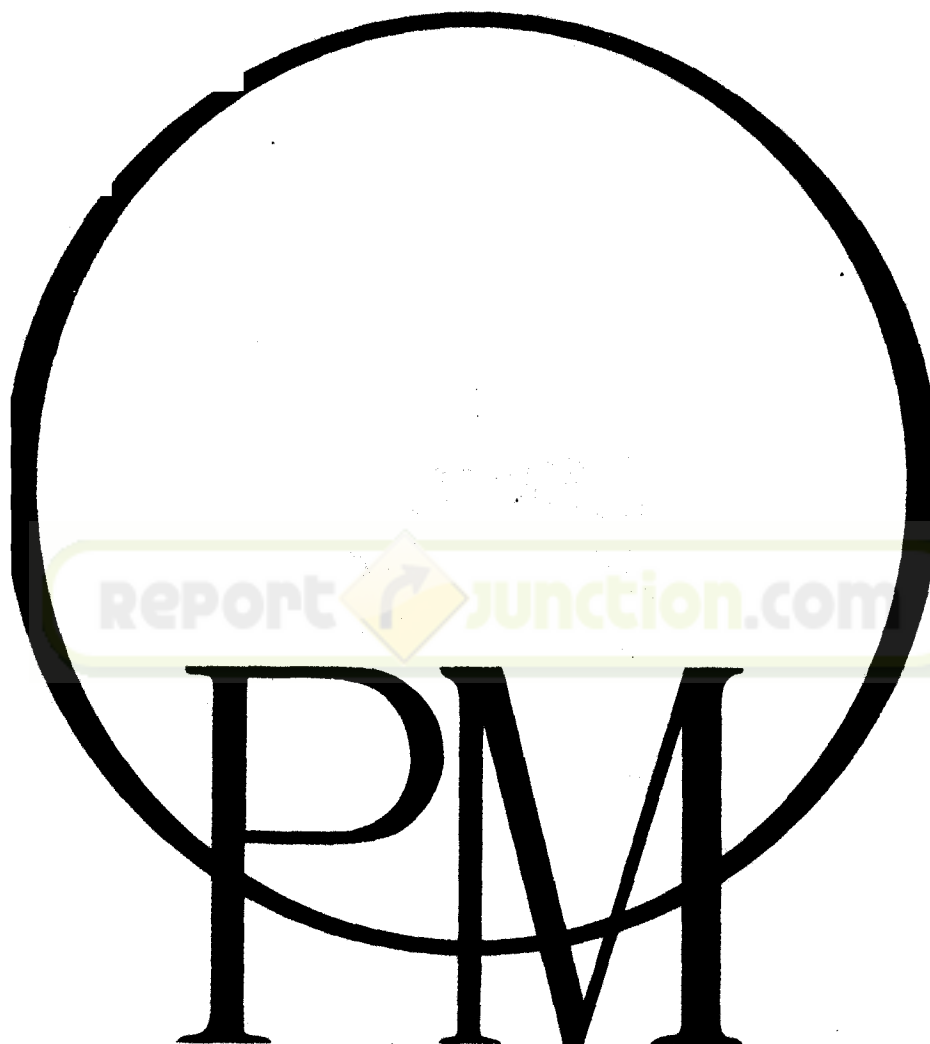


ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2005



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

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 V. NACHIAPPAN — *Nominee - ICICI*
SHRI MICHAEL BASTIAN — *Nominee - IDBI*
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, 2005



ORIENT PAPER & INDUSTRIES LIMITED

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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 2nd September, 2005 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, 2005, 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 15th July, 2005

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 17th August, 2005 to 19th August, 2005, both days inclusive.
3. Sarvashri B. K. Jhawar and C. K. Birla, 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.

ORIENT PAPER & INDUSTRIES LIMITED



In view of the amended provisions of Section 205A of the Companies Act, 1956, the unclaimed Dividends for the Financial years 1994-95 to 1996-97 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 Dividend in respect of Financial year 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 the aforesaid financial year, 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.





Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2005

Dear Shareholders,

We have pleasure in presenting the Annual Report of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS

You will be glad to note that your Company has posted a net profit for the year under review after a lapse of seven years.

Performance of our Cement division improved significantly as we recorded a growth of over 23% in our cement sales volume. In view of improved market conditions in areas serviced by our cement division, our price realisation also improved. Our Paper Mill at Amlai and our Fan division continued to perform well, although there were substantial cost increases which had to be absorbed.

The net profit, for the year under review, is after making a provision in respect of over due debts and advances relating to prior years. This has been done as a matter of prudence, although efforts for recovery continue. But for this provision, Profit for the year would have been higher by Rs. 5.14 Crores.

	(Rs. in crores)	
	2004-05	2003-04
Total Income (net of excise)	742.16	645.74
Profit before providing for Depreciation and Taxation	31.28	8.90
Depreciation	27.07	29.53
Profit/Loss before Taxation	4.21	- 20.63
Taxation	1.47	- 8.85
Net Profit / Loss	2.74	-13.78

MANAGEMENT DISCUSSION & ANALYSIS FOR BUSINESS SEGMENTS

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, 2005 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 lay great emphasis on environment management and protection. As reported earlier our Paper Mill at Amlai, Cement

Plants at Devapur and Jalgaon and Fan Unit at Faridabad have all been certified under ISO 14001.

We are glad to report that during the year under review our Paper Mill at Amlai had the distinction of being one of the first Paper Mills in India to be certified under ISO 14001:2004. The Mill at Amlai was also awarded Environmental Excellence Golden Award for Paper sector for 3rd successive year by Greentech Foundation, New Delhi, an Indo-German organization. Our Farm Forestry programme continues with great success and is being further intensified in the states of M. P. and Chattisgarh. The public private partnership programme to develop large scale plantations is gathering further momentum with more Clonal plantations with higher and faster yields. We are working closely with various agencies to propagate large scale plantations on Revenue waste land under Swarnajayanti Gram Swarojgar Yojana.

OTHER AWARDS & RECOGNITION

During the year the Company received Certificate of recognition as Two Star Export House from Joint Director General of Foreign Trade, Ministry of



ORIENT PAPER & INDUSTRIES LIMITED

Commerce and Industry, Government of India.

The Cement Division received the Gold Award for excellent Environmental and ecological implementation by Rajiv Gandhi Foundation. The mining department of our Cement division received First Prize in maintenance of safety in earth moving equipments from the Director of Mines & Safety. It also received First Prize in management of Sub-grade mineral from Indian Bureau of Mines.

OVERSEAS VENTURE

The Company earned Rs. 540.68 lacs from Pan African Paper Mills (E.A.) Ltd., Kenya towards Management and Technical Services rendered to the joint venture.

STATUTORY MATTERS DEBENTURES

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

DIRECTORS

Prof. Manas Das was appointed as a Director of the Company as a nominee of UTI in place of Shri S. Ravikumar w.e.f. 28.10.2004.

Consequent upon full repayment of debentures held by GIC & its subsidiaries and UTI, these institutions have withdrawn their nominees, Shri A. Asthana and Prof. Manas Das respectively. Accordingly Shri A. Asthana and Prof. Manas Das ceased to be the Directors of the Company w.e.f. 3rd May, 2005.

The Board places on record its profound appreciation of the valuable contributions made by Sarvashri S. Ravikumar, A. Asthana and Prof. Manas Das during their tenure as Directors of the Company.

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

AUDITORS

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

ACKNOWLEDGEMENTS

We wish to place on record our deep appreciation of the contributions made by the employees at all levels towards growth of the Company.

We also convey our sincere appreciation to all our stakeholders including Banks, Financial Institutions, Government agencies, Customers and Suppliers etc. for their continued co-operation and assistance.

