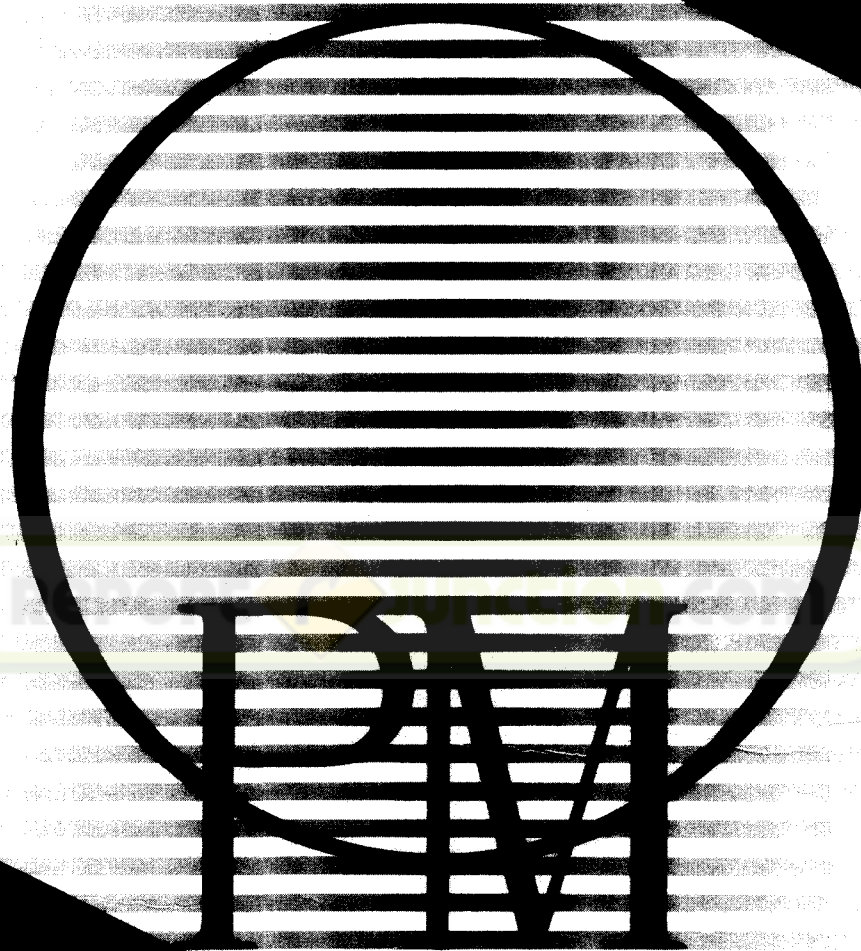


ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2003



ORIENT PAPER & INDUSTRIES LIMITED

BOARD COMMITTEES

COMMITTEE OF DIRECTORS

SHRI M.L. PACHISIA
SHRI B.K. JHAWAR
SHRI P.K. SEN

AUDIT COMMITTEE

SHRI A. GHOSH
SHRI B.K. JHAWAR
SHRI P.K. SEN
SHRI MANU CHADHA
SHRI M. L. PACHISIA

SHAREHOLDERS / INVESTORS RELATION COMMITTEE

SHRI D.N. PATODIA
SHRI P.K. SEN
SHRI M.L. PACHISIA

BOARD OF DIRECTORS

SHRI C.K. BIRLA (*Chairman*)
SHRI B.K. JHAWAR
SHRI P.K. SEN
SHRI D.N. PATODIA
SHRI A. GHOSH
SHRI S. RAVIKUMAR – *Nominee - UTI*
SHRI BALAJI V SWAMINATHAN – *Nominee - ICICI*
SHRI MANU CHADHA – *Nominee - IDBI*
SHRI A. ASTHANA – *Nominee - GIC*
SHRI M. L. PACHISIA – *Managing Director*

AUDITORS

MESSRS. S.R. BATLIBOI & CO.

