Orient Paper and Industries Limited
Registered office:
Unit-VIII, Plot No. 7, Bhoinagar, Bhubaneshwar-751 012 (Orissa)
Principal office:
9/1 R. N. Mukherjee Road, Kolkata-700 001.
Email ID: cosec@orientpaperindia.com

RAISING THE BAR!

Orient Paper and Industries Limited
Annual Report 2010-11

Caution regarding 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 2010-11.

Here is what you will find inside:

CORPORATE INFORMATION

Board of Directors

Shri C. K. Birla (Chairman)

Shri B. K. Jhawar

Shri P. K. Sen

Shri A. Ghosh

Mr. Michael Bastian

Shri M. L. Pachisia -Managing Director

Board Committees

Audit Committee

Shri A. Ghosh (Chairman)

Shri B. K. Jhawar

Shri P. K. Sen

Mr. Michael Bastian

Shareholders/ Investors Relation Committee

Shri P. K. Sen

Mr. Michael Bastian

Shri M. L. Pachisia

Remuneration Committee

Shri B. K. Jhawar

Shri P. K. Sen

Mr. Michael Bastian

Committee of Directors

Shri B. K. Jhawar

Shri M. L. Pachisia

Shri P. K. Sen

Auditors

M/s. 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)

Principal Office

9/1, R. N. Mukherjee Road,
Kolkata-700 001

Plants

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

CHAIRMAN'S MESSAGE

"CELEBRATE WHAT YOU'VE ACCOMPLISHED, BUT RAISE THE BAR A LITTLE HIGHER EACH TIME YOU SUCCEED."

There were challenges galore in 2010-11.

These included slower-than-expected demand growth and pricing pressures in the cement business, increase in major input costs in all businesses and the extended shutdown of our paper plant owing to water scarcity.

Yet, we not only achieved most of our financial and business targets for the year but also proactively invested in enterprise-wide actions to expand our capacities, add to our product offerings and improve our competitiveness.

We believe that these initiatives will further strengthen our Company and enable it to grow rapidly in the years to come.

Sincerely,

C. K. Birla
Chairman

CORPORATE OVERVIEW

Our corporate profile

Orient Paper and Industries Limited is engaged in three business segments – cement, electrical products and paper – which are core to the Indian economy's development.

Cement

'Birla A1' premium blended cement

'Orient Gold' – 53 grade cement

Electricals

Orient PSPO' ceiling, table, pedestal, wall and exhaust fans

Orient/PSPO CFLs and lighting products

Paper

Tissue paper

Writing and printing paper

'Orient' photocopying paper

'1st Choice' notebooks

Major challenges of 2010-11

Cement

- Slower-than-expected demand growth
- Depressed sales realisations
- Increased cost of coal, fuel and other inputs

Electricals

- Higher prices of all inputs like copper, aluminium, steel and paints, among others

Paper

- Water scarcity forced a production shut down for 93 days
- Higher cost of pulpwood and coal

Yet, our performance for 2010-11 was healthy

- Net turnover increased 20.94% from Rs. 1,619.75 cr to Rs. 1,958.98 cr
- EBITDA increased from Rs. 323.65 cr to Rs. 332.77 cr
- Net profit after taxation stood at Rs. 143.10 cr
- Invested Rs. 170.03 cr in our growth plans
- Debt/equity ratio reduced to 1:0.34 from 1:0.43

How we raised the bar further to ensure continuous growth

Cement

Capacity expansion finalised through a greenfield plant in Karnataka

Obtained approval for export of surplus power from CPP

Electricals

Capacity for fans being expanded to 80 lac units per year

Diversification plans to add small electrical appliances finalised

Paper

55-MW power plant being set up to fully meet our total requirement, with provision for the expansion/export of surplus power

Water reservoirs of 250 million gallons constructed to overcome water scarcity

OUR KEY CORPORATE STRENGTHS

Multi-product

Orient went into business with a single paper machine and progressively transformed into a multi-product, multi-location organisation. It enjoys a credible reputation in the cement industry for product quality, operational efficiency and environmental responsibility; it has established itself as a household electrical consumer durables brand in India and abroad; its tissue paper quality is appreciated in India and several developed countries.

Capacity creation

Orient has progressively invested in its production capacity, catering to growing demand across various segments. It has increased its cement-manufacturing capacity from 2.4 MTPA to 5 MTPA in three years and simultaneously installed a 50-MW power plant. It is now in the process of setting up a 3 MTPA cement plant in Karnataka.

It has increased its tissue paper production capacity from 10,000 TPA to 25,000 TPA in the last two years and acquired a caustic/chlorine plant, resulting in backward integration. It is currently setting up a 55-MW power project in its paper division, which will not only address the total power and steam requirements of the paper and chemical plants, but also meets the need for future expansion or market surplus power.

The Company has increased its fan manufacturing capacity from 25.80 lac units in 2005-06 to 50 lac units in 2010-11 and has installed CFL production capacity for 80.60 lac units during this period. Its fan manufacturing capacity is being expanded to 80 lac units per year; CFL manufacturing capacity is also being expanded to 120 lac units per year. During 2011-12, it will further diversify into small electrical appliances.

Recognition and accreditations

Orient's cement division was awarded the prestigious Total Productivity Management (TPM) certification by the Japan Institute of Plant Maintenance. The division is ISO-9001, ISO 14001 and OHSAS 18001-certified.

The electrical division is certified as per the demanding standards of ISO 9001:2000 and ISO 14001:2004.

The paper division is ISO 14001-certified. The division's research and development laboratory is recognised by the National Accreditation Board for Testing and Calibration.

The Company's divisions have won several awards and recognition in the areas of management, productivity, safety and corporate social responsibility, the details of which are included in the respective divisional chapters.

Footprint

Orient's electrical and paper products enjoy a pan-India presence, represented by a wide distribution network, comprising distributors and retailers.

The Company's cement products command a significant market share in the core markets of Maharashtra and Andhra Pradesh.

On the international front, the Company is by far the largest exporter of fans from India. It also exports tissue paper to several developed and developing countries.

Cost-efficiency

Orient is one of India's lowest-cost producers of cement and electrical products.

Outpacing industry growth

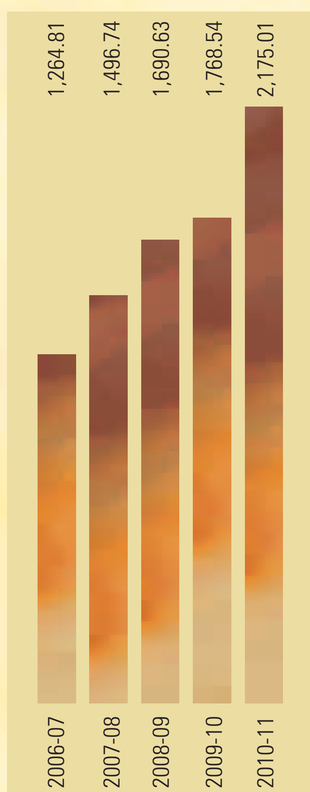
Orient has consistently outperformed industry growth, particularly in the cement and electrical products segments.

Brand equity

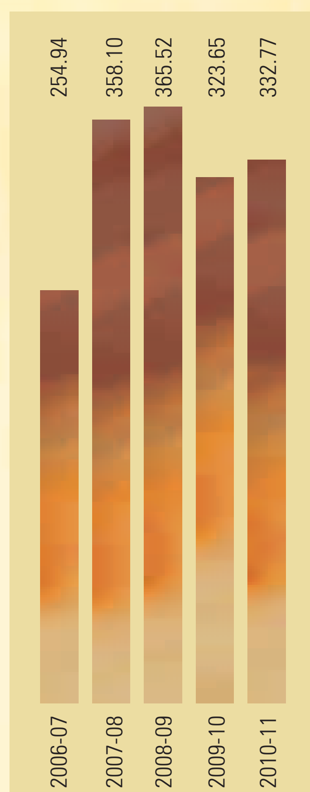
Orient enjoys significant brand equity for popular brands like 'Birla A1' and 'Orient Gold' in the cement division, 'Diamond Touch Peacock Printing' (DTPP) in the paper division and 'Orient' and 'PSPO' in the electrical division.

RAISING THE BAR

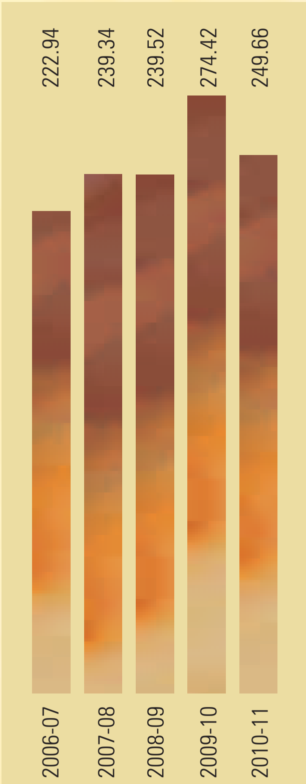
Increasing turnover-Gross *(Rs. cr)*



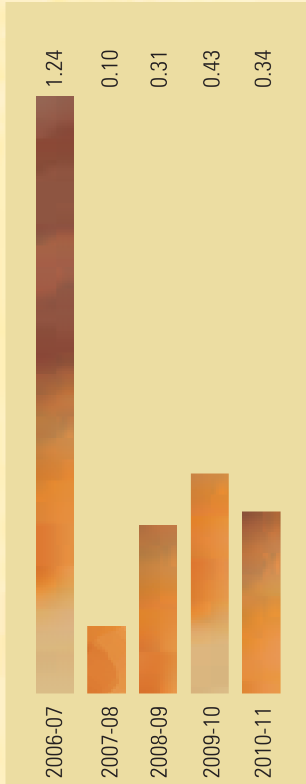
Robust EBITDA *(Rs. cr)*



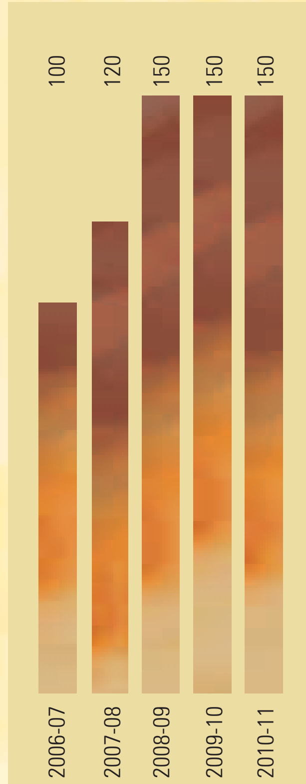
Retained cash profit *(Rs. cr)*



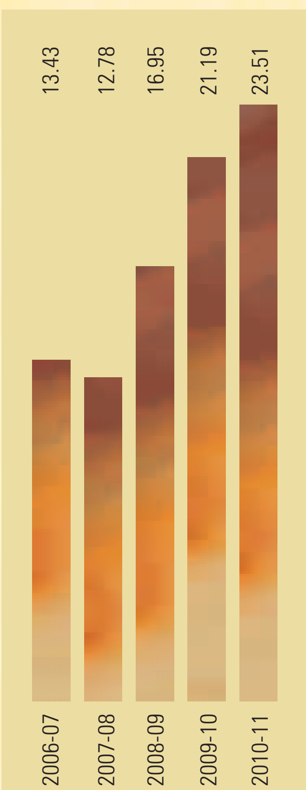
Robust debt-equity ratio *(Ratio)*



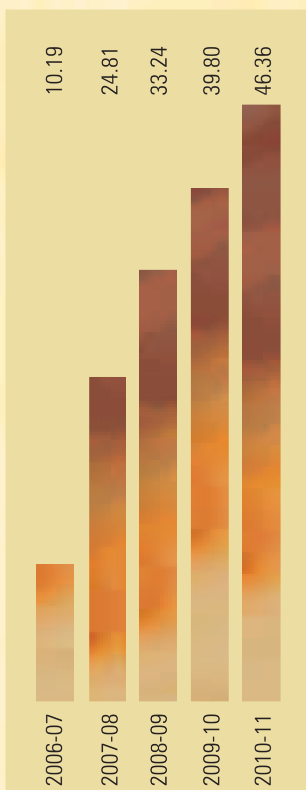
Healthy dividend *(%)*



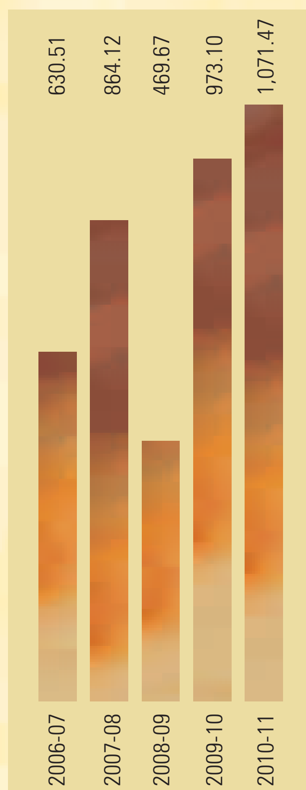
Percentage of net profit distributed as dividend *(%)*



Improving book value per share *(Rs.)*



Increasing shareholder's value as at 31 March *(Rs. cr)*



CORPORATE REVIEW BY OUR MANAGING DIRECTOR

Dear Shareholders,

Headwinds, in terms of slower-than-expected demand growth for cement as well as sluggish realisations, rising costs, resource procurement challenges and a prolonged shutdown of our paper plant, inspired us to look within and raise the bar. This was done not only to achieve a healthy performance for the year but also to ensure that we initiated steps maintain our growth momentum.

The resilience of our business model was reflected in our ability to grow our topline 23% in 2010-11 despite these challenges.

While detailed results and analysis are presented in different chapters of this report, let me highlight a few salient features of our performance for the year under review, as well as steps initiated to ensure rapid and profitable growth in all our businesses:

Cement

- Increased net turnover by 15.48%
- Achieved volume growth of 15% against the Indian cement industry's 5% growth and negative growth in Andhra Pradesh, one of our major markets
- Maintained one of the industry's highest EBITDA margins at 27.86%, optimising internal efficiencies and product and market mix
- Reduced coal and energy consumption
- Made significant progress with land acquisition and completion of other formalities for the 3 MTPA greenfield cement project in Karnataka

Paper

- Achieved 4.3% increase in paper sales quantity and 15.1% in caustic sales quantity in spite of a longer shutdown forced by water scarcity
- Increased net turnover by 15.87%
- Constructed two large water reservoirs with a capacity to store 250 MG of water to largely overcome water scarcity
- Exported a substantial quantity of tissue paper to several countries
- Increased clonal sapling plantation to 3.62 million units against 1.3 million units in 2009-10, to counter rising pulpwood costs
- Made considerable progress in setting up a 55-MW power plant, aimed at significant cost savings; the project is expected to be operational towards the beginning of the next financial year

Electricals

- Achieved net turnover growth of 33.52%
- Recorded a higher-than-industry growth of 30% in fan sales (by volume)
- Augmented in-house production capacity for CFLs
- Finalised plans to diversify into small electrical appliances and expect to launch the same in phases from the second half of 2011

Thus, we have not only enhanced value for our stakeholders during the year under review, but also launched several initiatives to sustain growth.

I am grateful for the support and encouragement extended to the team at Orient by all our stakeholders and well wishers. This is what keeps us motivated to keep raising the bar higher, each time we achieve milestones.

Sincerely,

M. L. Pachisia
Managing Director

Business segment review

CEMENT DIVISION

SEGMENT STATUS WITHIN THE COMPANY	**Largest**
PRODUCTS	• PPC – Portland Pozzolana Cement • OPC – Ordinary Portland Cement
BRANDS	• Birla A1 Premium Cement • Orient Gold
MANUFACTURING FACILITIES	• Devapur, Andhra Pradesh – 3 MTPA • Jalgaon, Maharashtra – 2 MTPA
NET REVENUE, 2010-11	Rs. 1,033.24 cr
PROPORTION OF THE COMPANY'S TOTAL REVENUE, 2010-11	52.74%
REVENUE GROWTH OVER PREVIOUS YEAR	15.48%

Cement division

SEGMENT HIGHLIGHTS, 2010-11

Operational

- Continued to be one of India's lowest-cost cement producers
- Achieved best-in-class coal and power consumption with further improvements this year
- Energy costs further reduced following full use of the captive power plant
- Maintained one of the highest ratios of blended cement in the industry

Research and development

- Commenced the in-house production of gypsum, utilising wastes from the chemical plants and lime sludge
- Improved cement strength and quality by maintaining uniform particle size distribution parameters
- Completed trials for the regular use of alternative fuels like rice husk with the objective to reduce coal consumption

Marketing and distribution

- Registered 15% sales growth against a 5% industry growth; increased market share in the core markets of Andhra Pradesh and Maharashtra
- Added 195 dealers and 6 new depots
- Grew 20% in Maharashtra where the cement industry growth was only 11%
- Improved the brand equity of Birla A1 through extensive advertising and promotional campaigns
- Increased its presence in the secondary markets of Madhya Pradesh, Tamil Nadu, Gujarat and Chhattisgarh to compensate for lower demand in Andhra Pradesh

Recognition and awards

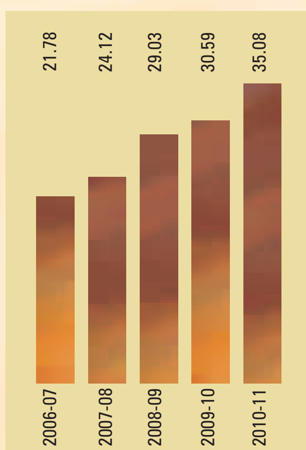
- Received 'Best Management Award 2010' from the Hon'ble Chief Minister of Andhra Pradesh
- Received 'Best Assessee Award, 2010' in the Hyderabad Zone from the Commissioner of Customs, Central Excise and Service Tax, Hyderabad
- Awarded 'Sitram Rungta Social Awareness Award' by FIMI
- Received Silver Award 2010 in the cement sector from Greentech Foundation for environment care and management
- Devapur mines bagged first prize in sub-grade mineral management and second prize in water quality management in the large mechanised mines category from Indian Bureau of Mines, Andhra Pradesh
- Devapur mines were also awarded the first prize in loading and transportation as well as drilling and blasting by the Director General of Mines Safety, Andhra Pradesh

Further expansion plans

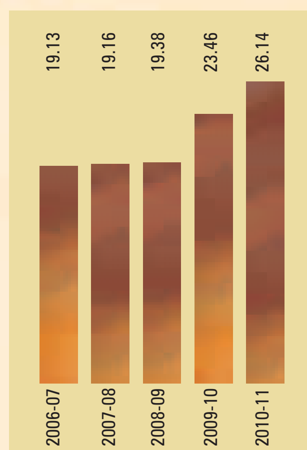
- Considerable progress was made in the area of land acquisition for the proposed 3 MTPA cement plant in the Gulbarga district, Karnataka

KEY FINANCIAL METRICS

Cement production *(lac tonnes)*



Clinker production *(lac tonnes)*



10 MINUTES WITH MR. P. K. TRIPATHY, PRESIDENT, CEMENT DIVISION

"MAINTAINING OUR COST LEADERSHIP AND SIMULTANEOUSLY WORKING ON CAPACITY ENHANCEMENT WILL BE OUR PRIORITIES."

What are the key trends shaping the cement industry?

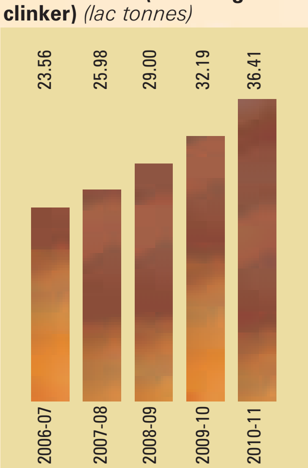
- Surprisingly, India's cement demand grew by only 5% in 2010-11 as against a widely expected growth of 10-12%
- Consequently, the gap between available capacities and demand widened and the Indian cement industry's capacity utilisation declined to 76% and that of plants in South and West to 68%
- Andhra Pradesh, registered a de-growth in demand for the second year running
- While we expect higher demand growth in the coming years, we are aware that further capacities will also be added; therefore, the supply-demand imbalance is likely to linger at least for sometime
- At the same time, the cement industry was impacted by a steep rise in the costs of coal, fuel, energy, additive prices and royalties
- Notwithstanding the above, we firmly believe that this is a cyclical phase and that the Indian cement industry's medium/long-term prospects remain bright

What are the priorities going forward?

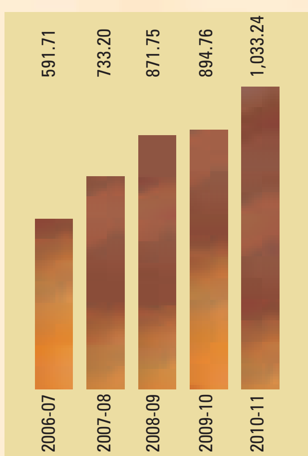
In the immediate future, we will focus on reducing costs and continually improving our efficiencies:

- Training and human resource development is our priority; we are taking steps to provide greater exposure and opportunities to our human talent through several initiatives
- We will start exporting surplus power from our captive power plant shortly
- In line with our conviction about the cement industry's long-term prospects, we will expand our capacities and prepare ourselves for the next up-cycle, which should not be too far away
- In this direction, we hope to complete the land acquisition required for our new project in Karnataka and move to the next phase of this project's implementation project in 2011-12

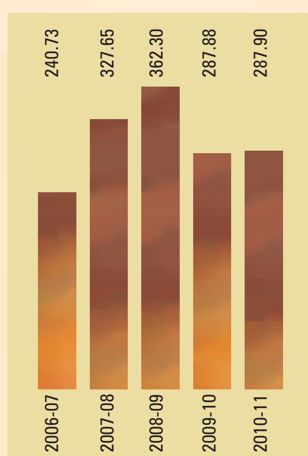
Sales volume (including clinker) *(lac tonnes)*



Net sales value *(Rs. cr)*



EBITDA *(Rs. cr)*



Business segment review

PAPER DIVISION

SEGMENT STATUS WITHIN THE COMPANY	Third-largest
PORTFOLIO	• Tissue paper • Writing, printing and photocopying paper • Allied chemicals i.e. caustic, chlorine • Branded notebooks
BRAND	• 'Diamond touch' for writing and printing papers • 'Orient' for photocopying paper • 'First Choice' for notebooks and stationery
MANUFACTURING FACILITIES	• Amlai (Madhya Pradesh), fully integrated
REVENUE, 2010-11	Rs. 292.17 cr
PROPORTION OF THE COMPANY'S TOTAL REVENUE, 2010-11	13.43%
REVENUE GROWTH OVER THE PREVIOUS YEAR	16.32%

Paper division

SEGMENT HIGHLIGHTS, 2010-11

New project

- Redesigned the new power plant, enhancing capacity from 43-MW to 55 MW without major increase in investment; the project is expected to be commissioned in the first quarter of 2012-13
- The power plant will result in significant cost reduction and increased revenue from surplus power sales.

