of 5 years w.e.f 23.09.1997. Subsequently, he was re-designated as the Managing Director of the Company and from time to time re-appointed upon expiry of his term.

Shri M.L. Pachisia is highly experienced and controls the affairs of the Company as a whole. He has successfully and in a sustained way contributed significantly towards improvement in performance of the Company leading to its successful turn around.

(ii) Past remuneration.

Shri M.L. Pachisia, Managing Director, received the following remuneration in the last three years.

	2010-11	2011-12	2010-11
Salary & Allowances	98,40,000	1,12,33,333	1,36,20,000
Contribution to:			
Provident Fund	10,08,000	11,17,600	13,68,000
Superannuation Fund	12,60,000	13,97,000	17,10,000
Perquisites	75,33,874	1,52,92,169	99,49,989
Total	1,96,41,874	2,90,40,102	2,66,47,989

(iii) Recognition or awards.

Shri M. L. Pachisia, Managing Director, has been instrumental in getting various awards for the Company.

(iv) Job profile and his suitability.

Shri M. L. Pachisia has rich experience of over 50 years in managing and administrating diverse type of businesses and controls the affairs of the company as a whole.

(v) Remuneration proposed.

Not applicable.

- (vi) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person. The remuneration payable is comparable to the remuneration paid to a person holding similar position in other companies of similar size as that of the Company.
- (vii) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. Shri M.L. Pachisia holds 36640 equity shares of the Company. He does not have any other pecuniary relationship directly or indirectly with the Company. He does not have any relationship with the managerial personnel of the Company.

OTHER INFORMATION:

(i) Reasons for loss or inadequate profits.

Orient Paper and Industries Limited ("OPIL") was engaged inter-alia in the key business of manufacture and sale of cement, paper and electricals.

In order to effectively and efficiently cater to the independent growth plans for cement business, it was proposed to de-merge the Cement Undertaking of OPIL into Orient Cement Limited in compliance with the provisions of Section 391 to Section 394 and other relevant provisions of the Act. Accordingly, the Honourable High Court of Orissa vide its Order dated July 27, 2012 read with Order dated February 23, 2013 sanctioned the Scheme of Arrangement amongst OPIL and Orient Cement Limited.

The Company has made profit till 2011-12 due to very profitable performance of the Cement and Electrical business. However, the Paper business in recent years have been facing stiff challenges, since Indian Paper Industry has been passing through a very difficult phase due to huge cost increases and depressed market conditions. In addition, the Company had problems in functioning of its aging Captive Power Plant, which led to losses during the year 2012-13. Post demerger of Cement undertaking w.e.f. 01-04-2012, the Company's financial results for 2012-13 had a loss of ₹ 32.24 Crores.

(ii) Steps taken or proposed to be taken for improvement.

The Company has already taken several initiatives and drawn up strategies for Electricals and Paper businesses to improve their performance.

Some of the initiatives the company has taken, includes:

- a) A 55 MW power plant was commissioned in December, 2012 in the Company's paper plant at Amlai, M.P.
- b) Our new 250 mn gallon water reservoirs are now fully operational, which is already helping us avoid any water shortage related shutdown.
- c) Launched a wide range of Electrical/Household Electrical Appliances.

(iii) Expected increase in productivity and profits in measurable terms.

The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.

Accordingly, your Directors recommend the Special resolution stated in the notice for approval of the Members.

Shri M.L. Pachisia is deemed to be concerned or interested in the resolution, which pertains to the excess remuneration paid to him. No other Director is in any way concerned or interested in the resolution.

The background features a vibrant, abstract design. It consists of several overlapping, semi-transparent circles in shades of orange, yellow, and red. At the center of these circles is a complex, multi-colored pattern that resembles a stylized flower or a sunburst, with colors ranging from purple and blue to green and yellow. The overall effect is one of dynamic energy and growth.

Growth with a new focus

Orient Paper & Industries Limited | Annual Report 2012-13

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Orient Paper & 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 & Industries Limited Annual Report 2012-13.

Welcome to Orient Paper & Industries Limited. Inside:

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"One way to keep momentum going is to have intense focus and constantly greater goals."

Even as we chart a new course after demerger of our cement business, our resolve to continuously achieve healthy and profitable growth remains as strong as ever.

We are particularly excited about our Electricals business, which has continued to record impressive growth year after year including during the year under review. Given our strong brand equity, wide distribution network and increasing range of product offerings, we see a huge potential for accelerated growth and expansion of this business. We will therefore pursue this business with a greater focus.

With completion of the new power plant, we expect our Paper business also to achieve its full potential and report substantially better results.

Hence, despite the not-so-satisfactory results of the year gone by, I expect Orient Paper to bounce back strongly and continue to enhance value for all our stakeholders.

Best wishes,

C.K. Birla

Chairman, Orient Paper & Industries Limited



About Orient Paper & Industries Limited

Key financials, 2012-13

₹ 1,386.05 cr
Turnover

₹ 780.96 cr
Capital
employed

Legacy

Part of the C.K. Birla Group of companies. The cement division of Orient Paper & Industries Limited was demerged into a separate company, Orient Cement Limited, with effect from 1 April 2012.

Products

Two broad divisions i.e. **Electricals division** (fans, energy-efficient lightings and household electrical appliances) and **Paper division** (tissue papers, writing and printing papers, photocopy papers, caustic soda and chlorine).

Presence

Headquartered in Kolkata, with Electrical products manufacturing facilities in Faridabad, Noida and Kolkata. The division enjoys a robust pan-India marketing presence for all products with highest export of fans from India. The paper and caustic plants, including the newly commissioned 55 MW power plant, are located in Amlai (Madhya Pradesh).

Listing

Orient Paper's equity shares are listed on the Bombay and National Stock Exchanges.

₹ 10.58 cr
Operating profit

₹ -11.56 cr
Cash profit

₹ -32.23 cr
Net profit



Managing Director's report

Dear shareholders,

You will recall that as part of our last year's annual report, we had outlined seven specific initiatives to unleash value for our stakeholders. As we move forward, let me reflect on the progress made by us on each of those identified areas of focus.

1. Demerge cement business and expand capacity:

The demerger has been completed and listing of shares of Orient Cement Limited is awaiting final SEBI approval. Work on the new cement project has also commenced. This should achieve the twin objectives of value unlocking and focused growth of both entities.

2. Commission the new 55 MW power plant: The plant was commissioned in December 2012 and is already contributing to the turnaround of our paper business.

3. Effective resolution of water shortage problems: Water reservoirs had been commissioned last year and no shutdowns are expected during the summer of 2013-14.

4. Increase proportion of tissue paper in our paper

portfolio: The proportion increased to over 26%; tissue paper exports increased by 82% over the previous year.

5. Increase market share in household appliances:

Turnover of over ₹ 50 crores achieved in the first full year of launch. Strengthened distribution chain and finalised a new campaign. Much better results are expected in 2013-14.

6. Consolidate leadership in fans: Increased volume of fans by 10% against industry growth of around 6%, thus gaining further market share.

7. Expand range and reach of lighting products:

Registered 36% growth of the lighting business with increase in market share as well. A new PCB manufacturing plant has also commenced operations.

Regrettably, in spite of these positive developments, results for the year have been somewhat disappointing mainly because of the challenges faced by our Paper business. As is widely known, the Indian paper industry in general has been going through a difficult phase with huge cost increases while concurrently facing depressed market conditions. In addition, we had two major internal problems of water shortages and unreliable functioning of our ageing captive power plant. The water shortage problem was resolved last year and with commissioning of the new

power plant in December 2012, power issues are also now behind us. As a result, performance of our Paper business improved during last quarter of the year under review and we are looking forward to further improvements going forward.

Our Electricals business continues to do well and we have further consolidated its competitive position in the new verticals of energy-efficient lighting and appliances. We have ambitious plans to expand this division substantially and have taken further steps to introduce new and exciting products backed by an aggressive campaign to be launched shortly. Hence, this division is poised for a major leap and we expect it to be the principal driver of our Company's future growth.

In view of the above, we are confident and determined to face the future with new focus. Yet our goal of continuous growth and value enhancement for all our stakeholders remains unchanged.

With my best regards,

M.L. Pachisia



ORIENT FANS

Business segment review 1

ELECTRICALS

- Achieved faster-than-industry growth in fans sales volumes
- Altered product mix to achieve higher sales of premium fans
- Sustained focus on value engineering initiatives
- Achieved robust growth in sales of energy-efficient lighting products and introduced LED lighting
- Made inroads in the household appliances segment
- Strengthened our distribution network

(₹ cr)

Revenue (net)	2010-11	2011-12	2012-13
From sales of fans	588.80	661.42	744.69
From sales of lighting products	59.57	90.26	122.62
From sales of appliances	-	11.93	52.98
Total revenue	648.37	763.61	920.29



CEO speak

We have embarked upon our journey towards creating a position of 'aspiration' in the minds of our customers at large. We will continuously strive towards entering new markets and product segments. We will simultaneously work towards creating value for our partners in the business. A techno-commercially viable portfolio, brand positioning, channel development and customer delight will take center stage in all our actions.

Premium segment focus, latest technology in product design, best-in-class manufacturing practices and a well-trained and committed team will be our endeavour.

All the above measures will support our new USP '**Orient ... Khush Kar De!**'

Manoj Verma, CEO, Orient Electricals

ORIENT

**ORIENT
LIGHTING**



*Khush
kar de*

**ORIENT
actus**



ELECTRICALS

Key developments during the year under review

Fans

- Highest ever quantity sales in the domestic market; registered a growth of 9.7% against the estimated industry average of 6%.
- Retained the position of a dominant player in the export business, contributing more than 47% to the total export of fans from India.
- During the year, the division implemented various value engineering activities resulting in substantial saving.
- Installed a state-of-the-art blade manufacturing plant in Faridabad. The plant has resulted in smooth supplies with minimal inventory levels, apart from reduced delivery lead time.
- The contract with M.S. Dhoni as brand ambassador was renewed for another three years. The scope of the contract now extends to all businesses – fans, lighting and appliances.
- With the increasing demand for decorative premium range of ceiling fans, a range of value-added models targeted at the premium segment were introduced with good acceptance in the market.

Lighting

- Sale of lighting has grown by about 36% with improvement in market share of CFL and consumer luminaires.
- Product portfolio as well as the number of retail outlets increased significantly.
- With an increasing trend for value-added products, the business focused on the introduction of a comprehensive range of consumer luminaires.
- LEDs are expected to grow at a CAGR of an estimated 40% over next 5 years and are projected to eventually gain an almost 40% share in the lighting market. Hence, a program was implemented to design and introduce a full range of lamps and luminaires in the LED category.
- A program is underway to create and launch a full portfolio of professional luminaires largely targeted at the B2B segment comprising the private and government end user segments.
- The market witnessed stiff competition with a trend of reducing prices. To maintain margins, a new plant was commissioned for in-house manufacturing of PCBs, which are the major cost elements of CFLs.

Appliances

- The industry has witnessed a growth of 9% over the previous year; however due to lower growth in mixer grinders and coolers, the current year's growth has declined in comparison to the previous year. Water heaters and induction cook-top segments have shown strong growth.
- The division has launched its products in 86 cities with over 78 authorised service centres.
- A wide range of new SKUs was launched during the current year. Some SKUs in a new category of induction cook-tops were also launched during the current year and more models are expected in the next fiscal.
- The Company has aggressive plans for strengthening its brand image and hence, an extensive programme of brand promotion will be launched shortly.
- Apart from the traditional business chain, the division has opted for business through modern trade as well and has placed its product at various outlets like Reliance Digital, Spencer's, Home Town, Easy Days (Bharti Wall Mart) etc.

The way forward

Renewed Vigor, Unchanged Goals ...

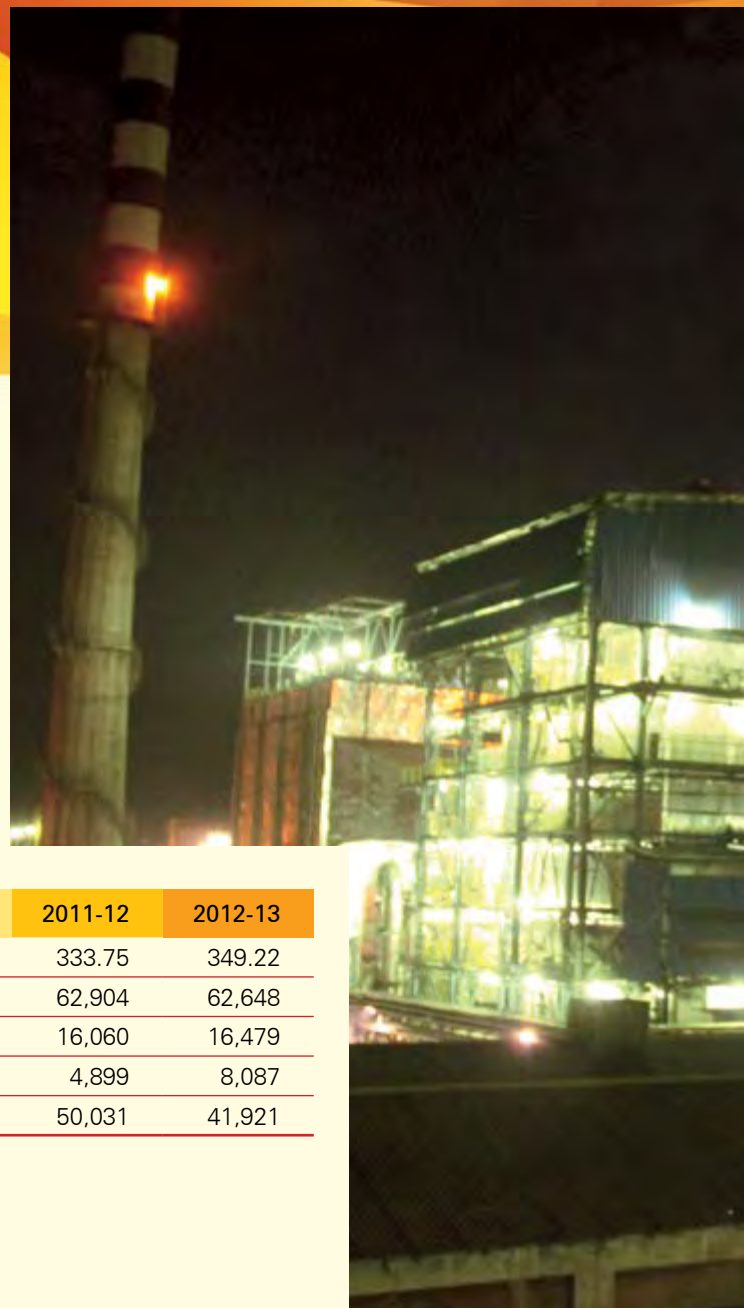
Orient's Electricals division has been continuously reporting higher volumes coupled with better profitability due to value engineering, efficiency enhancement, improved realisations and product mix evolution towards premium products. The division expects to sustain this momentum through growth in the range and volume of all products with an aggressive market campaign and complete customer focus.

Business segment review 2

PAPER

- Commissioned the new 55 MW power plant
- Changed over completely to Membrane cell technology in the caustic plant
- Increased tissue paper exports by 65%

	UNIT	2010-11	2011-12	2012-13
Revenue (net)	₹ cr	277.36	333.75	349.22
Total paper sales	MT	54,150	62,904	62,648
Tissue paper sales	MT	12,232	16,060	16,479
Tissue paper exports	MT	4,528	4,899	8,087
Caustic/chlorine sales	MT	50,998	50,031	41,921



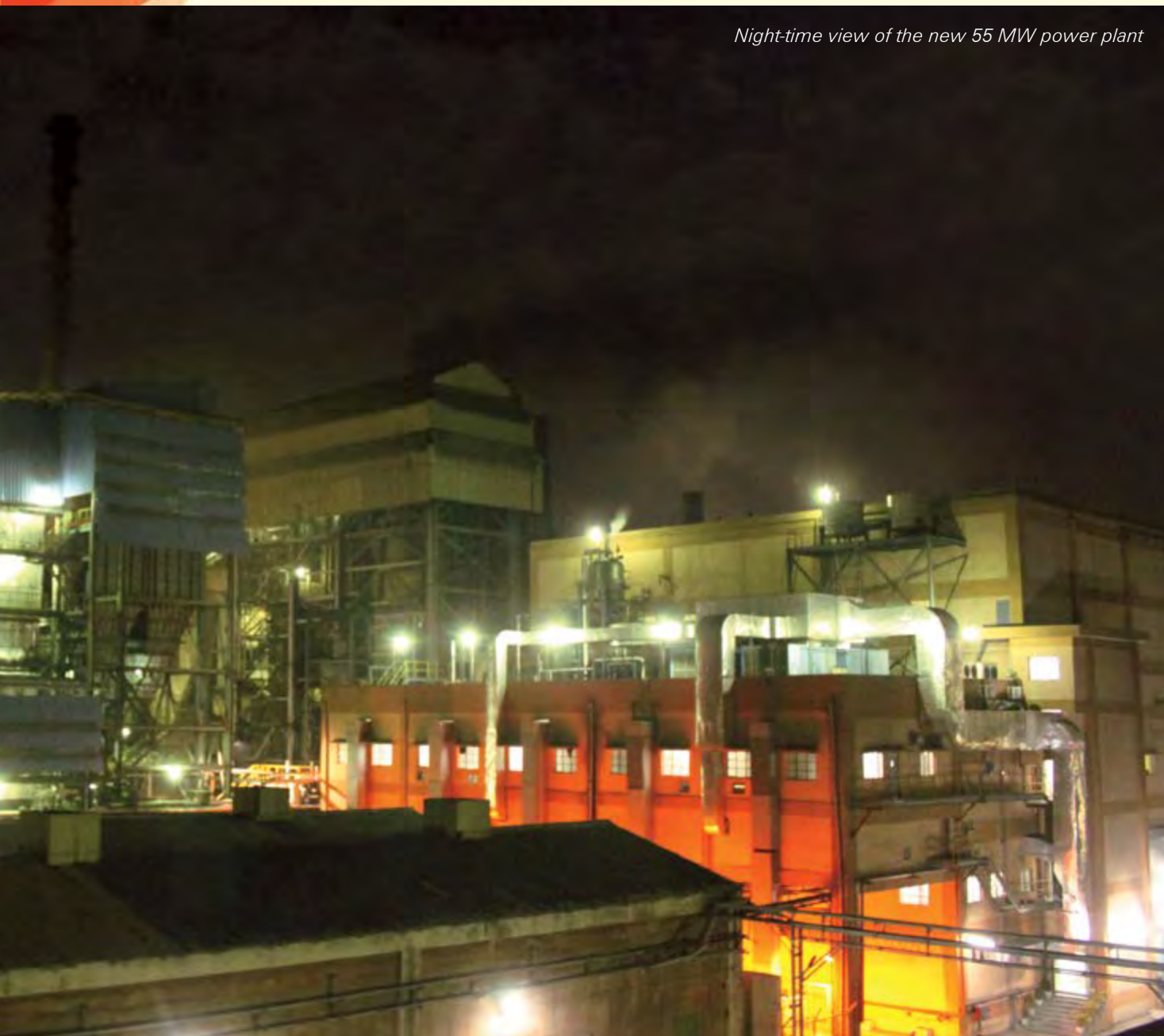


CEO speak

While the Indian paper industry in general has been passing through a difficult period lately, we have been facing additional challenges due to water shortages and erratic steam and power availability. With both these issues having been effectively addressed, coupled with expected improvement in market conditions, we are confident of substantially improved performance going forward.

