

ON A TRAJECTORY OF SUSTAINED GROWTH



Orient Paper and Industries Limited
Annual report 2008-09



In this Annual Report we have included some forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

WHAT YOU WILL FIND INSIDE

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"When written in Chinese, the word 'crisis' is composed of two characters – one represents danger, and the other represents opportunity."

J. F. Kennedy



At Orient Paper, our constant endeavour has been to transform the milestones of today into the stepping stones for tomorrow.

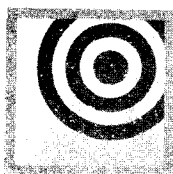
Challenges posed by the recent economic upheavals did not deter us from moving ahead with fortitude and flexibility to tide over the difficulties and position ourselves on a trajectory of sustained growth. The results speak for themselves.

Looking ahead, we are optimistic that under a stable central government, the Indian economy will soon return to its robust growth pattern.

Simultaneously, we have taken steps to enhance our capacities, capabilities and efficiencies, which we believe will enable us to break new grounds and accelerate our growth for the benefit of all stakeholders.

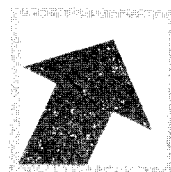
C.K. Birla, Chairman

WHAT DRIVES US?



Our corporate profile

Orient Paper and Industries Limited is engaged in the manufacture and marketing of cement, paper and electrical products. At Orient, portfolio diversity, expansive geographic footprint and best-in-class products represent our core strengths.

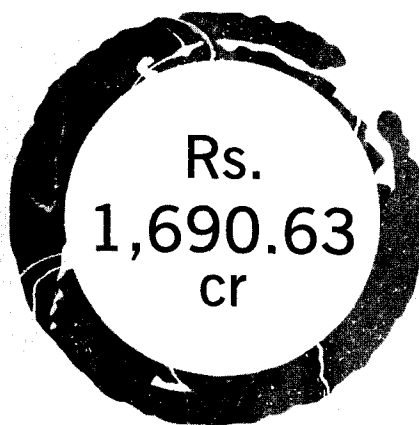


Our strategic intent

To contribute to the economic and social well-being of our country and its people in general and communities around our locations in particular.

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WHAT WE ACHIEVED IN 2008-09



Gross turnover



EBIDTA



EPS



Our strategic goals

- Focusing relentlessly on sustainable growth
- Building capacities, capabilities and efficiencies across our organisational functions
- Investing in our human capital to build a high-performance culture
- Earning respect and appreciation from our customers
- Delivering continuously increasing value to all our stakeholders



Our values

- We have a passion for growth with integrity.
- We believe in spirited teamwork.
- We have the courage to innovate.
- We believe in corporate governance and accountability.
- We are stakeholder-centric.



Our corporate conscience

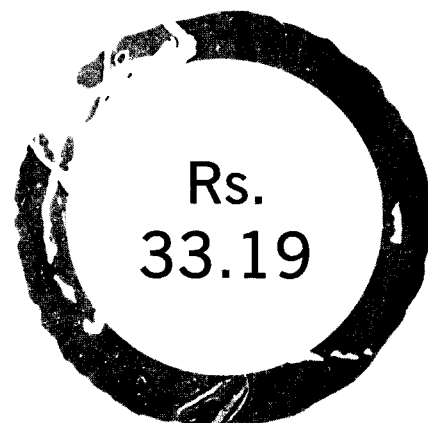
Orient has contributed extensively to India's socio-economic development by sponsoring various welfare activities, including highly subsidised or free education and healthcare for communities around our plants and by providing them with avenues to become self-reliant.