Operational improvements

- Increased sales volumes in both paper and chemicals, despite a disruption in paper production for 93 days during the year as against 81 days in the previous year
- Increased proportion of value-added tissue paper from 12.77% of total paper sales in 2009-10 to 22.80% in 2010-11
- Developed tissue paper varieties suitable for world markets
- Switched from acid to alkaline sizing, reducing chemical costs, improving paper quality (opacity and strength) and lowering water consumption
- Stabilised new pulp washing street, resulting in enhanced pulp quality and compliance with environmental norms
- Achieved savings in chlorine and water consumption and reduction of AOX by efficient oxygen delignification (ODL)

Raw material securitisation

- Increased clonal production for plantations from 1.3 million in 2009-10 to 3.62 million
- Constructed a Brazilian hedge propagation chamber of 800 sq. m
- Targeted further increase in clonal saplings to 4 million in 2011-12
- Covered an area of 1,448 ha with plantations in 2010-11 which is and expected to increase to 1,600 ha in 2011-12
- Expected to expand central nursery with a benching system to enhance clonal sapling production to 10 million by 2013-14

Water conservation and storage measures

- Completed construction of two water reservoirs with a capacity of 150 MG and 100 MG, to substantially overcome water scarcity problems faced during the last three years
- Undertook initiatives like rainwater harvesting, recycling and water re-use in manufacturing process
- Reduced water consumption from 8 MGD in 2009-10 to 6 MGD

Recognition and awards

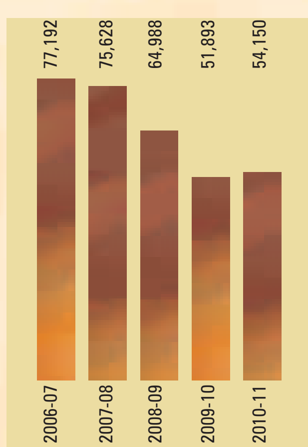
- Received Bhamashah Award for being the highest tax-paying industry in the Shahdol and Anuppur districts of Madhya Pradesh
- Research and development laboratory accredited by NABL
- Received a certificate of recognition from the district collector of Shahdol for blood donation camps and family planning activities

Market development

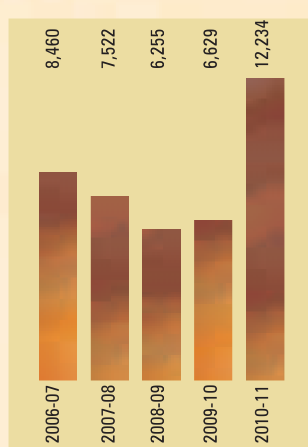
- Increased tissue paper exports from 744 MT in 2009-10 to 4,527 MT in 2010-11
- Developed customers in and exported tissue paper to Europe, the US, Canada, Singapore, Thailand, Dubai, French Guinea, Hong Kong and China, among others
- Enhanced availability of Orient 'First choice' notebooks in North, East and central India

KEY PERFORMANCE METRICS

Paper sales** *(tonnes)*



Tissue paper sales *(tonnes)*



10 MINUTES WITH MR. VIMAL KISHORE, CEO, PAPER DIVISION

“RESTORING FULL PRODUCTION, IMPROVING CAPACITY UTILISATION AND ACCELERATING MARKETING WILL AUGMENT OUR GROWTH.”

What were the key trends in the paper market?

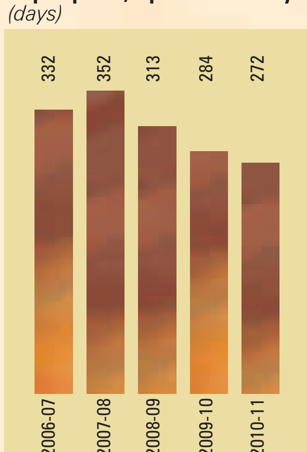
- India’s paper demand is closely linked with its economic growth
- Paper demand in India continues to grow at a healthy rate of around 8%
- India’s per capita paper consumption is still low at 9.18 kg compared with 42 kg in China and around 350 kg in developed countries
- Tissue paper demand is growing by almost 20% per year although tissue paper consumption of is still low at only 0.01 kg per capita compared with 4.5 kg in China and 23 kg in the US
- Raw material and coal prices, major ingredients in the paper industry, rose steeply, resulting in increased cost pressures

What initiatives are planned for 2011-12 and beyond?

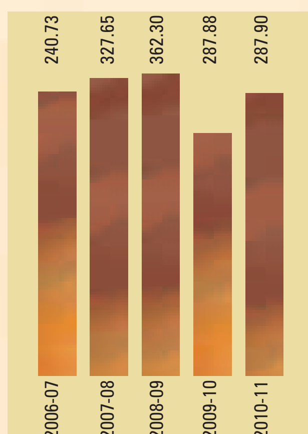
- Earliest commissioning of the new power plant
- Full capacity utilisation of the second tissue paper plant, by installing the second rewinder
- Adopting water conservation strategies and enhancing water storage facilities

Caustic soda sales *(tonnes)*

Paper plant, operational days *(days)*



Sales turnover *(Rs. in cr)*



Business segment review

ELECTRICAL DIVISION

SEGMENT STATUS WITHIN THE COMPANY	**Second-largest**
PORTFOLIO	• Ceiling fans • Table fans • Wall-mounted fans • Stand fans • Exhaust fans • Industrial exhaust fans • Multi-utility fans • CFLs • Fluorescent tube lights (FTL) • Luminaries
BRAND	• Orient PSPO (Fans) • Orient / PSPO (CFL/FTL)
MANUFACTURING FACILITIES	• Faridabad (Haryana) • Kolkata (West Bengal)
NET REVENUE, 2010-11	Rs. 648.37 cr
PROPORTION OF THE COMPANY'S TOTAL REVENUE, 2010-11	33.10%
REVENUE GROWTH OVER THE PREVIOUS YEAR	33.52%

Electrical division

SEGMENT HIGHLIGHTS, 2010-11

Operational competence

- Achieved a volume equivalent to 130% of installed capacity for fans
- Increased CFL capacity to 80.6 lac units per year and achieved full capacity utilisation
- Introduced new models in the decorative category of ceiling fans which were well-received by the market and are expected to add significantly to volume and profitability
- Increased sales of energy-efficient fans; the Company is poised to become one of the leading players in this segment
- Introduced a new range of CFLs and LED lighting products
- Established a reliability lab to ensure new product reliability from designing stage to mass production
- Improved productivity and reliability through automation at different stages

Marketing initiatives

- Increased fan sales in India by 32%
- Expanded the distribution channel particularly in Tier-II and Tier-III cities and rural markets
- Continued to be a leader in exports, accounting for 48% of all fans exported from India with footprints in more than 20 countries
- Investment in brand building accelerated with an increase in advertisement and promotion expenses by 40%
- Retained India's youth icon MS Dhoni as the brand ambassador; launched a new campaign highlighting various benefits of Orient fans; the campaign was well-received by trade partners and consumers
- Extended brand visibility in Tier-II and Tier-III cities with local advertising and promotion highlighting availability of more

than 300 model variants, energy efficiency and the 'PSPO' differentiator of 'more air everywhere'

- Increased lighting division's distribution network in 2010-11 by increasing retail outlets by about 25%

Recognition and awards

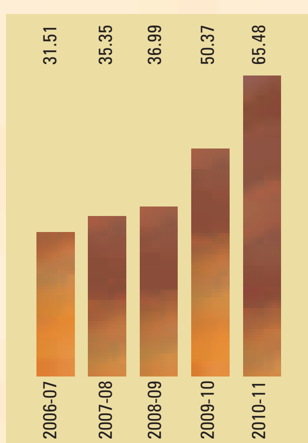
- Recognised as star performer in export excellence by EEPC, India

New product launches

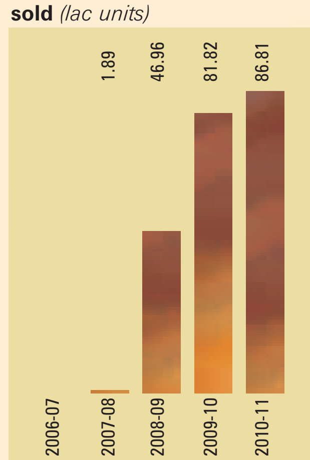
- Introduced five new ranges of decorative fans
- Expanded table fan and air circulator ranges; introduced variants with new styles to meet different aesthetic requirements
- Added six new CFL models to widen the lighting product range
- Launched decorative consumer luminaries and LED lights
- Finalised plans to further diversify our product range to include small electrical appliances such as water heaters, air coolers, mixers/grinders, electric irons, rice cookers, among others; this range is expected to be launched in phases during 2011-12

KEY PERFORMANCE METRICS

Total fans sold *(lac units)*



Lighting products (CFLs/FTLs) sold *(lac units)*



10 MINUTES WITH MR. S. B. BHAIYA, PRESIDENT, ELECTRICAL DIVISION

"WIDER RANGE AND MARKETING STRENGTHS WILL PROPEL US TO OUTPACE INDUSTRY GROWTH."

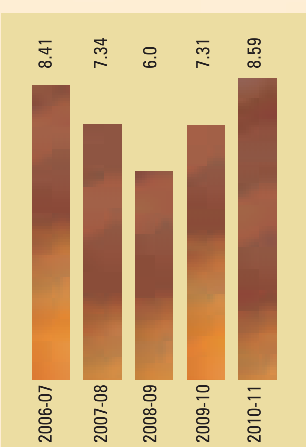
What are the key trends in the electrical business?

- In the year ended March 2011, the housing sector witnessed good growth and the fan industry's production grew around 30%
- However, recent interest rate hikes could result in some slowdown, which, in turn, could impact growth in the domestic demand for fans
- On the other hand, recent trends suggest growing customer preference for branded fans, resulting in higher organised sector growth
- Increasing rural electrification should also add to the demand for fans and lighting products
- Growing energy savings awareness is expected to boost the demand for energy saver fans and CFLs

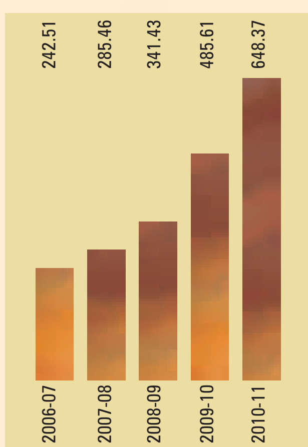
What are the initiatives planned for 2011-12 and beyond?

- Diversify our range through the introduction of small electrical appliances such as water heaters, air coolers, mixers and irons, among others
- Expand our fan manufacturing capacity from 50 lac to 80 lac units per year
- Widen our product basket with introduction of new premium fan varieties and higher wattage CFLs and LED lamps to offer a wider choice to customers
- Increase our dealer network and depth in Tier-II and Tier-III cities to service these cities and adjoining rural markets
- Diversify into new product categories, leveraging the Orient brand
- Maintain a dominant position in exports from India, by increasing volumes in existing markets, with addition of new products and exploration of new markets
- Work with international consultants to achieve significant cost reduction

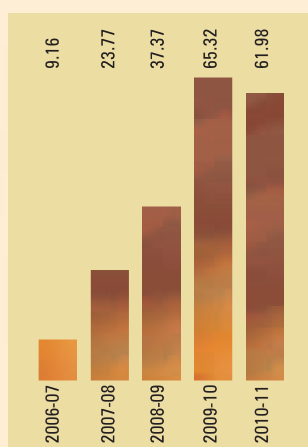
Total fans exported *(lac units)*



Net sales turnover *(Rs. in cr)*



EBITDA *(Rs. in cr)*



BEYOND BUSINESS – CORPORATE SOCIAL RESPONSIBILITY

Plantation on World Environment Day.

Farmers at Agro Forestry event being provided technical inputs.

Community Marriage Ceremony.

Family welfare surgery being performed.

Education

- Provided highly subsidised education to over 3,307 students in primary and secondary schools, sponsored by Orient at Amlai and Devapur
- Provided free education to 600 students studying in Telugu medium school at Devapur
- Provided scholarship schemes to encourage meritorious students
- Provided subsidies of Rs. 1.4 cr to the schools at Devapur and Amlai in addition to free infrastructure, residential accommodation and power, among others
- Provided free notebooks to 762 students in villages surrounding Amlai
- Distributed free uniforms, books, lunch boxes and other material to underprivileged students of various schools in Devapur and Amlai

Social welfare and community development

- Provided 655 blankets to underprivileged persons around Devapur and Amlai
- Provided free drinking water at Mancherial and Amlai railway stations during summer
- Organised safety exhibitions and training programmes for school students, housewives and local community members around Amlai to create awareness about fire, electrical and chlorine safety
- Conducted a HIV and AIDS awareness programme in Devapur to educate the community about the disease and its preventive measures
- Supplied 2,780 tankers of drinking water to villages around Amlai and Devapur
- Supplied 15 tankers of drinking water every month for marriages and functions organised in the nearby villages around Devapur
- Distributed 3.62 million high-yielding clonal saplings to farmers of Amlai and nearby districts, encouraging them to cultivate saplings to enhance land and farmer productivity
- Provided free forestry technical know-how to the farmers of Amlai and nearby areas as well as subsidised fertilisers
- Developed 0.6 km of *pucca* roads in villages around Devapur

Healthcare

- Provided free medical assistance and treated patients free in dispensaries at Devapur and Amlai
- Provided free outpatient consultancy to around 200 patients per day in our hospital and dispensary at Amlai and Devapur
- Organised medical camps and events at various places in Devapur and Amlai to enhance health awareness
- Spent Rs. 11.84 lacs on healthcare assistance for communities around Devapur and Amlai

Types of camps	Number of camps conducted	Number of beneficiaries
General health camps	7	1,712
Blood donation	2	235
Vaccination on meningitis	1	633
Family planning	3	699
Eye check-up	12	480

DIRECTORS' PROFILE

Particulars	Age	Date of Joining	Other Directorship
Shri Chandra Kant Birla 8/9, Alipore Road, Kolkata - 700 027. Chairman Industrialist, Indian	56	29-09-1978	Hindustan Motors Ltd National Engineering Industries Ltd AVTEC Ltd. Hyderabad Industries Ltd. Birla Brothers Pvt.Ltd. Birlasoft (India) Ltd. The Indian Smelting & Refining Co.Ltd. Birla Associates Pvt.ltd. (Singapore) Nigeria Engg.Works Ltd. (Nigeria) Birlasoft Inc.USA Birlasoft (U.K.) Ltd London Rivers Vegetable Oil Co.Ltd. (Nigeria)
Shri Basant Kumar Jhawar 51/F, Gariahat Road, Kolkata - 700 019. Director Industrialist, Indian	76	21-07-1983	Usha Martin Ltd Usha Martin Agro Ltd Reliance Chemotex Inds. Ltd Usha Communications Technology Ltd BVI Usha Siam Steel Industries Public Co. Ltd (Thailand)
Shri Prabhat Kumar Sen 7, Rawdon Street, Kolkata - 700 017. Director Bar at Law, Indian	89	03-07-1984	None

Particulars	Age	Date of Joining	Other Directorship
Shri Amitabha Ghosh Flat No. 32, Mehernaz, 91, Cuffe Parade, Mumbai - 400 005 Director Consultant, Indian	80	23-10-2001	Centenary Leasing Co.Pvt.Ltd Kesoram Industries Ltd Peninsula Land Ltd Palit Consultancy Pvt.Ltd Sahara India Life Insurance Co.Ltd Shreyas Shipping & Logistics Ltd Xpro India Ltd Zenith Fibres Ltd Heidelberg Cement India Ltd Shreyas Relay System Ltd Shree Cement Ltd Sahara Prime City Ltd Joonktolle Tea & Industries Ltd Sahara Hospitality Ltd Sahara Infrastructure & Housing Ltd
Shri Michael Bastian Cecilia, 1186, 22nd Cross, 14th Main, H.S.R. Layout, Sector - III, Bangalore - 560 034 Director Consultant, Indian	66	27.10.2009	Bangalore Stock Exchange Ltd Elder Pharmaceuticals Ltd Artson Engineering Ltd Indian Oil Corporation Ltd
Shri Manohar Lal Pachisia 8/12, Alipore Road, Kolkata - 700 027, Managing Director, Service, Indian	66	23-09-1997	GMMCO Ltd National Engg.Industries Ltd Birla Buildings Ltd Soorya Vanijya & Investment Ltd Gwalior Finance Corp.Ltd Birlasoft (India) Ltd National Bearing Co.(Jaipur) Ltd Birlasoft Enterprises Ltd Nigeria Engineering Works Ltd (Nigeria) Rivers Vegetable Oil Co.Ltd (Nigeria)

DIRECTORS' REPORT

We are pleased to present the annual report along with audited accounts of your Company for the year ended 31st March 2011.

Financial results

The financial performance of the Company for the year ended 31st March 2011 is summarised below:

(Rs. in crores)

	2010-11	2009-10
Gross sales	2,175.00	1,768.54
Total income (net of excise)	1,996.64	1,636.04
Profit before interest, depreciation and taxation	332.77	323.65
Interest	41.78	34.53
Profit before depreciation and taxation	290.99	289.12
Depreciation	81.48	55.01
Net profit before taxation	**209.51**	**234.11**
Taxation	66.41	74.80
Net profit	**143.10**	**159.31**
Debenture Redemption Reserve written back	18.75	25.00
Profit brought forward from last year	169.46	214.41
Profit available for appropriations	**331.31**	**398.72**
Appropriations		
Transfer to Debenture Redemption Reserve	23.75	18.75
Transfer to General Reserve	150.08	176.70
Dividend on preference shares	0.06	0.06
Dividend on ordinary shares	28.93	28.93
Corporate dividend tax	4.70	4.82
Balance carried to Balance Sheet	123.79	169.46
Total	**331.31**	**398.72**
EPS (Rs.)	**7.42**	**8.26**

Dividend

Subject to the shareholders' and other requisite approvals, your Directors recommend payment of dividend of Rs.1.50 per equity share of Re. 1 each (150%) for the year ended 31 March 2011. The cash outflow on account of dividend on equity capital and dividend tax works out to Rs. 3,362.63 lacs, which constitutes 23.51% of our net profit for the year.

Your Directors also recommend payment of dividend on 1,00,000 6% redeemable non-cumulative preference shares of Rs. 100 each. Total dividend pay out on the preference share capital and dividend tax works out to Rs. 6.97 lacs.

Economic climate and our performance

The Indian economy is expected to record an impressive growth of over 8% for the year under review. However, the year was marked by high inflationary pressures and some slowdown in implementation of the planned infrastructure projects.

The cement sector in particular registered a domestic demand growth of only 5% against widely expected growth of 10% to 12%. In fact, cement consumption in Andhra Pradesh, one of our major markets, was 15% lower than the previous year. As a result, cement realisation was under pressure for most of the year. At the same time, there were significant statutory increases in prices of almost all the major inputs.

In this back ground, we were able to achieve a growth of 12.7% in sales of our cement and clinker and increase our market share in both our primary markets of Andhra Pradesh and Maharashtra. However, our price realisation was lower and costs increased due to higher prices of inputs. Yet, it is a matter of satisfaction that we have been able to maintain our EBITDA for the cement segment at the same level as in the previous year.

Our electrical division continued to achieve impressive growth. Our sales of fans increased to 65.48 lacs this year from 50.37 lacs in the previous year. For lighting products also, our sales increased to 86.81 lac units from 81.82 lac units in the last year. However, costs increased steeply for all major inputs like copper, aluminium etc. As a result, in spite of the significant increase in volume, our EBITDA was marginally lower than the last year for this segment.

Regrettably, our paper division lost production for 93 days during the year due to water scarcity. Yet, we achieved sales of 54,150 MT of paper as against 51,893 MT in the last year. Here too there were steep increases in prices of all the raw materials as well as coal and chemicals. However, in spite of the longer shutdown and cost increases, we were able to restrict loss at EBITDA level to less than 50% of the last year. As a long-term measure to overcome the problem of water scarcity, we have constructed two water reservoirs to store around 250 million gallons of water, which would be adequate to sustain production for about 50 days.

Detailed business analysis, review and operational performance of each of our business segments are covered in the management discussion and analysis chapter, which forms a part of this report.

Growth plans

Having commissioned most of our previously planned projects last year, we have embarked upon further growth plans in all our divisions as follows:

- Setting up of a green field cement plant in the Gulbarga district of Karnataka with a capacity of 3 million tons per year at an estimated investment of Rs.1,720 crores. Land acquisition for the project is at an advanced stage.
- Setting up of 55 MW power plant at our paper division at Amlai to fully cater to the requirements of both the paper and caustic chlorine plants at an investment of Rs.174 crores.
- Increase in production capacity of fans to 90 lac units per year.
- Further diversify the range of our consumer electrical products by addition of household appliances such as mixers, geysers, coolers, room heaters etc in addition to fans and lighting products.

These projects will further enhance the Company's strength in all segments of our business and improve our cost competitiveness.