N. K. Saha, CEO, Paper division

Night-time view of the new 55 MW power plant



PAPER

Key developments during the year under review

Significant game changers

- We commissioned the new 55 MW Captive Power Plant (CPP) in December 2012. This will not only overcome the bottleneck of steam and power unavailability but will also result in significant cost reduction as already evidenced by substantially improved performance during the last quarter of the year under review.
- The new power plant will also meet the full power requirements of our caustic soda plant, which has hitherto been dependent on expensive grid power,
- We completely changed over to the state-of-art Membrane cells technology from the mercury cells process in our caustic soda plant. This will not only result in capacity enhancement but also lower power consumption, which is the principle element of the cost of production of caustic and chlorine.
- As a result of the new water reservoir completed last year, there has been no shutdown of the plants during summer, which had been a major problem for our Paper business particularly in the last few years.

Operational performance

- Paper production and sales volumes for the year were more or less the same as the previous year in spite of disruptions during the process of commissioning and synchronisation of the new power plant. However, volumes improved substantially during the last two months of the year after stabilisation of the new power plant.

- Caustic and chlorine volumes were also marginally lower than last year due to time lost during the process of change over to Membrane cells technology.
- Still our sales turnover for the paper division increased by 6% from ₹ 333.75 cr last year to ₹ 349.22 cr this year, due to richer product mix and some price correction towards the end of the year.

Market developments

- Sales realization for writing and printing paper remained under pressure for most of the year with some positive movements only towards the year end.
- We made further inroads into the world markets with our tissue papers, which received increasing acceptance from diverse markets of the Middle East, Europe, Asia, Australia and even China. As a result, our tissue paper exports increased by 65% from 4,899 MT last year to 8,087 MT this year.
- Caustic market was reasonably stable although chlorine prices remained under pressure.

Cost push

- Pulpwood prices, which had already gone up substantially last year went through an unprecedented increase this year as well.
- Unrelenting increases in costs of other major inputs like coal, lime and logistics further increased pressure on costs.

- Depressed market conditions for writing and printing paper for most of the year resulted in significant pressure on margins for the Indian paper industry in general and we were no exception.

Steps towards long-term raw material security

- In order to ensure long-term raw material security, we have steadily increased our plantation initiatives using especially developed clones.
- During the year under review, we assisted more farmers in getting access to bank finance and even started plantation on lands leased from farmers.
- These steps enabled us to plant 51.69 lac clonal plants this year against 45 lacs planted last year.



Our clonal development nursery



New mist chambers for clonal production

Commitment towards Corporate Social Responsibility

- Our commitment to Corporate Social Responsibility remains unwavering. As a part of these initiatives, we conducted several family planning, blood donation and cardiac care camps in addition to our regular contributions to education and health in our area through our primary and secondary school and hospital.
- We commenced work on two Rajiv Gandhi Watershed Development Mission projects in cooperation with the Government of Madhya Pradesh for rural development, water conservation and environment improvement of 19 villages around us.
- A glimpse of some of these activities is presented in the CSR chapter of this report.

The way forward

- With assured steam, power and water availability from the new power plant and water reservoirs, we expect the paper plant operations to stabilise and achieve better efficiencies.
- The new power plant should also result in substantial cost reduction and additional contribution for both the paper and chemical plants.
- On the other hand, pulp wood cost will remain a challenge, which we will try to minimise by increasing procurement from our social forestry plantations and other local sources.
- The downcycle in the paper market is also widely believed to be nearing an end. Hence we expect to see a gradual improvement in realizations as well.

Corporate Social Responsibility



Cardiac care camp organised with the assistance of B.M. Birla Heart Research Centre, Kolkata



Medical camp at Bargwan Village



OPM School at Amlai serving 2,500 students

At Orient Paper, we treat Corporate Social Responsibility as an integral part of our business. Our activities in CSR include activities and projects in the field of education, healthcare and community development



Blood donation camp at Amlai



Family planning camp in progress



Water fountain installed at Amarkantak



School boundary wall constructed under the Rajiv Gandhi Watershed Project

Focused on growth across all our businesses

Electrical Division

With increased focus on growth of all our businesses, we have commissioned several new projects across all our businesses during the year under review. A glimpse of some of these projects is shown here.



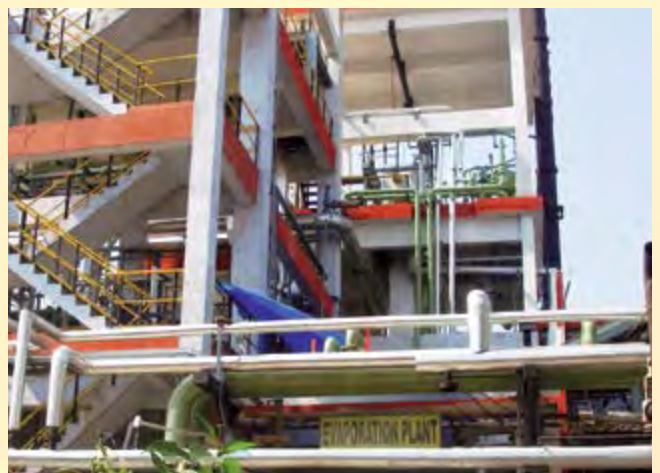
New PCB plant for the lighting division

Paper Division



One of the turbines and control rooms of the new 55 MW power plant

Caustic Soda Unit



The new Membrane cell and evaporation plant at the caustic soda unit

Board of Directors' profile

Particulars	Age	Date of joining	Other directorship
Shri Chandra Kant Birla 8/9, Alipore Road Kolkata - 700 027 Chairman Industrialist, Indian	58	29-09-1978	Hindustan Motors Ltd. National Engineering Industries Ltd. AVTEC Ltd. HIL Ltd. Birla Brothers Pvt. Ltd. Birlasoft (India) Ltd. Neosym Industry Ltd. Orient Cement Ltd. Birla Associates Pvt. Ltd. (Singapore) Birlasoft Inc., USA Birlasoft (U.K.) Ltd, London ASS AG, Switzerland
Shri Basant Kumar Jhawar 51/F, Gariahat Road Kolkata - 700 019 Director Industrialist, Indian	78	21-07-1983	Usha Martin Ltd. KGVK Agro Ltd. KGVK Social Enterprises Ltd. Usha Communication Technology Ltd., BVI
Shri Amitabha Ghosh Flat No. 32, Mehernaz 91, Cuffe Parade Mumbai - 400 005 Director Consultant, Indian	82	23-10-2001	Centenary Advisory Services Pvt. Ltd Joonkotle Tea & Industries Ltd. Palit Consultancy Pvt. Ltd. Peninsula Land Ltd. Shreyas Shipping & Logistics Ltd. Shreyas Relay System Ltd. Zenith Fibres Ltd. Kesoram Industries Ltd.

Particulars	Age	Date of joining	Other directorship
Shri Michael Bastian Cecilia, 1186, 22nd Cross 14th Main ,H.S.R. Layout Sector - III, Bangalore - 560 034 Consultant, Indian	68	27-10-2009	Elder Pharmaceuticals Ltd. Artson Engineering Ltd. Bangalore Stock Exchange Ltd.
Shri Narendra Singh Sisodia B-30, Bapu Nagar Jaipur - 302015 Director IAS (Retired), Indian	68	31-10-2012	Nil
Shri Manohar Lal Pachisia 8/12, Alipore Road Kolkata - 700 027 Managing Director, Service, Indian	68	23-09-1997	Birla Buildings Ltd. GMMCO Ltd. National Engineering Industries Ltd. National Bearing Co. (Jaipur) Ltd. Soorya Vanijya & Investment Ltd. Birlasoft (India) Ltd. Birlasoft Enterprises Ltd. Gwalior Finance Corp. Ltd. Orient Electricals Ltd. Special Engineering Services Ltd. Nigeria Engineering Works Ltd. (Nigeria) Rivers Vegetable Oil Co. Ltd. (Nigeria)

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the annual report along with the audited accounts of your Company for the year ended 31st March, 2013.

The demerger of Company's cement business into a separate Company Orient Cement Limited was completed during the year. This has paved the way for shareholders of the Company to participate directly in a focussed entity engaged in the cement business. We are confident that this pragmatic step will yield rich dividends in the long run and lay a strong foundation for future growth.

Financial results

The financial performance of the Company for the year ended 31st March 2013 is summarised below: (*₹ in crores*)

	2012-13	2011-12
Gross sales	1386.05	2763.79
Total income (net of excise)	1287.19	2512.93
Earnings before interest, depreciation, amortisation & taxation	10.58	449.08
Interest/Finance costs	19.19	42.33
Profit/(Loss) before depreciation and taxation	(8.61)	406.75
Depreciation	36.71	88.40
Net profit/(Loss) before taxation	(45.32)	318.35
Taxation	(13.08)	106.07
Net profit/(Loss)	(32.24)	212.28
Profit brought forward from last year	170.07	105.04
Profit available for appropriations	137.83	317.32
Appropriations		
Transfer to capital Redemption Reserve	-	1.00
Transfer to General Reserve	5.00	100.00
Dividend on preference shares	-	0.02
Dividend on Equity shares	2.05	39.77
Corporate dividend tax	0.35	6.46
Balance carried to Balance Sheet	130.43	170.07
Total	137.83	317.32
EPS	(1.57)	10.94

*Results for the year, being exclusive of the cement business, are not comparable with the previous year.

Dividend

Although your Company has incurred a loss during the year, your directors recommend payment of dividend of ₹ 0.10 per equity share of ₹ 1 each (10%) for the year ended 31st March 2013 out of surplus profits carried forward from previous year.

Economic climate and our performance

The Indian economy has been passing through a period of slow down with GDP growth coming down to close to 5.5% during the year under review.

In our view, the major factors responsible for slow-down in the economy have been the slow pace of infrastructure development and unprecedented increases in prices of vital inputs.

However, there have been some positive policy pronouncements recently, which if successfully implemented could result in restoration of the growth momentum.

Notwithstanding these difficult circumstances, we continued to invest in long term growth potential for both our Electricals and Paper businesses. Therefore, even though our performance in terms of profitability for the year has been unsatisfactory, mainly due to poor performance of the Paper business, we remain confident of significant improvement going forward because of several initiatives taken by us, details of which are being shared with you in subsequent chapters in this report.

During the year under review, the Indian Paper industry in general faced unprecedented cost increases particularly in cost of pulpwood. At the same time, Paper prices remained under pressure for most of the year because of substantial new capacities having been added in the previous year. While there has been some positive movement in Paper prices towards the end of the year,

this has not been adequate to cover increases in costs. Therefore, margins in the Indian Paper industry in general are likely to remain under pressure for some time.

Additionally, for the past few years our Paper business had been facing two major internal problems due to prolonged shut down of operations during the summer months and unstable operation of our aging power generation facilities. We are happy to report that long term measures to mitigate both these challenges have now been put in place. As already reported last year, our recently constructed water reservoirs of 250 million gallons are now able to take care of the water shortage problem during summer months. The unstable power generation problem has also been resolved by commissioning of our new 55 MW power plant in December 2012. Apart from helping in stable operations of the Paper plant, this will also result in substantial cost reduction, as already evidenced by improved performance of the Paper division from February 2013.

While our Paper division achieved a growth of 5.5% in turnover, our losses from this division were higher. However, the division's results for last quarter of the year have improved significantly since the stabilization of the new power plant and we expect this trend to continue.

In the Electricals business, the Indian Fan industry is estimated to have grown by approx. 7% during the year. Against this, we have achieved a growth of 10% in our Fan volumes and have thus gained market share. A number of new SKUs and high end models were introduced during the year and were backed up by a new ad campaigns.

Sales of Orient lighting also grew by 33% against the industry growth of around 12%. Thus our market share, particularly in CFLs and Consumer Luminaires increased. Going forward, we plan to further expand our market reach

and lay greater focus on sales of Consumer Luminaires, LED Light Sources and Systems, which provide better margins.

It will be recalled that we had introduced a range of domestic electrical appliances last year. This year we achieved a turnover of ₹ 53 crores from these products. While this was below our expectations, we are pleased at the positive feedback from the customers about quality and designs of our products. With changing life style, these products provide a huge opportunity for growth, which we shall pursue aggressively.

Overall our electrical business achieved a growth of 21.5% in net sales and 8.6% in PBIT over the previous year.

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

We consider sustainable development and environment 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. Details of our efforts and activities in this direction are provided in subsequent chapters in this report.

Cash flow analysis

In conformity with the provisions of Clause 32 of the Listing Agreement(s), the cash flow statement for the year ended 31 March 2013 is included in the annual accounts.

Statutory matters

Directors

Shri Narendra Singh Sisodia was appointed as an Additional Director of the Company during the year and holds office up to the ensuing Annual General meeting. A notice has been received from a shareholder pursuant to

Section 257 of the Companies Act, 1956 proposing Shri Sisodia as a Director of the Company.

Shri C K Birla and Shri Amitabha Ghosh, directors of the Company, retire by rotation and are eligible for re-election.

Auditors

M/s. S. R. Batliboi & Co. LLP, 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, technology absorption, 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. 38 appearing in Notes to Financial Statements 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 and support in the Company's endeavours to achieve continuous growth and progress.

By Order of the Board

C.K. Birla

Chairman

New Delhi, 8th May, 2013

ANNEXURE - A

(A) Conservation of Energy

Paper Division:

Sr. No.	Description of Proposal Implemented	Qty.	Annual Energy Saving Kwh/Annum	Annual Energy Saving ₹ in Lacs
1	VFD installed in paper machine (2.2KW-3Nos. in color pp., 7.5KW-3Nos. in clay Pp., 75KW-1No. Brock chest Pp.)	7Nos.	16254KWH	0.49
2	100 w Incandescent lamps replaced with 20 w CFL lamps in residential colony	200Nos.	70080KWH	2.10
3	Mill Water Pump line pressure reducing from 42 PSIG to 39 PSIG	0.7MIG/day	6270KWH	0.19
4	Thermal Insulation done at various section of the mill helping to reduce radiation losses.	2731.82 Sq. MTR	1181.6 Ton Coal	49.07
5	Saw dust (GCV-3000) mixed with coal for AFBC boiler to reduce coal consumption.	30T/day	1800 Ton coal	54.00
			TOTAL	105.84

In addition to above 3 no. solar street light was installed at a cost of Rs 1.2 lacs and solar Power pack .160 W was installed at cost of 0.65 lacs. Both are being used as emergency lighting in case of power failure. We have also initiated RLA study of Transformers as required by CPRI.

We have commissioned a new 55 MW Power Plant which has not only increase the energy efficiencies but also meet the power requirement of our chemical plant which was drawing power from Grid till January / February 2013.

Further in our Caustic Soda Plant we have replaced all mercury cells with imported cells which will reduce the power consumption by approx 150 lacs KWH of Power per annum.

Electricals Division:

1	Installed Liquid Painting Plant for blade to increase production quantity of decorative models with metallic blades.
2	Energy audit conducted and suggestions are implemented for saving energy.
3	Installed New Hi speed Press for ceiling fans lamination & Automatic Hi perm Plant for ceiling & portable fan starters
4	In lighting division for lamp assembly automatic feeding of plastic housing, feeding & crimping of plastic housing and aluminium cap and increase in DP line speed to increase capacity.

