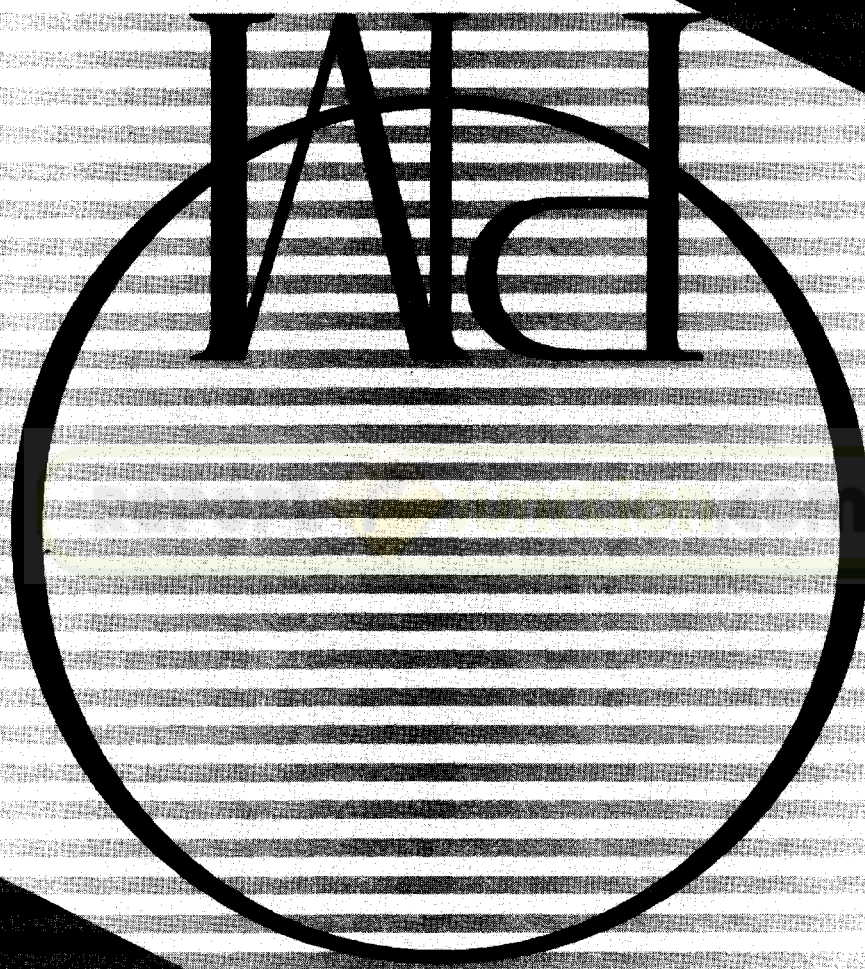


ORIENT PAPER & INDUSTRIES LIMITED



ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2004

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

SHAREHOLDERS / INVESTORS RELATION COMMITTEE

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

REMUNERATION COMMITTEE

SHRI B. K. JHAWAR
SHRI D. N. PATODIA
SHRI P. K. SEN

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 MANU CHADHA — *Nominee - IDBI*
SHRI A. ASTHANA — *Nominee - GIC*
SHRI V. NACHIAPPAN — *Nominee - ICICI*
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, 2004



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ORIENT PAPER & INDUSTRIES LIMITED



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 10th September, 2004 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, 2004, 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. 25,00,000 (Rupees twenty-five 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".

Kolkata, the 26th July, 2004

By Order of the Board
For ORIENT PAPER & INDUSTRIES LIMITED

Regd. Office :

Unit : VIII, Plot No. 7

Bhoinagar,

Bhubaneswar - 751 012 (Orissa)

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 23rd August, 2004 to 27th August, 2004, both days inclusive.
3. Sarvashri D. N. Patodia and A. Ghosh, 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. 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.
6. Members are requested to notify change in address, if any, immediately to MCS Ltd., Share Transfer Agents of the Company, quoting their folio number.
7. 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 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 years 1994-95 and 1995-96 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 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.