Corporate Governance

Your Company is in full compliance with the Corporate Governance requirements in terms of Clause 49 of the Listing Agreement(s). A report on Corporate Governance and a certificate from our auditors confirming compliance with the Corporate Governance requirements are attached and form part of this report.

Sustainable development and environment

We consider sustainable development and environment protection as integral parts of our management culture and philosophy. Significant work continues to be done in these areas on a consistent and sustainable basis. Details of our efforts and activities in this direction are provided in the chapters covering detailed analysis of each of our businesses.

Carbon credits for cement division

Our claim for the year 2008-09 for issuance of 1,28,895 CERs is in the final stage of UNFCC approval. No income from these expected CERs has been accounted for during the year under review. This will be taken into account on receipt of the approved CERs.

Cash flow analysis

In conformity with the provisions of Clause 32 of the Listing Agreement(s), the cash flow statement for the year ended 31 March 2011 is included in the annual accounts.

Statutory matters

Issuance of warrants

As approved at the Extraordinary General Meeting held on 7 March 2011, 1,20,00,000 (one crore twenty lac) warrants have been issued to the promoter group with each warrant convertible into one equity share of the Company of nominal value of Re.1 each at a price of Rs. 57.25 which includes a premium of Rs. 56.25 per share, 25% payment against these warrants has been received.

Merger of wholly owned subsidiary

Our wholly owned subsidiary, OPI Export Limited, has been merged with your Company w.e.f. 1st April 2010. Consequently, your Company has no subsidiaries now.

Debentures

The funds raised by issue of debentures from time to time were utilised for the purposes as sanctioned.

Directors

Shri P.K. Sen, a Director of the Company, who retires by rotation has expressed his desire not to be re-elected on health grounds.

Shri Amitabha Ghosh a Director of the Company, retire by rotation and is eligible for re-election.

Auditors

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

Cost auditors

As required under the provisions of Section 233B of the Companies Act, 1956, qualified cost auditors were appointed to conduct cost audits.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Details regarding conservation of energy, Research and Development, foreign exchange earnings and outgo are furnished in Annexure "A" to this report, pursuant to the provisions of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Directors' responsibility statement

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

Note No.9 appearing in Schedule 22 to the accounts referred to in the Auditors' Report is self-explanatory.

Particulars of employees

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

Acknowledgements

Your Directors place on record their sincere gratitude to the shareholders, customers, bankers, financial institutions, government agencies, supply chain partners and the employees for their valuable contribution, cooperation and support in the Company's endeavours to achieve continuous growth and progress.

By Order of the Board

New Delhi, **C.K. Birla**
27 April 2011 *Chairman*

DISCLOSURE

Disclosure of persons constituting "Group" pursuant to regulation 3(1)(e)(I) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Amer Investments (Delhi) Ltd., Ashok Investment Corporation Ltd., Bengal Rubber Co. Ltd., Central India Industries Ltd., Gwalior Finance Corporation Ltd., Hindusthan Discounting Co. Ltd. India Silica Magnesite Works Ltd., Jaipur Finance & Dairy Products Pvt. Ltd. Ms Avanti Birla, Ms. Avani Birla, National Engineering Industries Ltd., Rajasthan Industries Ltd., Shekhavati Investments and Traders Ltd., Shri Chandra Kant Birla, Shri S.S. Jajodia & Shri R.N. Jhunjhunwala, Smt. Amita Birla, Smt. Nirmala Birla, Universal Trading Company Ltd.

ANNEXURE – "A"

(A) Conservation of energy

(i) In the Paper mills at Amlai, installed Variable Frequency Drive (VFD) for Power Boiler No 1 FD fan, New Wash plant & APFC panel in the Pulp Mill and 3 No Solar Street lights and 160 W solar Power Pack. Replaced 100 x 2 HP pumps with a single 125 HP pump for ash water. All 100 W Incandescent Lamps in the residential colony was replaced with 20 W energy efficient CFL lamps. Thermal insulation done in various section in the Plant to control radiation losses. Modifications have been done in the 16 MW & 6 MW turbine frequencies and also in the Mill water pump to reduce the pressure from 48 PSIG to 38 PSIG, which would reduce energy consumption.

(ii) In the Cement division, modifications have been done in the Line-2 HIC,Cement transport FK pump, Kiln 2 PH fan, Kiln 2 Cooler ESP Fan motors & Cooler ESP fan-2, Line -3 Raw Mill, Raw Mill 3 separator, Raw Mill 3 Roller Press & Cement Mill -2 Separator. The modifications and replacements would result in reduced consumption of power, consumption of coal, stabilization of production & output rate across the plant.

(iii) In the Fan division, high efficiency Powder coating Plant for blades, Hot water Generators for blades, High speed Press for Laminations & Automatic stator Manufacturing plant were installed to reduce power consumption & increase efficiency and productivity. Further in the Lighting division Vapor off-take system for LPG has been replaced with liquid off-take system and a single high capacity compressor has been installed in the 2nd Line for DT manufacturing resulting in significant reduction in power consumption.

(B) Additional Investment and proposal, if any

(i) At the Paper mills at Amlai, proposed investments includes installation of Ultra filtration unit for DM Plant, High Efficiency compressed air system, replacement of old motors with energy efficient Motors, replacement of Air pre- heater tubes of power Boiler No 1 & 2, installation of Solar water heating system for the Mill & the Colony replacing the existing water heating system and installation of Solar based heating system for the office building. The total investment for these projects is estimated to be Rs. 467 lacs.

(ii) At the Cement plant, proposed investments includes replacement of PH Fan 1 impeller, Kiln 2 ESP Fan & Burner Pipe of Kiln 3, installation of VFD control in cooler Air fans of Line 1 & 2 & Cooler ESP with GRR. These would help in improving various efficiencies and increase in Production. The total investment for these projects is estimated to be around Rs. 2,000 lacs.

(iii) In the Fan division, additional investment proposals includes installation of new efficient Powder Coating Plant Motor covers, hot water generator for fan covers pre-treatment plant, High Speed Press & renovation of Liquid painted blade plant. These would help enhance energy saving, optimise paint consumption and enhancement in capacity. In the Lighting division it is proposed to use Liquid nitrogen & oxygen instead of cylinders which would result in cost reduction and supply of uniform pressure of gases on the line.

(C) Impact of above measures on consumption of energy

(i) At the Amlai paper mill, the above measures have reduced the consumption of Power & Steam with consequent impact on the cost of production.

(ii) The above measures reduced the electric energy consumption at the cement plant.

(iii) The above measures have reduced Energy Consumption, enhanced capacity and improved productivity in the Fan & the Lighting Division.

(D) Technology absorption

Form - B attached.

(E) Foreign exchange earning and outgo

(i) The Company exported fans for an aggregate value of Rs. 6021.04 lacs during the year under review, as against Rs. 4814.04 lacs during the previous year. The Company also exported paper and board and caustic soda lye for an aggregate amount of Rs. 2382.90 lacs (excluding Rs. 315.68 lacs to Nepal) during the year under review, as against Rs. 418.49 lacs (excluding Rs. 224.10 lacs to Nepal) during the previous year.

(ii) Foreign exchange used and earned

Used: Rs. 84.85 Lacs (2009-10 Rs. 180.68 lacs)

Earned: Rs. 8153.97 Lacs (2009-10 Rs. 5364.20 lacs)

FORM - "A"

A. Power & Fuel consumption (excluding consumption in Colony)

	Cement		Paper		Fan		CFL		Chemicals	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1. Electricity										
(a) Purchased										
Unit (KWH lacs)	899.67	1969.16	87.23	48.72	47.52	32.65	11.94	8.66	880.75	880.99
Total amount (Rs. in lacs)	4682.88	6857.27	509.43	329.46	271.85	171.42	65.01	40.79	3627.09	3286.49
Rate/Unit (Rs.)	5.21	3.48	5.84	6.76	5.72	5.25	5.44	4.71	4.12	3.73
(b) Own generation										
i) Through diesel generator										
Unit (KWH lacs)	3.29	111.56	–	–	6.41	7.59	3.96	4.73	–	–
Unit/litre of Diesel Furnace Oil	3.00	3.63	–	–	2.01	2.37	1.24	1.48	–	–
Cost/Unit (Rs.)	10.59	8.52	–	–	11.16	9.95	10.97	9.80	–	–
ii) Through Steam Turbine generator										
Unit (KWH lacs)	2012.52	*504.45	872.88	1042.55	–	–	–	–	–	–
Unit/MT of steam	0.67	0.56	299.00	314.00	–	–	–	–	–	–
Cost/Unit (Rs.)	3.14	2.25	2.99	2.45	–	–	–	–	–	–

	Cement		Paper		Fan		CFL		Chemicals	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
2. (a) Coal (B C D & E Grade)										
Quantity (MT lacs)	4.83	4.34	***1.69	***1.65	–	–	–	–	0.003	0.005
Total cost (Rs. in lacs)	14304.40	10704.75	2705.08	2505.02	–	–	–	–	7.16	12.19
Average Rate (Rs.)	2964.44	2464.18	1603.30	1516.92	–	–	–	–	1973.54	2296.97
(b) Low grade coal for Power Plant										
Quantity (MT lacs)	29.83	*0.90	–	–	–	–	–	–	–	–
Total cost (Rs. in lacs)	5648.52	*942.82	–	–	–	–	–	–	–	–
Average Rate (Rs.)	1893.27	1045.06	–	–	–	–	–	–	–	–
3. Furnace Oil										
Quantity (K Litres)	–	–	***702.00	***494.00	–	–	–	–	–	–
Total amount (Rs. in lacs)	–	–	212.01	133.69	–	–	–	–	–	–
Average Rate (Rs.)	–	–	30200.43	27062.88	–	–	–	–	–	–
4. Other/Internal generation										
Quantity (KWH lacs)	–	–	**6.28	**6.82	–	–	–	–	–	–
Total cost (Rs. in lacs)	–	–	**1.77	**1.65	–	–	–	–	–	–
Rate/Unit (Rs.)	–	–	**0.28	**0.24	–	–	–	–	–	–

* Represents electricity duty paid

B. Consumption

	Per MT of Production		Per MT of Production		Per piece of Production		Per piece of Production		Per MT of Production of Caustic Lye	
	Cement		Paper		Fan		CFL		Chemicals	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Electricity (KWH)	81.20	81.75	1828.00	2042.00	0.97	0.96	0.25	0.36	2949.00	2955.00
Furnace Oil (K. Litres)	–	–	0.013	0.009	–	–	–	–	–	–
Coal (C D E & FMT)	0.14	0.13	3.212	3.09	–	–	–	–	0.01	0.02
Others* (KWH)	–	–	12.00	13.00	–	–	–	–	–	–

* Excludes generation, consumption & expenses on Power generation of 27.96 lac KWH from Power Plant during trial run period

** internal generation by back pressure turbine of Paper Machine Drive

*** Exclude Coal & Furnace oil consumption in Lime reburning Plant

FORM - "B"

Research & Development (R&D)

1. Specific areas in which R&D was carried out by the Company

A. Paper division

(i) Flocculation studies of white water for better settling of White water clarifier along with use of Algicide at clarifier has resulted into re-use of clarified White Water & other waste water,

(ii) Pulping studies on conventional fibrous raw material and imported bamboo

(iii) Regular determination & monitoring of AOX level in the raw and treated effluent to ensure reduction in AOX level considerably.

(iv) Regular Monitoring of Stack & ambient Air to ensure compliance of norm set by Pollution Control Board.

(v) Seasonal effect of treated effluent on soil characteristics of H.R.T.S.

(vi) Scale analysis of 4th Press screw Conveyor and Hypo stage Washer drum to find out remedial suggestions.

(vii) Organised Training for Mill employees for ISO 14001:2004 & OSHAS 18001 : 2007 which was conducted by M/s Target Delhi and a programme on Impact of black liquor properties for energy efficiency in Chemical Recovery by CPPRI.

B. Cement division

(i) Study of various performance improvement additions for cement

(ii) Preparation of Synthetic Gypsum in-house.

C. Fan & Lighting division

(i) Introduction of Two New shades of Quassar ornamental Fan, 1200 mm Decorative model " Gratia" Fan, 4 Blade, 1200 mm Quadro Fan in 5 Shades, low cost Deco model " Summer chill" 18" Super Flow HD Exhaust Fan, 20" Farata Fan and 400mm sweep desk, wall, stand & circulator stand Fan.

(ii) Development of Energy Efficient Fans for 3 Star / 5 Star rating

(iii) UL approval for 2 models in portable Fans

(iv) Development for optimizing Raw Material consumption for stand fan benchmarking with imported fans from China.

2. Benefits derived because of above R&D

A. Paper division

(i) The clarified white water was re-used in vacuums sealing, all bleach showers, vacuum pump and pump cooling at Pulp Mill after elimination of algal infestation resulting into 25% reduction in Fresh Mill water consumption.

(ii) The company's R & D lab has received NABL certification during 2010-11 for high quality testing and professional practices. This is the first lab in the paper industry which has got NABL certification.

(iii) The AOX of Grade II discharged effluent reduced considerably after installation of Oxygen delignification Plant. The total consumption of Chlorine has also reduced significantly during the year.

(iv) Silo discharge belt composite chips evaluation at regular interval provides guidelines for change in proportionate of raw materials and to get improved pulp quality.

(v) Pulping studies of indigenous bamboo and hard woods helped for proper propositioning of raw material to get improved bleached pulp yield and pulp quality.

(vi) Color removal of Grade II & Grade III was studied & monitored in the lab and consequently the color was substantially reduced in Grade II and Grade III effluents.

B. Cement division

(i) Increase in additives for cement manufacture

(ii) Cost Reduction in Gypsum

C. Fan division

(i) Better penetration in the Premium Fan & Energy Saving Fan segments.

(ii) More Models in decorative range resulting in more sales volume.

(iii) Value engineering in Portable Fans

(iv) Enabling to expand Domestic & Export markets

3. Future plan of action

A. Paper division

Continue research in the above areas and work to implement other new emerging technologies for benefiting the pulp and paper industry.

B. Cement division

Improve product quality.

C. Fan & Lighting division

(i) Introduction of new models in Fan segment

I. 500-mm sweep Stand Fan in all metal construction

II. 450-mm Sweep stand Fan in Plastic

III. 225 mm Hi-speed all purpose Fan

IV. 1,200-mm four blade fan with wider blade

V. 1,200-mm new decorative fan in new met, shades, conceptually different deco model & High Speed fan models for domestic markets

VI. 900/1050 mm Quasar Ornamental models

VII. New Metallic shades in existing Decorative

VIII. 400 mm sweep stand fan with round base & plastic blade

(ii) Introduction of new Models in Lighting Segment

(a) 55W SP Lamp Assembly

(b) 65W 4u Lamp Assembly

(c) 90W SP Lamp assembly

(iii) Introduction of new models for export market

I. Economically decorative Model for Dubai / Sudan Export.

4. Expenditure on R&D

a. Capital - Nil (Previous Year Nil)

b. Recurring - (Rs. in lacs) 171.10 (Previous Year Rs. 143.02 lacs)

c. Total - (Rs. in lacs) 171.10 (Previous Year Rs. 143.02 lacs)

d. Total R&D expenditure as percentage of total turnover - 0.10% (Previous Year 0.08%)

5. Technology absorption, adoption and innovation

1. Efforts made towards technology absorption, adoption and innovation

(a) Paper Division:

(i) Re use of white water clarifier at various places i.e. in vacuum sealing, bleach showers, vacuum pump & pump cooling at Pulp Mill.

(ii) Measures taken for indigenization of critical parts are still continuing

(iii) The commissioning of O.D.L. system at the pulp mill has resulted in reduction in the consumption of bleaching chemical, reduction In color in Grade II & Grade III effluents and reduction in AOX kg/ton of paper.

(b) Fan & Lighting Division:

(i) Setup of Reliability Lab for enhancing the reliability of the Products

(ii) Benchmarking with competitors fans for performance, cost & Packing

(iii) Expansion of air delivery measurement set up for air circulator range.

(iv) Introduction of Drop test of Packed Fan as per ISTA standards.

(v) Introduction of reliability Test Lab with endurance test setup and space for 150 fans under test.

2. Benefit derived as a result of above efforts

(A) Paper Division

(i) Reduction in Fresh Mill Water Consumption.

(ii) Reduction in chlorine consumption and AOX in Grade II & Grade II effluent

(iii) Reduction in input and overall cost due to wastage control

(B) Fan division

(i) Improved & reliable Ceiling Fans.

(ii) Optimization of Raw Material consumption in Ceiling & Portable fans resulting in cost saving.

(iii) Improved & reliable air deliver testing enabling quick assessment of Blade design.

(iv) Improved reliability in packing & reduction in transit damage

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

C. K. Birla
Chairman

ANNEXURE – "B" TO THE DIRECTORS' REPORT

Directors' responsibility statement

On the basis of compliance certificates received from various executives of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the statutory auditors of the Company from time to time, the Board of Directors state

(A) That in the preparation of the annual accounts, for the year ended 31 March 2011 all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India were followed.

(B) That the Directors adopted such accounting policies and have applied them consistently and have made judgements and estimates in a reasonable and prudent manner, so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the profit of the company for the year.

(C) That the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(D) That the Directors have prepared the annual accounts on a 'going concern' basis.

C. K. Birla
Chairman

ANNEXURE – "C" TO THE DIRECTORS' REPORT

Particulars of Employees as required U/S 217(2A) of the Companies Act, 1956 and forming a part of the Directors' Report for the year ended 31 March 2011.

Name	Qualification	Designation/ Nature of Duties	Age (years)	Remuneration (Rs.)	Experience (years)	Date of Joining	Particulars of last employment
A. Employed throughout the financial year							
Bhaiya S.B.	B.Com(H), FCA	President (General Administration) - Fan Division	55	67,74,848	34	1 April 1996	Nigeria Engineering Works, Nigeria, Managing Director
Pachisia M.L.	B.Com	Managing Director	66	1,96,41,874	50	1 April 1991	Hindustan Motors Ltd, President (Corporate Projects)
B. Employed for part of the financial year:							
Tripathy P.K.	B.Sc (Engineering) (Hons),	President(Works) (General Administration) -Cement Division	52	28,49,045	28	3 Dec., 2010	Shree Cement Ltd., Sr.Vice President (Works)

Notes

- Remuneration includes actual payments and/or taxable value of perquisites and the Company's contribution to provident and other funds but excludes gratuity.
- Nature of appointment: Appointment of Shri M. L. Pachisia, Managing Director, is contractual.
- Other terms and conditions: As per rules of the Company
- The Managing Director is not a relative of any Director of the Company.

C. K. Birla
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall economy

As expected, the Indian economy is estimated to have grown by over 8% during FY 2011 and there is every reason to believe that the growth momentum is likely to continue over the next few years.

With increasing per capita income, growing emphasis on inclusive growth and faster development of infrastructure, education and health sectors, India is well poised for a major leap forward.

2011-12 is the final year of the 11th Five Year Plan. It is therefore expected that there will be greater push to complete unfinished projects and plans during that year, which should help in accelerating demand growth.

However, rising costs and inflation is a matter of concern. We do hope that effective steps will be taken to curb this trend without sacrificing the current growth momentum.

2. Segment-wise business analysis

2.1 Business segment – cement

2.1.1. Industry structure and development

Domestic demand for cement, which has been growing at a double digit rate for the past few years, registered a growth of only 5% during the year under review. We feel that the following three main reasons resulted in slow down in cement demand growth

- Slowdown in implementation of planned infrastructure and large industrial projects owing to increased lead time in land acquisition and obtaining of environmental clearances
- Extended monsoons
- De-growth of cement demand in Andhra Pradesh by 15%, and significantly slower than usual demand growth in other Southern states of Kerala, Karnataka and Tamil Nadu

Capacity additions also slowed down with only 12 million tons of new capacities being commissioned during the year. With these additions, the total capacity of the Indian cement industry stood at 298 million tons as at the end of March 2011.

Because of the slowdown in demand growth, capacity utilisation on an all-India basis came down further to 76% from 80% in the last year. The southern region was affected even more severely with capacity utilisation in the southern and western region plants coming down to as low as 68%.

While cement prices across India dropped significantly during the monsoon period, the drop was more pronounced in the entire southern region. Prices gradually improved post the rainy season although demand growth continues to be subdued.

Simultaneously, cost of major inputs such as coal, fly ash, lime stone royalties/ permit fees and transportation increased significantly because of increases imposed by various government agencies.

The recent budget also introduced a revised basis for calculation of excise duty, which has resulted in increased excise duty on cement.

2.1.2. Opportunities and threats

Notwithstanding, the demand slowdown in 2010-11, we believe that the long term prospects of the cement industry in India remains bright.

With the Indian economy poised to grow at a rate of above 8%, cement consumption is bound to return to a growth rate of a minimum 10% per year, which should result in restoring capacity utilisation to a healthy level.

While cement demand in Andhra Pradesh may take somewhat longer to recover, we feel that this is a passing phase and normal demand growth should return in due course.

However, we remain one of the lowest cost producers of cement in India and are therefore well-positioned to face any short-term downturn in cement realisations

2.1.3. Segmental review and analysis

We sold 36.40 lac tons of cement and clinker during the year under review against 32.13 lac tons last year.

Thus we achieved a13% growth in volumes against the all-India average of only 5%, and only 2% growth in the southern region. As a result, we were able to improve our market share in both our primary markets of Andhra Pradesh and Maharashtra. Our capacity utilisation was also better than the industry average in our region.

However, for reasons explained earlier, average sales realisations were lower by 3.5% compared to the last year, in line with the prevailing market conditions. It may be recalled that last year too, the average sales realisations had dropped by 6.9% as compared to the previous year.

Our net sales turnover from cement division increased from Rs. 894.76 crores to Rs. 1033.24 crores.

However, costs increased substantially owing to a series of hikes in prices of coal, packaging material, diesel, transportation and imposition of higher forest fees on movement of limestone.

We were able to partly offset these cost increases through further optimisation of coal and energy consumptions. Operation of our captive power plant also helped in bringing down our operating costs, even though the power plant could not be run at full capacity as a consequence of cement plants not running at full capacity owing to prevailing market conditions.