Chartered Accountants

22, Camac Street, Block "C", 3rd Floor
Kolkata-700 016

REGISTERED OFFICE

UNIT-VIII, PLOT NO. 7
BHOINAGAR
BHUBANESWAR-751 012 (ORISSA)

MILLS

BRAJRAJNAGAR, Orissa
AMLAI, Madhya Pradesh
DEVAPUR, Andhra Pradesh
KOLKATA, West Bengal
FARIDABAD, Haryana
JALGAON, Maharashtra

SHARE TRANSFER AGENTS

MCS Limited
77/2A Hazra Road,
Kolkata - 700 029



ORIENT PAPER & INDUSTRIES LIMITED

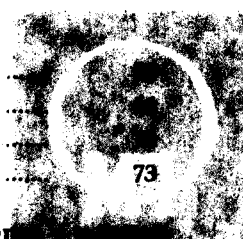
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003



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ORIENT PAPER & INDUSTRIES LIMITED





Notice

TO

THE SHAREHOLDERS,

NOTICE is hereby given that the Annual General Meeting of the Shareholders of ORIENT PAPER & INDUSTRIES LIMITED will be held on Friday, the 5th September, 2003 at 12.30 p.m. at UNIT-VIII, PLOT NO. 7, BHOINAGAR, BHUBANESWAR-751 012 (ORISSA) to transact the following business :

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2003, together with the Report of the Directors thereon.
2. To elect Directors in place of those retiring by rotation.
3. 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 as a Special Resolution :

"Resolved that M/s. S.R. Batliboi & Company, Chartered Accountants of 22, Camac Street, Block "C", 3rd Floor, Kolkata - 700 016 be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting on a remuneration of Rs. 20,00,000 (Rupees Twenty Lacs only) exclusive of travelling, boarding and lodging expenses at the Company's Factories, Forest Centres and other places outside Kolkata which shall also be borne by the Company and that the said remuneration be paid to them in four equal quarterly instalments".

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification, the following Resolution :

4. As a Special Resolution

"RESOLVED that subject to the provisions of the Companies Act, 1956 Securities Contracts (Regulation) Act, 1956 (including any statutory amendments) and the Rules framed thereunder, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, Listing Agreements and all other applicable laws and rules, regulations and guidelines, and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred by the Board), consent of the Company be and is hereby accorded to the Board to delist the Equity/Ordinary shares of the Company from The Calcutta Stock Exchange Association Ltd. and The Bhubaneswar Stock Exchange Ltd.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting and take all necessary actions in this regard and to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the above resolution".

Kolkata, the 30th July, 2003

Regd. Office :

Unit : VIII, Plot No. 7

Bhoinagar,

Bhubaneswar - 751 012 (Orissa)

By Order of the Board
For ORIENT PAPER & INDUSTRIES LIMITED

P. K. Sonthalia
Executive Vice President (Finance)

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.
2. The Register of Members and Share Transfer Books of the Company in respect of Ordinary Shares will remain closed from 25th August, 2003 to 29th August, 2003, both days inclusive.
3. Sarvashri C. K. Birla and P. K. Sen, Directors of the Company, retire by rotation and are eligible for re-election.
4. The instruments of Share transfer complete in all respects should be sent to the Company's Registrars and Transfer Agents M/s MCS Limited, 77/2A, Hazra Road, Kolkata - 700 029, well in advance, so as to reach them prior to Book closure, Shares under any defective transfer (unless defect is removed prior to Book closing) and/or instruments of transfer received during the period of Book closing shall be considered after re-opening of the books.
5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed Dividends upto the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the

ORIENT PAPER & INDUSTRIES LIMITED



Dividend Warrants upto the said period are requested to claim the amount from the Registrar of Companies, Orissa by submitting an application in the prescribed form.

In view of the amended provisions of Section 205A of the Companies Act, 1956, the unclaimed Dividends for the Financial year 1994-95 has been transferred to the Investor Education and Protection Fund established by the Central Government in accordance with Section 205C of the Companies Act, 1956.

Further Dividends in respect of Financial years 1995-96, 1996-97 and 1997-98 will be transferred to the Investor Education and Protection Fund (the Fund) established by the Central Government in accordance with Section 205C of the Companies Act, 1956 after the expiry of 7 years from the date of transfer of Dividend to the Unpaid Dividend Account of the Company. Members, who have not yet claimed their Dividend for any of the aforesaid financial years, may claim it now from the Company before the same is transferred to the Fund. It may be noted that no claims shall lie against the Company or the Fund in respect of individual amounts which were unclaimed and unpaid for a period of 7 years and transferred to the Fund and no payment shall be made in respect of any such claim.