B. Additional investment & proposal, if any being implemented for reducing consumption of energy with estimated investment in next 3 years

Paper Division:

Sr. No.	Particulars	Estimated Investment ₹ in Lacs
1	Recovery Boiler Up-gradation.	170.00
2	Roll grinding in paper machine up-gradation.	20.00
3	Innertine transformer to be replaced by oil cooled transformer (Two Nos.).	40.00
4	CFBC ESP analogue controller to be replaced by digital controller.	10.00
5	Energy Management system.	10.00
6	High efficiency compressed air system.	120.00
7	Replacement of old motors with energy efficient motors	22.00
	TOTAL	392.00

Electricals Division:

1	Re Lay out of existing paint work shop, increasing painting capacity for metallic component, New Automatic powder coating plants for blades to enhance the capacity.
2	Up gradation of /audit Lab and on line testing chambers, digital display for displaying on line production, automated project to increase production.
3	Sewage treatment Plant to recycle water.
4	In DT Production line identified new design process heating burner for tube blending machine to reduce propane consumption by 10% approx.

C. Impact of measures (a) above for reduction of energy and consequent impact on cost of product

A. Paper Division:

These measures have reduced of energy consumption and cost of production from January 2013. This will further improve considerably the energy consumption in following year

B. Electricals Division:

These measures have reduced energy consumption, enhanced production and productivity.

D. Technology absorption

Form – B Attached.

E. Foreign Exchange Earning and Outgo:

- (i) The Company exported fans for an aggregate value of ₹ 7299.58 lacs (excluding ₹ 275.69 lacs to Nepal) during the year under review as against ₹ 6438.63 Lacs (excluding ₹ NIL to Nepal) during the previous year. The Company also exported Paper & Board and caustic soda lye for an aggregate amount of ₹ 3538.19 lacs (excluding ₹ 137.28 lacs to Nepal) during the year under review as against ₹ 2447.69 Lacs (excluding ₹ 95.20 Lacs to Nepal) during the previous year.
- (ii) Foreign Exchange used and earned:
Used: ₹ 83.67 Lacs (2011-12 ₹ 58.25 lacs).
Earned: ₹ 10837.77 Lacs (2011-12 ₹ 8981.52 Lacs)

FORM - 'A'

A. Power & Fuel consumption (excluding consumption in Colony)

Details	Paper & Chemical		Fan		CFL	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1 Electricity						
(a) Purchased						
Unit (KWH lacs)	609.85	1008.70	49.81	46.46	20.57	16.01
Total amount (₹ in lacs)	3526.18	4747.36	355.5	296.82	134.49	89.70
Rate/Unit (₹)	5.78	4.71	7.14	6.39	6.54	5.60
(b) Own Generation						
i) Through diesel generator						
Unit (KWH lacs)	-	-	8.73	7.66	5.96	5.62
Unit / Liter of Diesel Furnace Oil	-	-	2.73	2.39	1.86	1.76
Cost / Unit (₹)	-	-	13.11	12.17	12.85	12.12
ii) Through Steam Turbine generator						
Unit (KWH lacs)	1372.54	1073.34	-	-	-	-
Unit / per MT of steam	246.00	337.00	-	-	-	-
Cost / Unit (₹)	4.43	3.91	-	-	-	-
2 (a)Coal (B C D & E Grade)						
Quantity (MT lacs)	**2.22	**1.818	-	-	-	-
Total cost (₹ in lacs)	6184.00	4370.21	-	-	-	-
Average Rate (₹)	2791.39	2386.87	-	-	-	-
(b) Low grade coal for Power Plant						
Quantity (MT lacs)	-	-	-	-	-	-
Total cost (₹ in lacs)	-	-	-	-	-	-
Average Rate (₹)	-	-	-	-	-	-
3 Furnace Oil						
Quantity (K. litres)	**738	**674.5	-	-	-	-
Total amount (₹ in lacs)	340.27	276.58	-	-	-	-
Average Rate (₹)	46,107.37	41,004.78	-	-	-	-
4 Other / Internal generation						
Quantity (KWH Lacs)	**6.73	*7.08	-	-	-	-
Total cost (₹ in lacs)	**4.88	*4.29	-	-	-	-
Rate / Unit (₹)	0.73	0.61	-	-	-	-

* Represents electricity duty paid

B. Consumption

	Per MT of Production		Per MT of Production Caustic Lye		Per piece of Production		Per piece of Production	
	Paper		Chemical		Fan		CFL	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Electricity (KHW)	1950	1850	2433	2954	0.96	0.96	0.2	0.23
Furnace oil (K. litres)	0.12	0.10	-	-	-	-	-	-
Coal (CDE & FMT)	3.17	2.82	0.01	0.01	-	-	-	-
Others* (KHW)	11	11	-	-	-	-	-	-

* 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:

- Pulping studies on raw material used or proposed to be used- studies were carried out on various raw materials used and also potential raw materials for their suitability and yield analysis.
- Continuous monitoring of unbleached pulp properties like viscosity and Baur Mcnell fiber.
- Analysis and feed back of lime sludge samples to find alternate uses.
- Kraft cooking of raw materials and silo in chips to evaluate yield.
- Bio Audit of Tissue Machine no 2.
- Sanitation of tissue wet end process using Bromination Programme
- Elimination of Hypo Stage & bleaching with

C/Ep/Eip/D with variation in H2O2 dosage in second alkali extraction stage.

B. Electricals Division:

- Introduction of Ceiling Fan Model-Grati in 900/1050/1200/1400 mm sizes in 4 shades and 3 premium colour
- Introduction of Decorative Ceiling fan models Adena / Amara / Aderian / Areta /Couplat (1200mm) in various shades.
- Raw Material consumption optimization with bench marking and brainstorming actively through project Sankalp.
- Idea generation workshop in Varanasi to generate value engineering ideas.
- In Export Market 48" & 56" summer cool (220 V and 127 V) for HAI brand /Saudi Arabia and 40", 48" & 56" Summer King developed for Tempadair Brand South Africa.
- In lighting division developed 13W and 18W CFL Ni lamps, 27 W SP in sleeker 9 mm dia and

also developed 15 W SP G24 plastic dia reduce to make product suitable for Chinese fittings.

2. Benefit derived because of above Research & Developments

A. Paper Division:

- a. Use of optimum varieties of raw materials to achieve better yields
- b. The Bio audit of Tissue machine 2 showed that broke chest was highly infected with Bio count of 1.00 E+9 and biocide programme was initiated on Tissue Machine 2 and count was reduced to a level of E+5 to E+6.
- c. Better process sanitation programme was envisages with Bromination Technology and Bio count drastically reduced to E+3 to E+4 levels at all wet end locations. This programme continuously monitored with parameters like active bromine in the deed, residual bromine at the end of dosing & ORP values along with scheduled bio count.
- d. The brightness was achieved at 85.6% with an increased peroxide consumption with variation in H2O2 dosage in second alkali extraction stage.

B. Electricals Division:

- a. Better penetration in Premium Fan segment & energy saving Fan Segments.

- b. Cost saving project identified and implemented.
- c. Enabled to expand domestic and export Market.
- d. In lighting division better performance was achieved.

3. Future Plan of Action

A. Paper Division:

To continue research in the above areas and to work out to implement other new emerging technologies to the benefit of pulp and paper Industry.

B. Electricals Division:

- a. Introduction of new models in new segments.
- b. 1200 mm conceptually different LED light fans.
- c. Introduction of 4 new light fans from china and 6 No decorative fans in Premium segment.
- d. In lighting segment Ballast for FTL – T 8 and T 5 lamp, LED drivers & new CFL Ballast.

3. Expenditure on R & D

S No.	Details	2012-13 ₹ in lacs
a	Capital	0.33
b	Recurring	68.74
c	Total R & D	69.07

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. A. Paper division:

- a. Bromination Technology application supplied by M/s Hercules at the both Tissue machines.
- b. Regular use if Bromination in the white water clarifier
- c. Elimination Hypo stage & bleaching C/Ep/Eip/D with variation in H2O2 Dosages.
- d. Continues feeding of treated effluent in HRTS and monitoring of ground Water pollution.
- e. Desktop audit of environmental Lab by NABL for water & waster water Parameter making all

necessary changes in Management System quality Manual and management system.

- f. Continued surveillance Audit for FSC.

B. Electricals division:

- a. Set up on analysis software for design optimization & faster development.
- b. Bench Marking with competitors and international fans for cost saving and benchmarking.
- c. Development lab up gradation (digitalisation/ Reliability lab set up).

2. Benefit derived as a result of above effort

A. Paper Division:

- a. suitable Raw material choice as per yield and cost.
- b. The environmental lab is in continuation of the accreditation after surveillance Audit.
- c. Continuation of uses of effluent treated water for HRTS.
- d. Curling tendency was maintained of copier paper at a level of Max 5% as IS 11091-1984.
- e. The regular use of Bromination in white water clarifies has helped in containing the micro bio growth as no major aberration is observed in continual uses of clarified water.

B. Electricals Division:

- a. Optimized designs and improved reliability of

ceiling fan.

- b. Optimization of Raw material consumption in ceiling fans resulting in cost savings.
- c. Improved reliability in packing and reduction in transit losses.
- d. Improved quality assessment system enabling to offer reliable product.

3. Since the Company has not imported technology during last 5 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 2013 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 loss of the Company for the year.
- (C) That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other 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 2013.

(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)-Electricals (c) 57 (d) 12128831 (e) 36 (f) 1 April 1996 (g) Nigeria Engineering Works, Nigeria, Managing Director.
2	Dalvi H.	(a) B.Sc., B.E., DIP (FM) (b) President (Lighting)-Electricals (c) 57 (d) 9760375 (e) 33 (f) 13 October 2011 (g) Havells India Ltd., Vice President.
3	Khedkar S. B.	(a) B.Sc. (Physics) (b) Vice President (Appliances)-Electricals (c) 53 (d) 6379812 (e) 32 (f) 11 October 2010 (g) Videocon International Ltd., Business Head.
4	Pachisia M.L.	(b) (a) B.Com (b) Managing Director (c) 68 (d) 26647989 (e) 52 (f) 1 April 1991 (g) Hindustan Motors Ltd., President (Corporate Projects).
5	Sonthalia P.K.	(a) (a) B.Com (H), FCA, ACMA (b) President (Finance) & CFO (c) 55 (d) 9601961 (e) 33 (f) 15 April 1980 (g) None.

B. Employed for part of the financial year:

1	Kishore V.	(a) B.Tech(Chem), DIM (b) Chief Executive Officer - Paper (c) 58 (d) 531776 (e) 36 (f) 30 March 2009 (g) The West Coast Paper Mills Ltd., President (Tech).
2	Shankar G.	(a) B.E., MBA (b) Executive Vice President (Marketing-Fan) - Electricals (c) 56 (d) 4216368 (e) 32 (f) 18 May 2001 (g) Royal Enfield (Unit of Eicher Motors Ltd.), General Manager - Marketing.
3	Verma M.	(a) B.E.(Electronics & Telecommunication) (b) Chief Executive Officer – Electricals (c) 53 (d) 11947074 (e) 31 (f) 17 December 2012 (g) Crompton Greaves Ltd., Executive Vice President & President - Consumer Business Unit.

Notes

- 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

For the 2nd year running, GDP growth of our country has shown a declining trend with an estimated growth of around 5.5% only during the year under review.

In our view, delays in implementation of announced policies and projects and escalating costs of vital industrial inputs have been the major factors responsible for decline in growth. Infrastructure development has also slowed down considerably with several major private sector projects also facing severe bottlenecks.

However, The Government of India has recently announced several bold initiatives and reforms which, if speedily implemented, could restore the growth momentum.

We continue to strongly believe that, in spite of these temporary problems, future of the Indian economy remains bright. Based upon this conviction, we are continuing our thrust for profitable and sustainable growth in all our businesses.

As a part of these initiatives, we had decided to demerge the cement business so that it could pursue an aggressive and focused growth, while unlocking significant shareholder value as well. As earlier advised, this process has been completed and has become effective from 1st April 2012. Therefore, management discussion and analysis hereunder covers Paper & Electricals businesses only.

2. Segment-wise business analysis

2.1 Business segment Paper

2.1.1. Industry structure and development

Aggregate overall Paper demand in India has been growing at around 6% annually. Our product range covers two sub segments of Paper i.e. Writing & Printing Papers and Tissue Paper. While Tissue paper demand continued to record substantially higher

growth rate of around 15%, the demand for Writing & Printing paper remained lack lustre for most of the year.

As reported last year, the Indian Paper industry had added significant new capacities in Writing & Printing segment in the previous 2 years which resulted in mismatch of supply and demand. Resultantly paper prices for these grades remained under pressure for most of the year.

At the same time, there was unprecedented further escalation in pulp wood prices because of increased demand from new capacities. While the organised paper sector has made serious efforts to increase plantations through social forestry, there are limitations on mass scale plantations due to small land holdings. The industry has been making repeated representations to the authorities for Public-Private Partnership in large scale plantations on huge tracts of revenue waste lands lying fallow, which can be put to productive use and also create significant employment opportunities in rural areas. We hope that this issue will receive serious attention of the authorities soon.

While Paper prices improved to some extent towards end of the financial year, this has not been adequate to cover the steep increases in costs of pulp wood, coal, freight etc. Consequently, margins for the entire paper industry in India remained under severe pressure throughout the year.

However, both Domestic and International demand for Tissue paper remained reasonably robust and price realisation was also relatively better.

2.1.2 Opportunities and threats

Apart from the Indian market, there is a significant increase in demand of Tissue Papers from the overseas markets. Being one of the largest producers of Tissue papers in India, we see a good opportunity

to further consolidate our position in this segment.

However, Writing & Printing Paper segment will continue to present challenges. While supply / demand imbalance got largely corrected towards the end of the year under review, another new capacity is expected to be commissioned during 2013-14 which could potentially again create some disturbance until it is absorbed by gradual increase in demand. Apart from this, no other major capacities are now under implementation and therefore a reversal of the current cycle is likely in the near future. However, pulpwood availability and prices could continue to remain a threat

Internally, we have now been able to overcome our two major problems of water scarcity and the old power plant. Therefore, we should be able to restore normalcy in our operations which will also result in lower operational costs.

2.1.3 Segmental review and analysis

In spite of frequent disruptions due to problems with the old power plant as also during commissioning and trials of the new power plant, our paper sales for the year were more or less same as last year at 62585 MT as against 62975 MT last year.

Proportion of Tissue papers increased from 25.6% last year to 26.7% this year. More significantly, our export of Tissue papers increased by 82% from 4557 MT last year to 8320 MT during this year.

We also upgraded our Caustic soda unit from the Mercury cells to the environmentally IEM cells during the year. In the process of this change over, our caustic soda production was affected and was lower at 26347 MT this year against 30184 MT last year. However apart from full compliance with environmental requirements upgradation to IEM cells will significantly reduce power consumption which is the most significant component of this unit's costs.

Our new 55 MW power plant was commissioned in December 2012 and was stabilized by the end of January 2013. Apart from significant cost reduction, this has been aimed at stabilizing production and efficiencies of the Paper as well as Caustic soda plants. Results have been immediately visible with significant improvements in all aspects Since February 2013 as evidenced by improved results in the last quarter.

Overall our Paper division achieved a net turnover of ₹ 349.06 crores as against ₹ 333.75 crores last year.

However, because of increased pressure on margins as explained above and unstable operations until January 2013, our loss before interest & tax from the division for the year increased to ₹ 74.28 crores from ₹ 61.70 crores last year.

In order to address the rising cost of pulp wood, we have been laying increasing emphasis on development and plantation of clonal saplings, which ensure better survival and faster growth. The benefits from these increased plantations are expected to accrue in the coming years

Risks and concerns Amlai plant

Having resolved our internal problems of water shortage and power plant, our biggest concern remains the current prices of pulp wood.

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

Outlook Amlai plant

While the challenges before the Indian paper industry will also be faced by this unit, we are confident of significant improvement in its performance as a result of resolution of the plants internal problems of water shortage and power availability.

Brajrajnagar plant

As reported earlier, operations at this plant continue to remain suspended. We have applied for coal linkage for an IPP project on the site and await its approval.

2.2 Business segment Electricals

2.2.1. Industry structure and development

Fans:

The Fan industry in India is estimated at a value of ₹ 4500 Crores. Out of this, the organized sector accounts for nearly ₹ 3500 Crores. The balance market is covered by the unorganized sector/ small scale industries.

Ceiling Fans accounted for approximately 72% of the total demand for fans. The demand for Table, Pedestal & Wall Fans has risen faster than the segment of Ceiling Fans. Orient is a leading player in the segment of ceiling fans with 80% of its sales coming from ceiling fans.

The Industry registered a lower growth of around 7% during the year. The industry continues to be fiercely competitive, with every major player vying for an increased market share. There is a clear shift towards the segment of premium fans, with a few leading players making a serious foray into this segment last year. Ceiling fans witnessed a modest growth of about 4%. Portable and Exhaust Fans segment showed a higher growth of around 10%. Reasons for low growth are attributed to a general slowdown in the economy, affecting particularly the Real Estate Sector and the low IIP performance in the year. Despite the low growth in the industry, Orient gained market share marginally in the year under review.