As a result, despite huge cost pressures, we could achieve PBIDT of Rs. 287.90 crores which was the same as in the previous year Rs. 287.87 crores.

However, because of higher depreciation charges arising out of expansion projects commissioned last year (Rs. 54.28 crores this year vs. 32.68 crores last year), our PBIT was lower at Rs. 233.62 crores against Rs. 255.20 crores last year.

2.1.4. Risks and concerns

While we are convinced that long-term prospects of our cement division are bright, short-term fluctuations in cement prices cannot be ruled out and can impact profitability from time to time.

Rising coal cost continues to be an area of concern. Even for the approved linkage for our new kiln, we had to sign a Fuel Supply Agreement under which the rates applicable are around 30% higher than approved linkage prices. Our application for linkage, for coal required for the power plant, is still awaiting approval from the Linkage Committee. Apart from coal, there are inflationary trends on other inputs as well. Therefore margins could remain under pressure.

2.1.5. Outlook

We expect cement demand to increase by around 10% per year during the next few years. We therefore expect capacity utilisation of our existing plants to improve.

As our capacity utilisation increases, full benefit of the captive power plant will become available. In any case, we have recently been granted in-principle approval for export of surplus power for which some balancing facilities are being installed. We expect that these facilities will be in place by the end of December 2011, after which we should be able to operate our power plant at full capacity, either for our own needs, or for export of power through the open-access route.

In view of our strong belief in the India growth story, we have also decided on expanding our capacity further by setting up a green field plant in Gulbarga district of Karnataka, where we have been granted a prospecting license. Results of prospecting have also been quite encouraging. We are now in the process of land acquisition and hope to complete this process within

FY 2012. The proposal is to setup a cement plant of 3 million tons along with a 50MW power plant. The project is estimated to cost Rs.1720 crores and is slated to be completed in around 33 months after completion of land acquisition.

While sales realisation will depend upon market forces and could be affected from time to time owing to supply/demand equilibrium issues, we are confident and optimistic about future prospects of our cement business.

2.2. Business segment – paper

2.2.1. Industry structure and development

As expected, overall demand for paper is estimated to have increased by around 6% during the year under review. The tissue paper sub-segment is however estimated to be growing at around 20%.

A further capacity of 3.99 lac tons was commissioned during this year by large integrated paper mills. Other mills, based upon waste paper or agro residues, also commissioned around 1 lac tons of new capacities.

International pulp and paper prices hardened during the year offering opportunities to Indian mills to export at fairly remunerative prices.

Increase in domestic demand and higher exports have more or less been able to absorb most of the new capacities added in the last few years. Consequently, paper prices, which were fairly depressed last year, recovered during the year.

However, as mentioned in our analysis last year, adequate availability of pulp wood remains an area of major concern. While the industry is making tremendous efforts to increase plantations through social and farm forestry routes, there are several limitations. The industry's representations to the Central and state governments to facilitate large-scale plantations through public-private partnership to gainfully utilise huge tracts of revenue waste lands have not yielded any concrete results thus far.

Consequently, pulp wood availability is becoming increasingly poor by the day, and prices increased substantially. Coupled with the increases in costs of coal, energy and chemicals, the cost escalations have been far higher than the improvement in realisations, thus creating huge pressures on margins for the paper industry.

2.2.2 Opportunities and threats

The tissue paper segment, where we have a significant presence, provides good growth opportunities both in the domestic and export markets.

While we expect the demand for other grades of papers also to maintain a steady growth rate of around 7%, we are concerned about the increasing costs of all major inputs.

2.2.3 Segmental review and analysis

Regrettably, we lost production for 93 days during the year owing to non-availability of water during the summer and the delayed arrival of monsoon in our area. This shutdown was even longer than the forced shutdown of 76 days last year.

Because of this unavoidable long shut down, during the year under review our paper production was quite low at 52534 tons although it was marginally lower than last year 53589 tons.

However, the proportion of tissue paper in our product mix improved from 15.9% last year to 20.4% in the year under review. We are also happy to report that quality of our tissue papers have found wide acceptance in world markets. During the year under review, we successfully exported different grades of tissue papers to Sri Lanka, China, French Polynesia, Ghana, Hong Kong, Philippines, Singapore, the UAE, Thailand, Cyprus, the UK, Australia, the USA, Nigeria and Nepal, and are receiving repeat orders from most of these customers.

Caustic/chlorine production was normal although price realisation was under pressure.

As a result of recovery in paper prices as well as change in product mix in favour of tissue paper, our net sales realisation per tonne of paper improved. The total net sales turnover therefore increased from Rs 239.38 crores last year to Rs. 277.36 crores during the year under review.

However, there was tremendous

cost push on account of higher pulp wood prices and increases in coal and energy costs, among others.

Although we improved our product mix and made some savings in other operational costs, our paper business still suffered a PBIDT loss due to long shut down of the plant; However, the loss was lower at Rs.8.42 crores this year as against a loss of Rs.17.73 crores last year.

Depreciation was also higher at Rs 19.74 crores as against Rs. 15.91 crores last year.

Consequently, loss before interest and tax was Rs 28.16 crores as against Rs. 33.65 crores last year.

Performance of our paper plant, which ranked among the more efficient units in India, suffered a major setback for the last 3 years mainly because of water scarcity which enforced long shutdowns during these years.

To overcome this problem, we have constructed two large water reservoirs with a capacity to store around 230 million gallons of water, which should last us for 50 additional days in future.

In order to address the rising cost of pulp wood, we have been laying increasing emphasis on development and plantation of clonal saplings, which ensure better survival and faster growth. In 2010-11 our clonal plantations increased to 3.93 million as against 1.3 million in the previous year. The benefits from these increased plantations will of course be available only in the next few years.

Coal and energy costs constitute the other major cost factors in production of paper as well as caustic and chlorine. In order to further reduce our costs in these areas, we are setting up a 55-MW power plant at an investment of Rs. 174 crores. This power plant will not only meet our total requirement for both the paper and chemical plants but will also substantially improve our coal and energy costs. It will also have around 15 MW of surplus power available either to meet additional needs for expansions or for export of power through the open access route. Construction of the plant has already started and is expected to be complete by the 1st quarter of FY 2012-13.

2.2.4 Risks and concerns – Amlai plant

We have now built large water storage facilities to meet additional requirements of about six weeks. However, in case the unusual weather pattern of the last two years is repeated, this may not be sufficient to ensure uninterrupted working.

Continuous increase in cost of coal and pulp wood continue to remain areas of concern.

2.2.5 Outlook – Amlai plant

Admittedly, the plant has not performed to its maximum potential in the last two years mainly because of water-shortage related shutdowns which were beyond our control. However there have been several positive developments during the year under review:

Completion of water reservoirs will, even in the worst-case scenario, substantially reduce water-scarcity-enforced shutdowns in future.

The new power plant, expected to be commissioned in the 1st quarter of FY 2012-13, will substantially reduce costs and also open up opportunities for expansion and/or income from export of power.

The new pulp washing street has been fully stabilised and will result in lower consumption of chemicals.

Increasing availability of pulpwood from our plantation activities should help in partly off-setting further increase in the average landed cost of pulp wood.

Our tissue paper capacity will further increase after installation of the 2nd rewinder which is expected to be commissioned by the 2nd quarter of FY 2011-12. This will further enrich our product mix.

We do believe that these initiatives will result in substantially improved performance of our paper business in the coming years.

Brajrajnagar plant

Operations at this plant have remained suspended. Only 108 employees, who are mostly required for upkeep of the facility, now remain on the rolls of this plant.

Pre-feasibility study for possible use of this facility for productive purposes has been carried out. We hope to reach a final conclusion on the issue soon.

2.3 Business segment – Electricals

2.3.1. Industry structure and development

Fans

The fan industry in India is estimated to be around 45 million fans valued at around Rs. 3600 crores. Out of this, the organised sector accounts for about 36 million fans worth around Rs. 3150 crores. The balance market is covered by unorganised/small-scale industries.

The fan industry grew by around 27% during the year after having grown by34% in the previous year. However, the product continues to be fiercely competitive with every major player vying for a greater market share.

Ceiling fans account for around 72% of the total demand for fans. Orient is a leading player in this segment with 80% of its sales coming from ceiling fans.

Orient also achieved the highest increase in market share during the year under review.

However, costs increased significantly owing to steep increases in prices of all major inputs like copper and aluminium, among others. Cost increases could not be fully passed on to the market due to stiff competition.

Therefore, despite impressive increases in volumes, margins were under pressure during the year.

Lighting

The lighting industry in India is estimated at Rs. 6000 crores per year and is growing at a rate of 16-17%. Major growth is coming from sectors like compact fluorescent lamps (CFLs) and lighting systems. The fluorescent lamp segment registered negative growth on account of increased usage of CFLs and HID lamps. CFLs account for around 90% of our total sales from the lighting business.

2.3.2 Opportunities and threats

Fans

In view of increasing disposable income, fan demand is likely to continue its growth momentum providing exciting opportunity to achieve economies of scale.

However, increase in interest rates could slow down real estate development and dampen growth rates. Simultaneously, all major players are increasing capacities in anticipation of continued high demand growth. Therefore, a slowdown in demand growth rate could potentially put pressure on price realisations.

On the export front, our major competition is with China. Higher appreciation of the Indian Rupee, compared with the Chinese RMB has increased pressure on export realisations and margins.

Lighting

Growth in the lighting industry in India is linked to factors like growth in electricity generation, growth in number of households, change in consumption pattern in lighting, and infrastructure development.

Growing thrust on energy conservation and increasing power tariffs are encouraging use of energy-efficient light sources and systems such as CFLs by all consumer segments.

Excise duty on CFLs increased from 4% to 5% and there were substantial increases in raw material costs. At the same time, there is stiff competition for market share among brands, resulting in significant pressure on margins.

Despite this, the product provides huge growth opportunity in the long run. While margins per unit are likely to remain under pressure, volume growth will provide efficient producers with a better bottomline.

2.3.3 Segment review and analysis

Fans

We achieved growth of 32% in our sales of fans in the domestic market against the average industry growth of 27%, thus improving our market share significantly.

We also achieved our highest-ever exports with Orient's export share being close to 50% of India's total export of fans.

Overall, sales of our fans increased to 65.48 lac units in 2011-12 from 50.37 lac units in the previous year.

However there were steep escalations in costs due to increased prices of major inputs like copper, aluminium and paints, among others. We have, to a large extent, succeeded in off-setting a significant part of cost escalations caused by higher prices of major inputs through higher volumes and continuous cost-reduction efforts.

Lighting

CFL sales increased 5% during 2010-11. Our lighting products, sold under the brand name PSPO, are available across all states except Karnataka. The products have been well received by the market and are now available from over 75000 outlets.

While this segment is fiercely competitive, it provides huge potential for growth and further diversification.

We, during the financial year 2011-12, plan to take the products to all the states with major focus on distribution. We plan to improve distribution to a minimum of 1,00,000 outlets, so as to make our products easily available to our esteemed customers. We plan to grow our lighting business further during 2011-12 and we shall try to gain market share further by pursuing distribution-strengthening strategies, opening new channels, introducing new products and promoting the brand.

Overall

Net sales turnover of the division increased 33% to Rs.648 crores from Rs.486 crores in the previous year.

However, we had to absorb a substantial part of the cost escalations. Consequently, despite growth in turnover, our PBIDT for the division was marginally lower this year at Rs. 61.98 crores as against Rs. 65.32 crores in the previous year.

2.3.4 Risks and concerns

Increase in interest rates and inflation could potentially slow down growth rates seen in the last two years. Simultaneously, rising input costs could put pressure on margins.

2.3.5 Outlook

Fans

Our fan division further strengthened its position as one of the market leaders in domestic market and continues to be the leader in the export arena. Continuous improvement in distribution network is resulting in deeper penetration. We are simultaneously developing new models, specifically aimed at emerging trends and markets.

Our efforts to penetrate newer territories in international markets continue to bear positive results.

Extensive usage of television, print media and hoardings, among others, improved our brand's positioning. In particular, the recent campaign endorsed by India's cricket captain, Mahendra Singh Dhoni, focused on our extensive range of models with emphasis on energy-saving features, and was widely appreciated. We plan to increase our media spend further to increase brand recall.

As a result of these initiatives, we expect continued growth in our fan volumes. Therefore, we are now taking steps to expand our capacity further, to produce up to 90 lac fans per year.

Lighting

As planned, we have, during the year under review augmented our in-house production capacity for CFLs at our Faridabad unit.

Strict control on quality has also ensured that our market returns are much lower than the Industry average. We are confident that this will lead to higher consumer acceptance in times to come. Our margins for CFL category may remain under pressure for next one to two years till our volumes build up further and the industry consolidates. We also plan to launch value-added products in the range.

Overall

Overall we expect our electrical business to maintain its growth momentum both through the existing product range and further diversification.

3. Company's overall performance and analysis

Sales and profit

Our gross sales increased from Rs.1,768.54 crores in 2009-10 to Rs. 2175.01 crores in 2010-11, while net sales increased from Rs. 1,619.75 crores to Rs. 1,958.98 crores.

Despite challenges of volatility in cement realisations, longer shutdown in the paper business and all-round escalations in costs, we achieved profit before depreciation and interest of Rs 332.77 crores for the year against Rs. 323.65 crores in the previous year.

Because of recent commissioning of various projects, depreciation was substantially higher at Rs. 81.48 crores against Rs 55.02 crores last year. For the same reason, interest costs were also higher at Rs. 41.78 crores against Rs. 34.54 crores last year.

Net profit after tax (after deferred tax provision of Rs. 25.08 crores) was Rs. 143.10 crores this year against Rs. 159.31 crores last year.

This translates to an EPS of Rs.7.42 and cash EPS of Rs.12.94 for the year.

We invested Rs.170.03 crores on capital projects during the year mostly out of internal generation.

The financial position of the Company continues to be fairly strong with our debt equity ratio at 0.34:1 and the DSCR of 4.22.

We believe that your Company has raised the bar further with its performance in the face of significant challenges faced during the year under review.

Concurrently, we have already set in motion concrete plans for further growth and expansion in all its businesses, which should enable us to reach newer heights of success.

4. Internal control systems and their adequacy

The Company has established adequate internal control systems, which provide reasonable assurances with regard to safeguarding Company's assets, promoting operational efficiencies and ensuring compliance with various statutory provisions. The internal audit department regularly reviews internal control systems in business processes and verifies compliance with the laid down policies and procedures. Reports of the internal audit department are reviewed by the senior management and are also placed before and comprehensively discussed at the meetings of the Audit Committee. The Audit Committee reviews the adequacy of internal control systems, audit findings and suggestions. The internal audit department also keeps a track of and monitors the progress on implementation of suggestions for improvements.

The Company's statutory auditors regularly interact with the Audit Committee to share their findings and the status of further improvement actions under implementation.

5. Human resource development/ Industrial relations

The Company has adopted a progressive policy to develop its human resources through continuous training and motivation, to achieve greater efficiencies and competencies. Progress made by the Company was possible in no small measure by efforts of the entire team. The total number of permanent employees as on 31 March 2011 was 3,841.

Industrial relations were harmonious at all our units. Safety, welfare and training at all employee levels continue to be areas of major focus for the Company.

6. Cautionary statement

Statements in this report on management discussion and analysis relating to the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable security laws or regulations. These statements are based upon certain assumptions and expectations of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, selling prices, raw material costs and availability, changes in government regulations and tax structure, general economic developments in India and abroad, factors such as litigation, industrial relations and other unforeseen events.

The Company assumes no responsibility in respect of forward-looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the Listing Agreement entered into with the stock exchanges)

I. Company's philosophy on Corporate Governance

The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and enhancing stakeholders' value. The Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way so as to create value that can be sustained on a long-term basis for all its stake¬holders, including shareholders, employees, customers, government and the lenders. In addition to compliance with the regulatory requirements, the Company endeavours to ensure the highest standards of ethical conduct throughout the organisation.

II. Board of Directors

(a) Composition of the Board

The Board of Directors comprises six members, consisting of five Non-Executive Directors who account for about 84% of the Board's strength as against the minimum requirement of 50% as per the Listing Agreement. The Non-Executive Directors are eminent professionals with rich experience in business and industry, finance, law and public enterprises. The composition of the Board is as under:

Name of the Director	Category of the Director	Number of other Directorship(s) held*	Number of Board Committee (s) of which he is a member*	Number of Board Committee (s) of which he is a Chairman *
Sri C. K. Birla	Chairman Non-Executive	6	–	–
Sri B. K. Jhawar	Independent Non-Executive	4	1	–
Sri P. K. Sen	Independent Non-Executive	–	2	–
Sri A. Ghosh	Independent Non-Executive	13	10	5
Mr. Michael Bastian	Independent Non-Executive	4	6	4
Sri M. L. Pachisia	Managing Director --Executive	8	3	1

* Excluding Directorships in private limited companies and foreign companies.

*Includes the membership/chairmanship only of Audit Committee(s) and Shareholders'/ Investors Grievances Committee(s).

(b) Details of sitting fee, remuneration, among others, paid to Directors

Name of the Director	Remuneration paid during 2010-11 and sitting fee for attending meetings of the Board and/or Committee thereof (all figures in Rs.)		
	Fee	Commission	Total
Shri C. K. Birla	1,00,000	1,00,00,000	1,01,00,000
Shri B. K. Jhawar	1,80,000	10,00,000	11,80,000
Shri P. K. Sen	2,60,000	10,00,000	12,60,000
Shri A. Ghosh	1,80,000	10,00,000	11,80,000
Mr. Michael Bastian	2,20,000	10,00,000	12,20,000

Shri M. L. Pachisia	Remuneration (Rs.) *
Salary and perquisites	1,73,73,874
Contributions to P.F./Superannuation Fund	22,68,000
Total	1,96,41,874

* The above remuneration does not include contribution to Gratuity Fund.

The appointment of Managing Director is contractual in nature for a period of three years with effect from 23rd September 2008, as approved by the shareholders and is terminable by either side on three months' notice. No severance fee is payable to the Managing Director upon termination of his employment.

Details of shares held by Directors

Name of the Director	Number of shares held
Shri C. K. Birla	28,97,570
Shri B. K. Jhawar	Nil
Shri P. K. Sen	6,500
Shri A. Ghosh	7,000
Mr. Michael Bastian	5,000
Shri M. L. Pachisia	36,640

(c) Number of Board Meetings held and attended by Directors

(i) Five meetings of the Board of Directors were held during the year ended 31st March 2011 on the following dates 4th May 2010, 29th July 2010, 13th November 2010, 21st January 2011 and 4th February 2011

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March 2011 and of the last Annual General Meeting is as under

Directors	Number of Board Meeting attended	Attendance at the last AGM
Shri C. K. Birla	5	No
Shri B. K. Jhawar	4	No
Shri P. K. Sen	3	Yes
Shri A. Ghosh	5	Yes
Mr. Michael Bastian	5	No
Shri M. L. Pachisia	5	Yes

III Audit Committee

(i) The Audit Committee comprises of four Independent Member - Directors namely

(1) Shri A. Ghosh (2) Shri B. K. Jhawar (3) Shri P. K. Sen (4) Mr. Michael Bastian

All the members of the Audit Committee are Non-Executive Directors. Shri A. Ghosh is the Chairman.

(ii) Four Audit Committee meetings were held on 4th May 2010, 29th July 2010, 13th November 2010 and 21st January 2011. The attendance of each Audit Committee member was as under:

Name of the Audit Committee member	Number of meetings attended
Shri A. Ghosh	4
Shri B. K. Jhawar	3
Shri P. K. Sen	3
Mr. Michael Bastian	4

(iii) At the invitation of the Company, Statutory Auditors, Managing Director, President (Finance) and CFO and the Head of internal audit also attended the Audit Committee Meetings to brief the Committee and to answer and clarify queries raised at the Committee meetings. The Company Secretary acts as the Committee's Secretary. The concerned officers from the Company's different plants are also invited to the Audit Committee meetings to brief the Committee and clarify any queries raised by the Committee, as and when required.

(iv) The role and terms of reference of the Audit Committee cover the matters specified for audit committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

IV. Management Committee

The Management Committee comprises of two Independent Member Directors and one Executive Director namely

1. Shri B. K. Jhawar 2. Shri P. K. Sen 3. Shri M. L. Pachisia

Except Shri M. L. Pachisia, Managing Director, all the members of the Management Committee are Non-Executive Directors. Shri M. L. Pachisia is the Chairman.

The Management Committee meets as and when necessary to attend day-to-day affairs and urgent business and is empowered to do all such acts and deeds the Board is empowered to do, subject to the provisions of the Companies Act, 1956.

Five Committee meetings were held during the year on 15th July 2010, 13th August 2010, 30th August 2010, 4th November 2010 and 18th March 2011. The attendance of each Committee member was as under

Name of the member	Meetings attended
Shri M. L. Pachisia	5
Shri B. K. Jhawar	1
Shri P. K. Sen	5

V. Remuneration Committee

The Remuneration Committee of the Directors of the Company comprises three Independent Directors namely:

1. Shri B. K. Jhawar
2. Shri P. K. Sen
3. Mr. Michael Bastian

Shri B. K. Jhawar is the Chairman of the Remuneration Committee.

One Remuneration Committee meeting was held during the year on 19 May 2010.

The attendance of each Committee member was as under:

Name of the member	Meetings attended
Shri B. K. Jhawar	1
Shri P. K. Sen	1
Mr. Michael Bastian	1

VI. Shareholders/Investors' Relation Committee

(a) The Shareholders/Investors' Relation Committee comprises two Non-Executive Directors namely Shri P. K. Sen and Mr. Michael Bastian and an Executive Director Shri M. L. Pachisia. Mr. Michael Bastian is the Chairman. Shri S. L. Saraf, the Company Secretary was designated as the Compliance Officer.

During the year ended 31 March 2011, 16 complaints received from the shareholders/debenture holders were attended on time and there were no grievances pending as on 31 March 2011. There were no share transfers pending for registration for more than 30 days as on 31 March 2011.

