

# Enhance. Enrich.

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At Orient Paper and Industries Limited, we believe in enriching our environment, community and stake holders by continuously raising the bar across all that we do.

We believe that this is more than an event; it is a journey.

This is more than a business strategy; it is a culture.

The result of this culture has been enriching value for our large family of stakeholders.

## Performance highlights

^22.66%

Increase in revenues in FY18

^257.00%

Increase in cash profit in FY18

^139.00%

Increase in PBIDT in FY18

^353.00%

Increase in net profit after tax in FY18

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### Forward-looking statements

This document contains statements about expected future events and financial and operating results of Orient Paper and 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 and Industries Limited Annual Report 2017-18.

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# Chairman's message

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"The growth that we want is one that brings real benefits to the people, raises quality and efficiency of development, and contributes to energy conservation and environmental protection."

- Li Keqiang

## Dear shareholders,

This has been a milestone year in more ways than one..

We completed the demerger of Orient Electric Limited from Orient Paper. This completes our goal of creating three independent entities focused on development and growth in their respective fields of cement, electric and paper. It is a matter of satisfaction that all three companies are doing well and are on a good growth path in their respective businesses. As a result, the wealth of our shareholders has gone up by more than Five times in the last five years.

The paper business has also been strengthened by the addition of tissue

paper capacity coupled with our continued focus on a reduction in costs and increase in efficiencies while ensuring enrichment of our environment. The result of these initiatives is evident in the comprehensive improvement in the performance of our Paper business, which achieved its best ever results during the year under review.

We are now in the process of implementing several new initiatives to further strengthen Orient Paper. These are expected to result in significant additional improvements in the coming couple of years.

You will also be happy to see your company's significant financial strength reflected in substantially reduced borrowings coupled with increased net worth. Obviously this provides us with a healthy platform for sustainable growth.

As we embark on the next stage of enhancing and enriching values for all our stakeholders, I look forward to your continued support and encouragement.

With best wishes,

**C.K. Birla**  
Chairman

# Managing Director's review

Dear shareholders,

As you are aware, the Indian economy had a slow start in 2017-18 due to the transitional impacts of demonetisation and introduction of GST. However, the economy did stabilise during the second half of the year and is now poised to achieve higher growth.

One of the factors behind our optimism is the implementation of GST. This has indeed been a most welcome economic reform that should have a huge positive impact on the economy in the long run as it would result in the elimination of cascading taxes, reduction in logistic costs and narrowing cost differential between the organised and unorganised sectors.

## Our performance in 2017-18

In this dynamic environment and despite several challenges, your company was able to achieve record results and several new milestones:

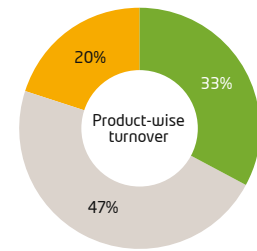
- We successfully completed the demerger of our electric business into Orient Electric Limited to significantly enhance shareholder wealth
- We commissioned our third tissue paper machine ahead of schedule and could achieve over 60% capacity utilisation within a short time
- We achieved our best-ever production and sales volumes
- We were able to reduce costs and improve efficiencies in all operational areas

- We met or exceeded all environmental norms including achieving Zero Liquid Discharge
- We planted more trees than ever to move towards raw material security
- We constructed another water reservoir for enhanced water security
- We strengthened our IT infrastructure and internal financial controls
- We sustained our corporate service responsibilities with enthusiasm
- Our efforts were recognised through several awards and recognition in the areas of energy efficiency, water conservation and contributions to environment protection and safety
- We improved our working capital cycle and significantly reduced our debt
- Our credit rating improved
- We achieved our best-ever profitability for the paper business

## Outlook for FY 19 and beyond

While the results achieved in FY 18 were satisfactory, we are working towards accelerating this momentum of profitable growth and quite hopeful of achieving new milestones based on the following expectations in the near term:

- Full utilisation of our third tissue machine capacity to further enrich our product mix
- Upgradation of our pulping capacity through the installation of balancing facilities



- Tissue paper
- Writing and printing paper
- Caustic soda

- Modification and strengthening of our recovery boiler and its ESP
- Acceleration of our plantation programme to ensure nearer availability of pulpwood
- Further optimisation of efficiencies and processes
- Continued focus on cost reduction

We are fully convinced that the Indian economy is now placed at an exciting cusp. Our Company is also poised for the next leap to take full advantage of the emerging opportunities.

We rededicate ourselves to enhancing and enriching our environment and value for all our stakeholders with an even greater resolve.

We are grateful for your valuable support and look forward to your continued encouragement in this exciting journey.