Lighting:

The Lighting Industry in India has grown by about 12% & now stands close to ₹ 8500 Crores. It is expected to grow at a pace of 12% to 13% in 2013-14. Major growth shall come from sectors like LEDs, Compact Fluorescent Lamps (CFLs) and Integrated Lighting

Solutions. The segment of Linear Fluorescent Lamps (FTL) has continued to show lower growth trend of around 4%; however, the silver lining are Slim Tubes popularly known as T5, which have shown remarkable growth potential due to their low wattage and slim dimensions. Normal FTLs grew at a very low pace on account of increased usage of CFLs and the penetration of LED Lighting into a number of consumer segments. High wattage CFL Lamps and LED Lighting Systems are also finding increasing usage in the industrial segment. Conversely, the demand for GLS lamp has been either flat or has shown a negative growth. CFLs continued to account for approximately 82% of the total revenues from the lighting business at Orient.

LEDs are expected to grow at a CAGR of around 40% over the next 5 years and shall eventually gain close to 40% share of the total lighting market. The exponential growth in this segment has been due to significantly lower power consumption and longer life. From a level of approximately ₹ 450 Crores this year, the market for LEDs is expected to grow to a level of ₹ 2500 Crores in the next 5 year

Appliances:

The Appliances Industry saw a growth of 9% against the previous CAGR of approximately 12% in last 3 year This is mainly due to lower growth in Mixer Grinder and Cooler Water Heaters and Induction cooking tops are two categories with the highest growth.

Orient has entered this segment only during the previous year and expects to gradually increase its presence and reach in this hugely potential segment.

2.2.2 Opportunities & Threats

Fans:

The industry is likely to register a growth of around 10% per year in the near future. However, the demand pattern is gradually shifting towards premium and value added models which provide better realisation and margins. We witnessed a delayed start to the

season during last quarter of the year under review which could potentially provide an opportunity for higher sales in the first half of 2013-14.

A few more players in the organized sector are planning to enter the Fan Industry. These Brands are major players in their present businesses and hence this could further increase competition within the organized sector.

A significant growth of 14% could be achieved by the industry in Export of fans. Orient continues to be the largest exporter of fans from India with a share of more than 47% of India's total exports.

Lighting:

Growth in Lighting Industry in India is linked to factors like increase in electricity generation and distribution, change in consumption pattern in lighting and infrastructure development etc. LEDs have emerged as clear growth driver. As a result of growing energy consciousness, there is a far greater emphasis on energy conservation programs and the use of energy efficient light sources and systems. Consumers are also increasingly demanding energy saving products with longer service life in view of increasing cost of power. Rightfully, customers are demanding products with higher value proposition and better quality. Due to this, demand for branded CFLs and Lighting Systems is rapidly increasing. A strategy to increase the footprints of the distribution channel shall be a critical success factor for any emerging player in this industry.

"Phosphor" prices - an important ingredient to produce CFLs - which had witnessed rapid volatility in the year 2011-12, have stabilized now at a level of US\$ 80 per kg which peaked at US\$430 per kg. This helped in offsetting the severe price erosion that was experienced in the market. There is stiff competition for market share amongst brands and many major brands have reduced prices. As a result, margins for CFLs are under pressure in spite of stability of raw Material prices.

Appliances:

The Appliances industry which is already fragmented has seen the entry of new MNC brands like Russell Hobb, Westinghouse, Braun (revival), Faber Spa, Black & Decker (revival). Besides this, Modern Retail Stores have also launched their own brands like Koryo (by Future Group), Re-Connect (by Reliance), Croma, Great (by Spencer's) etc. To be able to get volumes in such a competitive environment, it is critical to substantially enhance spends on advertising, promotions and communication to achieve higher brand recall and market share. Seasonal products are not doing as well as expected and therefore risk mitigation plan has to be in place.

2.2.3 Segment Review and Analysis

Net Sales turnover of the division (inclusive of export benefits and misc. sales) increased by 20.6% to ₹ 912 crores from ₹ 756 crores, in the previous year.

Fan - Achieved the highest ever sales of fans in the domestic market with a growth of 10% against the industry average of 6-7% only. Eastern Region registered an impressive growth of 27% and Northern Region, in spite of a very large base, also grew by 10%. Western and Southern Regions achieved a growth of 6% and 8% respectively.

Lighting - Sales of Orient lighting in 2012-13 grew by about 33% over last year with significant improvement in our market shares of CFLs and Consumer Luminaires. Our Lighting products were reintroduced under the brand name of Orient across all states. The products are now available in over 75000 retail shops. During the financial year 2013-14 we plan to lay greater emphasis on sales of Consumer Luminaires, LED Light Sources and Systems with major focus on appointment of direct dealer. Going forward, we have put several strategies in place to further increase our market share through launching of new products, increasing brand promotion and further strengthening and expanding our distribution channel and reach.

Home Appliances – A comprehensive range of 61

new SKUs during the year covering 86 cities with 78 authorised service centres has been launched. However, our turnover for this product segment was lower than our expectations and targets.

2.2.4 Risks & Concerns

Fans

Rising input costs are likely to put pressure on margins. Although Orient will endeavour to pass on these cost increases to the customers, it will have to do so cautiously as it may impact demand. Uncertain political and economic conditions in India and some of our export markets can also impact demand.

Lighting

Increasing competition, particularly in CFLs could continue to maintain pressure on margins.

Appliances

Possible resistance to a new brand in this highly competitive segment could delay pick-up in demand for these products.

2.2.5 Outlook

Fans

Fan-division has further strengthened its position as one of the market leaders in the Domestic market and continues to be the leader in the export arena. Continuous improvement in network resulting in deeper penetration, new models for emerging segments and continued special focus on weaker geographical areas are expected to overcome the risks and concerns. In the international markets, new market development activities are being pursued vigorously. Launch of several new premium models has been planned to leverage sales in existing markets. We therefore expect a robust growth in volumes and our market share.

A well laid out marketing plan has already helped Orient brand to further consolidate its position in India. Continued association with Celebrity Cricketer, Mr Mahendra Singh Dhoni has also - helped in top of mind recall at Shop level. Further increases in brand promotion, particularly in weaker markets have been

planned continuously improve our market share.

Overall the Fan division is well placed to manage the competition, uncertain economic situation and capitalize on the opportunities.

Lighting

The Company has further augmented its in-house production capacity at Faridabad for CFLs. We have set up our own manufacturing unit for PCBs for CFLs at Noida where production commenced in Dec-12. As a result, quality of our CFLs has improved significantly and our market returns are now much lower than the Industry average and has led to higher consumer acceptance for our CFLs.

We intend to produce 1.5 Million pieces of PCBs in-house during 2013-14 under our own design for major categories of CFLs sold by us. We also plan to design and manufacture ballasts for linear fluorescent lamps and drivers for LEDs in the same plant in order to optimise utilisation of this new facility. Assembly of some of the fast moving consumer luminaires is also on cards at Noida factory.

Going forward our major focus will be to increase our volumes in the emerging growth categories of LED light sources/systems and to maximise utilisation of our in-house production facilities of both our Faridabad and Noida plants for this product range.

Appliances

The division has taken an ambitious growth target during the next year. This is planned to be achieved through introduction of 18 new SKUs and increased focus on 40 key cities for this range. These key cities contribute almost 62% of the total market size. All required resources will be channelized in these focused cities.

3. Company's overall performance and analysis

Sales and profit

Our gross sales increased from ₹ 1189.24 crores in 2011-12 to ₹ 1386.05 crores in 2012-13 while net

sales increased from ₹ 1097.36 crores to ₹ 1269.52 crores.

However, because of challenges faced in the Paper business our loss before tax increased from ₹ 41.06 crores in the previous year to ₹ 45.32 crores during the year.

Net loss after tax (after considering deferred tax assets) was ₹ 25.54 crores this year against ₹ 32.23 crores last year.

We invested ₹ 85.70 crores on capital projects during the year mostly out of internal generation.

We believe that your Company has initiated a number of concrete steps in each of its businesses to overcome challenges in the business environment. Most of these initiatives have already started yielding positive results. We therefore feel confident of significant further improvements as we move forward to reshape our Company into a healthy and fast growing organisation.

4. Internal control systems and their adequacy

The Company has established adequate internal control systems, which provide reasonable assurances with regard to 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 findings and suggestions. The internal audit department also keeps a track of and monitors the progress on implementation of suggestions for improvements.

The Company's statutory auditors regularly interact with the Audit Committee to share their findings and the status of further improvement actions under 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 2013 was 2842.

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.

The Company assumes no responsibility in respect of forward-looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

(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 stakeholders, including shareholders, employees, customers, government and the lender. In addition to compliance with the regulatory requirements, the Company endeavours to ensure the highest standards of ethical conduct throughout the organization.

II. Board of Directors

(a) Composition of the Board

The Board of Directors comprises six members, consisting of five 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. The composition of the Board is as under:

Name of the Director	Category of the Director	Number 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 **
Shri C. K. Birla	Chairman Non-Executive	7	-	-
Shri B. K. Jhawar	Independent Non-Executive	4	1	-
Shri A. Ghosh	Independent Non-Executive	6	4	3
Mr. Michael Bastian	Independent Non-Executive	3	5	2
Shri Narendra Singh Sisodia#	Independent Non-Executive	-	1	-
Shri M. L. Pachisia	Managing Director --Executive	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).

Appointed as an additional Director of the Company w.e.f. 31st October, 2012.

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

Name of the Director	Sitting fee paid during 2012-13 for attending meetings of the Board and/or Committees thereof (all figures in ₹)
Shri C. K. Birla	80,000
Shri B. K. Jhawar	1,60,000
Shri A. Ghosh	1,60,000
Mr. Michael Bastian	2,20,000
Shri Narendra Singh Sisodia	60,000

Name of the Director	*Remuneration (₹)
Shri M. L. Pachisia	**2,35,69,989
Contributions to P.F./Superannuation Fund	30,78,000
Total	2,66,47,989

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

** Includes ex-gratia ₹ 65,00,000/-.

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 A. Ghosh	7,000
Mr. Michael Bastian	24,000
Shri Narendra Singh Sisodia	Nil
Shri M. L. Pachisia	36,640

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

- (i) Four meetings of the Board of Directors were held during the year ended 31 March 2013 on the following dates 2nd May,2012, 1st August,2012, 31st October,2012, and 7th February,2013.
- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31 March 2013 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	4	No
Shri B. K. Jhawar	3	No
Shri A. Ghosh	4	Yes
Mr. Michael Bastian	4	Yes
Shri Narendra Singh Sisodia	2	No
Shri M. L. Pachisia	4	No

III Audit Committee

- (i) The Audit Committee comprises of four Independent Member - Directors namely
(1) Shri A. Ghosh (2) Shri B. K. Jhawar (3) Mr. Michael Bastian (4) Shri Narendra Singh Sisodia.
All the members of the Audit Committee are Non-Executive Director Shri A. Ghosh is the Chairman.
- (ii) Four Audit Committee meetings were held on 2nd May, 2012, 1st August, 2012, 31st October, 2012, and 7th February, 2013 .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	3
Mr. Michael Bastian	4
Shri Narendra Singh Sisodia	1

- (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 audit committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

- (v) Mr. Somnath Mukherjee, Cost Accountant is the Cost Auditor of the Company for the financial year 2012-13. The Company has filed cost audit report for the financial year 2011-12 on 27th December, 2012 i.e. within the extended due date and the due date for filing cost audit report for the financial year 2012-13 is 27th September, 2013.

IV. Management Committee

The Management Committee 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 Director 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.

One Committee meeting was held during the year on 27 February 2013 . The attendance of each Committee member was as under

Name of the member	Meetings attended
Shri M. L. Pachisia	1
Shri B. K. Jhawar	1

V. Remuneration Committee

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

1. Shri B. K. Jhawar 2. Mr. Michael Bastian

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

One Remuneration Committee meeting was held during the year on 2nd May,2013.

The attendance of each Committee member was as under:

Name of the member	Meetings attended
Shri B. K. Jhawar	1
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 2013 16, complaints received from the shareholders/debenture holders were attended on time and there were no grievances pending as on 31 March 2013. There were no share transfers pending for registration for more than 30 days as on 31 March 2013.

Two Shareholders/Investors Relation Committee meeting were held on 2nd May,2012 and 31st October,2012. The attendance of each Committee member was as under

Name of the member	Meetings attended
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

Name of the Director	Mr. C.K. Birla
Date of appointment	29th September,1978
Expertise in specific functional area	Industrialist with vast business experience.
List of other Directorship held (excluding Directorship in Private Limited and Foreign Company)	Hindustan Motor Ltd, National Engineering Industries Ltd. AVTEC Ltd HIL Ltd. Birlasoft(India) Ltd. Neosym Industry Ltd. Orient Cement Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	None
Name of the Director	Shri Amitabha Ghosh
Date of appointment	23rd October,2001.
Expertise in specific functional area	Chartered Accountant having vast experience in Finance and Banking.
List of other Directorship held (excluding Directorship in Private Limited and Foreign Company)	Joonktolle Tea & Industries Ltd. Peninsula Land Ltd Shreyas Shipping & Logistics Ltd Shreyas Relay System Ltd. Zenith Fibres Ltd Kesoram Industries Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Orient Paper & Industries Ltd. Chairman and Member Audit Committee Peninsula Land Ltd. Chairman and Member Audit Committee Shreyas Shipping and Logistics Ltd. Chairman and Member Audit Committee Kesoram Industries Ltd. Member Audit Committee

Shri Narendra Singh Sisodia was appointed as an additional Director of the Company during the year and holds office till the conclusion of the ensuing Annual General Meeting. Notice pursuant to Section 257 of the Companies Act, 1956 has been received from a Shareholder proposing Mr. Sisodia for appointment as a Director. Details of Mr. Sisodia are given hereunder.

Name of the Director	Shri Narendra Singh Sisodia
Date of appointment	31st October, 2012
Expertise in specific functional area	IAS, (Retired as Secretary Finance having vast experience in administrative function).
List of other Directorship held (excluding Directorship in Private Limited and Foreign Company)	None
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	Friday	06 August 2010	12.30 p.m.	Unit-VIII, Plot No.7 Bhoinagar, Bhubaneswar (Orissa)
EGM	Monday	07 March 2011	12.30 p.m.	-do-
AGM	Monday	08 August 2011	12.30 p.m.	-do-
AGM	Monday	13 August 2012	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 year.

XI. Means of communication

- (i) Half-yearly report sent to each household of shareholders: No
- (ii) Quarterly results which news papers normally publish in one English daily newspaper circulating in the whole/substantially the whole of India and in one daily newspaper published in Oriya language 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

Day: Friday

Date: 16th August, 2013

Time: 12.30 p.m.

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

(b) Financial calendar 2013-14

First quarterly results	Before 14 August 2013
Second quarterly results	Before 14 November 2013
Third quarterly results	Before 14 February 2014
Audited yearly results for the year ending 31 March 2014	Before end of May 2014

(c) Dates of book closure 5th August ,2013 to 9th August,2013 (both days inclusive).

(d) Listing on stock exchanges

1. BSE 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 BSE Ltd and The National Stock Exchange of India Ltd for the year 2013-14.

(e) Stock/Company/Security common code

Equity shares

BSE 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 2012-13 are as under

Quotation at The National Stock Exchange Ltd.

Month	High	Low
April 2012	60.85	54.50
May 2012	59.05	53.10
June 2012	56.85	53.05
July 2012	67.00	55.05
August 2012	74.00	63.00
September 2012	75.60	66.30
October 2012	88.65	73.25
November 2012	92.80	75.00
December 2012	90.20	63.00
January 2013	82.90	71.10
February 2013	79.45	68.00
March 2013	75.50	6.20*

* Consequent upon demerger of cement business

(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.**

Email: mcskol@rediffmail.com contact Person: Mr. Alok Mukherjee, Mob:09433459832.

(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 2013 is given below:

Serial number	Number of equity shares held	Number of folios	Number of shares	% of shareholding
1	1 - 500	15212	2416259	1.18
2	501 - 1,000	2436	2038875	1.00
3.	1,001 - 2,000	1445	2236613	1.09
4.	2,001 - 3,000	567	1493196	0.73
5.	3,001 - 4,000	291	1069658	0.52
6.	4,001 - 5,000	237	1128286	0.55
7.	5,001 - 10,000	458	3400808	1.66
8.	10,001 - 50,000	375	7470659	3.65
9.	50,001 - 1,00,000	58	3975411	1.94
10.	1,00,001 and above	103	179638995	87.68
	Total	21182	204868760	100.00

(j) Shareholding pattern as on 31 March 2013

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	34	0.16	3,65,91,138	17.86
3.	Banks, financial institutions, insurance companies (central and state government institutions/non-government institutions)	17	0.08	2,57,60,780	12.58
4.	Pvt. corporate bodies	792	3.74	3,47,32,116	16.95
5.	Indian public	19917	94.03	2,16,30,949	10.56
6.	NRIs/OCBs/FIIs	404	1.91	93,23,855	4.55
	Total	21,182	100	20,48,68,760	100.00

(k) Dematerialisation of equity shares

The Company's shares are currently traded only in dematerialised form on two stock exchanges namely The National Stock Exchange of India Ltd and BSE 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 2013, 20,22,22,070 equity shares of the Company, forming 98.71% of the share capital of the Company stand dematerialised .