One Shareholders/Investors Relation Committee meeting was held on 13th November 2010. The attendance of each Committee member was as under

Name of the member	Meetings attended
Shri P. K. Sen	1
Shri M. L. Pachisia	1
Mr. Michael Bastian	1

(b) Details of Directors seeking reappointment at the ensuing Annual General Meeting fixed on date are given hereunder

i) Shri P.K. Sen retires by rotation and is eligible for re-election. Shri Sen expressed his desire not to be considered for re-election on the health grounds at the ensuing Annual General Meeting.

ii) Name of the Director	Shri Amitabha Ghosh
Date of appointment	23rd October 2001
Expertise in specific functional area	Chartered Accountant having vast experience in finance and banking
List of other Directorship held (excluding Directorship in Private Limited and Foreign Company)	Heidelberg Cement India Ltd, Kesoram Industries Ltd Joonktolle Tea & Industries Ltd Peninsula Land Ltd Sahara India Life Insurance Co. Ltd Sahara Prime City Ltd Shreyas Shipping & Logistics Ltd Shreyas Relay System Ltd Shree Cement Ltd Xpro India Ltd Zenith Fibres Ltd Sahara Infrastructure & Housing Ltd Sahara Hospitality Ltd

Chairman/Member of the Committees of the Board of the Companies on which he is a Director	Orient Paper & Industries Ltd *Chairman and member -- Audit Committee* Shreyas Shipping and Logistics Ltd *Chairman and member -- Audit Committee* Heidelberg Cement India Ltd *Chairman and member -- Audit Committee, and member-share Transfer and Shareholders/ Investors Grievances Committee.* Sahara Prime City Ltd. *Chairman and member -- Audit Committee* Peninsula Land Ltd. *Chairman and member -- Audit Committee* Kesoram Industries Ltd. *Member -- Audit Committee* Sahara India Life Insurance Co.Ltd. *Member -- Audit Committee* Sahara Hospitality Ltd *Member – Audit Committee* Sahara Infrastructure & Housing Ltd *Member - Audit Committee*

VII. Code of Conduct for Directors and senior management

A Code of Conduct as applicable to the Directors and the members of the senior management was approved by the Board and the same is being duly abided by all of them. Declaration to this effect was obtained from the Managing Director.

VIII. Compliance certificate

Compliance certificate for Corporate Governance from auditors of the Company is annexed herewith.

ix. General Body Meetings

(a) The details of Annual General Meetings and Extra Ordinary General Meetings held in last three years are as under

	Day	Date	Time	Venue
EGM	Wednesday	2 January 2008	12.30 pm	Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar (Orissa)
AGM	Monday	14 July 2008	12.30 pm	-do-
EGM	Thursday	22 January 2009	3.30 pm	-do
EGM	Thursday	22 January 2009	5.00 pm	-do-
AGM	Thursday	3 September 2009	12.30 p.m.	-do-
AGM	Friday	06 August 2010	12.30 p.m.	-do-
EGM	Monday	07 March 2011	12.30 p.m.	-do-

(b) Whether special resolutions were put through postal ballot last three years? Yes

(c) Are special resolutions proposed to be put through postal ballot this year? Yes, if required

The Company will follow the procedure prescribed under Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

X. Disclosures

(i) There were no related party transactions that may have potential conflict with the Company's interest at large.

(ii) No penalties or strictures were imposed on the Company by stock exchanges or the SEBI or any statutory authority on any matter related to capital markets during the last three years.

XI. Means of communication

(i) Half-yearly report sent to each household of shareholders:	No
(ii) Quarterly results which news papers normally publish in:	Economic Times in (all editions), Utkal Mail (in oriya language published from Bhubaneswar) and also put on Company's website www.orientpaperindia.com
(iii) Whether MD & A is a part of this Annual Report:	Yes

XII. General shareholder information

a. Annual General Meeting to be held (Day, date, time and venue)

Day	Monday
Date	8 August 2011
Time	12.30 pm
Venue	Unit - VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012, Orissa

b Financial calendar 2011-12

First quarterly results	Before 14 August 2011
Second quarterly results	Before 14 November 2011
Third quarterly results	Before 14 February 2012
Audited yearly results for the year ending 31 March 2012	Before end of May 2012

c Dates of book closure	1 August to 8 August 2011 (both days inclusive)
d Listing on stock exchanges	1. The Bombay Stock Exchange Ltd Phiroze Jeejeebhoi Towers, Dalal Street, Fort, Mumbai – 400001 2. The National Stock Exchange of India Ltd Exchange Plaza, 5th floor, Plot No. C/1, G Block Bandra – Kurla Complex, Bandra East, Mumbai – 400 051

Note: Listing fee was paid to The Bombay Stock Exchange Ltd and The National Stock Exchange of India Ltd for the year 2011-12.

e Stock/Company/Security common code

Equity shares

The Bombay Stock Exchange Ltd	502420
The National Stock Exchange of India Ltd	ORIENTPPR

f Market price data

The details of monthly highest and lowest closing quotations of the Company's equity shares on The National Stock Exchange of India Ltd during financial year 2010-11 are as under

Quotation at The National Stock Exchange Ltd

Month	High	Low
April 2010	66.20	50.55
May 2010	63.50	53.00
June 2010	61.95	54.60
July 2010	58.50	52.50
August 2010	60.80	53.00
September 2010	65.75	54.50
October 2010	71.80	58.10
November 2010	65.80	51.55
December 2010	58.00	51.20
January 2011	57.45	47.10
February 2011	54.90	46.00
March 2011	61.30	44.70

g. Registrar and Transfer Agents:

M/s MCS Limited, 77/2A, Hazra Road, Kolkata - 700029 is acting as the Company's Registrar and Share Transfer Agents.

h. Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Officers of the Registrars were authorised to approve transfers and the same were also approved by the Committee of Directors/Shareholders/Investors Relation.

Distribution of shareholding

The shareholding distribution of equity shares as on 31st March 2011 is given below

Number of equity shares held	Number of folios	Number of shares	% of shareholding
1 - 500	16,618	28,43,229	1.47
501 - 1,000	2,449	20,85,383	1.08
1,001 - 2,000	1,467	23,23,925	1.20
2,001 - 3,000	622	16,38,552	0.85
3,001 - 4,000	360	13,24,180	0.69

Number of equity shares held	Number of folios	Number of shares	% of shareholding
4,001 - 5,000	288	13,53,926	0.70
5,001 - 10,000	515	37,85,860	1.96
10,001 - 50,000	402	83,47,649	4.34
50,001 - 1,00,000	61	43,36,048	2.25
1,00,001 and above	113	16,48,46,018	85.46
Total	**22,895**	**19,28,84,770**	**100.00**

j. Shareholding pattern as on 31st March 2011

Sl No.	Category	Number of folios	% of folios	Number of shares	% of shareholdings
1	Promoters	18	0.08	6,48,29,922	33.61
2.	Mutual funds and UTI	59	0.26	4,44,67,485	23.05
3.	Banks, financial institutions, insurance companies (central and state government institutions/non-government institutions)	19	0.08	2,19,69,082	11.39
4.	Pvt. corporate bodies	920	4.02	2,82,07,654	14.62
5.	Indian public	21,510	93.95	2,61,26,174	13.55
6.	NRIs/OCBs/FIIs	369	1.61	72,84,453	3.78
	Total	**22,895**	**100**	**19,28,84,770**	**100.00**

k Dematerialisation of equity shares

The Company's shares are currently traded only in dematerialised form on two stock exchanges namely The National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd. To facilitate trading in dematerialised form, the Company entered into agreements with both the depositories namely The National Securities Depository Ltd (NSDL) and The Central Depository Services (India) Ltd (CDSL). Shareholders can open accounts with any of the depository participants registered with any of these depositories. As on 31st March 2011, about 97.92% of the Company's shares were in dematerialised form.

Company ISIN No. INE 592A01026

l Plants (manufacturing units)

1) Orient Paper Mills
P.O. Amlai Paper Mills - 484117
Dist. Shahdol (MP)

2) Orient Cement
P.O. Devapur Cement Works
Dist. Adilabad - 504218 (AP)

3) Orient Cement
Nashirabad, Dist. Jalgaon (MS)

4) Orient Fans
6, Ghore Bibi Lane, Kolkata – 700054

5) Orient Fans
11, Industrial Estate, Sector 6,
Faridabad – 121006

6) Orient Fans
17, Taratalla Road, Kolkata-700088

m Address for correspondence

Orient Paper & Industries Ltd
Birla Building, 13th Floor
9/1, R. N. Mukherjee Road
Kolkata – 700001
Email: cosec@orientpaperindia.com

The above report was placed before the Board at its meeting held on 27 April 2011 and was approved.

AUDITORS' CERTIFICATE

To
The Members of
Orient Paper and Industries Limited

We have examined the compliance of conditions of corporate governance by ORIENT PAPER AND INDUSTRIES LIMITED, for the year ended 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. R. BATLIBOI & CO**.

Firm Registration Number-301003E

Chartered Accountants

per **Raj Agrawal**
Partner
Membership No. 82028

New Delhi
27th April 2011

Auditors' Report

To
The Members of
Orient Paper & Industries Limited

1. We have audited the attached Balance Sheet of ORIENT PAPER & INDUSTRIES LIMITED, as at 31st March, 2011 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. *As stated in to Note No.9 on Schedule - 22, no provision has been made for Water Tax demand amounting to Rs.17076.58 lacs (including interest and penalty) since the Company's application for waiver thereof is under consideration by the Government of Madhya Pradesh. Had the above liability been considered, profit for the year would have been Rs. 2906.28 lacs (after considering tax impact) as against the reported profit of Rs. 14310.45 lacs and reserves & surplus as at the balance sheet date would have been Rs.75111.80 lacs as against the reported figure of Rs.86515.97 lacs.*

5. Further to our comments in the Annexure referred to above :–
   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
   (iii) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
   (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   (v) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said statements of account, *subject to our comments in para (4) above,* give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :–
      (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
      (ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
      (iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For **S.R. Batliboi & Co.**
Firm Registration Number : 301003E
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No. 82028

Place : New Delhi
Date : 27th April, 2011

Annexure to the Auditors' Report

(Referred to in our report of even date to the Members of Orient Paper & Industries Limited as at and for the year ended 31st march, 2011)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification *(except for the written down value of Rs. 1725.81 lacs at Brajrajnagar unit, due to suspension of production activities)* which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. However, *discrepancies, if any, at Brajrajnagar unit are unascertainable due to non verification of fixed assets for the reasons mentioned above.*

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year *except for the value of Rs.32.90 lacs at Brajrajnagar unit, due to suspension of production activities.*

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification. However, *discrepancies, if any, at Brajrajnagar unit are unascertainable due to non verification of inventories for the reasons mentioned in (a) above.*

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clauses iii (b) to (d) of the Order are not applicable.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clauses iii (f) & (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of a proprietory nature and alternate sources do not exist for obtaining quotations thereof, it appears that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and we have not observed any continuing failure to correct major weakness in internal control system of the company.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the above section, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposit from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of paper, cement, electrical consumer durables and chemicals and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and other statutory dues with appropriate authorities *though there had been slight delays in certain cases and also certain payments are not yet made as indicated in (b) below.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other statutory dues outstanding at the year end for a period of more than six months from the date they became payable, are as follows :

Name of the statute	Nature of the dues	Amount (Rs in lacs)	Period to which the amount relates	Due Date	Date of Payment
Orissa Municipal Act	Industrial Licence Fees	19.69	1996-97 to 2009-10	Beginning of the respective years	Not yet Paid
Electricity Duty Act (Orissa)	Interest on duty payable on own generation of power	74.43	1998-99 to 2009-10	Subsequent month after accrual	Not yet Paid

(c) According to the records of the Company, the dues outstanding in respect of sales tax, income tax, custom duty, wealth tax, service tax, excise duty & cess on account of any dispute, are as follows :-

Name of the statute	Nature of dues	Period to which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on inputs and capital goods	1979-83, 1986-98, 2000-2010	929.34	Deputy/Assistant Commissioner/Commissioner/ High Court/ CESTAT
	Inclusion of interest in Assessable value	1994-96	10.99	Dy. Commissioner/ Commissioner
	Disallowance of refund on post manufacturing expenses of paper	1976-77 to 1983-84	149.06	Deputy Commissioner
	Differential duty on manufacture of paper/ duty on various inputs due to difference in classification/ Duty on shortage /excess etc.	1975 to 1977, 1978 to 1985, 1993-97, 2000-01, 2002-03 & 2005-07	44.98	Asst Commissioner/ Deputy Commissioner/ Commissioner Appeals/Addl. Commissioner/ Jt. Commissioner
A. P. Sales Tax/AP Vat Act/ Central Sales Tax Act, 1956	Demand on second sales and freight charges realized separately by raising debit invoices and other matters	1983-85, 1990-91, 1993-94 to 2005-06	285.96	Asst. Commissioner/ Appellate Dy. Commissioner/ Sales Tax Appellate Tribunal/High Court.
MP Sales Tax Act, 1961/Central Sales Tax Act 1956	Demand with respect to disallowance of cash discount, levy of higher rate of purchase tax, difference in classification of goods etc.	1998-99, 2000-02 & 2005-06	59.27	Deputy Commissioner Appeals/Appellate Board/ High Court
Other State/ Central Sales Tax Acts	Sales tax on stock transfer/export sales, non submission of forms, penalty etc.	Various	138.37	Asst. Commissioner/ Deputy Commissioner/ Sales Tax officer / Sales Tax Appellate Tribunal/ High court/ Supreme Court
Income Tax Act, 1961	Tax deducted at source & interest thereon	2006-07 to 2008-09	2748.39	Commissioner (Appeals)*
M.P. Upkar Adhinium, 2004	Energy development cess on consumption of Captive power including surcharge	2001-2002 to 2010-11	2332.76	Supreme Court

* The Company proposes to file appeal

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations provided to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that at the close of the year, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 95 debentures of Rs.100 lacs each. The Company has created security/ charge in respect of the debentures issued.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S.R. Batliboi & Co.**
Firm Registration Number : 301003E
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No. 82028

Place : New Delhi
Date : 27th April, 2011

Balance Sheet as at 31st March, 2011

(Rs. in lacs)

	Schedules	31st March, 2011	31st March, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Share Capital	1	2028.77	2028.67
(b) Share warrants (Refer Note No. 7 on Schedule 22)		1717.50	–
(c) Reserves & Surplus	2	86515.97	75640.20
		90262.24	**77668.87**
Loans			
(a) Secured	3	39737.91	41710.22
(b) Unsecured	4	14657.67	9641.51
		54395.58	51351.73
Deferred Payment Liabilities	5	197.04	273.04
Deferred Tax Liability (Net)		13535.51	11027.81
		158390.37	**140321.45**
APPLICATION OF FUNDS			
Fixed Assets	6		
(a) Gross Block		179189.08	163651.41
(b) Less : Accumulated Depreciation/Amortisation		59634.38	52060.14
(c) Net Block		119554.70	111591.27
(d) Capital Work-in-progress (Including Capital Advances)		5506.94	5346.16
(e) Expenditure on Expansion / New projects (pending allocation)		1061.71	331.48
		126123.35	117268.91
Investments	7	6631.54	4711.90
Current Assets, Loans & Advances			
(a) Inventories	8	16423.45	15030.93
(b) Sundry Debtors	9	23981.14	18440.00
(c) Cash and Bank Balances	10	5883.91	4669.74
(d) Other Current Assets	11	364.06	964.63
(e) Loans and Advances	12	14013.67	10768.04
		60666.23	49873.34
Less : Current Liabilities & Provisions	13		
(a) Current Liabilities		28205.16	23463.23
(b) Provisions		6825.59	8069.47
		35030.75	31532.70
Net Current Assets		25635.48	18340.64
		158390.37	**140321.45**
Accounting Policies and Notes to the Accounts	22		

Schedules 1 to 13 and 22 referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Per **Raj Agrawal**
a Partner
Membership No. 82028
New Delhi
Dated: 27th April, 2011

S. L. Saraf *Secretary*
P. K. Sonthalia *President (Finance) and CFO*
C. K. Birla *Chairman*
M. L. Pachisia *Managing Director*

Profit and Loss Account for the year ended 31st March, 2011

(Rs. in lacs)

	Schedules	2010-2011	2009-2010
INCOME			
Gross Sales	14	217500.75	176854.39
Less : Excise Duty		21603.21	14878.93
Net Sales		195897.54	161975.46
Other Income	15	3766.15	1628.86
		199663.69	**163604.32**
EXPENDITURE			
Decrease/(Increase) in Stocks	16	239.54	(2939.53)
Excise duty on Stocks (Refer Note No. 13 on Schedule 22)		157.89	171.42
Purchases of Trading Goods		9068.61	8295.58
Raw Materials Consumed	17	60923.89	48112.70
Manufacturing, Administrative, Selling and Other Expenses	18	95675.60	77291.47
Directors' Remuneration	19	321.23	307.51
Interest	20	4177.61	3453.27
Depreciation / Amortisation	21	8148.20	5501.36
		178712.57	140193.78
Profit before Taxation		**20951.12**	**23410.54**
Provision for Taxation :			
Current Tax {including Rs. 36.47 lacs (Rs. 836.65 lacs) for earlier years}		4239.97	4780.65
MAT Credit Entitlement		107.00	3311.24
Deferred Tax		2507.70	6010.25
Profit After Taxation		**14310.45**	**15930.88**
Surplus brought forward from last year		16946.35	21440.85
Debenture Redemption Reserve Written back		1875.00	2500.00
Profit Available for Appropriation		**33131.80**	**39871.73**
Appropriations			
Dividend on Preference Shares		6.00	6.00
Proposed Final Dividend on Equity Shares		2893.27	2893.27
Tax on Dividends		470.33	481.54
Debenture Redemption Reserve		2375.00	1875.00
General Reserve		15007.72	17669.57
Balance carried to the balance sheet		12379.48	16946.35
		33131.80	**39871.73**
Earning per share (EPS) (Face value of Re.1 each)			
Basic	Rs.	7.42	8.26
Diluted	Rs.	7.41	8.26
(Refer Note No. 11 on Schedule 22)			
Accounting Policies and Notes to the Accounts	22		

Schedules 14 to 22 referred to above form an integral part of the Profit & Loss Account

As per our report of even date.

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Per **Raj Agrawal**
a Partner
Membership No. 82028
New Delhi
Dated: 27th April, 2011

S. L. Saraf *Secretary* **P. K. Sonthalia** *President (Finance) and CFO*

C. K. Birla *Chairman*
M. L. Pachisia *Managing Director*

Cash Flow Statement for the year ended 31st March, 2011

(Rs. in lacs)

	2010-2011	2009-2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	20951.12	23410.54
Adjustments for :		
Depreciation	8148.20	5501.36
Interest Expenses (Net of Capitalisation)	4177.61	3453.27
Loss on Fixed Assets Sold/Discarded(Net)	90.07	44.54
Irrecoverable loans, debts & advances written off	18.97	22.86
Provision for Doubtful Loan, Debts & Advances	71.30	79.11
Provision for Diminution in value of Investments Written back	(8.06)	–
Provision against loan no longer required written back	–	(170.00)
Deferred Revenue Expenditure written off	–	232.05
Unrealised Foreign Exchange Loss (Net)	4.60	84.16
Interest & Dividend Income	(599.78)	(621.56)
	32854.03	**32036.33**
Operating Profit before Working Capital Changes :		
Increase in Trade Payables	5825.40	5395.36
(Increase) in Trade & Other Receivables	(8211.37)	(2728.90)
(Increase) in Inventories	(1392.52)	(4032.24)
Cash Generated from Operations:	**29075.54**	**30670.55**
Direct Taxes Paid (Net)	(5638.80)	(4480.32)
Net Cash from Operating Activities	**23436.74**	**26190.23**
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	131.32	31.43
Purchase of Investments (Net)	(1926.61)	(3800.96)
Interest Received	140.44	160.69
Dividend Received	449.66	461.71
Purchase of Fixed Assets	(17951.45)	(19188.16)
Loans (given)	(0.35)	(3.57)
Net Cash used in Investing Activities	**(19156.99)**	**(22338.86)**
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Loans	–	14470.00
Repayment of Long Term Loans	(3121.82)	(818.69)
Increase/(Decrease) in other loans (Net)	6165.67	(8532.54)
Calls in arrear (Equity Share)	0.10	1.00
Issue of Share Warrant	1717.50	–
Calls in arrear (Share Premium)	3.53	35.20
Interest Paid	(4476.88)	(4342.43)
Payment of Preference Share Redemption amount	(0.12)	–
Dividend Paid	(2868.27)	(2883.45)
Preference Dividend Paid	(6.00)	(0.03)
Dividend Tax Paid	(481.54)	(491.72)
Net Cash used in Financing Activities	**(3067.83)**	**(2562.66)**
Net Changes in Cash & Cash Equivalents (A+B+C)	**1211.92**	**1288.71**
* Cash & Cash Equivalents - Opening Balance	4669.74	3328.98
Add: Cash Balance transferred from Amalgamating Company (Ref. Note No. 5 on Sch.22)	2.25	52.05
Total Cash & Cash Equivalents - Opening Balance	**4671.99**	**3381.03**
* Cash & Cash Equivalents - Closing Balance	5883.91**	4669.74
* Represents Cash and Bank Balances as indicated in Schedule 10.		
** Includes Rs. 67.77 lacs (Rs. 42.77 lacs) lying in Unpaid Dividend Account and Rs. 9.95 lacs (Rs. 13.03 lacs) of receipts/pass books lodged with Government Departments/Banks having restrictive use.		

Note: The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date.