EXPLANATORY STATEMENT (AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956)

At present, the equity/ordinary shares of the Company are listed on four Stock Exchanges namely, The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Ltd. (NSE), The Bhubaneswar Stock Exchange Ltd. (BBSE) and The Calcutta Stock Exchange Association Ltd. (CSE). The Bhubaneswar Stock Exchange Ltd. is the Regional Stock Exchange of the Company. With the introduction of electronic trading system, investors have access to online trading nationwide. Further trading in the shares of the Company is largely carried only at NSE and BSE which have nationwide trading terminals.

As per the new SEBI (Delisting of Securities) Guidelines - 2003 (Guidelines) which have been notified recently, the Company can delist its shares from CSE and BBSE without providing an exit opportunity, provided that the shares will continue to be listed on a stock exchange having nationwide trading terminals i.e. The Stock Exchange, Mumbai (BSE) or National Stock Exchange of India Ltd. (NSE). The Company's equity/ordinary shares are listed on BSE and NSE which have nationwide trading terminals and it will continue to be listed on NSE and BSE. As per the guidelines, delisting from CSE and BBSE is possible with the approval of Members by passing a Special Resolution.

None of the Directors is concerned or interested in the resolution.

The Board recommends the proposed resolution for your approval.

Report  junction.com



Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2003

Dear Shareholders,

We have pleasure in presenting the Annual Report of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

During the year under review, our paper mill at Amlai & fan division performed well. In cement also, there was healthy growth in demand in the markets serviced by us. However, due to substantial additional capacities having been added in those areas in the last two years, the downward trend in selling prices, which had started from the second half of the last financial year, continued in the first half of this year also. Although, the prices recovered to some extent in the second half of the year, they still remained depressed.

The adverse impact of low cement price realisation was so high that the Company incurred a net loss in spite of good performance of paper & fan divisions, increased volume of cement sales and substantial improvements in efficiencies and cost reduction. Summarised financial results are given below :

	(Rs. in crores)	
	2002-03	2001-02
Total Income (net of excise)	615.60	615.30
Profit before providing for Depreciation, Extraordinary Items and Taxation	- 9.00	8.62
Depreciation	15.24	6.10
Profit/Loss before Extraordinary Items & Taxation	- 24.24	2.52
Extraordinary Items	4.50	3.86
Taxation	- 9.80	- 0.96
Net Profit / Loss	- 18.94	- 0.38

MANAGEMENT DISCUSSION & ANALYSIS FOR EACH BUSINESS SEGMENT

The operational performance of each business segment of the Company has been comprehensively covered in the Management's discussion and analysis report, which forms part of this Directors' 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 31st March, 2003 is included in the annual accounts.

CORPORATE GOVERNANCE

A report on Corporate Governance forms a part of this Annual Report. A certificate from the auditors confirming compliance of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

ENVIRONMENT

The Company continues to place great emphasis on environment management and protection. As earlier reported, the paper mill at Amlai, cement plant at Devapur and the fan unit at Faridabad have all been certified under ISO 14001.

During the year, our Paper Mill at Amlai received the prestigious Gold certification from Greentech Foundation for its environmental policies.

The farm forestry programme of our Amlai plant is gathering further momentum with more clonal plantations with higher and faster yields.

OTHER AWARDS & RECOGNITION

Our Company received certificate of recognition as an Export House from Ministry of Commerce, Office of the Director General of Foreign Trade, Government of India.

The Cement Division received Best Workers' Welfare



(including family planning) award instituted by Andhra Pradesh Chamber of Commerce & Industry.

The mining operations of our cement division received 1st prize in Productivity and House Keeping and 2nd prize in Operation and Maintenance of Machinery, Open Cast Working and Transport & Dust Suppression from the Directorate of Mines Safety, Hyderabad.

OVERSEAS VENTURE

The Company earned Rs. 590.48 lacs from Pan African Paper Mills (E.A.) Ltd., Kenya and Rs. 242.77 lacs from others towards management and technical services rendered.

STATUTORY MATTERS

DEBENTURES

The funds raised by issue of Debentures from time to time have been utilized for the purposes as sanctioned.

PREFERENCE SHARES

The Company issued 12% Cumulative Redeemable Preference Shares for an aggregate amount of Rs. 13 Crores on private placement basis during the year.

DIRECTORS

Shri Manu Chadha was appointed as a director of the Company as a nominee of IDBI in place of Shri M. M. Yesaw w.e.f. 8th May, 2002. The Board places on record its profound appreciation of the valuable contributions made by Shri M. M. Yesaw during his tenure as a Director of the Company.

