CK BIRLA GROUP | ORIENT PAPER

July 13, 2018

The Secretary
Bombay Stock Exchange Limited.
Corporate Relationship Department, 1st floor
New Trading Ring, Rotunda Building P.J. Tower
Dalal Street, Fort, Mumbai-400001

The Manager
Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G, 5th floor
Bandra Kurla Complex
Bandra (E) Mumbai-400051

Dear Sir,

Re: Submission of Annual Report for the financial year 2017-18.

In terms of the requirement of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of the Company for the financial year 2017-18, adopted by the shareholders of the Company at their Annual General Meeting held on 12th July,2018 at the Registered Office of the Company.

Thanking you,

Yours faithfully,
For ORIENT PAPER & INDUSTRIES LTD.

(R.P. Dutta)
Company Secretary

Encl: as above

Orient Paper and Industries Limited
Birla Building 13th fl, 9/1 RN Mukherjee Road, Kolkata 700001, India +91 033 30573700 Email: info@orientpaperindia.com
Registered Office: Unit VIII, Plot No 7, Bhoinagar, Bhubaneshwar 751012, India www.orientpaperindia.com
CIN: L21011OR1936PLC000117

Enhance.
Enrich.

Orient Paper and Industries Limited
Annual report 2017-18

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

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

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

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

Performance highlights

^22.66%

Increase in revenues in FY18

^257.00%

Increase in cash profit in FY18

^139.00%

Increase in PBIDT in FY18

^353.00%

Increase in net profit after tax in FY18

Forward-looking statements

This document contains statements about expected future events and financial and operating results of Orient Paper and Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Orient Paper and Industries Limited Annual Report 2017-18.

Contents

Chairman's message

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

- Li Keqiang

Dear shareholders,

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

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

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

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

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

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

With best wishes,

C.K. Birla
Chairman

Managing Director's review

Dear shareholders,

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

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

Our performance in 2017-18

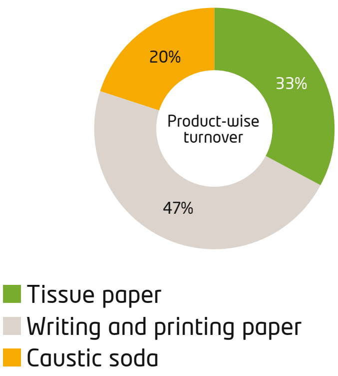
In this dynamic environment and despite several challenges, your company was able to achieve record results and several new milestones:

- We successfully completed the demerger of our electric business into Orient Electric Limited to significantly enhance shareholder wealth
- We commissioned our third tissue paper machine ahead of schedule and could achieve over 60% capacity utilisation within a short time
- We achieved our best-ever production and sales volumes
- We were able to reduce costs and improve efficiencies in all operational areas
- We met or exceeded all environmental norms including achieving Zero Liquid Discharge
- We planted more trees than ever to move towards raw material security
- We constructed another water reservoir for enhanced water security
- We strengthened our IT infrastructure and internal financial controls
- We sustained our corporate service responsibilities with enthusiasm
- Our efforts were recognised through several awards and recognition in the areas of energy efficiency, water conservation and contributions to environment protection and safety
- We improved our working capital cycle and significantly reduced our debt
- Our credit rating improved
- We achieved our best-ever profitability for the paper business

Outlook for FY 19 and beyond

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

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



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

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

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

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

M.L. Pachisia
Managing Director

Our new tissue paper plant

8 aspects that define Orient Paper's strength and competitiveness

1 Our pedigree

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

2 Our product range

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

Tissue paper
High quality facial, toilet, napkin and toweling papers

Writing and printing paper
Writing & printing papers for the publication and notebook segments

Caustic soda and derivatives
Caustic soda & flakes, chlorine and HCL

3 Our specialisation

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

4 Our financial prudence & strengths

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

5 Our trade partners

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

6 Our public responsibility

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

7 Our recognitions

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

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

8 Our certifications

Orient Paper has been certified under following standards

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

Our strengths

Diversified offerings

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

Focus on margins

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

Expanding market reach

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

Strong Balance Sheet

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

Efficient liquidity management

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

Locational advantage

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

Distribution network

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

Increasing availability of Wood around us

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

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

Enhance

Enhanced segment leadership

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

Enhanced efficiencies

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

Enhanced water security

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

Enhanced Quality

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

Enrich

Enriched value for our shareholders

Orient Paper completed restructuring by demerging the Electric business into Orient Electric Limited during the year under review following the earlier demerger of its cement business into Orient Cement Limited. This resulted in unlocking significant shareholder value, which increased more than 500% in the last six years. Orient Paper proposed a dividend of 100% for the year under review.