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Per **Raj Agrawal**
a Partner
Membership No. 82028
New Delhi
Dated: 27th April, 2011

S. L. Saraf *Secretary* **P. K. Sonthalia** *President (Finance) and CFO*

C. K. Birla *Chairman*
M. L. Pachisia *Managing Director*

Schedules forming part of the Balance Sheet

(Rs. in lacs)

		Face Value (Rs.)	31st March, 2011	31st March, 2010
SCHEDULE 1 SHARE CAPITAL				
Authorised				
750000000	Equity Shares	1	7500.00	7500.00
(750000000)				
2500000	Preference Shares	100	2500.00	2500.00
(2500000)				
			10000.00	**10000.00**
Issued				
192887970	Equity Shares	1	1928.88	1928.88
(192887970)				
100000	6% Redeemable Non-Cumulative Preference Shares	100	100.00	100.00
(100000)				
			2028.88	**2028.88**
Subscribed and paid up				
192884770	Equity Shares	1	1928.85	1928.85
(192884770)				
	Less : Calls in arrear		0.10	0.20
	Add : Forfeited shares (Amount Originally Paid-Up)		0.02	0.02
			1928.77	1928.67
100000	6% Redeemable Non-Cumulative Preference Shares	100	100.00	100.00
(100000)	(Redeemable at par on 29-03-2012)			
			2028.77	**2028.67**

Note :

Out of the above equity shares, 108021250 (108021250) Equity Shares of Re 1 each have been issued/alloted as fully paid bonus shares by Capitalisation of General Reserve and Securities Premium.

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	31st March, 2011	31st March, 2010
SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve		
As per last Account	40.12	40.12
	40.12	**40.12**
Capital Redemption Reserve		
As per last Account	2042.02	2042.02
Investment Subsidy		
As per last Account	15.00	15.00
	15.00	**15.00**
Revaluation Reserve :		
As per last Account	906.26	946.30
Add: Transfer from Amalgamating Company	–	21.26
Less: Transfer to Profit & Loss Account being difference in the amount of depreciation on revalued amount and original cost of fixed assets	60.89	61.30
	845.37	**906.26**
Securities Premium Account :		
As per last Account	16315.45	16280.25
Add: Received against Calls in arrear	3.53	35.20
	16318.98	**16315.45**
General Reserve :		
As per last Account	35000.00	17500.00
Add: Transfer from Profit & Loss Account	15007.72	17669.57
Less: Adjustment arisen on Amalgamation (Refer Note No. 5 on Schedule No 22)	7.72	169.57
	50000.00	**35000.00**
Debenture Redemption Reserve		
As per last Account	4375.00	5000.00
Add: Transfer from Profit & Loss Account	2375.00	1875.00
Less: Transfer to Profit & Loss Account	1875.00	2500.00
	4875.00	**4375.00**
Surplus as per Profit & Loss Account	**12379.48**	**16946.35**
	86515.97	**75640.20**

Schedules forming part of the Balance Sheet

(Rs. in lacs)

		31st March, 2011	31st March, 2010
SCHEDULE 3 SECURED LOANS			
Debentures (Privately Placed)			
1000	Non-Convertible Debentures of Rs.10,00,000/- each	10000.00	10000.00
(1000)			
–	Non-Convertiable Debentures of Rs.1,00,00,000/- each	–	5000.00
(50)			
–	Non-Convertiable Debentures of Rs.1,00,00,000/- each	–	2500.00
(25)			
95	Non-Convertiable Debentures of Rs.1,00,00,000/- each	9500.00	–
(–)			
		19500.00	**17500.00**
From Scheduled Banks			
Term Loans		15090.69	18212.52
Cash Credit		5147.22	5997.70
		20237.91	**24210.22**
		39737.91	**41710.22**

Notes :

1. a) Non-Convertible debentures of Rs.10000 lacs (Rs.10000 lacs), redeemable at par on 14th November,2013, are secured by first mortgage / charge ranking pari-passu with each other on the movable and immovable properties pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plants at Devapur and Jalgoan and a first charge on the Company's freehold land at Mehsana, Gujarat.

   b) Non-Convertible debentures of Rs. 9500 lacs redeemable at par between 25th July,2011 to 31st October, 2011, are secured by a charge on the Company's freehold land at Mehsana, Gujarat.

2. a) Term Loan of Rs.2288.69 lacs (Rs.3433.01 lacs) from a Scheduled Bank is secured by first charge ranking pari-passu with each other on the immovable properties (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur and by way of hypothecation of moveable fixed assets (both present and future) ranking pari passu with each other, pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur.

   b) Term Loans of Rs.12802 lacs (Rs.14470 lacs) from Scheduled Banks are secured by first charge ranking pari-passu with each other on the fixed assets (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plants at Devapur and Jalgaon.

   c) Cash Credit facilities of Rs 5147.22 lacs (Rs.5997.70 lacs) are secured / to be secured against hypothecation of stock in trade, stock in process, raw materials, stores and chemicals, book debts and other current assets of the Company and 2nd charge on fixed assets of the Company.

3 The above loans include Rs 12313 lacs (Rs.10622 lacs) falling due for payment within one year.

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	31st March, 2011	31st March, 2010
SCHEDULE 4 UNSECURED LOANS		
TERM LOANS		
Long Term		
Under Sales Tax Deferment Scheme	5174.00	5174.00
(including Rs.166.80 lacs (Rs. Nil) falling due for payment within one year)		
Short Term		
Commercial Paper :		
From a Scheduled Bank	2500.00	–
From Others	1500.00	–
	9174.00	**5174.00**
Trade & Other Deposits (Partly not bearing interest)		
Employees' Security Deposits	10.25	7.02
Others	5473.42	4460.49
	5483.67	4467.51
	14657.67	**9641.51**

	31st March, 2011	31st March, 2010
SCHEDULE 5 DEFERRED PAYMENT LIABILITIES		
Voluntary Early Retirement Schemes	197.04	273.04
	197.04*	**273.04**

* Includes Rs.72.42 lacs (Rs.93.14 lacs) due for payment within one year.

SCHEDULE 6 FIXED ASSETS

Description of Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2010	Transferred from Amalgamating Company	Additions	Less: Sales/ Adjustments	As at 31st March, 2011	As at 1st April, 2010	Transferred from Amalgamating Company	Less: on Sales/ Adjustments	for the year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Tangible Assets												
Freehold Land	453.22	–	2959.57	–	3412.79 (b)	–	–	–	–	–	3412.79	453.22
Leasehold Land	195.97	–	–	–	195.97	94.05	–	–	4.03	98.08	97.89	85.26
Factory Buildings	5998.06	–	844.19	–	6842.25	1805.48	–	–	193.35	1998.83	4843.42	4209.24
Non Factory Buildings	3923.18	40.06	739.04	–	4702.28 (b)	1252.82	2.40	–	78.93	1334.15	3368.13	2670.36
Railway Sidings	2394.59	–	14.62	354.22	2054.99	1777.16	–	354.22	53.90	1476.84	578.15	617.43
Plant & Machinery	147376.84	–	10918.72	423.16	157872.40	45468.32	–	226.13	7510.12	52752.31	105120.09	101908.52
Furniture, Fixtures & Office Equipments	1771.20	–	134.84	53.96	1852.08	1000.31	–	33.97	106.24	1072.58	779.50	770.89
Vehicles	664.76	–	31.04	16.87	678.93	448.43	–	12.50	42.05	477.98	200.95	216.33
	162777.82	**40.06**	**15642.02**	**848.21**	**177611.69**	**51846.57**	**2.40**	**626.82**	**7988.62**	**59210.77**	**118400.92**	**110931.25**
Intangible Assets												
Specialised Software	247.59	–	15.20	–	262.79	150.97	–	–	78.58	229.55	33.24	96.62
Mining Rights	626.00	–	688.60	–	1314.60	62.60	–	–	131.46	194.06	1120.54	563.40
	873.59	–	703.80	–	1577.39	213.57	–	–	210.04	423.61	1153.78	660.02
	163651.41	40.06	16345.82	848.21	179189.08	52060.14	2.40	626.82	8198.66	59634.38	119554.70	111591.27
Capital work in Progress	5346.16	–	10191.80	10031.02	5506.94 (c)	–	–	–	–	–	5506.94	5346.16
Expenditure on Expansion / New Projects pending allocation (Refer Note No.21 on schedule 22)	331.48	–	884.66	154.43	1061.71	–	–	–	–	–	1061.71	331.48
Total	**169329.05**	**40.06**	**27422.28**	**11033.66**	**185757.73 (a)**	**52060.14**	**2.40**	**626.82**	**8198.66 (e)**	**59634.38**	**126123.35**	**117268.91**
Previous Year's Total	150899.13	120.76	97638.77	79329.61	169329.05	46578.76	91.78	162.35	5551.95	52060.14	117268.91	

Notes :

(a) Includes assets held in Joint Ownership with others Rs. 191.47 lacs (Rs.181.01 lacs), which have been charged against the amount payable as rent for the land and proportionate share of expenses.

(b) Includes Rs. 1866.53 lacs (Rs. Nil) and Rs. 79.87 lacs (Rs. 39.81 lacs) in respect of land and flats respectively whose registration in the Company's name is pending.

(c) Includes Advances Rs. 3858.62 lacs (Rs.514.27 lacs) and materials at site & in transit.

(d) Land, Buildings and Plant & Machinery of the Paper units at Amlai & Brajrajnagar, Cement unit at Devapur, Air Conditioning unit at Kolkata and land at Faridabad unit of the Company were revalued in earlier years and the resultant surplus thereon was transferred to Revaluation Reserve.

(e) Includes depreciation Rs. 292.63 Lacs (Rs.296.97 lacs) on assets at Brajrajnagar unit, where manufacturing operations were not carried on during the year.

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	No of Shares	Face Value per share (Rs.)	31st March, 2011	31st March, 2010
SCHEDULE 7 INVESTMENTS (AT COST)				
LONG TERM INVESTMENTS				
Trade Investments				
Unquoted				
Government Securities:				
6 Year National Savings Certificates			1.08	0.78
OTHER THAN TRADE (Fully Paid up)				
Quoted				
Equity Shares				
Tungabhadra Industries Ltd.	24800	10	0.77 (c)	0.77 (c)
	(24800)			
Orissa Textiles Mills Ltd.	200	10	0.02 (c)	0.02 (c)
	(200)			
Hyderabad Industries Ltd.	906360	10	127.12	127.12
	(906360)			
Century Textiles & Industries Ltd.	1545140	10	6.73	6.73
	(1545140)			
			134.64	**134.64**
Unquoted				
Equity Shares				
Panafrican Paper Mills (E.A.) Ltd. (Valued at the rate of exchange prevailing on the date of payments or allotments)	17399667	20 K.SH	413.92 (c)	413.92 (c)
	(17399667)			
Birla Buildings Ltd.	30000	10	3.01	3.01
	(30000)			
GMMCO Ltd.	5775	10	53.64 (c)	53.64 (c)
	(5775)			
			470.57	**470.57**
Shares in Subsidiary Company				
Equity Shares				
OPI Export Ltd. *	–	10	–	4.60
	(50955)		**–**	**4.60**
Investment Property (e)				
At cost			809.61	809.61
Less : Accumulated Depreciation			80.76	70.33
			728.85	**739.28**
CURRENT INVESTMENTS (Other than trade)				
Unquoted				
Units of Mutual Fund				
Baroda Pioneer Treasury Advantage Fund - Institutional Daily Dividend Plan- Reinvestment	352115.255	1000.91	3524.36	3,800.96
	(37975063.57)	(10.0091)		
J P Morgan India Short Term Income Fund - Weekly Dividend- Reinvestment	14995907.02 (–)	10.0206	1502.68	–
SBI Premier Liquid Fund - Institutional Plan - Daily Dividend Reinvestment	1994763.229 (–)	10.0325	200.13	–
SBI Premier Liquid Fund - Super Institutional Plan - Daily Dividend Reinvestment	4984816.044 (–)	10.0325	500.10	–
			5727.27	**3800.96**
			7062.41	5150.83
Less : Provision for Diminution in the Value of Investments			430.87	438.93
			6631.54	**4711.90**
Aggregate amount of Investments (Net of provisions) :				
Quoted			133.85	133.85
Unquoted			5768.84	3838.77
Investment Property			728.85	739.28
Market Value of Quoted Investments			8600.08	13081.39

Notes :

(a) Government Securities of the Face Value of Rs.1.08 lac (Rs.0.78 lac) are lodged with Government Departments as Security Deposits.

(b) Government Securities include Rs. 0.56 lac (Rs.0.73 lac) matured but pending encashment.

(c) Indicates Securities where provision towards dimiunition in the value of Investments has been made.

(d) The Company has purchased and sold units of Mutual Funds during the year. Refer Note No. 16 on Schedule 22 for purchase and sale of units during the year.

(e) The Company alongwith other co-owners, has developed a plot of land and constructed a building thereon at 25, Barakhamba road, New Delhi, where the Company's share is 15% . The registration of the said plot of land of the value of Rs. 432.94 lacs (Rs. 432.94 lacs) in the name of the Company is still pending.

* Amalgamated with the Company during the year.

Schedules forming part of the Balance Sheet

(Rs. in lacs)

SCHEDULE 8 INVENTORIES	31st March, 2011	31st March, 2010
At lower of Cost and Net Realisable value :		
Stores, Chemicals & Spare Parts etc.	6839.81	5598.12
Raw Materials	3196.41	2806.04
Work-in-progress	2267.77	2994.89
Finished Goods	3420.66	2974.50
Trading Goods	526.90	548.94
At Estimated Realisable value:		
By-Products	4.89	3.57
Scrap	167.01	104.87
	16423.45*	**15030.93**
* Including in transit & materials lying with third parties / in bond:		
Stores, Chemicals & Spare Parts etc.	156.84	62.44
Raw Materials	753.52	521.22
Work-in-progress	78.54	213.02
Finished Goods	3.93	–
	992.83	**796.68**

SCHEDULE 9 SUNDRY DEBTORS	31st March, 2011	31st March, 2010
Considered Good except stated otherwise		
(a) Debts outstanding for a period exceeding six months :		
Secured	34.17	36.54
*Unsecured	757.26	304.87
	791.43	**341.41**
(b) Other Debts :		
Secured	2386.20	1777.43
Unsecured	21022.44	16475.82
	23408.64	**18253.25**
	24200.07	**18594.66**
Less : Provision for doubtful debts	218.93	154.66
	23981.14	**18440.00**

* Includes Considered doubtful Rs 218.93 lacs (Rs.154.66 Lacs).

SCHEDULE 10 CASH & BANK BALANCES	31st March, 2011	31st March, 2010
Cash-on-hand	20.54	91.02
Cheques in hand	2325.71	1994.33
With Scheduled Banks on :		
Current Accounts [including Rs 6.43 lacs (Rs.6.92 lacs) in earmarked accounts]	3456.60	2528.09
Fixed Deposit Account	12.36	12.60
Unpaid Dividend Account	67.77	42.77
Savings Bank Account	0.11	0.11
In Post Office Savings Bank Account	0.82	0.82
	5883.91*	**4669.74**

* Receipts / Pass Books for Rs. 9.95 lacs (Rs.13.03 lacs) are lodged with Government Departments / Banks as security and includes Fixed deposits matured but pending encashment Rs. 1.29 lacs (Rs 1.29 lacs).

Schedules forming part of the Balance Sheet

(Rs. in lacs)

SCHEDULE 11 OTHER CURRENT ASSETS	31st March, 2011	31st March, 2010
Interest accrued on Investments	0.15	1.11
Accrued interest on Loans, Debts, Deposits etc.	72.18	61.54
Export Benefit Receivable	291.73	169.63
Certified Emission Reduction Credit	–	732.35
	364.06	**964.63**

SCHEDULE 12 LOANS AND ADVANCES	31st March, 2011	31st March, 2010
Unsecured, Considered Good except stated otherwise		
Loans :		
Bearing Interest	6.51	6.16
Not Bearing Interest	2.00	44.99
	8.51	**51.15**
Advances :		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	2372.94	1957.60
Mat Credit Entitlement	3417.00	3310.00
Balance with Excise, Customs, Port Trust and Other Government Authorities	2212.57	2548.37
Deposits against Demands under dispute	533.51	487.05
Trade & Other Deposits	2527.42	2337.57
Claims & Refunds receivable	3001.91	136.49
	14065.35*	**10777.08**
Less : Provisions	60.19	60.19
	14005.16	**10716.89**
	14013.67	**10768.04**
* Includes Considered doubtful as under :		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	13.19	13.19
Balance with Excise, Customs, Port Trust and Other Government Authorities	13.98	13.98
Claims & Refunds Receivable	23.02	23.02
Trade & Other Deposits	10.00	10.00
	60.19	**60.19**
	Rs. in lacs	**Rs. in lacs**
Note : The above includes :-		
(a) Loan to OPI Exports Ltd.,a Subsidiary Company	–	42.99
Maximum amount due at any time during the year	–	42.99
(b) Amount due from Officers of the Company	3.66	1.30
Maximum amount due at any time during the year	18.48	23.27

Schedules forming part of the Balance Sheet

(Rs. in lacs)

	31st March, 2011	31st March, 2010
SCHEDULE 13 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Acceptances	277.41	358.19
Sundry Creditors for Goods, Services, Expenses etc.		
Due to Micro & Small Enterprises (Refer Note No. 22 on Schedule 22)	1335.98	1140.68
Due to others	21420.90	17589.45
Advances against Sales	1499.18	1384.60
Other Liabilities	2827.02	2465.86
Interest accrued but not due on Loans	771.42	476.08
Preference Shares Redemption Amount	5.48	5.60
Investor Education and Protection Fund *		
Unpaid Dividend	67.77	42.77
	28205.16	**23463.23**
* Not yet payable		
B. Provisions		
Gratuity	1785.07	1876.78
Leave Encashment	633.13	592.76
Warranty Claims	835.52	618.02
Mining Restoration Costs	38.20	38.20
Taxation (Net)	164.07	1559.15
Fringe Benefit Tax (Net)	–	3.75
Proposed Dividends	2899.27	2899.27
Tax on Proposed Dividends	470.33	481.54
	6825.59	**8069.47**
	35030.75	**31532.70**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

SCHEDULE 14 SALES	2010-2011	2009-2010
* Finished Goods	205333.18	166050.84
Semi Finished Goods	2919.76	3238.06
Trading Goods	10584.21	10137.16
	218837.15	179426.06
Less :Cash Discount, Rebate etc.	3843.40	4066.70
	214993.75	175359.36
Miscellaneous	2507.00	1495.03
	217500.75	**176854.39**

* Including export incentives Rs. 599.17 lacs (Rs.417.00 lacs).

SCHEDULE 15 OTHER INCOME	2010-2011	2009-2010
Income from Long Term Investments :		
Interest on Government Securities (Trade)	0.01	–
Dividends (Other than Trade)	231.18	215.61
Rental Income (Gross) {(Tax at Source Rs. 28.53 lacs) (Rs. 35.31 lacs)}	277.93	180.01
Income from Current Investments :		
Dividends from Mutual funds (Other than trade)	218.48	246.10
Interest on Debts, Deposits, Advances etc. (Gross) [Tax at source Rs 12.55 lacs (Rs. 21.15 lacs)]	150.11	159.85
Insurance & Other Claims	15.55	46.29
Rent & Hire Charges	132.56	21.77
Industrial Promotion / Sales Tax Subsidy	1860.80	–
Gain on Exchange Rate Fluctuations (net)	35.05	–
Provision for Dimunition in the value of Long Term Investments written back (Non Trade)	8.06	–
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	474.51	537.31
Miscellaneous Receipts	361.91	221.92
	3766.15	**1628.86**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

		2010-2011	2009-2010
SCHEDULE 16 DECREASE/(INCREASE) IN STOCKS			
Opening Stock :			
Finished goods		2974.50	1606.34
Trading goods		548.94	540.96
Work-in-Progress		2994.89	967.06
By-Products		3.57	1.62
Scrap		104.87	98.19
		6626.77	3214.17
Add :	Stocks transferred from Amalgamating Company		
	Finished goods	–	12.04
	Work-in-Progress	–	2.56
		–	14.60
Add :	Trial run stocks		
	Tissue Paper Plant as on 31-08-2009		
	Finished goods	–	65.21
	Work-in-Progress	–	5.72
		–	70.93
	Cement Plant as on 8th September, 2009		
	Work-in-Progress	–	387.54
		6626.77	3687.24
Less :	**Closing Stock**		
	Finished goods	3420.66	2974.50
	Trading goods	526.90	548.94
	Work-in-Progress	2267.77	2994.89
	By-Products	4.89	3.57
	Scrap	167.01	104.87
		6387.23	6626.77
		239.54	**(2939.53)**

		2010-2011	2009-2010
SCHEDULE 17 RAW MATERIALS CONSUMED			
Opening Stock		2806.04	3313.82
Add :	Purchases & Procurement Expenses / Job Charges	62085.14	48445.79
	[inclusive of Royalty & Cess Rs. 1846.23 lacs (Rs. 1352.85 lacs)]		
Add:	Stocks transferred from Amalgamating Company	–	12.89
		64891.18	51772.50
Less :	Sales	770.88	853.76
	Closing Stock	3196.41	2806.04
		3967.29	3659.80
		60923.89	**48112.70**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	2010-2011		2009-2010
SCHEDULE 18 MANUFACTURING, ADMINISTRATIVE, SELLING & OTHER EXPENSES			
Stores, Chemicals & Spare Parts etc. consumed, after adjusting Sales & Claims Rs 316.77 lacs (Rs. 476.33 lacs)		6094.52	5428.33
Power & Fuel		32993.39	26797.03
Rent & Hire Charges		674.09	597.35
Repairs & Renewals :			
Buildings		532.33	430.53
Machinery		4046.37	3452.95
Payments to and Provisions for employees :			
Salaries, Wages, Bonus etc.	9406.91		8285.37
Contribution to Provident & Other Funds	819.12		769.52
Gratuity	275.87		547.30
Employees' Welfare Expenses	1240.36		1055.10
		11742.26	10657.29
Handling & Other charges to Contractors		1878.17	1446.71
Insurance		244.67	194.03
Rates & Taxes		213.27	262.66
Packing, Freight & Forwarding charges		25683.63	18866.26
Commission on Sales (Other than sole selling agent)		1064.43	870.68
Auditors' Remuneration :			
As Auditors		40.00	40.00
For Tax Audit		12.00	10.50
In other Capacity for Certificates and Other Services		35.55	34.19
Reimbursement of Expenses etc.		4.62	4.94
Cost Auditors' Remuneration :			
As Auditors		1.15	0.90
Reimbursement of Expenses		0.37	0.09
Charity & Donations		100.00	216.57
Loss on Exchange Rate Fluctuations (Net)		–	33.68
Loss on Fixed Assets Sold and /or Discarded (Net)		90.07	44.54
Sundry Debit balances written off		–	7.03
Deferred Revenue Expenditure written off		–	232.05
Sales-tax, Surcharge and Turnover-tax etc.		45.63	22.48
Bad Debts, Irrecoverable Claims and advances written off	26.01		32.42
Less : Adjusted against provision	7.04		16.59
		18.97	15.83
Advertisement & Sales Promotion		4658.16	2970.95
Warranty Claims	1744.60		1121.85
Less : Utilisation against provision	499.06		255.32
		1245.54	866.53
Provision for Doubtful Debts, Loans, Claims & Advances		71.30	79.11
Miscellaneous Expenses (including Directors' Travelling Rs. 31.91 lacs (Rs.20.16 lacs)		4185.11	3708.26
		95675.60	**77291.47**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

		2010-2011	2009-2010
SCHEDULE 19 DIRECTORS' REMUNERATION			
Profit before tax as per Profit & Loss Account		20951.11	23410.54
Add :	Depreciation (As per Accounts)	8148.20	5501.36
	Directors' Fees & Remuneration	321.23	307.51
	Net Loss on Fixed Assets sold and/or discarded (as per Accounts)	90.07	44.54
	Provision for Doubtful Debts, Claims & Advances	71.30	79.11
		29581.91	**29343.06**
Less:	Depreciation (as per Section 350 of the Companies Act,1956)	8148.20	5501.36
	Net Loss on Fixed Assets sold and/or discarded	90.07	44.54
	(as per Section 349 of the Companies Act, 1956)		
	Provision for dimunition in the value of Investments written back	8.06	–
	Provision for Doubtful Debts/Advances Adjusted	7.04	16.59
	Provision for Doubtful Debts/ Advances written back	–	179.63
	Directors' Fees	9.40	10.20
		8262.77	**5752.32**
Net Profit under section 349 read with section 198 of the Companies Act 1956		**21319.14**	**23590.74**
(a)	Directors' Commission being 1% of above, subject to the maximum limit of Rs.100 lacs (Rs.100 lacs) to the Chairman and Rs.10.00 lacs (Rs.10.00 lacs) per Director per annum.	140.00	143.29
(b)	Managing Director's Remuneration *		
	Salary	84.00	72.00
	Contribution to Provident and other funds	22.68	19.44
	Other benefits	65.15	62.58
		171.83	154.02
(c)	Directors' Fees	9.40	10.20
		321.23	**307.51**

* Excluding taxable value of certain perquisites Rs 24.59 lacs (Rs. 22.21 lacs).