Shri B. M. Khaitan resigned from the Board of the Company w.e.f. 27th December, 2002. The Board places on record its profound appreciation for the valuable contributions made by Shri B. M. Khaitan during his long association with the Company as its Director.

Sarvashri C. K. Birla and P. K. Sen, Directors of the Company retire by rotation and are eligible for re-election.

New Delhi
30th June, 2003

AUDITORS

M/s. S. R. Batliboi & Co., Chartered Accountants and Auditors of the Company retire and offer themselves for reappointment. Special resolution would be necessary for their appointment as required under Section 224A of the Companies Act, 1956.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to the products manufactured by the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Details regarding conservation of Energy, Research and Development, Foreign Exchange earnings and outgo are furnished in Annexure "A" to the Report pursuant to the provisions of the Companies Act, 1956 read with the Companies (Disclosure of particulars to the Report of Board of Directors) Rules 1988.

CONSOLIDATED FINANCIAL STATEMENT

As stipulated by Clause 32 of the Listing Agreement, consolidated financial statement in accordance with Accounting Standard AS - 21 have been annexed to this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

PARTICULARS OF EMPLOYEES

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

Note Nos. 5, 7(b), 8, 10(a), 10(b), 10(c), 10(d) and 13(b) appearing in Schedule 22 to the Accounts referred to in the Auditors' Report are self-explanatory.

By Order of the Board

C. K. BIRLA
Chairman



ANNEXURE "A"

A. CONSERVATION OF ENERGY

a. The following energy conservation measures were taken during 2002-2003 :

- i. In the Paper Mills at Amlai, installation of Energy efficient pumps by replacing old one, replacement of incandescent lamps with energy efficient lamps at various sections of the mills, installation of CD Calliper & Ash Control System and thermal insulation of about 4100 Sq. Meters at various sections of the Mill has been done.
- ii. In the Cement Plant at Devapur, Kiln-II pneumatic dust transport system replaced with mechanical conveying system plant lighting energy saver device installed and Internal Energy Audit conducted for resizing motors.
- iii. In the Fan Division installation of refrigerated compressed air dryer and time & auto separate switch control system.

b. Additional Investment and Proposal if any :

- i. In the Paper Mills at Amlai steps are being taken for installation of Electro Feed Pumps, replacement of High HP rechipper, installation of VVVF drive for Boiler FD Fan, 600 KW HT Motors starter at DD Refiners, micro processor based instrument control system of boiler and Capacitor Banks at Substations. The total investment for all the above measures is estimated to be about Rs. 155 lacs.
- ii. In the Cement Plant at Devapur measures are being taken for installation of Retrofit of Cooler-I ESP Fan with higher capacity and high efficiency fan with additional cooling air fan, Energy saving devices for Colony lighting. Measures also are being taken for reduction of pressure drop in Cyclone-I Line II with modified dip tube. Total investment for the above is estimated to be about Rs. 50 lacs.
- iii. In the Fan Division, installation of energy efficient motors, High speed press machine for lamination manufacturing and use of LPG heating in place of electrical heating surface treatment plants.

c. Impact of above measures on consumption of energy :

- i. In the Paper Mills at Amlai the impact of above measures has resulted in reduction of energy consumption.
- ii. In the Cement Plant at Devapur consumption of energy has reduced.
- iii. In the Fan Division consumption of Power & Fuel per unit production is likely to reduce further.

B. TECHNOLOGY ABSORPTION

Refer Form-B attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i. The Company exported 1244 tonnes of Paper and Board (excluding 253 tonnes to Nepal) for an aggregate amount of Rs. 343.75 lacs (excluding Rs. 82.13 lacs to Nepal) during the year under review against 1360 tonnes (excluding 1114 tonnes to Nepal) in the previous year for an aggregate amount of Rs. 364.72 lacs (excluding Rs. 357.94 lacs to Nepal). The Company also exported 384418 No. of Fans for an aggregate value of Rs. 2392.66 lacs, during the year under review against 415357 No. of Fans for an aggregate amount of Rs. 2649.10 lacs during the previous year.
- ii. The Foreign Exchange used and earned :

Used	: Rs. 519.78 lacs
Earned	: Rs. 3494.05 lacs



FORM—'A'