(l) 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). The voting rights on these shares shall remain frozen till the rightful owner of such shares claims these shares. The details of the shares in the said suspense account are as under:

Particulars	No. of shareholders	No. of equity shares of Re.1/- each
Aggregate No. of shareholders and the outstanding shares transferred to the unclaimed suspense account as on 31.03.2012	174	7,58,110
No. of shareholders who approached the Company for transfer of shares from the said unclaimed suspense account during the period 01.04.12 to 31.03.13.	3	21,200
No. of shareholders to whom shares were transferred from the unclaimed suspense account during the said period	3	21,200
Aggregate No. of shareholders and the outstanding shares lying in the said unclaimed suspense account as on 31.03.2013	171	7,36,910

Company ISIN No. INE 592A01026

m. Plants (manufacturing units)

1) Orient Paper Mills

P.O. Amlai Paper Mills - 484117
Dist. Shahdol (MP)

2) Orient Electricals

6, Ghore Bibi Lane
Kolkata – 700054

3) Orient Electricals

11, Industrial Estate, Sector 6,
Faridabad – 121006

4) Orient Electricals
17, Taratalla Road,
Kolkata-700088

5) Orient Electricals
C-130, Sector 63, Noida, UP.

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 8th May, 2013 and was approved.

AUDITORS CERTIFICATE

To
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 2013, 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. LLP

Chartered Accountants

Firm Registration Number: 301003E

per **Raj Agrawal**

Partner

Membership Number: 82028

Place: New Delhi

Date: 8th May, 2013



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To
The Members
Of **Orient Paper & Industries Limited**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Orient Paper & Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

As stated in to Note 38, no provision has been made for Water Tax demand amounting to ₹ 28030.34 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, loss for the year would have been ₹ 22159.39 lacs (after considering tax impact) as against the reported loss of ₹ 3223.49 lacs and reserves & surplus as at the balance sheet date would have been ₹ 22861.65 lacs as against the reported figure of ₹ 41797.55 lacs.

Our audit opinion on the financial statements for the previous year was also qualified in respect of the above matter.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matter stated in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government

of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) 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;

(b) 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;

(c) 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;

(d) In our opinion, the Balance Sheet, Statement of Profit

and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
Firm Registration Number: 301003E

per Raj Agrawal
Partner

Place: New Delhi
Date: 8th May, 2013

Membership Number: 82028

ANNEXURE TO THE INDEPENDENT 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, 2013)

(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 ₹ 1150 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 above.*

(c) 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 ₹ 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.

(c) 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.*

(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 clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) 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.

- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of some of the items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, 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.
- (v) (a) 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.

- (vi) The Company has not accepted any deposit from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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, electrical consumer durables and chemicals and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) 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 few cases and also certain payments are not yet made as indicated in (b) below.*
- (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
<i>Orissa Municipal Act</i>	<i>Industrial Licence Fees</i>	<i>22.51</i>	<i>1996-97 to 2011-12</i>	<i>Beginning of the respective years</i>	<i>Not yet Paid</i>
<i>Electricity Duty Act (Orissa)</i>	<i>Interest on duty payable on own generation of power</i>	<i>74.43</i>	<i>1998-99 to 2009-10</i>	<i>Subsequent month after accrual</i>	<i>Not yet Paid</i>

(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 dues	Period to which the amount relates	Amount (Rs in lacs)	Forum where dispute is pending
<i>Central Excise and Customs Act, 1944</i>	<i>Disallowance of Cenvat credit on inputs and capital goods</i>	<i>1979-83, 1986-98, 2000-2010</i>	<i>310.48</i>	<i>Deputy/Assistant Commissioner / Commissioner/ High Court/ CESTAT</i>
	<i>Disallowance on cenvat credit on various input services</i>	<i>2004-05 to 2007-08, 2010-11</i>	<i>30.26</i>	<i>Deputy/Assistant Commissioner / Commissioner</i>
	<i>Inclusion of interest in Assessable value</i>	<i>1994-96</i>	<i>10.99</i>	<i>Dy. Commissioner/ Commissioner</i>
	<i>Disallowance of refund on post manufacturing expenses of paper</i>	<i>1976-77 to 1983-84</i>	<i>149.06</i>	<i>Deputy Commissioner</i>
	<i>Differential duty on manufacture of paper/ duty on various inputs due to difference in classification/ Duty on shortage /excess etc.</i>	<i>1975 to 1977, 1978 to 1985, 1993-97, 2000-01, 2002-03 & 2005-07</i>	<i>41.19</i>	<i>Asst Commissioner/ Deputy Commissioner/ Commissioner Appeals/Addl. Commissioner/ Jt. Commissioner</i>
<i>MP Sales Tax Act, 1961/Central Sales Tax Act 1956</i>	<i>Demand with respect to disallowance of cash discount, levy of higher rate of purchase tax, difference in classification of goods etc.</i>	<i>1998-99, 2000-02 & 2005-06</i>	<i>59.28</i>	<i>Deputy Commissioner Appeals/Appellate Board/ High Court</i>
<i>Other State/Central Sales Tax Acts</i>	<i>Sales tax on stock transfer/ export sales, non submission of forms, penalty etc.</i>	<i>Various</i>	<i>234.45</i>	<i>Asst. Commissioner/ Deputy Commissioner/ Sales Tax officer / Sales Tax Appellate Tribunal/ High court/ Supreme Court</i>
<i>Income Tax Act, 1961</i>	<i>Tax deducted at source & interest thereon</i>	<i>2006-07 to 2008-09</i>	<i>2,632.27</i>	<i>Commissioner (Appeals)</i>
<i>M.P. Upkar Adhinium, 2004</i>	<i>Energy development cess on consumption of Captive power including surcharge</i>	<i>2001-2002 to 2011-12</i>	<i>3,537.17</i>	<i>Supreme Court</i>



- (x) The Company has no accumulated losses at the end of the financial year. *The Company has incurred cash loss in the current year but it had not incurred cash loss in the immediately preceding financial year.*
- (xi) 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 ₹ 11335 lacs raised on short term basis have been used for long-term investment (without considering permanent capital) representing mainly acquisition of fixed assets.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company had created security in respect of debentures issued in earlier years. The said debentures have been transferred to another Company under a scheme of arrangement approved by Hon'ble High Court of Orissa.
- (xx) The Company has not raised any money through a public issue during the year.
- (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 year.

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
Firm Registration Number: 301003E

per Raj Agrawal
Partner
Membership Number: 82028
Place: New Delhi
Date: 8th May, 2013

Balance Sheet as at 31 March 2013

₹ In lacs

	Notes	31-Mar-13	31-Mar-12
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,048.79	2,048.79
Reserves and surplus	4	41,797.55	109,808.36
		43,846.34	111,857.15
Non-current liabilities			
Long-term borrowings	5	-	14,890.52
Deferred Tax Liabilities (Net)	14	793.32	14,623.49
Other long-term liabilities	6	3,278.88	5,500.18
Long-term provisions	7	1,873.12	2,501.70
		5,945.32	37,515.89
Current liabilities			
Short-term borrowings	8	30,528.84	23,678.61
Trade payables	9	21,428.81	22,137.32
Other current liabilities	9	7,145.47	24,021.01
Short-term provisions	7	1,714.95	3,813.39
		60,818.07	73,650.33
TOTAL		110,609.73	223,023.37
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	54,656.42	122,051.98
Intangible assets	11	106.25	1,138.42
Capital work-in-progress		496.77	14,427.33
Expenditure on Expansion/New projects (pending allocation)	12	57.90	2,920.58
Non-current investments	13	897.44	902.08
Long-term loans and advances	15	1,583.47	3,697.05
		57,798.25	145,137.44
Current assets			
Current investments	17	-	7,843.71
Inventories	18	13,321.78	19,642.66
Trade receivables	16.1	32,902.42	34,695.05
Cash and bank balances	19	1,806.15	5,149.19
Short-term loans and advances	15	4,126.84	6,711.29
Other current assets	16.2	654.29	3,844.03
		52,811.48	77,885.93
TOTAL		110,609.73	223,023.37
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 and on behalf of the board of directors

For S.R.Batliboi & Co. LLP

Firm Registration Number: 301003E

Chartered Accountants

per Raj Agrawal

Partner

Membership no.: 82028

Place: New Delhi

Date: 8th May, 2013

R.P. Dutta
Secretary

P.K. Sonthalia
President Finance & CFO

C.K. Birla Chairman
M.L. Pachisia Managing Director



Statement of Profit and Loss for the year ended 31 March 2013

₹ In lacs

	Notes	31-Mar-13	31-Mar-12
INCOME			
Revenue from operations (gross)	20	138,605.27	276,378.14
Less: excise duty		11,653.46	27,314.40
Revenue from operations (net)		126,951.81	249,063.74
Other income	21	1,766.91	2,229.49
Total revenue (I)		128,718.72	251,293.23
EXPENSES			
Cost of raw material & components consumed	22	59,132.95	73,946.68
Purchase of traded goods	23	19,599.53	12,500.41
(Increase) / decrease in inventories of finished goods, work-in-progress and traded goods	23	(914.10)	(1,389.22)
Employee benefits expense	24	12,287.65	14,676.30
Other expenses	25	37,554.61	106,651.31
Total (II)		127,660.64	206,385.48
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		1,058.08	44,907.75
Depreciation and amortization expense	26	3,729.80	8,900.93
Less: Recoupment from revaluation reserve		58.76	60.89
Net depreciation and amortization expense		3,671.04	8,840.04
Finance costs	27	1,918.91	4,233.22
Profit / (Loss) before tax (including NIL (31 March 2012: ₹ 35,940.90 lacs) for discontinuing operations - Refer Note No. 29)		(4,531.87)	31,834.49
Tax expenses			
Current tax [including ₹ 6.96 lacs (31 March 2012: ₹ 50.39 lacs) for earlier years]		6.96	9,555.39
Less: MAT Credit Entitlement / (Reversal)		(288.46)	36.46
Net Current Tax Expense		295.42	9,518.93
Deferred tax charge / (Credit)		(1,603.80)	1,087.98
Total tax expense / (Credit) (including NIL (31 March 2012: ₹ 12,159.96 lacs) for discontinuing operations - Refer Note No. 29)		(1,308.38)	10,606.91
Profit / (Loss) for the year (including NIL (31 March 2012: ₹ 23,780.94 lacs) for discontinuing operations - Refer Note No. 29)		(3,223.49)	21,227.58
Basic & Diluted Earnings per equity share [nominal value of share ₹ 1 (31 March 2012: ₹ 1) ₹]	30	(1.57)	10.94
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 and on behalf of the board of directors

For S.R.Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Raj Agrawal
Partner
Membership no.: 82028

Place: New Delhi
Date: 8th May, 2013

R.P. Dutta
Secretary

P.K. Sonthalia
President Finance & CFO

C.K. Birla Chairman
M.L. Pachisia Managing Director

Cash Flow Statement for the year ended 31 March 2013

₹ In lacs

	2012-2013	2011-2012
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/ (Loss) before Tax	(4531.87)	31834.49
Non-cash Adjustment to reconcile profit before tax to Net Cash Flows		
Depreciation and Amortisation Expenses	3671.04	8840.04
Interest Expenses	1710.53	4007.85
Other Borrowing Cost	208.38	225.37
Loss on Sale of Fixed Assets (Net)	55.26	46.45
Irrecoverable debts & advances written off	25.67	42.41
Provision for Doubtful Debts & Advances	99.84	135.84
Provision for Diminution in value of Investments Written back	(5.54)	(8.00)
Unrealised Foreign Exchange Loss/(Gain) (Net)	(2.28)	(32.84)
Interest & Dividend Income	(609.92)	(805.02)
	621.11	44286.59
Operating Profit before Working Capital Changes :		
Increase in Trade Payables	4966.21	3230.71
Increase/(Decrease) in Long Term Provisions	(67.70)	147.35
Increase in Short Term Provisions	508.44	334.52
Increase in Other Current Liabilities	648.42	2406.00
Increase/(Decrease) in Other Long Term Liabilities	146.83	(39.58)
(Increase) in Trade Receivables	(5849.11)	(10845.62)
(Increase) in Inventories	(1535.64)	(3219.21)
(Increase)/Decrease in Long Term Loans & Advances	(704.00)	360.76
(Increase) in Short Term Loans & Advances	(419.47)	(1773.19)
(Increase) in Other Current Assets	(129.79)	(305.20)
Cash Generated From / (Used In) Operations:	(1814.70)	34583.13
Direct Taxes Paid (Net)	(202.22)	(6427.95)
Net Cash From / (Used In) Operating Activities	(2016.92)	28155.18
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	20.12	55.30
(Purchase)/Sale of Investments (Net)	7819.96	(2102.51)
Interest Received	96.84	281.46
Dividend Received	536.91	528.18
Purchase of Fixed Assets	(6752.73)	(23454.54)
Fixed Deposits	(16.80)	(13.07)
Net Cash From / (Used In) Investing Activities	1704.30	(24705.18)



Cash Flow Statement for the year ended 31 March 2013

₹ In lacs

	2012-2013	2011-2012
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(2808.34)	(2979.15)
Increase/(Decrease) in other loans (Net)	9025.27	5031.39
Issue of Equity Shares	-	90.02
Premium on Issue of Equity Shares	-	5063.04
Interest Paid	(2996.26)	(5496.17)
Other Borrowing Cost	(208.38)	(225.37)
Redemption of Preference Shares	(0.01)	(100.29)
Dividend Paid	(2038.78)	(4789.82)
Preference Dividend Paid	-	(7.92)
Dividend Tax Paid	(332.35)	(783.52)
Net Cash From /(Used In) Financing Activities	641.15	(4197.79)
Net Changes In Cash & Cash Equivalents (A+B+C)	328.53	(747.79)
* Cash & Cash Equivalents - Opening Balance	5124.45	5872.24
Less: Cash & Cash Equivalents transferred to Resulting Company pursuant to Scheme Arrangement (Refer Note 28)	3,688.37	-
Total Cash & Cash Equivalents - Opening Balance	1436.08	5872.24
* Cash & Cash Equivalents - Closing Balance	1764.61**	5124.45

* Represents Cash and Bank Balances as indicated in Note No 19 and excludes ₹ 41.54 lacs (₹ 24.74 lacs) being Fixed Deposits with maturity of more than three months.

** Includes ₹ 109.82 lacs (₹ 99.91 lacs) lying in Unpaid Dividend Account

Notes:

- Assets and Liabilities of the Cement undertaking of the Company transferred to the resulting Company pursuant to scheme of arrangement (Refer Note 28), have been considered as non-cash transactions.
- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements notified under the Companies (Accounting Standards) Rules 2006 (as amended)

As per our report of even date

For and on behalf of the board of directors

For S.R.Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Raj Agrawal
Partner
Membership no.: 82028

Place: New Delhi
Date: 8th May, 2013

R.P. Dutta
Secretary

P.K. Sonthalia
President Finance & CFO

C.K. Birla Chairman
M.L. Pachisia Managing Director

Notes to financial statements for the year ended 31 March 2013

NOTE 1 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 Paper, Electrical Consumer Durables, Chemicals, Industrial Blowers and Air Pollution Control Equipments. The Company presently has manufacturing facilities at Amlai, Brajrajnagar, Faridabad & Kolkata. The Cement Undertaking of the Company has been transferred to Orient Cement Limited on going concern basis w.e.f. April 01, 2012 pursuant to the scheme of arrangement approved by the Hon'ble Orissa High Court,

NOTE 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.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

NOTE 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) 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 to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(c) 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 ₹ 710.00 lacs (31st March 2012, ₹1336.31 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:	
Plant & Machinery (Chemical Unit)	1-17 years
Moulds & Dies (Electrical Consumer Durables Division)	3 years
Mist Chamber (Paper Plant)	8 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.

(d) 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 effect 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.

Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

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

(e) 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.

(f) 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.

(g) 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.



Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

(h) 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.

(i) 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.

Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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. Depreciation rate is same as that prescribed in Schedule XIV to the Companies Act, 1956.

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.

(j) Inventories

Raw materials & components and stores, chemicals and spare parts 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 they will be incorporated are expected to be sold at or above cost. Cost of raw materials & components and stores, chemicals and spare parts 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 labor and a proportion of manufacturing overheads based on normal operating capacity. Cost of Work-in-progress is determined on annual weighted average / transaction moving weighted average basis. 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.

(k) 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.



Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

Claims / Refunds

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

(l) 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. Non-monetary 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.

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.

(m) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Superannuation Schemes are defined contribution schemes. The company has no obligation, other than the contribution payable to the respective funds. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund and the contributions are charged to the Statement of Profit & Loss of the period when an employee renders the related service.

Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 reporting period. 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.

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.

(n) 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, 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.



Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

(o) 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.

(p) 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.

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.

Notes to financial statements for the year ended 31 March 2013

NOTE 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(q) **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.

(r) **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.

(s) **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.

(t) **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.

(u) **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.

(v) **Shares/ Debentures Issue Expenses**

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

(w) **Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI of the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit & loss. In the measurement of EBITDA, the Company does not include depreciation and amortization expense, finance costs and tax expense.