Note: As the provision for gratuity and leave encashment is made on an actuarial basis for the Company as a whole, the amount pertaining to the Managing Director is not included above.

	2010-2011	2009-2010
SCHEDULE 20 INTEREST		
At Debit		
On Fixed Loans	1775.35	1480.83
On Debentures	2108.18	2241.73
To Banks & Others	888.69	616.70
	4772.22	4339.26
Less : Capitalised	594.61	885.99
	4177.61	**3453.27**

Schedules forming part of the Profit and Loss Account

(Rs. in lacs)

	2010-2011	2009-2010
SCHEDULE 21 DEPRECIATION / AMORTISATION		
On Fixed Assets	8198.66	5551.95
On Investment property	10.43	10.71
	8209.09	5562.66
Less : Transfer from Revaluation Reserve	60.89	61.30
	8148.20	**5501.36**

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Notes annexed to and forming part of the Company's Balance Sheet and Profit & Loss Account as at and for the year ended 31st March 2011

1. **Nature of Operations:**

   Orient Paper & Industries Ltd. is primarily engaged in manufacture & sale of Cement, Paper, Electrical Consumer Durables, Chemicals, Industrial Blowers and Air Pollution Control Equipments. The Company presently has manufacturing facilities at Devapur, Jalgaon, Amlai, Brajrajnagar, Faridabad & Kolkata.

2. **Statement of Significant Accounting Policies**

   i) Basis of Preparation

   The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

   ii) Use of Estimates

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from these estimates.

   iii) Revenue Recognition

   Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

   a) Revenue from sale of goods is recognised upon passage of title to the customers which generally coincides with delivery thereof.

   b) Dividend income is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

   c) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

   d) Income from certified emission reduction (CER) credits is recognized at estimated realisable value on confirmation of CERs by the concerned authorities.

   e) Insurance & other claims/ refunds, due to uncertainty in realisation, are accounted for on acceptance/actual receipt basis.

   iv) Fixed Assets

   Fixed Assets are stated at cost or revalued amount, as the case may be, less accumulated depreciation/amortisation and impairment losses if any. Cost comprises the purchase price inclusive of duties (net of cenvat / VAT), taxes, incidental expenses and erection / commissioning expenses etc. upto the date the asset is ready for its intended use.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

In case of revaluation of fixed assets, the original cost as written-up by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve.

Machinery spares which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

v) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the 'net selling price' and 'Value in use' of the asset. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

vi) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined. Investment in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.

Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year.

vii) Depreciation

a) The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

b) Depreciation on fixed assets is provided under Straight Line Method (except for furniture, fixtures and vehicles valuing Rs. 1304.94 lacs (Rs. 1338 lacs) where Written Down Value method is followed) at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.

As per the above policy, depreciation on the following assets has been provided at rates which are higher than the corresponding rates prescribed in Schedule XIV.

	Estimated Useful Life
Non-Factory Buildings (Chemical unit)	26-55 Years
Plant & Machinery : (")	
Mercury Cell Division	3.5 years
Other Plant & Machinery	1-17 years
Moulds & Dies (Electrical Consumer Durables Division)	3 years
Mist Chamber (Paper Plant)	8 years

c) Depreciation on revalued assets is provided at the rates specified under section 205 (2)(b) of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

d) Depreciation on fixed assets added / disposed off during the period is provided on pro-rata basis with reference to the date of addition/disposal.

e) Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

f) Intangible assets being Specialized Software and Mining Rights are amortised on a straight line basis over a period of 3 years and 10 years respectively.

g) In case of impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

viii) Investments

a) Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

b) Investment property being long-term investment is considered at cost less accumulated depreciation, unless there is a decline in the value other than temporary, in which case, adequate provision is made against the diminution. Depreciation is provided under Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.

ix) Inventories

Raw Materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

By-Products are valued at net realizable value.

Cost of inventories is computed on annual weighted average/ transaction moving weighted average method.

Saleable scrap, whose cost is not identifiable, is valued at net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

x) Retirement and other employee benefits

a) Provident Fund and Superannuation Schemes are defined contribution schemes and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contributions payable to the respective PF & Pension authorities / funds.

b) Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the end of each financial year.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per the projected unit credit method at the end of each financial year.

d) Actuarial gain/losses are immediately taken to profit & loss account and are not deferred.

e) Future monthly installments payable under Voluntary Early Retirement Scheme in respect of the employees who opted for the said scheme and due beyond 12 months, are discounted to its net present value.

xi) Earning per Share

Basic earning per share is calculated by dividing the net Profit or Loss for the period attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividend relative to fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xii) Excise Duty & Custom Duty

Excise duty on Finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

xiii) Shares/ Debentures Issue Expenses

Shares/Debentures issue expenses (net of tax) including redemption premium are adjusted against Securities Premium Account.

xiv) Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

xv) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realized.

At each Balance Sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write- down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income-tax during the specified period.

xvi) Derivative Instruments

As per the announcement made by the Institute of Chartered Accountants of India, Derivative contracts, other than

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

those covered under AS-II, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on an underlying hedge item, is charged to the Income statement. Net gains are ignored as a matter of prudence.

xvii) Segment Reporting

a) Identification of segments :

The Company has identified that its business segments are the primary segments. The Company's businesses are organized and managed separately according to the nature of products/services, with each segment representing a strategic business unit that offers different product/services and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

b) Allocation of Common Costs :

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, have been included under the head "Unallocated".

The accounting policies adopted for segment reporting are in line with those of the Company.

xviii) Leases

Operating Lease:

Where the Company is Lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit & Loss Account on a Straight Line basis over the lease term. Costs including depreciation are recognized as expenses in the Profit & Loss Account. Initial direct costs such as legal costs, brokerage costs etc. are recognized immediately in the Profit & Loss Account.

Where the Company is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

xix) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all the attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the period necessary to match them on a systematic basis to the costs , which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters contribution are credited to Capital Reserve and treated as a part of Shareholders fund.

xx) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xxi) Cash & Cash Equivalents

Cash & Cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

		31st March, 2011	31st March, 2010
3.	**Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)**	13001.15	3169.89

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

		31st March, 2011		31st March, 2010
4.	**Contingent Liabilities not provided for in respect of:**			
	a) Outstanding bank guarantees		702.77	770.91
	b) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company :			
	i) Excise Duty	2125.91		1928.81
	ii) Sales Tax	931.64		883.85
	iii) Income Tax	2875.45		145.20
	iv) Water Tax (Refer Note No.9 below)	2416.14		15257.03
	v) Others	6083.88		3117.04
			14433.32*	21331.93
	Against the above, payments have been made under protest and/ or debts have been withheld by respective parties.		533.51	487.05

c) Outstanding claims from employees not acknowledged as debts, including Bonus claims under adjudication and wages for suspension period at Brajrajnagar Unit. **Amount unascertainable**

d) The Company has filed a writ petition in the High Court of Jabalpur, contesting the order of Commissioner Commercial Tax in the case of IOC Ltd regarding taxability of furnace oil at par with diesel. Pending final disposal of this matter, the Company is unable to ascertain the impact of the order, if any, on the accounts of the Company.

* Based on discussions with the solicitors/ favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision thereagainst is considered necessary.

5. a) Pursuant to the Scheme of Amalgamation as approved by Hon'ble High Court at Calcutta by an order dated 22nd November 2010 , all the assets and liabilities of OPI Export Limited(OPI), a wholly owned subsidiary of the Company, have been transferred to and vested in the Company from 1st April, 2010 at their book values.

b) The Amalgamating Company (OPI) was engaged in the trading and investment business.

c) The Amalgamation has been accounted for under the "Pooling of Interest" method as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Pursuant to the Scheme, all the assets, liabilities and reserves of OPI as at 1st April, 2010 have been transferred to the Company at their book values as under:

(Rs. in lacs)

Fixed Assets (Net Block)	37.66
Current Assets, Loans & Advances: -	
Cash and Bank Balance	2.25
Current Liabilities & Provisions:-	
Current Liabilities	0.04
Unsecured Loans	42.99
Profit & Loss Account. – Debit Balance	8.22

d) Profit & Loss Account Debit balance of Rs. 8.22 lacs as on 1st April 2010 of the Amalgamating Company after adjusting Rs. 0.50 Lac being the difference between carrying value of Company's investment in OPI and the amount of share capital appearing in the books of OPI, has been adjusted with General Reserve of the Company.

6. Charity & Donation includes Rs. Nil (Rs. 100 lacs) paid to All India Congress Committee and Bhartiya Janata Party Rs. Nil (Rs. 50 lacs each) for political purposes.

7. As per approval of shareholders in the extra ordinary general meeting held on 7th March 2011, the Company has allotted 1,20,00,000 share warrants on a preferential basis to certain promoter group companies on 18th March 2011. Each warrant is convertible (at the sole option of the warrant holder) into one equity share of Re 1/- each at a price of Rs. 57.25 per share

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

at any time within a period of 18 months from the date of allotment. Further, the Company has received 25% amount against each such warrant.

8. The Company has 29.34% share of interest valuing Rs. 413.92 lacs in its Joint Venture Company namely Pan African Paper Mills (EA) Limited, Kenya which is engaged in the manufacturing of Paper.

The Company ceases to have joint control over the above Joint Venture Company subsequent to suspension of operations from 30th January, 2009 and in view of the circumstances arising thereafter. Accordingly, no disclosure for interest in said Joint Venture asset, liabilities, income, expenses etc. have been made in these accounts.

9. Water Tax demand received from the Water Resources Department of the Government of Madhya Pradesh has been paid/provided to the extent of liability admitted by the Company for the period upto April, 2009 i.e. the period prior to new agreement effective from May 2009 entered into with the Water Resource Department. No provision against the balance demand of Rs. 17076.58 lacs (including compounded interest and penalty) has been made since the Company's application for waiver thereof is under consideration by the government of Madhya Pradesh.

10. The break-up of net deferred tax liability as on 31st March 2011 is as under :

(Rs. in lacs)

	2010-2011	2009-2010
A. Deferred tax liability :		
Timing difference in depreciable assets	15273.57	13133.54
B. Deferred tax asset :		
Expenses allowable against taxable income in future years	1738.06	2105.73
Net Deferred tax Liability (A-B)	13535.51	11027.81

11. Earnings per share (EPS)

In terms of Accounting Standard 20 issued by the Institute of Chartered Accountants of India, the calculation of EPS is given below :-

(Rs. in lacs)

	2010-2011	2009-2010
Profit as per Profit & Loss Account	14310.45	15930.88
Less: Preference Dividend for the year (including dividend tax)	6.97	7.00
	14303.48	**15923.88**
Weighted average number of equity shares in calculating Basic EPS	123288	–
Add : Weighted average number of equity shares which would be issued on conversion of share warrants	192884770	192884770
Weighted average number of equity shares in calculating Diluted EPS	193008058	192884770
Nominal value of Shares (Re.)	1	1
Earning per share (EPS) :		
Basic	7.42	8.26
Diluted	7.41	8.26

12. The movements in Provisions for 'Warranty Claims' and 'Mining Restoration Costs' during the year are as follows :

(Rs. in lacs)

	Opening Balance	Additions during the year	Amounts used during the year	Amounts written back during the year	Closing Balance
Provision for warranties	618.02	716.56	499.06	–	835.52
	(370.45)	(525.07)	(255.32)	(22.18)	(618.02)
Mining Restoration costs	38.20	–	–	–	38.20
	(38.20)	(–)	(–)	(–)	(38.20)
Total	656.22	716.56	499.06	–	873.72
	(408.65)	(525.07)	(255.32)	(22.18)	(656.22)

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

Provision for Warranty

A provision is recognized for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty period, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilized within two years of the Balance Sheet date, since the warranty period is generally for two years.

Provision for Mining Restoration Costs

The activities at the cement unit involve mining of land taken under lease. In terms of relevant statutes, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard –29, the management has estimated such future expenses on best judgment basis and provision thereof has been made in the accounts.

13. Excise Duty on sales has been reduced from sales in Profit & Loss Account and Excise Duty on increase/decrease in stocks has been considered as income/expenses in Profit & Loss Account.

14. Gratuity – Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the Balance Sheet for the plan.

(Rs. in lacs)

		2010-2011	2009-2010
i)	**Net Employee Expense /(benefit)**		
	Current service cost	233.99	218.63
	Interest cost on benefit obligation	279.63	255.60
	Expected return on plan assets	(197.67)	(178.45)
	Past Service Cost	271.70	–
	Net Acturial (Gain) / Loss recognized in the year	(176.73)	289.50
	Total employer expenses recognized in Profit & Loss Account	410.92	585.28
ii)	**Actual return on plan assets**	177.19	160.11
iii)	**Benefit Asset/(Liability)**		
	Defined benefit obligation	(4077.28)	(3967.57)
	Fair value of Plan Assets	2292.21	2090.79
	Benefit Asset/(Liability)	(1785.07)	(1876.78)
iv)	**Movement in benefit liability**		
	Opening defined benefit obligation	3967.57	3591.53
	Interest cost	279.63	255.60
	Current service cost	233.99	218.63
	Benefits paid	(478.41)	(369.35)
	Actuarial (gains)/losses on obligation	(197.21)	271.16
	Past amendments	271.70	–
	Closing benefit obligation	4077.28	3967.57
v)	**Movement in fair value of plan assets**		
	Opening fair value of plan assets	2090.79	1872.43
	Expected Return on plan assets	197.67	178.45
	Actuarial gain / (loss)	(20.48)	(18.34)
	Contribution by employer	502.64	416.63
	Benefits paid	(478.41)	(358.38)
	Closing fair value of plan assets	2292.21	2090.79

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the Balance Sheet for the plan. *(Contd.)* *(Rs. in lacs)*

	2010-2011	2009-2010
vi) The major categories of plan assets as a percentage of the fair value of total plan assets		
Investments with insurer	100%	100%
vii) The principal actuarial assumptions are as follows		
	%	%
Discount rate	7.5	7.5
Salary increase	5	5
Withdrawal rates	Varying between 2% per annum and 1% per annum depending upto duration and age of the employees	
viii) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	655.76	610.94
Contribution to Superannuation fund	172.42	174.47

ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

x) The Company expects to contribute Rs 475 lacs (Rs. 440 lacs) to Gratuity fund in 2011-2012.

(Rs. in lacs)

xi) Amounts for the current and previous periods are as follows :	2010-2011	2009-2010	2008-2009	2007-2008
Gratuity				
Defined Benefit Obligation	4077.28	3967.57	3572.53	3140.03
Plan Assets	2292.21	2090.79	1854.69	1458.87
Surplus / (Deficit)	(1785.07)	(1876.78)	(1717.84)	(1681.16)
Experience adjustments on plan liabilities	Not Available *			
Experience adjustments on plan assets	Not Available *			

* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

15. a) Derivative Instrument not for trading or speculation but as hedge of underlying transaction, outstanding as on the Balance Sheet date :-

i) Forward contract in respect of foreign currency debtors of USD 1.20 million (USD Nil) and foreign currency creditors of JPY 1.59 million (JPY 6.16 million) and CHF Nil (0.41 million).

ii) Cross Currency Swap of JPY/INR Rs. 1683.91 lacs (Rs. 2525.85 lacs) and Rs. 604.78 lacs (Rs. 907.16 lacs) in respect of loan with interest rate @ 6 months JPY Libor plus 1.5% vis-a-vis fixed rate of 8.35% and 8.25% respectively.

iii) Cross Currency Swap of USD/INR Rs. 9470 lacs(Rs. 9470 Lacs) in respect of loan with interest rate @ 3 months USD Libor plus 2.5% vis-a-vis fixed rate of 8.50% .

b) Foreign Currency exposures not hedged as on the Balance Sheet date :-

Foreign Currency Debtors (including advances) and Creditors aggregating to Rs.909.53 lacs (Rs. 908.41 lacs) and Rs. 400.97 lacs (Rs. 321.90 lacs) respectively.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

16. Details of investments (Liquid / Liquid Plus Fund - Daily Dividend Reinvestment Plan) purchased and sold during the year are given below :

(Rs. in lacs)

Name of the Funds	2010-2011		2009-2010	
	Purchase Value	Sale Value	Purchase Value	Sale Value
Birla Sunlife Mutual Fund	12050.00	12050.00	1100.00	1100.00
Baroda Pioneer Mutual Fund	12199.36	8675.00	9600.96	5800.00
Canara Robeco Mutual Fund	600.00	600.00	1000.00	1000.00
Deutsche Mutual Fund	1600.00	1600.00	7475.00	7475.00
Daiwa Mutual Fund	375.00	375.00	–	–
Fidelity Mutual Fund	2650.00	2650.00	–	–
IDFC Mutual Fund	1975.00	1975.00	–	–
IDBI Mutual Fund	350.00	350.00	–	–
J.P. Morgan India M.F.	2652.68	1150.00	–	–
J.M. High Liquidity Fund	1325.00	1325.00	–	–
Kotak Mahindra Mutual Fund	665.00	665.00	300.00	300.00
LIC Mutual Fund	16250.00	16250.00	57040.00	57040.00
Peerless Mutual Fund	4150.00	4150.00	–	–
Pramerica Mutual Fund	1700.00	1700.00	–	–
Reliance Mutual Fund	5650.00	5650.00	4950.00	4950.00
Religare Mutual Fund	3500.00	3500.00	3000.00	3000.00
SBI Mutual Fund	700.23	–	700.00	700.00
Tata Mutual Fund	1100.00	1100.00	2625.00	2625.00
UTI Mutual Fund	6400.00	6400.00	1500.00	1500.00
Fortis Mutual Fund	–	–	5915.00	5915.00
HDFC Mutual Fund	–	–	1500.00	1500.00
ICICI Prudential Mutual Fund	–	–	1100.00	1100.00
	75892.27	70165.00	97805.96	94005.00

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

17. The Company's segment information as at and for the year ended 31st March, 2011 are as below: *(Rs. in lacs)*

	Paper		Cement		Electrical Consumer Durables		Others		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
a) Revenue *										
External Sales (Includes Export Incentives)	27736.48	23938.17	103324.13	89475.79	64226.21	48084.92	610.72	476.58	195897.54	161975.46
b) Result										
Segment Results	–3329.87	–4312.47	23310.68	25390.60	5731.15	6174.52	70.79	26.17	25782.75	27278.82
Unallocated Income / (Expenses)									(654.02)	(415.01)
(Net of unallocated expenses/ income)										
Operating profit									25128.73	26863.81
Interest Expenses									4177.61	3453.27
Provision for Taxation									4239.97	4780.65
MAT Credit Entitlement									107.00	3311.24
Deferred Tax									2507.70	6010.25
Net Profit									**14310.45**	**15930.88**
OTHER INFORMATION										
a) Total Assets										
Segment Assets	40088.19	36763.59	109752.69	103147.08	32333.39	22841.00	221.42	247.31	182395.69	162998.98
Unallocated Corporate/ other Assets									11025.43	8855.17
									193421.12	**171854.15**
b) Total Liabilities										
Segment Liabilities	7354.55	8177.92	16152.68	14269.46	11840.33	8466.04	122.43	112.34	35469.99	31025.76
Unallocated Corporate/ other Liablities									67688.89	63159.52
									103158.88	**94185.28**
c) Capital Expenditure**	6069.00	3271.16	8463.91	13115.81	2650.27	1761.33	0.52	5.64	17183.70	18153.94
d) Depreciation/Amortisation***	2266.65	1888.26	5428.23	3267.53	415.63	309.79	2.56	2.59	8113.07	5468.17
e) Geographical Segment										
i) Revenue *										
India									186684.49	156113.04
Overseas									9213.05	5862.42
									195897.54	**161975.46**
ii) Carrying Amount of Segment Assets										
India									180955.73	162090.57
Overseas									1439.96	908.41
									182395.69	**162998.98**

* Net of Excise Duty.