Enriched our environment

Orient Paper invested in upgrading its effluent treatment facilities to meet or exceed all the latest applicable norms. It become the first integrated paper mill in India to achieve Zero Liquid Discharge. Simultaneously, it reduced its water consumption to less than 50 Cu.m. per ton of paper. During the year, it upgraded the ESP of its recovery boiler and also installed AQMS to monitor and ensure clean air emissions.

Enriched community welfare

Orient Paper pursued community welfare even during the years when the paper business was passing through a challenging phase. The OPM School has been providing subsidised education to the community around the plant. OPM Hospital provides primary health care free to the local population besides conducting periodic health camps. OPM regularly distributes free note books to needy students and drinking water to villages around the plant.

Enriched our farmers and green cover

Orient Paper expanded its state-of-the-art nursery for the propagation of clonal plants of eucalyptus and encourages farmers to utilise their land holding for tree plantations. During the year under review, OPM arranged the planting 7 million trees covering a land area of 3236 Ha. Besides providing clonal saplings, the OPM team helped in land preparation and implementation of best practices to improve yields. Increasingly, the concept of tree inter-cropping with cash crops is also being promoted to ensure a regular income for farmers (presented elsewhere in this report).

Enhancing value for our stakeholders through a robust business model

Enhancing stakeholder value

Shareholders

Progressive dividend policy	Attractive market capitalisation growth	Focus on free cash generation	Investment of free cash into growth capital

People

Employee and vendor engagement	Promote personal and professional development	Fair and equitable wages / contracts

Customers

Fair dealings	Consistent product quality	Timely service

Environment

Ever-widening social forestry	Environmentally safe operations	Responsible and ethical conduct	CSR activities and projects

Business

Ongoing reinvestment

Society

Contribution to exchequer	Driving employment	Skilling people in complementary areas

How Orient Paper enhanced its ecosystem

Plantations

World-class nursery producing high yielding clones	7 million trees planted in 2017-18	3236 hectares covered by the plantations in 2017-18	Nursery capacity being expanded to achieve 10 million clones in 2018-19

Our progress at a glance

Financials

Sustained growth amidst market challenges

Orient Paper reported attractive financial growth in 2017-18, driven by sales growth, successful implementation of tissue capacity expansion, cost management and value-addition.

- Increased cash profit 351% to ₹ 108.42 crores
- Moderated debt by 51% to ₹ 90.46 crores as on 31 March 2018
- Improved debt-equity ratio to 1:.05 as on 31 March 2018
- Improved interest cover to 8.38 from 2.05 in 2016-17

Operational

Manufacturing cost reduction yielding results

- Focused on cost optimisation for enhanced profit
- Optimised coal consumption per ton of paper to 2.21 tons by reducing steam and power consumption per ton of paper
- Increased chemical recovery to close to 95%
- Increased raw material yield to 38.3%
- Reduced the landed cost of pulp wood through resource optimisation
- Enhanced people productivity

Marketing

Strengthened the product mix

- Increased the proportion of tissue paper in revenues from 28.4% in 2016-17 to 37.4%
- Strengthened relationships with customers through regular interaction
- Enhanced product value-addition through prudent customisation
- Developed products with enhanced features (increased softness in facial tissues and better wet and dry strength in inter-fold tissues) to meet/ exceed growing customers' expectations

Value creation

Unlocked value for our shareholders through demerger

- Enhanced shareholder value by nearly 500% in the last 6 years through demerger of Orient Cement and Orient Electric with each of the three companies growing and performing well in their respective sectors
- Announced a full-year dividend of 100% for the paper business

At Orient Paper, we reinforced our DNA: To enhance value

At Orient Paper, we are continuously investing in our operating model with the objective to broad-base our robustness on the one hand and unleash stakeholder value on the other. This approach was implemented and validated across a major part of the last decade, helping put larger value in the hands of shareholders through improvements in turnover, efficiencies and restructuring.