Notes to financial statements for the year ended 31 March 2013

NOTE 3 SHARE CAPITAL	₹ In lacs	
	31-Mar-13	31-Mar-12
Authorised shares (No. in lacs)		
7,500 (31 March 2012: 7,500) Equity Shares of ₹1/- each	7,500.00	7,500.00
25 (31 March 2012: 25) Preference Shares of ₹100/- each	2,500.00	2,500.00
Issued Shares (No. in lacs)		
2,048.88 (31 March 2012 : 2,048.88) Equity Shares of ₹1/- each	2,048.88	2,048.88
Total issued capital	2,048.88	2,048.88
Subscribed and paid-up shares (No. in lacs)		
2,048.69 (31 March 2012: 2,048.69) Equity Shares of ₹1/- each	2,048.69	2,048.69
Add: Forfeited shares (Amount Originally Paid-Up)	0.10	0.10
Total subscribed and paid-up share capital	2,048.79	2,048.79

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

Equity shares	31-Mar-13		31-Mar-12	
	No. in lacs	₹ In lacs	No. in lacs	₹ In lacs
At the beginning of the period	2,048.69	2,048.69	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	2,048.69	2,048.69

Preference shares	31-Mar-13		31-Mar-12	
	No. in lacs	₹ In lacs	No. in lacs	₹ In lacs
At the beginning of the period	-	-	1.00	100.00
Redeemed during the period	-	-	1.00	100.00
Outstanding at the end of the period	-	-	-	-

(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 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹0.10 per share (31 March 2012: ₹2.00 per share, including interim dividend of ₹1.00 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	31-Mar-13		31-Mar-12	
	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%	491.44	23.99%
Reliance Capital Trustee Co. Ltd A/c Reliance Growth Fund	133.42	6.51%	143.42	7.00%
Shekhavati Investments & Traders Ltd.	123.21	6.01%	123.21	6.01%

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.

Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 4 RESERVES AND SURPLUS		
Capital reserve		
Balance as per the last financial statements	40.12	40.12
Less: amount adjusted pursuant to scheme of arrangement (refer note 28)	40.12	-
Closing Balance	-	40.12
Capital redemption reserve		
Balance as per the last financial statements	2,142.02	2,042.02
Add: amount transferred from surplus balance in the statement of profit and loss	-	100.00
Less: amount adjusted pursuant to scheme of arrangement (refer note 28)	2,142.02	-
Closing Balance	-	2,142.02
Investment Subsidy	15.00	15.00
Securities premium account		
Balance as per the last financial statements	23,069.52	16,318.98
Add: Premium on issue of equity shares on conversion of share warrants	-	6,750.00
Add: Received against calls in arrear	-	0.54
	23,069.52	23,069.52
Less: amount adjusted pursuant to scheme of arrangement (refer note 28)	23,069.52	-
Closing Balance	-	23,069.52
Debenture redemption reserve		
Balance as per the last financial statements	2,500.00	4,875.00
Less: amount transferred to General Reserve	2,500.00	2,375.00
Closing Balance	-	2,500.00
Revaluation reserve		
Balance as per the last financial statements	784.48	845.37
Less: amount transferred to the statement of profit and loss as reduction from depreciation	58.76	60.89
Less: adjustment on transfer of assets pursuant to scheme of arrangement (refer note 28)	85.08	-
Closing Balance	640.64	784.48
General reserve		
Balance as per the last financial statements	64,250.00	51,875.00
Add: Amount transferred from surplus balance in the statement of profit and loss	500.00	10,000.00
Add: Amount transferred from Debenture Redemption Reserve	2,500.00	2,375.00
Less: amount adjusted pursuant to scheme of arrangement (refer note 28)	39,152.13	-
Closing Balance	28,097.87	64,250.00
Surplus in the statement of profit and loss		
Balance as per last financial statements	17,007.22	10,504.48
Profit / (Loss) for the year	(3,223.49)	21,227.58
Less: Appropriations		
Proposed final equity dividend (amount per share ₹ 0.10 (31 March 2012: ₹1.00))	204.87	2,048.69
Tax on proposed equity dividend	34.82	332.35
Interim equity dividend (amount per share Nil (31 March 2012: ₹1.00))	-	1,928.69



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 4 RESERVES AND SURPLUS (Contd.)		
Tax on interim equity dividend	-	312.88
Dividend on preference shares (amount per share Nil (31 March 2012: ₹ 1.92))	-	1.92
Tax on preference dividend	-	0.31
Transfer to capital redemption reserve	-	100.00
Transfer to general reserve	500.00	10,000.00
Total appropriations	739.69	14,724.84
Net surplus in the statement of profit and loss	13,044.04	17,007.22
Total reserves and surplus	41,797.55	109,808.36

NOTE 5 LONG-TERM BORROWINGS

Equity shares	Non-current portion		Current maturities	
	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs
Debentures (Privately Placed) (Secured)				
-(31 March 2012: 0.01 lacs) 12.45% Non-Convertible Debentures of ₹10 lacs each	-	10,000.00	-	-
Term loans from banks (Secured)	-	-	-	12,278.34
Other loans and advances (unsecured)				
Deferred sales tax loan	-	4,890.52	-	116.68
	-	14,890.52	-	12,395.02
Amount disclosed under the head "other current liabilities"(note 9)	-	-	-	(12,395.02)
Net amount	-	14,890.52	-	-

- 12.45% Non-Convertible Debentures of ₹10 lacs each were secured by first mortgage/charge ranking pari-passu with each other on the movable 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. The above debentures have been transferred to Resulting Company pursuant to the Scheme of arrangement (Refer Note 28)
- (a) Term Loans of ₹ 1,144.34 lacs were 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 Loans of ₹ 11134 lacs were 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.
- Deferred sales tax loan has been transferred to Resulting Company pursuant to the Scheme of arrangement (Refer Note 28).

Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 6 OTHER LONG-TERM LIABILITIES		
Deferred Payment Liabilities (Voluntary Retirement Scheme)	47.10	72.31
Trade & Other Deposits	3,231.78	5,427.87
	3,278.88	5,500.18

NOTE 7 PROVISIONS

	Long-term		Short-term	
	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs
Provision for employee benefits				
Provision for gratuity (note 31)	950.11	1,472.22	489.00	546.04
Provision for leave benefits	439.64	581.45	103.41	136.39
	1,389.75	2,053.67	592.41	682.43
Other provisions				
Provision for warranties	483.37	409.83	882.85	623.41
Provision for Mining Restoration Costs	-	38.20	-	-
Provision for Taxation (Net)	-	-	-	126.51
Proposed equity dividend	-	-	204.87	2,048.69
Provision for tax on proposed equity dividend	-	-	34.82	332.35
	483.37	448.03	1,122.54	3,130.96
	1,873.12	2,501.70	1,714.95	3,813.39

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

	31-Mar-13	31-Mar-12
At the beginning of the year	1,033.24	835.52
Arising during the year	1,201.96	892.60
Utilized during the year	868.98	694.88
At the end of the year	1,366.22	1,033.24
Current portion	882.85	623.41
Non-current portion	483.37	409.83

Provision for Mining Restoration Costs

The table below gives information about movement in mining restoration cost provisions.

At the beginning of the year	38.20	38.20
Less: Transferred pursuant to Scheme of arrangement (refer note 28)	38.20	-
At the end of the year	-	38.20
Non-current portion	-	38.20



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 8 SHORT-TERM BORROWINGS		
Cash credit from banks (secured)	10,025.41	11,560.13
Other Loans & Advances:-(unsecured)		
Commercial Papers		
From a Scheduled Bank	1,000.00	6,500.00
From Others	13,500.00	5,000.00
Buyers Credit	1,347.45	618.48
Loan from Resulting Company under the Scheme of Arrangement	4,655.98	-
	30,528.84	23,678.61

- 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. Cash credit is repayable on demand and carries interest @ 9.95 p.a. to 12.30% p.a. (10.90 % p.a. to 14.90 % p.a.)
- Commercial papers from banks & others carry interest @ 9.70% p.a. to 10.35% p.a and are repayable between a period of 62 days to 91 days.
- Buyers Credit carries interest @ 1.52% p.a. to 2.32% p.a and is repayable in 180 days.
- Loan from Resulting company under the Scheme of Arrangement carries interest @ 10.00% p.a. and is repayable on demand.

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 9 OTHER CURRENT LIABILITIES		
Trade payables (including acceptances of ₹ 514.60 lacs (31 March 2012: ₹ NIL)) (refer note 42 for details of dues to micro and small enterprises)	21,428.81	22,137.32
Other liabilities		
Payables against purchase of Fixed Assets (including acceptances of ₹ 59.90 lacs (31 March 2012: ₹ NIL))	2,238.03	3,479.78
Current maturities of long-term borrowings (note 5)	-	12,395.02
Advance against Sales	438.50	1,463.67
Interest accrued but not due on borrowings	53.60	303.73
Preference Share Redemption Amount	5.18	5.19
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	109.82	99.91
Others		
Trade & Other Deposits	452.70	615.04
"Current portion of Deferred Payment Liabilities (Voluntary Retirement Scheme)"	32.97	64.51
Statutory dues payable	3,788.68	5,544.50
Other Miscellaneous	25.99	49.66
	7,145.47	24,021.01
	28,574.28	46,158.33

Notes to financial statements for the year ended 31 March 2013

NOTE 10 TANGIBLE ASSETS

₹ In lacs

	Freehold Land (C)	Leasehold Land	Factory Buildings	Non-Factory Buildings (c)	Railway Sidings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost or valuation										
At 1 April 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
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)
Additions	-	-	1,119.71	224.12	-	19,428.02	316.63	73.51	57.89	21,219.88
Disposals	-	-	-	-	-	638.66	8.64	37.74	25.02	710.06
Transferred pursuant to Scheme of arrangement (Refer note 28)	8,295.81	-	2,323.64	3,141.59	1,988.56	106,454.07	493.63	142.20	290.71	123,130.21
Other adjustments	-	-	-	-	-	-	-	-	-	-
- Borrowing costs	-	-	119.08	6.30	-	1,737.18	7.03	-	-	1,869.59 (a)
At 31 March 2013	217.34	195.97	5,878.31	3,356.54	66.43	76,759.99	1,235.68	579.98	422.17(b)	88,712.41 (a)
Depreciation										
At 1 April 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 (f)
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 (f)
Charge for the year	-	4.03	157.02	62.70	0.32	3,254.28	78.97	37.94	29.02	3,624.28 (f)
Disposals	-	-	-	-	-	581.07	6.57	33.92	13.12	634.68
Transferred pursuant to Scheme of arrangement (Refer note 28)	-	-	669.59	555.71	1,467.24	33,006.20	321.30	81.81	242.99	36,344.84
At 31 March 2013	-	106.13	1,704.63	933.41	63.00	30,157.58	530.44	322.97	237.83	34,055.99
Net Block										
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
At 31 March 2013	217.34	89.84	4,173.68	2,423.13	3.43	46,602.41	705.24	257.01	184.34	54,656.42

- Includes assets held in Joint Ownership ₹1,342.83 lacs (31st March 2012, ₹1342.83 lacs), which have been charged against the amount payable as rent for the land and proportionate share of expenses.
- Includes assets held in Joint Ownership ₹20.00 lacs (31st March 2012, Nil).
- Includes Nil (31st March 2012, ₹2766.00 lacs) and ₹79.87 lacs (31st March 2012, ₹79.87 lacs) in respect of land and flats respectively whose registration in the Company's name is pending.
- Land, Buildings and Plant & Equipments of the Paper units at Amlai & Brajrajnagar, 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.
- Capitalized borrowing costs
The borrowing cost capitalized during the year ended 31 March 2013 is ₹1035.60 lacs (31 March 2012: ₹1020.63 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.
- Includes depreciation ₹233.96 lacs (31st March 2012: ₹275.42 lacs) on assets at Brajrajnagar unit, where manufacturing operations were not carried on during the year.



Notes to financial statements for the year ended 31 March 2013

NOTE 11 INTANGIBLE ASSETS

₹ In lacs

	Computer software	Mining Rights	Total
Gross block			
At 1 April 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
Transferred pursuant to Scheme of arrangement (Refer note 28)	27.02	1314.60	1,341.62
Purchase	52.43	-	52.43
At 31 March 2013	502.08	-	502.08
Amortization			
At 1 April 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
Transferred pursuant to Scheme of arrangement (Refer note 28)	27.02	325.52	352.54
Charge for the year	95.52	-	95.52
At 31 March 2013	395.83	-	395.83
Net block			
At 31 March 2012	149.34	989.08	1,138.42
At 31 March 2013	106.25	-	106.25

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 12 DETAILS OF EXPENDITURE ON EXPANSION/NEW PROJECTS: (PENDING ALLOCATION)		
a) Pre-Operative & Trial Run Expenses:		
Salary & Wages	70.94	347.41
Contribution to Provident & Other Funds	2.44	14.32
Employees Welfare Expenses	1.71	19.07
Power & Fuel	481.02	-
Rent & Hire Charges	-	20.85
Rates & Taxes	-	4.99
Insurance	3.27	0.67
Project Consultancy charges	639.67	212.97
Interest on Fixed Loans	1,035.60	1,020.63
Miscellaneous Expenses	187.04	217.96
	2,421.69	1,858.87
b) Add: Balance brought forward from previous year	2,920.58	1,061.71
c) Transferred pursuant to Scheme of arrangement (Refer note 28)	1,849.41	-
d) Less: Allocated to Fixed Assets during the year	3,434.96	-
e) Balance carried to Balance Sheet	57.90	2,920.58

Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 13 NON-CURRENT INVESTMENTS		
Investment property (at cost less accumulated depreciation)		
Cost of land and building given on operating lease	809.61	809.61
Less: Accumulated depreciation	100.95	90.95
Net block	708.66	718.66
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in joint venture		
173.99 lacs (31 March 2012: 173.99) Equity shares of 20 K.Sh each fully paid-up in 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 2012 ₹ 413.92 lacs)	-	-
Government securities (unquoted)		
6 Years National Savings Certificates	0.90	1.08
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
0.25 lac (31 March 2012: 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 2012: ₹ 0.77 lac)	-	-
200 (31 March 2012: 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 2012: ₹ 0.02 lac)	-	-
9.06 lacs (31 March 2012: 9.06 lacs) equity shares of ₹10 each fully paid-up in Hyderabad Industries Ltd.	127.12	127.12
15.45 lacs (31 March 2012: 15.45 lacs) equity shares of ₹10 each fully paid-up in Century Textiles & Industries Ltd.	6.73	6.73
Investment in equity instruments (unquoted)		
0.30 lac (31 March 2012: 0.30 lac) equity shares of ₹10 each fully paid-up in Birla Buildings Ltd.	3.01	3.01
0.06 lac (31 March 2012: 0.06 lac) equity shares of ₹10 each fully paid-up in GMMCO Ltd. (At Cost less provision for diminution ₹ 2.62 lacs (31 March 2012: ₹ 8.16 lacs)	51.02	45.48
	188.78	183.42
	897.44	902.08
Aggregate amount of quoted investments (Market value: ₹7795.20 lacs (31 March 2012: ₹8,690.24 lacs))	133.85	133.85
Aggregate amount of unquoted investments	54.93	49.57
Value of investment property	708.66	718.66
Aggregate provision for diminution in value of investments	417.33	422.87

- Government Securities of the Face Value of ₹ 0.90 lac (31 March 2012: ₹ 0.65 lac) are lodged with Government Departments as Security Deposits.
- The Company along with 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 2012: ₹ 432.94 lacs) in the name of the Company is still pending.



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 14 DEFERRED TAX LIABILITY (NET)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	6,392.09	16,569.92
Gross deferred tax liability	6,392.09	16,569.92
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,202.13	1,466.18
Provision for doubtful debts and advances	152.89	132.62
Provision for warranties	464.38	347.63
Unabsorbed depreciation and carried forward business loss	3,779.37	-
Gross deferred tax asset	5,598.77	1,946.43
Net deferred tax Liability	793.32	14,623.49

NOTE 15 LOANS AND ADVANCES

	Non-current		Current	
	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs
(Unsecured, considered good except otherwise stated)				
Capital advances				
Considered good	116.30	1,278.62	-	-
Doubtful	15.00	-	-	-
	131.30	1,278.62	-	-
Provision for doubtful Capital Advances	15.00	-	-	-
(A)	116.30	1,278.62	-	-
Trade & Other Deposits				
Considered good	967.70	2,023.65	29.39	212.02
Doubtful	-	-	10.00	10.00
	967.70	2,023.65	39.39	222.02
Provision for doubtful Trade & Other Deposits	-	-	10.00	10.00
(B)	967.70	2,023.65	29.39	212.02
Loan and advances to related parties (note 35(c))				
Unsecured, considered good	-	-	-	158.41
(C)	-	-	-	158.41
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good	-	63.12	1,984.25	2,745.96
Doubtful	-	-	13.79	13.19
	-	63.12	1,998.04	2,759.15
Less: provision for doubtful advances	-	-	13.79	13.19
(D)	-	63.12	1,984.25	2,745.96
Other loans and advances (Considered Good)				
MAT Credit Entitlement	-	-	-	288.46
Deposits against demand under dispute	495.88	320.33	206.85	357.41
Prepaid Expenses	3.59	11.33	417.71	379.00
Advance payment of Income tax, tax deducted at source & refunds receivable etc. (after adjusting provisions)	-	-	68.75	-
Balances with Excise, Customs, Port Trusts and Other Government Authorities	-	-	1,419.89	2,570.03

Notes to financial statements for the year ended 31 March 2013

NOTE 15 LOANS AND ADVANCES (Contd.)