** Excluding Rs.53.13 lacs (Rs. 393.54 lacs) being unallocated corporate / other assets.

*** Excluding Rs 35.13 Lacs (Rs. 33.19 lacs) on unallocated corporate/other assets.

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

Notes :

i) Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Paper", "Cement" and "Electrical Consumer Durables" as the business segments:

Paper – Consists of manufacture and sale of pulp, paper & board and chemicals.

Cement – Consists of manufacture and sale of cement.

Electrical Consumer Durables – Consists of manufacture / purchase and sale of Electric Fans – ceiling, portable and airflow, along with Components and Accessories thereof and lights & luminaries.

Others – Consist of other miscellaneous business/services comprising less than 10% revenues.

ii) Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

18. Related Party Disclosures

a) Name of the related parties

Subsidary Company	OPI Export Ltd. (Upto 31st March 2010)
Key Management Personnel	Mr. M.L. Pachisia
	Mr. V. Kishore
	Mr. B.S.Gilra
	Mr. S. B. Bhaiya
	Mr. B. Pandey
	Mr. M.C. Gautam (Upto 29th April 2010)
	Mr. P.K. Tripathy (From 3rd December, 2010)
Enterprises owned by Key Management Personnel or their relatives	Origami Products
	Origami
	Origami Tissues
	Origami Enterprises
	Origami Industries
	Origami Ventures

Related party disclosure:

b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2011 (Transaction have taken place on arm's length basis)

(Rs. in lacs)

	Subsidiaries		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Total	
	Transaction Value	Balance Outstanding as on 31.03 2011	Transaction Value	Balance Outstanding as on 31.03 2011	Transaction Value	Balance Outstanding as on 31.03 2011	Transaction Value	Balance Outstanding as on 31.03 2011
Sale of Goods								
– Origami Tissues	–	–	178.19	7.89	–	–	178.19	7.89
	(–)	(–)	(137.89)	(17.01)	(–)	(–)	(137.89)	(17.01)
– Origami	–	–	148.24	7.11	–	–	148.24	7.11
	(–)	(–)	(141.22)	(14.43)	(–)	(–)	(141.22)	(14.43)
– Origami Industries	–	–	5.33	-1.13	–	–	5.33	-1.13
	(–)	(–)	(61.59)	(2.15)	(–)	(–)	(61.59)	(2.15)
– Origami Ventures	–	–	92.94	3.74	–	–	92.94	3.74
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
– Others	–	–	19.11	-0.71	–	–	19.11	-0.71
	(–)	(–)	(71.77)	(13.71)	(–)	(–)	(71.77)	(13.71)
– Total	**–**	**–**	**443.81**	**16.90**	**–**	**–**	**443.81**	**16.90**
	(–)	(–)	(412.47)	(47.30)	(–)	(–)	(412.47)	(47.30)
Dividend Paid								
– Mr. M.L. Pachisia	–	–	–	–	0.55	–	0.55	–
	(–)	(–)	(–)	(–)	(0.55)	(–)	(0.55)	(–)

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

Related party disclosure:

b) Aggregated Related Party Disclosures as at and for the year ended 31st March 2011 (Transaction have taken place on arm's length basis)

(Rs. in lacs)

	Subsidiaries		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Total	
	Transaction Value	Balance Outstanding as on 31.03 2011	Transaction Value	Balance Outstanding as on 31.03 2011	Transaction Value	Balance Outstanding as on 31.03 2011	Transaction Value	Balance Outstanding as on 31.03 2011
Interest Income								
– Origami Tissues	–	–	–	–	–	–	–	–
	(–)	(–)	(0.50)	(–)	(–)	(–)	(0.50)	(–)
– Origami	–	–	–	–	–	–	–	–
	(–)	(–)	(1.42)	(–)	(–)	(–)	(1.42)	(–)
– Origami Enterprise	–	–	0.21	–	–	–	0.21	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
– Origami Industries	–	–	–	–	–	–	–	–
	(–)	(–)	(0.38)	(–)	(–)	(–)	(0.38)	(–)
– Others	–	–	–	–	–	–	–	–
	(–)	(–)	(0.04)	(–)	(–)	(–)	(0.04)	(–)
– Total	**–**	**–**	**0.21**	**–**	**–**	**–**	**0.21**	**–**
	(–)	(–)	(2.34)	(–)	(–)	(–)	(2.34)	(–)
Loans & Advances Given								
– OPI Export Ltd. *	–	–	–	–	–	–	–	–
	(4.00)	(42.99)	(–)	(–)	(–)	(–)	(4.00)	(42.99)
Remuneration								
– Mr. M.L. Pachisia	–	–	–	–	171.83	–	171.83	–
	(–)	(–)	(–)	(–)	(154.02)	(–)	(154.02)	(–)
– Mr.B Pandey	–	–	–	–	48.45	–	48.45	–
	(–)	(–)	(–)	(–)	(39.68)	(–)	(39.68)	(–)
– Mr.N K Thusu (Upto 31.05.09)	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(5.32)	(–)	(5.32)	(–)
– Mr. S.B. Bhaiya	–	–	–	–	67.90	–	67.90	–
	(–)	(–)	(–)	(–)	(54.05)	(–)	(43.33)	(–)
– Mr.M.C.Gautam (upto 29.04.2010)	–	–	–	–	2.68	–	2.68	–
	(–)	(–)	(–)	(–)	(41.96)	(–)	(41.96)	(–)
– Mr.B.S.Gilra	–	–	–	–	13.08		13.08	–
	(–)	(–)	(–)	(–)	(12.25)	(–)	(12.25)	(–)
– Mr.V. Kishore	–	–	–	–	37.04	–	37.04	–
	(–)	(–)	(–)	(–)	(29.96)	(–)	(29.96)	(–)
– Mr.P K Tripathy (3rd December 2010)	–	–	–	–	28.49	–	28.49	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
– Total	**–**	**–**	**–**	**–**	**369.47**	**–**	**369.47**	**–**
	(–)	(–)	(–)	(–)	(337.24)	(–)	(326.52)	(–)

* Amalgamated with the Company during the year.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

19. Details of Research Cost

(Rs. in lacs)

	2010-2011	2009-2010
Revenue Expenditure	171.10	143.02

20. The following expenses are included under other heads in the Profit & Loss Account:

(Rs. in lacs)

	2010-2011	2009-2010
Stores & Spares consumed	2678.10	2348.51
Rent & Hire charges	7.74	14.47
Building Repairs	8.63	13.75
Machinery Repairs	40.67	32.64
Salary & Wages	210.25	372.29
Contribution to Provident & Other Funds	14.21	20.16
Contribution to Gratuity Fund	135.05	37.98
Employees' Welfare Expenses	156.02	141.83

21. Details of Expenditure on Expansion/New Projects :
(Pending Allocation) :-

a) Pre-operative & Trial Run Expenses :

(Rs. in lacs)

	2010-2011	2009-2010
Raw Materials Consumed	–	137.14
Stores & Chemicals Consumed	–	7.28
Power & Fuel	–	118.77
Rent & Hire Charges	7.54	20.21
Salary & Wages	189.72	237.85
Contribution to Provident & Other Funds	14.01	9.86
Employees Welfare Expenses	13.49	15.97
Insurance	0.63	60.06
Rates & Taxes	4.00	0.13
Packing, Freight & Forwarding charges	–	3.80
Project Consultancy charges	16.08	0.09
Interest on Fixed Loans	594.61	885.99
Commission on Sales	–	0.19
Miscellaneous Expenses	158.26	328.64
	998.34	1825.98
Less:		
Sales of Finished Goods	–	225.98
Work in Progress Stock of Cement Plant as on 8th September, 2009		
Stocks of Tissue Paper Plant as on 31st August, 2009 :	–	387.54
Finished Goods	–	65.21
Work in Progress	–	5.72
	–	684.45
Total	**998.34**	**1141.53**
b) Add : Balance brought forward from previous year	331.48	2381.01
c) Less: Allocated to Fixed Assets during the year	268.09	(3191.06)
d) Balance carried to Balance Sheet	1061.71	331.48

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

22. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under :

(Rs. in lacs)

		2010-2011	2009-2010
(i)	Principal amount remaining unpaid to suppliers at the end of accounting year.	1332.21	1133.47
(ii)	Interest due on above.	–	–
	Total of (i) & (ii)	1332.21	1133.47
(iii)	Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	0.01	–
(iv)	Amounts paid to the suppliers beyond the respective due date	0.97	136.39
(v)	Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	–	3.50
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year	0.03	3.50
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	3.74	3.71

23. In case of assets given on lease

Operating Lease:

The Company has leased out certain buildings on operating lease. The lease term is for 1-3 years and thereafter renewable. There is escalation clause in the lease agreement. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancelable.

In case of assets taken on lease

Operating Lease:

Certain office premises, depots etc are obtained on operating lease. The lease term is for 1-3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. The leases are cancelable.

(Rs. in lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Lease payments made for the year	674.09	597.35
Contingent rent recognized in Profit & Loss Account	Nil	Nil

24. The following are the details of the debtors and loans and advances given to subsidiaries and associates and firms/companies in which directors are interested and which are outstanding at the end of the year in terms of Securities and Exchange Board of India's circular dated January 10, 2003 :

(Rs. in lacs)

	Outstanding Amount as at		Maximum Amount outstanding during the year	
	31.03.2011	31.03.2010	2010-11	2009-10
Loans (Not bearing interest) to Subsidiary				
OPI Exports Limited	–	42.99	–	42.99

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

25. Information pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

A. Details of Products Manufactured, Turnover, Opening Stock, Closing Stock etc.:

		Capacity per annum		Production	Opening Stock		Sales @		Closing Stock	
Class of Goods	**Unit**	**Licensed**	**Installed**	**Qty**	**Qty**	**Rs. in lacs**	**Qty**	**Rs. in lacs**	**Qty. ****	**Rs. in lacs**
Pulp, Paper & Board - Amlai	MT	100000	110000	52534	1840	768.18	54150	23127.83	224	90.14
		(100000)	(110000)	(53589)	(144)	(54.20)	(51893)	(20133.59)	(1840)	(768.18)
– Brajrajnagar *	MT	76000	76000	–	–	–	–	–	–	–
		(76000)	(76000)	(–)	(–)	(–)	(–)	(–)	(26)	(–)
Caustic Soda (Brajrajnagar) *	MT	3292	3292	–	–	–	–	–	–	–
		(3292)	(3292)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Chlorine (Brajrajnagar) *	MT	2926	2926	–	–	–	–	–	–	–
		(2926)	(2926)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
C.S.Lye (excluding Flake conversion)	MT	77930	52340	19503	2483	403.99	21318 (ii)	2705.09	668	115.01
		(77930)	(52340)	(21272)	(545)	(108.28)	(12990)	(2536.43)	(2483)	(403.99)
C.S.Flakes	MT	–	–	10525	15	2.52	10475 (ii)	1860.16	65	11.99
		(–)	(–)	(8564)	(4)	(0.84)	(8538)	(1551.90)	(15)	(2.52)
Chlorine Gas (By-Product)										
Derivatives converted from chlorine gas (not exceeding in aggregate the quantity of Chlorine Gas).										
Liquid Chlorine	MT	58200		19491	71	1.99	19471(ii)	736.64	91	4.20
		(58200)		(19634)	(135)	(0.92)	(16728)	(229.72)	(71)	(1.99)
HydroChloric Acid	MT	29980	46059	15459	129	1.58	15520(ii)	218.86	68	0.69
		(29980)	(46059)	(11298)	(134)	(0.64)	(8493)	(52.03)	(129)	(1.58)
Calcium Hypochlorite	MT	7200		2102	12	–	2114(ii)	–	–	–
		(7200)		(3134)	(1)	(0.06)	(–)	(–)	(12)	(–)
Sodium Hypochlorite*	MT	2316	–	–	–	–	–	–	–	–
		(2316)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Compressed Hydrogen*	CuM	1000000	–	–	–	–	–	–	–	–
		(1000000)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Portand Cement	MT	5000000	5000000	3508431	28334	534.46	3639603	117459.42	39402	819.12
		5000000)	(5000000)	(3056028)	(9032)	(155.55)	(3213480)	(99684.48)	(28334)	(534.46)
Electric fans	Nos	1674000	5000000	5539544	99502	887.43	5443070	52625.56	191791	1834.48
		(1674000)	(5000000)	(4195913)	(158444)	(1287.01)	(4250778)	(38396.99)	(99502)	(887.43)
Lights & Luminaries	Nos	6000000	8060000	7066676	557042	374.91	6843863(iii)	5058.72	779855	532.40
		(6000000)	(8060000)	(370032)	(750)	(0.46)	(3073681)	(2305.68)	(557042)	(374.91)
Air Pollution Control Equipment	Nos.	300	300	213	3	0.73	200	165.84	16	6.12
		(300)	(300)	(132)	(10)	(3.04)	(139)	(118.14)	(3)	(0.73)
Industrial Blower	Nos.	540	540	413	5	2.28	392	492.37	26	11.40
		(540)	(540)	(348)	(25)	(9.00)	(368)	(379.99)	(5)	(2.28)

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

25. Information pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

A. Details of Products Manufactured, Turnover, Opening Stock, Closing Stock etc. *(Contd.)*:

		Capacity per annum		Production	Opening Stock		Sales @		Closing Stock	
Class of Goods	**Unit**	**Licensed**	**Installed**	**Qty**	**Qty**	**Rs. in lacs**	**Qty**	**Rs. in lacs**	**Qty. ****	**Rs. in lacs**
Room Air conditioner*	Nos.	2200	2200	–	–	–	–	–	–	–
		(2200)	(2200)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Water Cooler Package Type*	Nos.	300	300	–	–	–	–	–	–	–
		(300)	(300)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Air conditioner*	Nos.	480	480	–	–	–	–	–	–	–
		(480)	(480)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Cooling Towers*	Nos.	360	360	–	–	–	–	–	–	–
		(360)	(360)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Other Miscellaneous Items		–	–	–	–	–	–	286.80	–	–
		(–)	(–)	(–)	(–)	(–)	(–)	(329.03)	(–)	(–)
						2978.07		204737.29		3425.55
						(1620.00)		(165717.98)		(2978.07)

(i) Equivalent production at 100% contents of Chlorine Gas would be 4808 MT(3514 MT)

(ii) Includes 4521 MT (6074 MT) of C S Lye, 18 MT (15MT) of C S Flakes, 1575 MT (2970 MT) of Liquid Chlorine, 21 MT (23 MT) of HCL and 2114 MT (3123MT) of Hypo Chlorite consumed departmentally.

(iii) Includes 588091 Nos. towards warranty replacement.

* Represents item where manufacturing operations were not carried on during the year.

** After adjusting shortage / excess / reprocessing loss/ quantity discarded etc.

@ Including excise duty and export incentives but excludes cash discount, rebates etc.

\# Value written off

Notes :

1. Installed capacities have been certified by the management and accepted as correct by the Auditors.
2 Pulp plant is an integrated part of the Paper and Board plants and therefore, capacity and actual production of pulp is not separately ascertained.
3. Sale of Pulp, Paper & Board includes own consumption 6 MT (7 MT)
4. Sale of C S Lye and Hydrochloric Acid includes own consumption 266 MT (271 MT) and 3068 MT (2787 MT) respectively.
5. Sale of Portland Cement includes own consumption, samples etc. 3974MT (8698 MT) and sale of clinker 143373 MT (178874) valuing Rs. 2919.76 lacs (Rs. 3238.06 lacs).

B. Trading Goods: *(Rs. in lacs)*

		Opening Stock		Purchase		Sales @		Closing Stock *	
Class of Goods	**Unit**	**Qty**	**Amount**	**Qty**	**Amount**	**Qty**	**Amount**	**Qty**	**Amount**
Electrical Fans	Nos	23118	138.99	1111206	7646.36	1104993	8601.53	24848	158.13
		(24194)	(144.44)	(787435)	(4801.54)	(786695)	(5585.58)	(23118)	(138.99)
Lights & Luminaires	Nos	474896	303.97	2450809	963.72	2425029	1236.89	500676	218.78
		(493816)	(212.90)	(5089754)	(3086.28)	(5108674)	(3560.00)	(474896)	(303.97)
Exercise Books	Nos	766239	105.98	5100524	458.43	4593832	417.92	1272931	149.99
		(1031556)	(172.67)	(3173923)	(393.67)	(3439240)	(473.25)	(766239)	(105.98)
Tissue Paper	MT	–	–	0.14	0.10	0.14	0.12	–	–
		(13)	(10.95)	(17)	(14.08)	(30)	(22.55)	(–)	(–)
			548.94		9068.61		10256.46		526.90
			(540.96)		(8295.58)		(9641.38)		(548.94)

* After adjusting shortage / quantity discarded etc.

@ Excluding cash discount, rebates etc.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

C. Raw Materials consumed:

	2010-2011		2009-2010	
	Quantity in MT	Amount Rs. in lacs	Quantity in MT	Amount Rs. in lacs
Bamboo	59546	3083.64	63766	2657.39
Wood	75823	3485.87	75357	3066.46
Lime Stone	3630000	4822.78	3330000	3816.03
Clinker	995159	5266.57	149764	4579.51
Pozzolona Material	852979	2052.33	819523	1797.75
Copper Wire Rods & Strips	1351	6070.53	1022	3693.02
CRCA, Silicon Sheets & Plates	14840	6749.11	11288	4407.76
Blades for Ceiling Fans	4443875	4635.70	3066030	3291.45
PCB	6494717	1994.82	3710701	1109.04
Miscellaneous Items #		22762.54		19694.29*
		60923.89		**48112.70**

* Including Rs 5266.57 lacs (Rs. 3576.71 lacs) towards transportation of Clinker from Devapur to Jalgaon.

It is not practicable to furnish quantitative information in view of the number of items which differ in size and nature, each being less than 10% in value of the total.

D. C.I.F. value of Imports (including through Canalising Agencies) : *(Rs. in lacs)*

	2010-2011	2009-2010
i) Capital Goods	1330.35	1502.47
ii) Trading Goods	846.23	577.22
iii) Raw Materials	1356.08	1132.72
iv) Spares Parts and Chemicals	810.66	317.62

E. Expenditure in Foreign Currencies (On Cash Basis) *(Rs. in lacs)*

	2010-2011	2009-2010
i) Sales Commission	0.79	3.68
ii) Professional & Consultancy Fees	27.01	133.33
iii) Miscellaneous	57.05	43.67

F. Earnings in Foreign Exchange (On cash basis) *(Rs. in lacs)*

	2010-2011	2009-2010
Exports of goods on F.O.B. basis	8153.97	5364.20

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

G. Value of Raw Materials, Stores and Spares Parts consumed (including items debited to other heads of expenses, unserviceable and/or damaged/ obsolete items written down and/ or written off) :

	2010-2011		2009-2010	
	Rs. in lacs	%	Rs. in lacs	%
i) Raw Materials :				
Indigenous	59448.54	97.58	46642.53	96.94
Imported	1475.35	2.42	1470.17	3.06
	60923.89	100.00	48112.70	100.00
ii) Stores, Chemicals & Spare Parts:				
Indigenous	8396.45	95.71	7444.75	95.73
Imported	376.17	4.29	332.09	4.27
	8772.62	100.00	7776.84	100.00

H. Amount remitted in Foreign Currencies towards dividend *(Rs. in lacs)*

	2010-2011	2009-2010
i) Number of Non-Resident Shareholders	373	311
ii) Ordinary Shares held	6784610	7147007
iii) Amount remitted and / or paid in Indian Currency (Rs. in lacs)	101.77	107.21

26. Previous year's figures have been regrouped and readjusted wherever necessary. Further, the current year's figures being inclusive of figures of OPI Export Ltd. amalgamated with the Company w.e.f. 1st April, 2010 (pursuant to a scheme of amalgamation), are not comparable with the previous year's figures.

Signatures to Schedules '1' to '22'

As per our report of even date.

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Per **Raj Agrawal**
a Partner
Membership No. 82028
New Delhi
Dated: 27th April, 2011

S. L. Saraf *Secretary*

P. K. Sonthalia *President (Finance) and CFO*

C. K. Birla *Chairman*

M. L. Pachisia *Managing Director*

Balance Sheet Abstract

Information pursuant to the Provisions of Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's Business Profile

I. Registration Details

Registration No.	L210110R1936PLC000117	State Code	15
Balance Sheet Date	31 (Date) 03 (Month) 2011 (Year)		

II. Capital Raised during the year *(Amount in Thousands)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Thousands)*

Total Liabilities	15839037	Total Assets	15839037
Sources of Funds			
Paid-up Capital	202877	Reserves & Surplus	8651597
Share Warrant	171750	Unsecured Loans	1465767
Secured Loans	3973791	Deferred Payment Liability	19704
Deferred Tax Liability	1353551		
Application of Funds			
Net Fixed Assets	12612335	Investments	663154
Net Current Assets	2563548	Misc. Expenditure	NIL

IV. Performance of Company *(Amount in Thousands)*

Turnover	19589754	Total Expenditure	17871257
Profit Before Tax	2095112	Profit After Tax	1431045
Earnings Per Share in Rs.	7.42	Dividend Rate (%)	150

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.	Product Description
25231000	ORDINARY PORTLAND CEMENT
48024000	PAPER
84145102	ELECTRIC FANS

New Delhi
Dated: 27th April, 2011

S. L. Saraf *Secretary*
P. K. Sonthalia *President (Finance) and CFO*
C. K. Birla *Chairman*
M. L. Pachisia *Managing Director*