8. Pursuant to the recommendation of the SEBI Committee on Corporate Governance for reappointment of the retiring Directors, the relevant details of the concerned Directors are given in the Report on Corporate Governance forming a part of the Annual Report.





ORIENT PAPER & INDUSTRIES LIMITED

Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2004

Dear Shareholders,

We have pleasure in presenting the Annual Report of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

During the year under review, our paper mill at Amlai and Fan Division continued to perform well. Selling prices of Cement also improved during the 2nd half of the year. This resulted in the Company recording cash profit during the year.

However, because of low prices of cement during 1st half of the year, the profits generated in the 2nd half could not fully cover depreciation for the year. Full depreciation on the cement expansion project as well as on Brajrajnagar plant, where operations remain suspended, has been provided during the current year after expiry of the waiver granted by the Department of Company Affairs, Government of India.

During the year under review, the Company has made provision for leave liability for employees and diminution in value of investment and has adopted CENVAT exclusive method of accounting in compliance of the relevant Accounting Standards. The combined effect of these changes has been an increase in loss for the year by Rs. 6.27 crores.

Summarised financial results including impact of above changes are given below :

(Rs. in crores)

	2003-04	2002-03
Total Income (net of excise)	645.74*	615.60
Profit before providing for Depreciation, Extraordinary Items and Taxation	13.56	- 9.00
Depreciation	29.53	15.24
Profit/Loss before Extraordinary Items & Taxation	-15.97	- 24.24
Extraordinary Items	4.66	4.50
Taxation	-6.85	- 9.80
Net Profit / Loss	-13.78	- 18.94

* Including surplus on sale of land Rs. 10.04 crores at Kolkata.

MANAGEMENT DISCUSSION & ANALYSIS FOR EACH BUSINESS SEGMENT

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, 2004 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

Environment Management and Protection has been one of the most important area of attention for the Company. The Paper Mill at Amlai, Cement Plants at Devapur and Jalgaon and Fan unit at Faridabad have all been certified under ISO 14001.

During the year, our Paper Mill at Amlai received Environmental Excellence Golden Award for Paper sector from Greentech Foundation, New Delhi.

Amlai plant has further intensified its Farm Forestry programme in the States of Madhya Pradesh and Chattisgarh. The Division has further been able to reach an understanding with the Government of Chattisgarh under which we shall provide subsidized clonal seedlings to Village Committees for Farm Forestry on forest lands allotted to these Village Committees by the Chattisgarh Government. This is an unique Public-Private partnership project to develop large scale plantations.

ORIENT PAPER & INDUSTRIES LIMITED



OTHER AWARDS & RECOGNITION

The Cement Division received the award for Excellence in Consistent TPM Commitment from JIPM, Japan and recognition for Quality Management System ISO 9001 : 2000 Series from DNV, Hyderabad and

The mining operation of our Cement Division received First Prize for Heavy Earth Moving Equipment and Second Prize for Loading and Transportation of Limestone from the Directorate General of Mines Safety, Hyderabad. It also received Second Prize in Quality Management from the Indian Bureau of Mines.

OVERSEAS VENTURE

The Company earned Rs. 585.33 lacs from Pan African Paper Mills (E.A.) Ltd., Kenya 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. 7 Crores on private placement basis during the year.

DIRECTORS

Shri A. Asthana was appointed as a Director of the Company as a nominee of GIC in place of Shri R. Viswanathan w.e.f. 30th June, 2003.

ICICI has vide its letter dt. 7th May, 2004 nominated Shri V. Nachiappan as its Nominee in place of Shri Balaji. V. Swaminathan. Shri Nachiappan has been co-opted on the Board w.e.f. 25th May, 2004.

The Board places on record its profound appreciation of the valuable contributions made by Shri R. Vishwanathan and Shri Balaji. V. Swaminathan during their tenure as Director of the Company.