A. Power & Fuel Consumption
(excluding consumption in colony)

	Cement		Paper	
	2002-2003	2001-2002	2002-2003	2001-2002
1. Electricity				
a. Purchased				
Unit (KWH lacs)	1,310.96	675.83	24.91	30.66
Total Amount (Rs. lacs)	4,923.13	3,118.24	156.17	170.87
Rate/Unit (Rs.)	3.76	4.61	6.27	5.57
b. Own Generation				
i. Through Diesel Generator				
Unit (KWH lacs)	132.62	670.87	—	—
Unit per ltr. of Diesel/Furnace Oil	3.77	3.84	—	—
Cost /Unit (Rs.)	4.01	3.77	—	—
ii. Through Steam Turbine Generator				
Unit (KWH lacs)	—	—	1,219.21	1,132.17
Unit per M.T. of Steam	—	—	306.00	280.00
Cost/Unit (Rs.)	—	—	1.68	1.69
2. Coal (C, D & E Grade)				
Quantity (MT lacs)	2.44	2.15	2.15	1.93
Total Cost (Rs. lacs)	3,233.78	2,852.27	2,015.33	1,817.77
Average Rate (Rs.)	1,325.32	1,326.64	939.14	941.00
3. Furnace Oil				
Quantity (K. Ltrs)	—	—	474.00	518.00
Total Amount (Rs. lacs)	—	—	66.76	56.92
Average Rate (Rs.)	—	—	14,085.00	10,989.00
4. Others/Internal Generation				
			By Back Pressure Turbine for Paper Machine drive (KWH lacs)	
Quantity			2002-2003	2001-2002
Total Cost (Rs. lacs)			10.65	9.61
Rate/Unit (Rs.)			2.78 *	2.27
			0.26	0.24

* represents electricity duty paid

B. Consumption per M.T. of production

	Unit	Cement		Paper	
		2002-2003	2001-2002	2002-2003	2001-2002
Electricity	(KWH)	93.05	99.46	1,601.00	1,689.00
Furnace Oil	(K.Ltrs)	—	—	0.006	0.01
Coal (C, D & E Grade)	(M.T.)	—	0.16	2.76	2.80
Others					
Internal Generation	(KWH)	0.16	—	14.00	14.00
(By the Back Pressure Turbine for the Paper Machine drive)					

**FORM—'B'****RESEARCH AND DEVELOPMENT (R & D)****1. Specific area for which R & D was carried :****A. Paper Division :**

- i. Pulping Studies on Conventional Raw Materials.
- ii. Effluent Treatment and its improvement.
- iii. Bleaching Studies.
- iv. Study on water quality.
- v. Analysis for recycling of Grade II effluent.
- vi. Desilication of Mill black liquor.
- vii. Air monitoring.

B. Cement Division :

- i. Optimisation of Fly ash blending in Cement Grinding.
- ii. Additives optimisation for consistent kiln operation.

C. Fan Division :

- i. Lurching of Splendor ornamental and summer delite ornamental.

2. Benefits derived because of above R & D :**A. Paper Division :**

- i. Pulping studies helped in better proportioning of fibrous raw materials, improvement in unbleached and bleached pulp quality and improved the Paper Machine runnability.
- ii. Corrective steps helped in reduction of Chemical losses & inputs usages water consumption and simultaneous improved effluent quality.
- iii. Achieved increased black liquor processing capacity commensurate with increased pulp production capacity.

B. Cement Division :

- i. Higher consistency in the quality of the product.
- ii. Higher use of low-grade limestone.

C. Fan Division :

- i. Better Market penetration.

3. Future plan of action :

To continue Research in the above areas and to workout to implement other new emerging technologies.

4. Expenditure on R & D :

a. Capital (Rs. in lacs)	Nil
b. Recurring (Rs. in lacs)	73.93
c. Total (Rs. in lacs)	73.93
d. Total R & D Expenditure as percentage to total turnover	0.12%

5. Technology absorption, adaptation and innovation :**1. Efforts made towards technology absorption, adaptation and innovation :**

- i. Pulping studies of Bamboo and Wood varieties.
- ii. Developing clonal Eucalyptus hybrid plantation.
- iii. Measures taken for indigenisation of critical imported parts are continuing.
- iv. Adoption of new approach for colour removal of raw brownish effluent with Fenton's Reagent.

2. Benefits derived as a result of above efforts :

- i. Improvement in Pulp Quality.
- ii. Reduction in input and overall cost due to wastages control.
- iii. Achieved zero discharge of treated effluent Grade III into river.
- iv. Plantation under HRTS increased to 465 acres from 385 acres.

3. Since the Company has not imported technology during the last 5 years, the requisite information is not required to be given.

C.K. BIRLA
Chairman