	Non-current		Current	
	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs	31-Mar-13 ₹ In lacs	31-Mar-12 ₹ In lacs
Other loans and advances (Considered Doubtful)				
Balances with Excise, Customs, Port Trusts and Other Government Authorities	-	-	48.81	48.81
	499.47	331.66	2,162.01	3,643.71
Less: provision for doubtful balances with Excise, Customs, Port Trusts and Other Government Authorities (E)	-	-	48.81	48.81
Total (A+B+C+D+E)	1,583.47	3,697.05	4,126.84	6,711.29
Advances due by officers of the Company.				
Advances due by officers of the Company	-	0.50	3.49	3.10

₹ In lacs

	Current	
	31-Mar-13	31-Mar-12

NOTE 16 TRADE RECEIVABLES AND OTHER ASSETS

16.1. Trade receivables

Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	13.81	15.37
Unsecured, considered good	603.36	304.97
Doubtful	284.79	304.65
	901.96	624.99
Less: Provision for doubtful trade receivables	284.79	304.65
(A)	617.17	320.34
Other receivables		
Secured, considered good	2,479.66	3,026.01
Unsecured, considered good	29,805.59	31,348.70
Doubtful	54.60	9.28
	32,339.85	34,383.99
Less: Provision for doubtful trade receivables	54.60	9.28
(B)	32,285.25	34,374.71
(A)+(B)	32,902.42	34,695.05

₹ In lacs

	Current	
	31-Mar-13	31-Mar-12

16.2 Other assets

(Unsecured, considered good except otherwise stated)

Unsecured, considered good		
Interest accrued on Investments	-	1.45
Interest accrued on Loans, Debts, Deposits etc.	2.37	62.97
Export Benefit Receivable	410.41	263.89
Claims & Refunds Receivable	241.51	3182.68
Certified Emission Reduction Credit	-	333.04
	654.29	3,844.03
Unsecured, (Considered Doubtful)		
Claims & Refunds Receivable	22.83	22.83
	22.83	22.83
Less: provision for doubtful claims & refunds receivable	22.83	22.83
	-	-
	654.29	3,844.03



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 17 CURRENT INVESTMENTS		
Current investments (valued at lower of cost and fair value)		
Unquoted equity instruments		
Investment in a subsidiary		
Nil (31 March 2012: ,5 lacs) Equity shares of ₹1 each fully paid-up in Orient Cement Ltd.	-	5.00
Unquoted mutual funds		
Nil (31 March 2012-2.43 lacs) units of ₹ 1000.53 each fully paid up of Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan - Reinvestment.	-	2,427.48
Nil (31 March 2012:10.25 lacs) units of ₹ 100.02 each fully paid-up of Birla Sun Life Floating Rate Fund - STP - IP- Daily Dividend Plan - Reinvestment	-	1,025.37
Nil (31March 2012: 100.89 lacs) units of ₹ 10.0165 each fully paid-up of J.M. High Liquid Fund- Treasury Plan - Institutional Option - Daily dividend Reinvestment	-	1,010.55
Nil (31 March 2012- 57.17 lacs) units of ₹ 15.2874 each fully paid-up of Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Reinvestment	-	874.00
Nil (31 March 2012: 1 lac) units of ₹ 1000.4971 each fully paid up of Morgan Stanley Liquid Fund - Daily Dividend Reinvestment	-	1,000.53
Nil (31 March 2012: 1.50 lacs) units of ₹ 1000.25 each fully paid-up of SBI Premier Liquid Fund - Super Institutional Plan - Daily Dividend Reinvestment	-	1,500.78
	-	7,843.71

NOTE 18 INVENTORIES

₹ In lacs

	Note	31-Mar-13	31-Mar-12
Valued at Lower of Cost and Net Realisable Value			
Raw materials & components	22	4,113.95	4,323.12
Work-in-progress	23	1,138.89	2,367.93
Finished goods	23	3,148.65	4,236.19
Traded goods	23	2,317.21	1,053.14
Stores, Chemicals and spare parts etc.		2,530.34	7,568.89
At Estimated Realisable Value			
By-Products		0.87	1.40
Scrap		71.87	91.99
		13,321.78	19,642.66
The above includes stock in transit:			
Raw Materials		10.03	32.09
Work-in-progress		-	88.11
Finished Goods		200.56	97.45
Traded goods		-	26.62
Stores, Chemicals and spare Parts etc.		15.09	79.61
		225.68	323.88

Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	Current	
	31-Mar-13	31-Mar-12
NOTE 19 CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks:		
– On current accounts (including ₹ 5.70 lacs (31st March 2012, ₹ 6.43 lacs) in earmarked accounts)	1,624.15	2,794.26
– Deposits with original maturity of less than three months	0.09	0.08
– On unpaid dividend account	109.82	99.91
– On savings bank account	-	0.11
In Post office savings bank account	0.76	0.82
Cheques on hand	6.22	2,206.31
Unpaid matured deposits	0.55	0.55
Cash on hand	23.02	22.41
	1,764.61	5,124.45
Other bank balances *		
Deposits with original maturity for more than 12 months	0.57	3.55
Deposits with original maturity for more than 3 months but less than 12 months	40.97	21.19
	41.54	24.74
	1,806.15	5,149.19

* Receipts/Pass Books for ₹ 40.15 lacs (31 March 2012: ₹23.59 lacs) are lodged with Government Departments/Banks as security.

NOTE 20 REVENUE FROM OPERATIONS

Revenue from operations		
Sale of products		
Finished goods	116,443.27	260,646.60
Semi Finished Goods	-	1,273.59
Traded goods	22,551.45	14,164.88
	138,994.72	276,085.07
Less: Cash Discount, Rebates etc.	4,313.22	5,433.81
	134,681.50	270,651.26
Other operating revenue		
Scrap sales	2,976.22	3,182.47
Export Incentives	718.88	570.66
Industrial Promotion/ sales tax subsidy	-	1,382.16
Certified Emission Reduction Credit	-	333.04
Other Receipts	228.67	258.55
Revenue from operations (gross)	138,605.27	276,378.14
Less: Excise duty #	11,653.46	27,314.40
Revenue from operations (net)	126,951.81	249,063.74

Excise duty on sales amounting to ₹ 11653.46 lacs (31 March 2012: ₹27314.40 lacs) has been reduced from sales in statement of profit & loss and excise duty on increase/ (decrease) in stock amounting to ₹34.49 lacs (31 March 2012: ₹133.75 lacs) has been considered as (income)/expense in note 23 of financial statements.

Detail of products sold

Finished goods sold		
Pulp, Paper & Board	30,022.14	27,949.54
C.S.Lye (excluding flake conversion)	2,919.37	3,555.94
C.S.Flakes	3,265.26	2,484.59
Liquid Chlorine	58.42	352.34
HydroChloric Acid	26.26	96.36
Portland Cement	-	154,147.03
Electrical Fans	66,907.97	57,505.71



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 20 REVENUE FROM OPERATIONS (Contd.)		
Detail of products sold (Contd.)		
Lights & Luminaries	8,536.21	8,321.65
Air Pollution Control Equipments	233.15	218.76
Industrial Blowers	699.59	636.42
Other Miscellaneous Items	270.94	245.34
	112,939.31	255,513.68
Semi Finished Goods Sold		
Clinker	-	1,273.59
Traded goods sold		
Electrical Fans	11,536.26	10,622.22
Lights & Luminaries	4,544.97	1,375.16
Appliances	5,298.03	1,193.15
Exercise Books	362.93	673.46
	21,742.19	13,863.99
	134,681.50	270,651.26

NOTE 21 OTHER INCOME

Interest income on		
Debts, deposits, advances etc.	96.71	262.91
Dividend income on		
Current investments	243.45	310.05
Long-term investments	269.76	232.06
Rental income on Long-term investments	315.38	308.36
Insurance & Other Claims	34.86	148.36
Rent & Hire Charges	226.45	216.22
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	312.15	416.43
Gain on Exchange Rate Fluctuations (net)	109.56	209.43
Provision for Diminution in the value of Long Term Investments written back	5.54	8.00
Miscellaneous Receipts	153.05	117.67
	1,766.91	2,229.49

NOTE 22 COST OF RAW MATERIALS & COMPONENTS CONSUMED

Inventory at the beginning of the year	4,323.13	3,355.96
Less: Stock transferred pursuant to Scheme of arrangement (refer note 28)	590.35	-
	3,732.78	3,355.96
Add: Purchases & procurement expenses / job charges (inclusive of Royalty & Cess ₹Nil (31 March 2012: ₹2626.40 lacs)	59,679.46	75,022.50
	63,412.24	78,378.46
Less: Sales	165.34	108.66
Less: inventory at the end of the year	4,113.95	4,323.12
Cost of raw materials & components consumed	59,132.95	73,946.68
Details of raw materials & components consumed		
Bamboo	6,570.58	4,107.08
Wood	5,670.57	6,268.67
Salt	1,056.25	1,091.68
Lime Stone	-	5,684.94
Clinker *	-	7,379.94
Pozzolona Material	-	3,151.26
Copper Wire Road & Strips	7,437.02	6,600.61
CRCA, Silicon Sheets & Plates	8,270.22	7,774.62

Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 22 COST OF RAW MATERIALS & COMPONENTS CONSUMED (Contd.)		
Details of raw materials & components consumed (Contd.)		
Blades for Ceiling Fans	6,769.37	5,935.62
PCBs	2,381.63	3,142.02
Miscellaneous Items #	20,977.31	22,810.24
	59,132.95	73,946.68

* represents transportation cost of Clinker from Devapur Unit to Jalgaon Unit

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.

Details of inventory

Raw materials		
Bamboo	561.50	357.11
Wood	199.50	400.48
Salt	227.97	139.29
Pozzolona Material	-	45.12
Copper Wire Road & Strips	381.33	343.36
CRCA, Silicon Sheets & Plates	144.06	237.26
Blades for Ceiling Fans	208.67	157.59
PCB	61.26	42.81
Miscellaneous Items	2,329.66	2,600.10
	4,113.95	4,323.12

NOTE 23 (INCREASE)/ DECREASE IN INVENTORIES

Inventories at the end of the year		
Traded goods	2,317.21	1,053.14
Work-in-progress	1,138.89	2,367.93
Finished goods	3,148.65	4,236.19
By Products	0.87	1.40
Scrap	71.87	91.99
	6,677.49	7,750.65
Inventories at the beginning of the year		
Traded goods	1,053.14	526.90
Work-in-progress	2,367.93	2,267.77
Finished goods	4,236.19	3,261.11
By Products	1.40	4.89
Scrap	91.99	167.01
	7,750.65	6,227.68
Less: Inventories transferred pursuant to Scheme of arrangement (refer note 28)		
Work-in-progress	1,079.70	-
Finished goods	850.38	-
Scrap	22.69	-
	1,952.77	-
	5,797.88	6,227.68
	(879.61)	6,227.68
(Increase)/decrease of excise duty on inventory	(34.49)	133.75
	(914.10)	(1,389.22)

Details of purchase of traded goods

Electrical Fans	10,255.72	9,225.03
Lights & Luminaries	4,228.36	1,279.36
Appliances	4,849.60	1,382.39
Exercise Books	265.85	613.63
	19,599.53	12,500.41



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 23 (INCREASE)/ DECREASE IN INVENTORIES (Contd.)		
Details of inventory		
Traded goods		
Electrical Fans	263.67	209.91
Lights & Luminaries	797.90	290.76
Appliances	1,212.76	444.59
Exercise Books	42.88	107.88
	2,317.21	1,053.14
Work-in-progress		
Clinker	-	831.37
Paper	307.26	450.04
Salt	28.28	35.28
CS Lye	280.47	206.73
Fans & Components	454.69	492.47
Lights & Luminaries	65.48	100.34
Air Pollution Control Equipments	1.84	2.20
Industrial Blowers	0.87	1.17
Others	-	248.33
	1,138.89	2,367.93
Finished goods		
Pulp, Paper & Board	652.90	643.88
C.S.Lye (excluding flake conversion)	235.84	82.83
C.S.Flakes	42.49	52.96
Portland Cement	-	850.38
Electrical Fans	2,063.76	2,250.65
Lights & Luminaries	141.15	348.51
Air Pollution Control Equipments	2.29	4.63
Industrial Blowers	10.22	2.35
	3,148.65	4,236.19
By-products		
Liquid Chlorine	0.44	1.12
HydroChloric Acid	0.43	0.28
	0.87	1.40

NOTE 24 EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus	9,981.10	11,659.42
Contribution to provident and other funds	794.37	938.15
Gratuity expense (Note 31)	446.79	705.49
Staff welfare expenses	1,065.39	1,373.24
	12,287.65	14,676.30

NOTE 25 OTHER EXPENSES

Consumption of stores and spares (after adjusting Sales & Claims ₹ 15.37 lacs (31st March 2012, ₹ 354.81 lacs)	5,210.42	7,430.23
Handling & Other charges to contractors	1,199.15	2,134.93
Power and fuel	11,824.39	40,693.15
Packing, Freight and forwarding charges	6,650.58	32,153.58
Rent & Hire Charges	936.42	867.91
Rates and taxes	280.83	363.46
Insurance	160.97	274.30

Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 25 OTHER EXPENSES (Contd.)		
Repairs and maintenance		
Plant and machinery	1,280.73	4,593.97
Buildings	319.45	627.56
Advertising and sales promotion	2,893.35	8,103.91
Directors' commission	-	233.53
Directors' Sitting Fees	6.80	6.60
Commission on sales	446.80	1,129.29
Payment to auditor		
As auditor:		
Audit fee	25.00	50.00
Limited review	30.00	30.00
In other capacity:		
Tax audit fee	15.00	12.00
For certificates & other services	9.00	4.10
Reimbursement of expenses	4.21	6.93
Payment to cost auditor	1.01	1.33
Charity & Donations	2.70	100.21
Warranty Claims	2,761.09	2,277.58
Less: Utilisation against provision	868.98	694.88
	1,892.11	1,582.70
Professional & Consultancy Charges	834.74	1,993.35
Bad debts / advances written off (net of reversals)	25.67	42.41
Sales Tax, Surcharge & Turnover Tax etc.	111.72	105.21
Provision for doubtful debts and advances	99.84	135.84
Loss on sale of fixed assets (net)	55.26	46.45
Miscellaneous expenses	3,238.46	3,928.36
	37,554.61	106,651.31
Above expenses include research and development expenses	70.07	62.89

NOTE 26 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets	3,624.28	8,661.50
Amortization of intangible assets	95.52	229.24
Depreciation of investment property	10.00	10.19
	3,729.80	8,900.93
Less: recoupment from revaluation reserve	58.76	60.89
	3,671.04	8,840.04

NOTE 27 FINANCE COSTS

Interest	1,710.53	4,007.85
Other Borrowing Cost	208.38	225.37
	1,918.91	4,233.22

NOTE 28 SCHEME OF ARRANGEMENT

a) Pursuant to the Scheme of Arrangement ("the scheme") approved by the Hon'ble High Court of Orissa, all the assets and liabilities of the Cement Undertaking of the Company have been transferred to and vested in Orient Cement Limited (Resulting Company) at their respective book values on a going concern basis from 1st April, 2012 being the appointed date.

As per the scheme, appointed date as approved by the Hon'ble High Court is 1st April, 2012 and effective date is 26th February, 2013, being the date on which the certified copy of the order sanctioning the said scheme is filed with the Registrar of Companies, Orissa in accordance with the Companies Act, 1956.



Notes to financial statements for the year ended 31 March 2013

NOTE 28 SCHEME OF ARRANGEMENT (Contd.)

₹ In lacs

b) The details of assets and liabilities transferred to the Resulting Company are as under:

ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	86,700.30
Intangible assets	989.08
Capital work-in-progress	1,378.85
Expenditure on New projects (pending allocation)	1,849.41
Non-current investments	0.23
Long-term loans and advances	1,810.74
	92,728.61
Current assets	
Inventories	7,856.52
Trade receivables	7,505.00
Cash and bank balances	3,688.37
Short-term loans and advances	2,541.86
Other current assets	3,560.91
	25,152.66
TOTAL	117,881.27
LIABILITIES	
Non-current liabilities	
Long-term borrowings	14,890.52
Deferred Tax Liabilities (Net)	12,226.37
Other Long term liabilities	2,368.13
Long-term provisions	534.17
	30,019.19
Current liabilities	
Short-term borrowings	2,150.02
Trade payables	5,704.14
Other current liabilities	15,272.15
Short-term provisions	331.98
	23,458.29
TOTAL	53,477.48

The details of the contingent liabilities transferred to the Resulting Company are as under:

a) Outstanding bank guarantees	84.77
b) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company:	
Excise Duty	590.91
Sales Tax	485.33
Escot Charges	4,318.60
Others	568.53
	5,963.37
Against the above, payments have been made under protest and/ or debts have been withheld by respective parties.	313.94

The above liabilities includes ₹ 21,441 lacs being general or multipurpose borrowings of the Company transferred to the Resulting Company in the ratio the value of assets transferred bears to the total value of the assets of the Company immediately before the appointed date in terms of the said scheme.

c) Pursuant to the scheme, 5 lacs equity shares of ₹ 1 each of the Resulting Company (OCL) held by the Company stand cancelled and the said amount has been debited to the statement of Profit & Loss.

Notes to financial statements for the year ended 31 March 2013

NOTE 28 SCHEME OF ARRANGEMENT (Contd.)

The details of the contingent liabilities transferred to the Resulting Company are as under: (Contd.)

d) Pursuant to the scheme, the difference between the net book value of assets and liabilities of the Cement Undertaking transferred to the Resulting Company being ₹ 64,403.79 lacs, has been debited to the following Reserves of the Company.