Sarvashri D. N. Patodia and A. Ghosh, Directors of the Company retire by rotation and are eligible for re-election.

New Delhi
25th May, 2004

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, 8, 10 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 2003-2004 :

- i. In the Paper Mills at Amlai, one Turbo Feed Pump replaced with electro feed pump, one energy efficient double disc refiner installed, Jordan are being phased out, 3 nos. Capacitor banks installed at Paper Machine, Microprocessor based instrument control system installed on Boiler No. 2 for combustion improvement, thermal insulation of 5370 m² carried out at various sections and constant monitoring being carried out for reducing steam, Power & Water Consumption.
- ii. In the Cement Plant at Devapur, second phase energy audit carried for grinding and packing for resizing of drives, Additional fans installed for increasing cooling efficiency, Energy saving device for Packing Plant installed, Preheater cyclone I in & Line-II installed with modified dip tube - Aerovane for pressure drop reduction. Preheater fan inlet duct modified for low pressure drop, Precalciner No. 1 fan inlet duct with damper modified for low pressure drop. At Cement Mill No. II close circuiting carried out with separator.
- iii. In the Fan Division, Energy efficient LPG baking was installed in Paint Shop in place of conventional baking by electric lamp, Old Compressors were replaced by energy efficient Screw Compressors, Monitoring on non-utilisation of lighting and other loads during non-productive hours.

b. Additional Investment and Proposal if any :

- i. In the Paper Mills at Amlai steps are being taken for installation of 600 KW HT motor & starter for 2nd 1 SDM refiner, V3 F drive Boiler 1 & 2 FD Fans, energy efficient raw water pump, UTM pulper, CD Moisture profiler system at Paper Machine and replacement of 100 HP rechipper. The total investment for all the above measures is estimated to be about Rs. 472 lacs.
- ii. In the Cement Plant at Devapur, Reduction of pressure drop in Raw Mill - II separator with Aerocline, Installation of cooling fan 4A for higher Kiln loading, Performance improver feeding system for Cement Mill - II, Total investment for the above is estimated to be around Rs. 50 lacs.
- iii. In the Fan Division, Replacement of existing light fittings by energy efficient CFL Lamps and to make shop floors compact to achieve considerable saving of lighting.

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 and consequent impact on the cost of production of goods.
- ii. In the Cement Plant at Devapur, Consumption of energy has reduced.
- iii. In the Fan Division, Consumption of power per unit of production is likely to reduce further.

B. TECHNOLOGY ABSORPTION

Refer Form-B attached.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i. The Company exported 776 tonnes of Paper and Board (excluding 84 tonnes to Nepal) for an aggregate amount of Rs. 195.69 lacs (excluding Rs. 28.47 lacs to Nepal) during the year under review against 1244 tonnes (excluding 253 tonnes to Nepal) in the previous year for an aggregate amount of Rs. 343.75 lacs (excluding Rs. 82.13 lacs to Nepal). The Company also exported 563632 No. of Fans for an aggregate value of Rs. 3271.72 lacs, during the year under review against 384418 No. of Fans for an aggregate amount of Rs. 2392.66 lacs during the previous year.
- ii. The Foreign Exchange used and earned :