What we were

One company comprising Paper, Electric & Cement businesses 2010-11

What we are

Three companies i.e. Orient Paper, Orient Electric & Orient Cement 2017-18 with over 600% increase in combined market capitalisation

Orient at Paperex

7 pillars of our value-creation process

1. Invest in India growth story
2. Ethical business practices
3. Build and nurture relationships
4. Operate with increasing efficiencies
5. Reduce costs continuously
6. Enrich our environment
7. Create value for all our stakeholders

How our transformation initiatives over the years have enriched value

Increasing capacities and capability

- In 1997-98, we commissioned our first tissue paper plant
- In 2008-09, we acquired the Caustic soda unit and gradually expanded its capacity
- In 2009-10, we added a second tissue paper plant
- In 2009-10, we commissioned our ODL plant
- In 2012-13, we commissioned our 55 MW captive power plant and became self- sufficient in meeting our total power requirement for paper & caustic soda units
- In 2015-16, we arranged for the installation of the PCC plant in our premises by the vendor
- Between 2010-11 & 2017-18, we constructed four water reservoirs of 375 MG capacity
- In 2017-18, we achieved Zero Liquid Discharge and commissioned our third tissue paper plant

Moving towards value-addition

- Our tissue manufacturing capacity is now 50,000 MT per annum, the highest in India
- Tissue paper accounts for 37% of our production, 50% of which is exported

Cost reduction

Various cost management initiatives helped

- Commissioned our third tissue paper machine ahead of schedule at a significantly lower investment than the industry bench mark
- Reduced steam and power consumption
- Increased raw material yield to 38.3%
- Increased chemical recovery to close to 95%
- Completed the rebuild of the recovery boiler ESP towards the end of FY 18 to enhance chemical recovery
- As a result, the Company reported its highest ever PBIDT of ₹ 123.11 cr

Environment compliance

Strengthened environment compliance, moderating costs

- Installed an online analysis of effluents
- Upgraded effluent treatment plant; installed the equalisation tanks with diffused aeration system
- Developed High Rate Transpiration System sites to treat effluents in plantation areas
- Reduced water per ton of paper to less than 50 cu.m.
- Became the first Indian integrated pulp and paper manufacturer to achieve complete Zero Liquid Discharge

Our increasing market reach

Overview

In the paper sector, marketing focuses on selling the largest volume at the highest realisations. This, in turn, warrants the creation of a superior product mix that enhances margins and return on employed capital.

At Orient Paper, we diversified from the longstanding manufacture of writing & printing paper to the manufacture of tissue paper. Over the years, the Company has progressively increased the proportion of tissue paper in its product mix, which now accounts for over 41% of total revenues from the paper business.

We also developed a significant export market for our tissue paper based on the quality of our products and meeting customer expectations which resulted in a growth in exports of over 69% in FY18.

Revenues from tissue paper in 2017-18 (₹ Cr)	Revenues from writing and printing paper in 2017-18 (₹ Cr)	Revenues from exports in 2017-18 (₹ Cr)
220.06	311.12	116.04
↑ 69.2%	↑ 11.5%	↑ 56.7%
Revenues from tissue paper in 2016-17 (₹ Cr)	Revenues from writing and printing paper in 2016-17 (₹ Cr)	Revenues from exports in 2016-17 (₹ Cr)
130.07	279.15	74.04

Orient team with customers

Strengths

- The Company is a leader in India's tissue paper segment, strengthening offtake and realisations
- The Company enjoys high on-time delivery track record, resulting in strong customer loyalty
- The Company established a strong presence in Middle East

Achievements, 2017-18

- Achieved 23% growth in paper sales volumes, GST aberration notwithstanding. Tissue paper sales at ₹ 220.06 crores were the highest ever
- Reduced finished goods inventory by 889 MT
- Strengthened exports 56.7% to ₹ 116.04 cr
- Widened direct reach to 60% clients
- Strengthened offerings with improved softness in facial tissues, faster disintegration quality in toilet paper and increased dry and wet strengths of inter-fold tissues