	₹ In lacs
Capital reserve	40.12
Capital redemption reserve	2,142.02
Securities premium account	23,069.52
General reserve	39,152.13
	64,403.79

NOTE 29 DISCONTINUING OPERATION

The Following Statement Shows The Revenue And Expenses Of Discontinuing Operations, I.e., Cement Undertaking Of The Company Which Has Been Demerged W.e.f., 01.04.2012 (Refer Note 28)

Income		
Revenue from operations (gross)	-	157,454.61
Less: excise duty	-	18,126.78
Revenue from operations (net)	-	139,327.83
Other income	-	305.21
Total revenue (I)	-	139,633.04
Expenses		
Cost of raw materials consumed	-	20,452.34
(Increase)/ decrease in inventories of finished goods and work-in-progress	-	95.46
Employee benefits expense	-	3,687.43
Other expenses	-	71,765.78
Total (II)	-	96,001.01
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)	-	43,632.03
Depreciation and amortization expense	-	5,808.18
Less: Recoupment from revaluation reserve	-	2.13
Net depreciation and amortization expense	-	5,806.05
Finance costs	-	1,885.08
Profit before tax	-	35,940.90
Tax expenses (including deferred tax)	-	12,159.96
Profit after tax	-	23,780.94

The carrying amounts of the total assets and liabilities of the Cement undertaking are as follows:

Total assets	-	117,966.34
Total liabilities	-	53,477.48
Net assets	-	64,488.86

The net cash flows attributable to the Cement undertaking are as below:

Operating activities	-	28,678.28
Investing activities	-	(9,433.08)
Financing activities	-	(20,266.67)
Net cash inflows / (outflows)	-	(1,021.47)

NOTE 30 EARNINGS PER SHARE (EPS)

The Following reflects the profit and share data used in the basic and diluted EPS Computation

Profit / (Loss) after tax	(3,223.49)	21,227.58
Less : Dividends on redeemable non convertible preference shares & tax thereon	-	2.23
Net profit for calculation of basic and diluted EPS	(3,223.49)	21,225.35
	No. in lacs	No. in lacs
Weighted average number of equity shares in calculating basic & diluted EPS	2,048.69	1,940.85
Basic & Diluted Earnings per equity share [nominal value of share ₹1 (31 March 2012: ₹ 1) ₹	(1.57)	10.94



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

NOTE 31 GRATUITY - DEFINED BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed at least 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

₹ In lacs

Net employee benefit expense recognized in the employee cost	GRATUITY	
	31-Mar-13	31-Mar-12
Current service cost	215.10	264.78
Interest cost on benefit obligation	259.81	309.66
Expected return on plan assets	(192.81)	(215.46)
Past Service Cost	-	-
Net actuarial(gain) / loss recognized in the year	205.28	403.03
Net benefit expense	487.38*	762.01
Actual return on plan assets	176.25	199.24

* includes ₹ 40.59 lacs (₹ 56.52 lacs) debited under Handling & Other Charges to contractors.

Balance sheet

Benefit asset/ liability		
Present value of defined benefit obligation	(3,716.19)	(4,625.71)
Fair value of plan assets	2,277.08	2,641.20
Plan asset / (liability)	(1,439.11)	(1,984.51)

Changes in the present value of the defined benefit obligation are as follows

Opening defined benefit obligation	4,625.72	4,077.28
Less: Obligation transferred pursuant to scheme of arrangement (Refer Note 28)	1,182.93	-
Current service cost	215.10	264.78
Interest cost	259.81	309.66
Benefits paid	(390.23)	(412.82)
Actuarial (gains) / losses on obligation	188.72	386.81
Past Service Cost	-	-
Closing defined benefit obligation	3,716.19	4,625.71

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	2,641.20	2,292.21
Less: Assets transferred pursuant to scheme of arrangement (Refer Note 28)	590.04	-
Expected return	192.81	215.46
Contributions by employer	418.62	517.24
Benefits paid	(368.95)	(367.49)
Actuarial gains / (losses)	(16.56)	(16.22)
Closing fair value of plan assets	2,277.08	2,641.20

The Company expects to contribute ₹ 475 lacs to gratuity in the next year (31 March 2012: ₹ 525 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Investments with insurer	100%	100%
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The principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

Discount rate	8.00%	8.00%
Attrition Rate	1.00%	1.00%

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 to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
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NOTE 31 GRATUITY - DEFINED BENEFIT PLAN (Contd.)

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

Gratuity					
Defined benefit obligation	3,716.19	4,625.71	4,077.28	3,967.57	3,572.53
Plan assets	2,277.08	2,641.20	2,292.21	2,090.79	1,854.69
Surplus / (deficit)	(1,439.11)	(1,984.51)	(1,785.07)	(1,876.78)	(1,717.84)
Experience adjustments on plan liabilities	(330.80)	(228.95)	(197.21)	Not Available*	Not Available*
Experience adjustments on plan assets	(13.99)	(23.59)	(20.48)	Not Available*	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.

NOTE 32 LEASES

Operating lease: Company as lessee

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

	31-Mar-13	31-Mar-12
Lease payments made for the year	936.42	867.91
Contingent rent recognized in Profit & Loss Account	-	-
	936.42	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.

NOTE 33 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 was 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.

NOTE 34 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" and "Electrical Consumer Durables" as the business segments.



Notes to financial statements for the year ended 31 March 2013

NOTE 34 SEGMENT INFORMATION (Contd.)

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

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.

In addition to above business segments, the Company had Cement business segment till 31st March 2012 which has been demerged w.e.f. 01.04.2012 (refer note 28).

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 2013

₹ In lacs

Particulars	Continuing operations				Total Operations
	Paper	Electrical Consumer Durables	Others	Discontinuing operations	
Revenue *					
External	34,922.37	91,184.15	845.29	-	126,951.81
Inter segment				-	-
Total revenue from operations	34,922.37	91,184.15	845.29	-	126,951.81
Results					
Segment results	(7,798.99)	5,905.48	59.26	-	(1,834.25)
Unallocated Income / (Expenses) (net of unallocable expenses/income)					(778.71)
Operating profit					(2,612.96)
Finance costs					1,918.91
Profit / (Loss) before tax					(4,531.87)
Income tax expense / (credit)					(1,308.38)
Net profit / (Loss)					(3,223.49)
As at 31 March 2013					
Segment assets	55,340.62	51,780.97	310.55	-	107,432.14
Unallocated assets					3,177.59
Total assets					110,609.73
Segment liabilities	9,969.56	20,565.27	152.30	-	30,687.13
Unallocated liabilities					36,076.26
Total liabilities					66,763.39
Other segment information					
Capital expenditure:- **					
Tangible assets	5932.39	2542.52	-	-	8,474.91
Intangible assets	-	52.43	-	-	52.43
Depreciation ***	2,575.66	941.93	2.14	-	3,519.73
Amortization	6.76	88.76	-	-	95.52

Notes to financial statements for the year ended 31 March 2013

NOTE 34 SEGMENT INFORMATION (Contd.)

Year ended 31 March 2012

₹ In lacs

Particulars	Continuing operations			Discontinuing operations	
	Paper	Electrical Consumer Durables	Others	Cement	Total Operations
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

Geographical segments

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

₹ In lacs

Year ended 31 March 2013	India	Overseas	Total
Revenue *			
Sales to external customers	114,296.60	12,655.21	126,951.81
Revenue attributable to discontinuing operations	-	-	-
Revenue from continuing operations	114,296.60	12,655.21	126,951.81
Other segment information			
Segment assets	105,504.42	1,927.72	107,432.14
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	210,297.91	1,439.96	211,737.87

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 ₹ 42.74 lacs (31st March 2012, ₹1079.14 lacs) being unallocated corporate/other assets.

*** Excluding ₹ 55.79 lacs (31st March 2012, ₹ 39.42 lacs) on unallocated corporate/other assets.



Notes to financial statements for the year ended 31 March 2013

NOTE 35 RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Subsidiary Company	Orient Cement Limited (upto 31st March, 2012)
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Related parties with whom transactions have taken place during the year

Associate	Central India & IndustriesLtd
Key management personnel	Mr. M.L. Pachisia (Managing director) Mr. B. Pandey (upto 31st March, 2012) Mr. P K Tripathy (upto 31st March, 2012) Mr. Manoj Verma (From 17th December,2012) Mr. V. Kishore (upto 16th April,2012) Mr. B.S.Gilra Mr. S. B. Bhaiya
Enterprises owned or significantly influenced by key management personnel or their relatives	Origami Products Origami Origami Tissues Origami Ventures

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:

₹ In lacs

a. Sale of goods	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-13	4.70	-	0.08	-
	31-Mar-12	84.64	-	0.09	-
Origami	31-Mar-13	36.77	-	0.64	-
	31-Mar-12	216.06	-	16.48	-
Origami Ventures	31-Mar-13	13.26	-	0.31	-
	31-Mar-12	58.59	-	0.48	-
Others	31-Mar-13	3.17	-	0.06	-
	31-Mar-12	17.37	-	0.20	-
Total	31-Mar-13	57.90	-	1.09	-
	31-Mar-12	376.66	-	17.25	-

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

b. Dividend Paid	Year ended	Dividend Paid	Amount owed by related parties	Amount owed to related parties
Associate				
Central India & IndustriesLtd	31-Mar-13	491.44	-	-
	31-Mar-12	991.09	-	-
Key management personnel				
Mr. M.L. Pachisia	31-Mar-13	0.37	-	-
	31-Mar-12	0.92	-	-
Total	31-Mar-13	491.81	-	-
	31-Mar-12	992.01	-	-

Notes to financial statements for the year ended 31 March 2013

NOTE 35 RELATED PARTY DISCLOSURES (Contd.)

₹ In lacs

c. Advances given and repayment thereof	Year ended	Advances given	Repayment	Interest accrued	Amount owed by related parties
Subsidiary company					
Orient Cement Limited	31-Mar-13	-	-	-	-
	31-Mar-12	158.41	-	-	158.41

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

d. Remuneration to key managerial personnel	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
Mr. M.L. Pachisia	31-Mar-13	266.48	-	-
	31-Mar-12	253.96	-	-
Mr. B. Pandey (upto 31st March, 2012)	31-Mar-13	-	-	-
	31-Mar-12	56.26	-	1.94
Mr. P K Tripathy (upto 31st March, 2012)	31-Mar-13	-	-	-
	31-Mar-12	96.28	-	1.16
Mr. Manoj Verma (w.e.f. 17-12-2012)	31-Mar-13	119.47	-	-
	31-Mar-12	-	-	-
Mr. S.B. Bhaiya	31-Mar-13	120.14	-	-
	31-Mar-12	86.55	-	-
Mr.B.S.Gilra	31-Mar-13	18.49	-	-
	31-Mar-12	15.86	-	0.20
Mr.V. Kishore (upto 16th April,2012)	31-Mar-13	9.97	-	-
	31-Mar-12	43.53	-	1.79
Total		534.55	-	-
		552.44	-	5.09

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.

NOTE 36 CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 175.27 lacs (31 March 2012: ₹ 4236.02 lacs).

(b) For commitments relating to lease arrangements, please refer note 32

₹ In lacs

	31-Mar-13	31-Mar-12
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NOTE 37 CONTINGENT LIABILITIES

a) Outstanding bank guarantees	948.34	963.55
b) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company:		
Excise Duty	1,523.18	2,068.74
Sales Tax	595.73	930.68
Income Tax	2,729.77	2,730.16
Water Tax	3,976.40	3,102.96
Cess on Captive Power consumption	1,289.20	-
Escot Charges	-	4,318.60
Others	4,904.07	4,797.39
	*15,018.35	17,948.53



Notes to financial statements for the year ended 31 March 2013

₹ In lacs

	31-Mar-13	31-Mar-12
NOTE 37 CONTINGENT LIABILITIES (Contd.)		
Against the above, payments have been made under protest and/ or debts have been withheld by respective parties.	702.73	677.74

* Based on discussions with the solicitors/ favorable 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 there against 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**

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.

NOTE 38

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 up to 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 ₹28,030.34 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.

NOTE 39

Remuneration of ₹187.70 Lacs paid to Managing Director during the year ended 31st March, 2013 in excess of the limit prescribed under Schedule XIII of the Companies Act, 1956 is subject to approval of the Central Government.

NOTE 40 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:-

- Forward contract in respect of foreign currency trade receivables of USD NIL (USD 2.65 million).
- Cross Currency Swap of JPY/INR Nil (₹841.95 lacs) and Nil (₹302.39 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.
- Cross Currency Swap of USD/INR Nil (₹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 ₹ 1,927.72 lacs (₹498.44 lacs) and ₹683.40 lacs (₹ 233.31 lacs) respectively.

Buyers Credit ₹ 1,347.45 lacs (₹ 618.48 lacs).

Notes to financial statements for the year ended 31 March 2013

NOTE 41

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	Outstanding Amount as at		Maximum Amount outstanding during the year	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Advances to a Subsidiary Company				
Orient Cement Limited	-	158.41	-	158.41

₹ In lacs

	31-Mar-13	31-Mar-12
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NOTE 42 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

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	1,622.08	1,391.68
Interest due on above	13.33	0.03

	1,635.41	1,391.71
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The amount of interest paid by the buyer in terms of section 16 of the MSMED 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 (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	13.17	1.70
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The amount of interest accrued and remaining unpaid at the end of each accounting year

	-	0.50
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The amount of further interest remaining due and payable even in the succeeding 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

	-	0.50
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NOTE 43 VALUE OF IMPORTS CALCULATED ON CIF BASIS (INCLUDING THROUGH CANALISING AGENCIES:)

Capital goods	1,322.39	782.39
Trading goods	1,254.87	501.20
Raw materials & components	2,702.10	3,031.31
Spares Parts & Chemicals	233.49	435.37
	5,512.85	4,750.27

NOTE 44 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Sales Commission	10.28	5.31
Professional & Consultancy fees	5.46	12.76
Miscellaneous	67.93	40.18
	83.67	58.25



Notes to financial statements for the year ended 31 March 2013

NOTE 45

Imported and indigenous raw materials & components and spare parts consumed (including items debited to other heads of expenses)

₹ In lacs

	%age of total consumption	Value (₹ in lacs)	%age of total consumption	Value (₹ in lacs)
	31-Mar-13	31-Mar-13	31-Mar-12	31-Mar-12
Raw Materials & components				
Imported	4.29%	2,539.00	3.44%	2,545.83
Indigenously obtained	95.71%	56,593.95	96.56%	71,400.85
	100.00%	59,132.95	100.00%	73,946.68
Spare parts				
Imported	9.05%	183.98	6.74%	266.25
Indigenously obtained	90.95%	1,849.35	93.26%	3,686.67
	100.00%	2,033.33	100.00%	3,952.92

₹ In lacs

	31-Mar-13	31-Mar-12
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NOTE 46 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

Period to which it relates

	1st April 2011 to 31st March 2012	1st April 2010 to 31st March 2011
Number of non-resident shareholders	404	416
Number of equity shares held on which dividend was due	8,389,497	7,985,413
Amount remitted and / or paid in Indian Currency (₹ in lacs)	83.89	214.06

NOTE 47 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

Year of remittance (ending on)

Exports of goods at F.O.B. Value	10,837.77	8,981.52
	10,837.77	8,981.52

NOTE 48 PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped and rearranged wherever necessary. Further, the previous year figures being inclusive of figures of Cement undertaking of the Company which has been demerged w.e.f. 1st April, 2012 (pursuant to a scheme of arrangement refer note 28), are not comparable with the current year's figures.

As per our report of even date

For and on behalf of the board of directors

For S.R.Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Raj Agrawal
Partner
Membership no.: 82028

Place: New Delhi
Date: 8th May, 2013

R.P. Dutta
Secretary

P.K. Sonthalia
President Finance & CFO

C.K. Birla Chairman
M.L. Pachisia Managing Director

Corporate information

Board of Directors

Shri C.K. Birla (*Chairman*)
Shri B.K. Jhawar
Shri A. Ghosh
Shri Michael Bastian
Shri N.S. Sisodia
Shri M.L. Pachisia (*Managing Director*)

Board Committees

Audit Committee

Shri A. Ghosh (*Chairman*)
Shri B.K. Jhawar
Shri Michael Bastian
Shri N.S. Sisodia

Shareholders / Investors Relation Committee

Shri Michael Bastian (*Chairman*)
Shri M.L. Pachisia

Remuneration Committee

Shri B.K. Jhawar (*Chairman*)
Shri Michael Bastian

Committee of Directors

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

Auditors

M/s. S.R. Batliboi & Co. LLP
Chartered Accountants
22, Camac Street, Block 'C', 3rd floor
Kolkata-700016

Registered Office

Unit-VIII, Plot No.7
Bhoinagar
Bhubaneswar-751012 (Orissa)

Principal Office

Birla Building, 13th Floor
9/1 R. N. Mukherjee Road
Kolkata-700001 (West Bengal)

Manufacturing Plants

Amlai, Madhya Pradesh
Brajrajnagar, Orissa
Kolkata, West Bengal
Faridabad, Haryana
Noida, U.P.

Share Transfer Agents

MCS Limited
77/2A, Hazra Road
Kolkata-700029

Orient Paper & Industries Limited

9/1, R. N. Mukherjee Road, Kolkata 700001, West Bengal

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E-mail: info@orientpaperindia.com



ORIENT PAPER AND INDUSTRIES LIMITED

Registered Office: Unit –VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012, (Orissa)

PROXY

I/We.....
of.....in the district
of.....being member(s) of
ORIENT PAPER AND INDUSTRIES LTD., hereby appoint
of.....
in the district of
or failing him.....
of
in the district of.....
as my/ our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on
Friday, the 16th August,2013 and at any adjournment thereof.

Signed this.....day of.....2013

Signature

Please
Affix Re.1
Revenue
Stamp

NOTE;

- i) The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- ii) The Proxy need not be a member.

FOR OFFICE USE ONLY: Proxy No.....

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