Used	: Rs. 450.94 lacs
Earned	: Rs. 3292.68 lacs



ORIENT PAPER & INDUSTRIES LIMITED

FORM-'A'**A. Power & Fuel Consumption
(excluding consumption in colony)**

	Cement		Paper	
	2003-2004	2002-2003	2003-2004	2002-2003
1. Electricity				
a. Purchased				
Unit (KWH lacs)	1,486.01	1,310.96	34.34	24.91
Total Amount (Rs. lacs)	5,347.85	4,923.13	191.52	156.17
Rate/Unit (Rs.)	3.60	3.76	5.58	6.27
b. Own Generation				
i. Through Diesel Generator				
Unit (KWH lacs)	59.54	132.62	-	-
Unit per ltr. of Diesel/Furnace Oil	3.69	3.77	-	-
Cost/Unit (Rs.)	4.52	4.01	-	-
ii. Through Steam Turbine Generator				
Unit (KWH lacs)	-	-	1,261.77	1,219.21
Unit per M.T. of Steam	-	-	340.00	306.00
Cost/Unit (Rs.)	-	-	1.74	1.68
2. Coal (C, D & E Grade)				
Quantity (MT lacs)	2.60	2.44	2.16	2.15
Total Cost (Rs. lacs)	3,369.38	3,233.78	2,189.64	2,015.33
Average Rate (Rs.)	1,295.92	1,325.32	1,012.43	939.14
3. Furnace Oil				
Quantity (K. Ltrs)	-	-	472.00	474.00
Total Amount (Rs. lacs)	-	-	64.84	66.76
Average Rate (Rs.)	-	-	13,737.00	14,085.00
4. Others/Internal Generation				
			By Back Pressure Turbine for Paper Machine drive (KWH lacs)	
Quantity			10.42	10.65
Total Cost (Rs. lacs)			3.33 *	2.78 *
Rate/Unit (Rs.)			0.32	0.26

* represents electricity duty paid

B. Consumption per M.T. of production

	Unit	Cement		Paper	
		2003-2004	2002-2003	2003-2004	2002-2003
Electricity	(KWH)	90.66	93.05	1,698.00	1,601.00
Furnace Oil	(K.Ltrs)	-	-	0.006	0.006
Coal (C, D & E Grade)	(M.T.)	0.15	0.16	2.83	2.76
Others					
Internal Generation	(KWH)	-	-	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 of conventional raw materials including eucalyptus grown from Australian seeds.
- ii. Cooking with pulping additive.
- iii. Bleaching Studies.
- iv. Reduction in pollution load and improvement in effluent quality.
- v. Effect of seasonal variation on soil quality.
- vi. Water quality in the surrounding villages near to H.R.T.S.
- vii. Air monitoring.

B. Cement Division :

- i. Modelling of Cement blend for rapid hardening cement and masonry cement.
- ii. Alternate additive optimization for consistent Kiln operation.
- iii. Optimisation of parameters for improved grind ability of clinker.

C. Fan Division :

- i. Launching of Decorative and Norwester Decor Fans.
- ii. Introduction of Portable Fans Stand made of Polypropylene.

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

- i. Pulping studies helped in optimising procurement of fibrous raw materials for improved pulp quality and better machine runnability.
- ii. Studies of cooking additive improved pulp quality and yield with reduced chemical consumption.
- iii. Partial replacement of chlorine by chlorine dioxide in bleaching reduced pollution load and improved pulp quality.

B. Cement Division :

- i. Avenue for introduction of new product in market.
- ii. Improved quality of blended cement.
- iii. Higher use of low grade limestone and development of Mines.

C. Fan Division :

- i. Better Market penetration.
- ii. Economy in cost to compete in the market.

3. Future plan of action :

- i. Improved quality of product with use of separation system in Cement Mills.
- ii. Bench marking of product with competitor's product for performance, cost and to deliver maximum values to customers.

4. Expenditure on R & D :

a. Capital (Rs. in lacs)	-
b. Recurring (Rs. in-lacs)	91.44
c. Total (Rs. in lacs)	91.44
d. Total R & D Expenditure as percentage to total turnover	0.15%

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

- i. Pulping studies of bamboo and wood varieties including Australian eucalyptus raised locally.
- ii. Colour removal of treated effluent with various coagulants.
- iii. Measures taken for indigenisation of critical imported parts are continuing.

2. Benefits derived as a result of above efforts :

- i. Improvement in pulp quality.
- ii. Australian eucalyptus species to be grown in plantation.
- iii. Revalidation of under ground water and soil quality in the surrounding villages with treated effluent in H.R.T.S.
- iv. Reduction in input and overall cost due to wastages control.
- v. Reduction in input and overall cost due to indigenisation of various imported spares.

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