Note Nos. 5 and 7 appearing in Schedule 22 to the Accounts referred to in the Auditors' Report are self-explanatory.

By Order of the Board

New Delhi
3rd May, 2005

C. K. BIRLA
Chairman



ANNEXURE "A"

A. CONSERVATION OF ENERGY

a. The following energy conservation measures were taken during 2004-2005 :

- i. In the Paper Mills at Amlai, Installation of Energy efficient ISDM Refiner, LCP pumps provided with sealing water pressure control system, New Coal Feeders with VFD control, Energy efficient raw water pump and Thermal insulation of 4020M² carried out at various sections. Further constant monitoring and awareness of energy consumption being carried out for reducing steam, Power & Water Consumption.
- ii. In the Cement Division, performance improver feeding and measuring system installed for Cement Mill-II, Additional fans installed for increasing cooling efficiency, Packer No-4 upgraded to electronic Packer.
- iii. In the Fan Division, old light fittings were replaced by energy efficient electronic ballast fitted lights.

b. Additional Investment and Proposal if any :

- i. In the Paper Mills at Amlai, steps are being taken for installation of New Coal feeders with VFD control, Energy efficient raw water pump, UTM pulper, low pressure drop centricleaner system for Paper Machine, Press rebuild for Paper Machine and capacitor banks at substation. The total investment for all the above measures are estimated to Rs. 1510 lacs.
- ii. In the Cement Division, Installation of Aerovane in Classifier Cyclone of Raw Mill-II, High-pressure Primary Air fan for improving combustion in Kiln-II, new Classifier for cement grinding Mills, mechanical transport system for Kiln feed-II in place of present pneumatic transport and upgradation of packer no. 3 to electronic packer. The total investment for these projects are estimated to Rs. 250 lacs.
- iii. In the Fan Division, Installation of Screw Compressor and Automation facility in Coils, winding, forming & Lacing operations.

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 Division, Consumption of energy will reduce with above measures.
- iii. In the Fan Division, Consumption of power per unit of production has been reduced.

B. TECHNOLOGY ABSORPTION

Refer Form-B attached.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- i. The Company exported 1686 tonnes of Paper and Board (excluding 193 tonnes to Nepal) for an aggregate amount of Rs. 473.84 lacs (excluding Rs. 64.12 lacs to Nepal) during the year under review against 776 tonnes (excluding 84 tonnes to Nepal) in the previous year for an aggregate amount of Rs. 195.69 lacs (excluding Rs. 28.47 lacs to Nepal). The Company also exported 508934 No. of Fans for an aggregate value of Rs. 3102.19 lacs, during the year under review as against 563632 No. of Fans for an aggregate amount of Rs. 3271.72 lacs during the previous year.
- ii. The Foreign Exchange used and earned :

Used	: Rs. 34.34 lacs
Earned	: Rs. 4071.52 lacs

ORIENT PAPER & INDUSTRIES LIMITED

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

	Cement		Paper	
	2004-2005	2003-2004	2004-2005	2003-2004
1. Electricity				
a. Purchased				
Unit (KWH lacs)	1,752.95	1,486.01	37.14	34.34
Total Amount (Rs. lacs)	5,937.44	5,347.85	225.22	191.52
Rate/Unit (Rs.)	3.39	3.60	6.06	5.58
b. Own Generation				
i. Through Diesel Generator				
Unit (KWH lacs)	162.05	59.54	-	-
Unit per ltr. of Diesel/Furnace Oil	3.80	3.69	-	-
Cost /Unit (Rs.)	4.18	4.52	-	-
ii. Through Steam Turbine Generator				
Unit (KWH lacs)	-	-	1,247.68	1,261.77
Unit per M.T. of Steam	-	-	343.00	340.00
Cost/Unit (Rs.)	-	-	1.81	1.74
2. Coal (C, D & E Grade)				
Quantity (MT lacs)	3.27	2.60	1.98	2.16
Total Cost (Rs. lacs)	4,532.53	3,369.38	2,251.38	2,189.64
Average Rate (Rs.)	1,384.96	1,295.92	1,134.60	1,012.43
3. Furnace Oil				
Quantity (K. Ltrs)	-	-	573.00	472.00
Total Amount (Rs. lacs)	-	-	79.63	64.84
Average Rate (Rs.)	-	-	13,897.08	13,737.00
4. Other/Internal Generation				
			By Back Pressure Turbine for Paper Machine drive (KWH lacs)	
Quantity			10.19	10.42
Total Cost (Rs. lacs)			3.10 *	3.33 *
Rate/Unit (Rs.)			0.30	0.32