**M.L. Pachisia**  
Managing Director



Our new tissue paper plant



# 8 aspects that define Orient Paper's strength and competitiveness

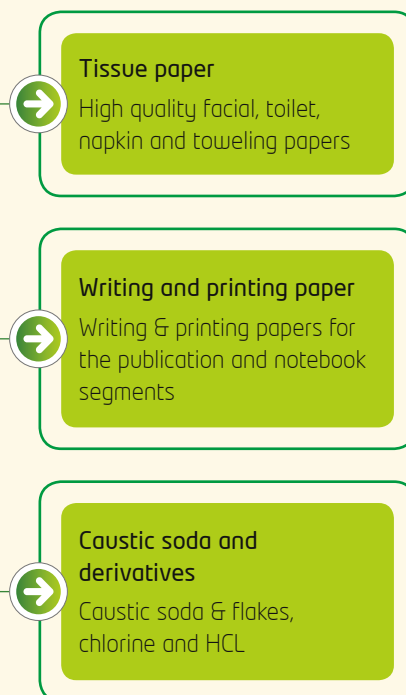


## 1 Our pedigree

Orient Paper and Industries Limited is a part of the CK Birla Group and one of India's key paper manufacturers. The Company's corporate office is in Kolkata (West Bengal) and its manufacturing facilities are located in Amlai (Madhya Pradesh).

## 2 Our product range

Orient Paper is engaged in the manufacture of tissue paper, writing & printing paper as well as caustic soda and derivatives. This product mix makes it possible for the Company to address diverse needs related to emerging demand for the tissue paper induced by changing lifestyles as well as the essential demand for paper addressing the educational sector. The caustic soda unit caters to the needs of diverse industrial sectors such as paper, aluminum and power etc.



## 3 Our specialisation

Orient Paper is now the highest producer of tissue paper in India with an enhanced capacity of 50,000 MT per year

## 4 Our financial prudence & strengths

- Our net worth stands at ₹1317.69 crores
- Our total borrowing including working capital was only ₹90.46 crores
- Our debt equity ratio was a mere 0.05
- Our investments were valued ₹297.09 crores as at end of March 18
- Our credit rating was upgraded to AA- in 2017-18

## Our trade partners



## Our recognition



## Our public responsibility



## Our certifications



## 5 Our trade partners

Orient Paper products are distributed pan-India through dedicated distributors and customers, most of whom have been associated with us for decades. In the export markets we have been able to establish a meaningful presence among regular customers through consistent quality and service.

## 6 Our public responsibility

Orient Paper is a responsible corporate citizen. The company invested proactively in environment-protecting plants, processes and practices. The result is that the Company is recognised for manufacturing quality paper in a clean, energy-efficient and responsible manner by meeting or exceeding environmental norms. The company is the first Indian integrated paper company to achieve Zero Liquid Discharge.

## 7 Our recognitions

Orient Paper has been recognised and awarded across industry platforms for its sectoral contributions.

- CII- Certificate of Excellence award in the 'Water Management' category
- National Award for Excellence in Water Management 2017 Golden Peacock Award – 2017 in the 'Energy Efficiency' category
- Grow Care Award – 2017 in the 'Environment Management' category
- Grow Care Award – 2017 in the 'OHS Management' category
- Greentech Sustainability and Environment award

## 8 Our certifications

Orient Paper has been certified under following standards

- EMS certification
- QMS Certification
- OHSAS certification
- EnMS certification
- NABL certification
- FSC-COC certification
- Responsible Care certification for the caustic soda unit.

# Our strengths



## Diversified offerings

The company diversified its offerings from writing & printing to value-added tissue paper. The product addresses changing lifestyle-driven needs, strengthening realisations. Nearly 50% of tissue paper output was exported. Caustic soda unit also increased proportion of value added caustic flakes in its product basket.



## Focus on margins

The company's focus on richer product mix and continuous pursuit of cost reductions,, helped enhance EBITDA margin from 10% in 2016-17 to 19% in 2017-18.



## Expanding market reach

The Company's products are marketed across India. Its writing paper is preferred to make notebooks; its tissue paper is well accepted in export markets.



## Strong Balance Sheet

The Company has moderated its total debt including working capital debts to only around ₹ 90 crores as at end of March 2018. The Company's long term credit rating also improved from CARE A in FY17 to CARE AA- in FY18.





### Efficient liquidity management

The Company has managed its working capital efficiently which has resulted into relatively modest receivables and inventories.



### Locational advantage

The Company's manufacturing operation is centrally located to supply products across India and is proximate to Coal mines.



### Distribution network

The Company enjoys long-standing relationships with pan-India dealers and distributors coupled with contracts with large global institutional buyers.



### Increasing availability of Wood around us

With focus on plantations, availability of wood around the Company's location is increasing availability of its principal raw material in nearby areas.

# How we enhanced & enriched value for our society, environment and shareholders

## Enhance

### Enhanced segment leadership

Orient Paper was a pioneer in setting up a tissue paper capacity of 10,000 MT at a time when the total Indian market for tissue paper was not 5000 MT. The leadership in this segment was strengthened in 2017-18 following the addition of a new capacity of 25,000 MT, making the Company the largest producer of tissue paper in India.

### Enhanced efficiencies

Orient Paper enhanced efficiencies in 2017-18 in the critical areas of raw material yield, chemical recovery, energy consumption, water conservation and manpower productivity (detailed elsewhere in this report).

### Enhanced water security

Orient Paper constructed another water reservoir of 70 MG capacity to enhance its water storage capacity equivalent to almost five months of operations to safeguard against water scarcity.

### Enhanced Quality

Orient Paper upgraded the quality of its tissue paper to address all segments i.e. facial, toilet, toweling and napkin grades for domestic and export markets. In the writing & printing segment, Orient Paper developed suitable publishing grade papers in addition to its stronghold in the notebook segment.