Investment in projects



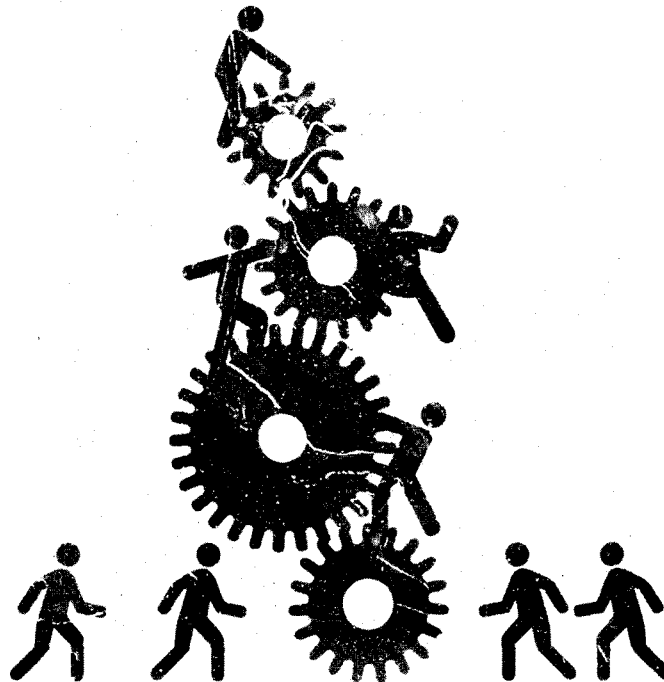
Dividend



Book value per share

WHY SHOULD SHAREHOLDERS STAY INVESTED IN ORIENT PAPER AND INDUSTRIES LIMITED

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- **BECAUSE** Orient is a diversified company whose products are core to economic growth.



- **BECAUSE** Orient has amply demonstrated a competitive advantage in all its businesses and is responding with consistent strategies to ensure sustained growth.



- **BECAUSE** Orient generates significant and consistent cash flows from its operations and has purposefully invested them through optimising its potential expansions through synergic product diversification and cost optimisation.



- **BECAUSE** Orient has been following prudent financial planning reflected in its healthy debt-equity ratio and working capital management.



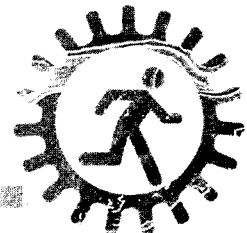
- **BECAUSE** Orient has achieved sound financials, which will catalyse its growth even faster hereafter.



- **BECAUSE** Orient has been following a practice of high governance standards as well as transparent financial reporting and disclosure standards.