* represents electricity duty paid

B. Consumption per M.T. of production

	Unit	Cement		Paper	
		2004-2005	2003-2004	2004-2005	2003-2004
Electricity	(KWH)	92.08	90.66	1,687.00	1,698.00
Furnace Oil	(K.Ltrs)	-	-	0.008	0.006
Coal (C, D & E Grade)	(M.T.)	0.16	0.15	2.61	2.83
Others					
Internal Generation	(KWH)	-	-	13.00	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 fibrous raw materials.
- ii. Effluent treatment and its improvement.
- iii. Bleaching studies.
- iv. Cooking aid to improve pulp quality.
- v. Enzyme additions prior to bleaching to reduce bleach consumption.
- vi. Polymer additions to improve effluent quality.
- vii. Solid waste utilization.

B. Cement Division :

- i. Development of Railway Sleeper Grade Cement.
- ii. Alternate additive optimization for consistent Kiln operation.
- iii. Optimization of parameters for improved grindability of clinker.

C. Fan Division :

- i. Launching of Energy efficient Ceiling Fans & Regulators.
- ii. Introduction of High speed Table Fans.
- iii. Rapid prototyping, moulding of polymer parts.

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

- i. Pulping studies helped in optimising procurement of fibrous raw materials and better proportionating of raw materials to improve unbleached, bleached quality and improve better machine runnability.
- ii. Dewatered sludge from Grade-II and Grade-III effluent being utilized in board making.
- iii. Corrective steps further helped in reduction in chemical losses and improvement in effluent quality.

B. Cement Division :

- i. Likely introduction of new product.
- ii. Improved quality of blended cement.
- iii. Higher use of low grade limestone and conservation of Mines.

C. Fan Division :

- i. Enabling to widening domestic and international market.

3. Future plan of action :**A. Paper Division**

- i. To continue research in the above area and to work out to implement other new emerging technologies.

B. Cement Division

- i. Improve quality of product with power conservation by use of high efficiency classifier in Cement Mills.

C. Fan Division

- i. To develop under light Fans.
- ii. To make new plastic & metal blade for better performance.

4. Expenditure on R & D :

a. Capital (Rs. in lacs)	10.34
b. Recurring (Rs. in lacs)	92.06
c. Total (Rs. in lacs)	102.40
d. Total R & D Expenditure as percentage to total turnover	0.14%

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

- i. Pulping studies new varieties of bamboo and wood.
- ii. Polymers utilization to improve the efficiency of Grade-III A.S.P. effluent.
- iii. Measures taken for indigenisation of critical imported parts are continuing.
- iv. Bench marking of Fans for performance, cost and packing with Indian and imported Fans.
- v. Adaptation of new approach for fly ash and chipper dust utilization in forming pellets and burning in Power Boiler.

2. Benefits derived as a result of above efforts :

- i. Improvement in pulp quality.
- ii. Grade-II and Grade-III effluent dewatered sludge and its utilization in board making.
- iii. Reduction in input and overall cost due to wastages control.
- iv. Reduction in input and overall cost due to indigenisation of various imported spares.
- v. Improved packing with stuffing capacity compared to international standards.

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