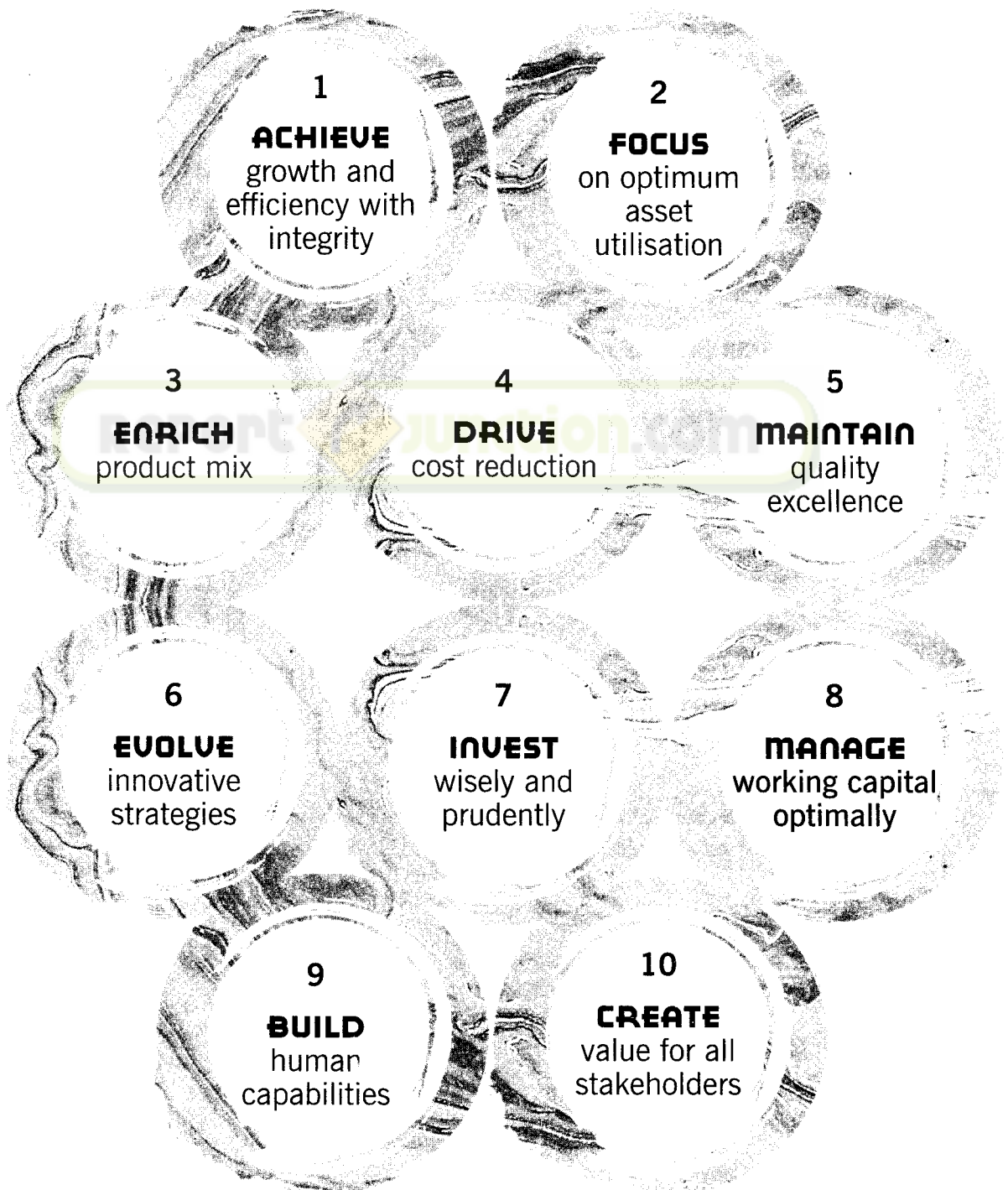


- **BECAUSE** Orient has been rewarding its shareholders handsomely through liberal dividends (150 percent in 2008-09).



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OUR 10 COMMANDMENTS TO SUSTAIN GROWTH EVEN IN DIFFICULT TIMES...



...THE RESULTS SPEAK FOR THEMSELVES

Revenue (gross) (Rs. cr)	Revenue (net) (Rs. cr)	Operating profit (Rs. cr)	Net profit before exceptional items and tax (Rs. cr)
2004-05	2004-05	2004-05	2004-05
861.31	718.73	80.69	4.21
2005-06	2005-06	2005-06	2005-06
1,008.62	850.30	122.03	53.51
2006-07	2006-07	2006-07	2006-07
1,264.81	1,096.81	266.63	207.71
2007-08	2007-08	2007-08	2007-08
1,496.74	1,292.86	360.29	313.50
2008-09	2008-09	2008-09	2008-09
1,690.63	1,503.18	414.18	358.79

Net profit after tax (Rs. cr)	Interest cover	Debt-equity ratio	Networth (Rs. cr)
2004-05	2004-05	2004-05	2004-05
2.74	1.63	5.29	21.46
2005-06	2005-06	2005-06	2005-06
21.58	2.91	4.42	40.55
2006-07	2006-07	2006-07	2006-07
130.68	8.15	1.32	151.19
2007-08	2007-08	2007-08	2007-08
204.48	18.28	0.16	478.62
2008-09	2008-09	2008-09	2008-09
200.09	20.03	0.35	641.14



OUR MANAGING DIRECTOR'S PERSPECTIVE

Dear Shareholders,

WHAT A YEAR 2008-09 HAS BEEN! FULL OF HIGHS AND LOWS, EXCITEMENT AND DESPAIR, OPPORTUNITIES AND CHALLENGES!

Maintaining our growth momentum, even in these uncertain times, has been a huge challenge. The outcome of our efforts is reflected in the results for 2008-09 being placed before you.

So, rather than dwell upon our performance for the year (discussed elsewhere in this report), permit me to tell you how we are planning to build upon these achievements to enhance our capacities and capabilities to ensure that we remain on the trajectory of sustained growth in 2009-10 and beyond.

Enhanced scale of operations

In each of our businesses, we have initiated several steps to accelerate growth:

Cement division

In 2008-09, we increased cement sales by over 20 percent (against an overall industry growth of 8 percent) to reach 2.9 million tons against 2.4 million tons in 2007-08. Very soon, our capacity will increase to 5 million tons from 3.4 million tons. As a result, we hope to achieve a further growth of over 30 percent in 2009-10.

Electricals division

We improved our market share by increasing our sales by 11 percent in the domestic fan market as against an overall industry growth of only 4 percent and achieved an overall growth of 5 percent in our fans sales despite a drop in the export sales. Although the Indian realty sector continues to be an area of concern and export markets remain uncertain, we are still targetting an increase in our total fans sales by around 7.5 percent in 2009-10.

In the first full year of our entry we sold 43 lac units of CFLs/FTLs in 2008-09. In 2009-10, we expect to derive the full benefit of the recently commissioned in-house production facilities to improve our competitive edge and grow CFL sales by 40 percent or more.

Paper division

Our new tissue paper plant is ready and expected to commence commercial production from July 2009. Although our paper division's performance was less than satisfactory during 2008-09, we hope to revert to our normal production volumes and efficiencies in 2009-10. Although,