Outlook, 2018-19

The Company intends to widen its global footprint for tissue paper

Transformation story

We restructured our business

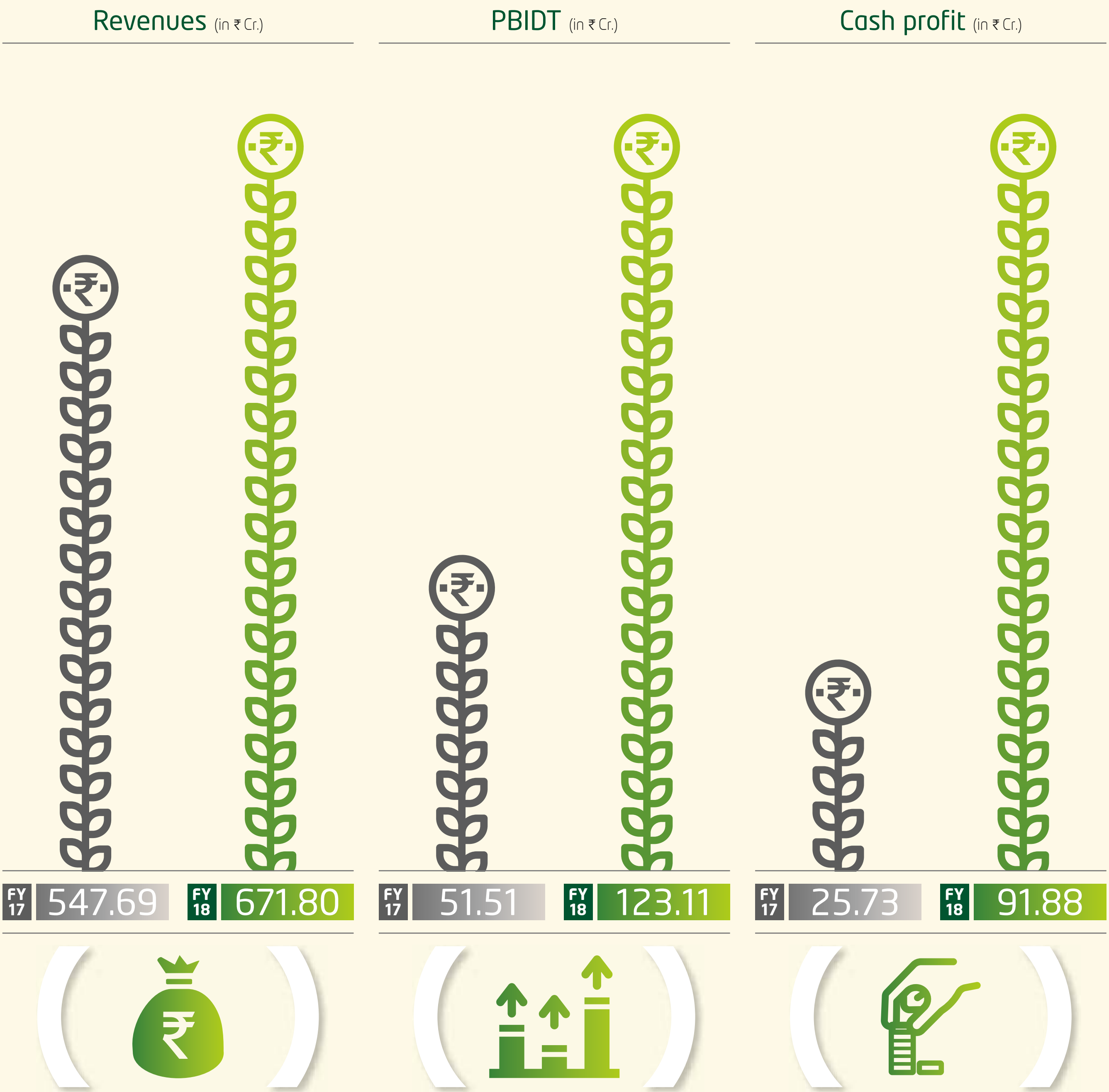
The Company demerged its two Consumer electrics and Paper businesses → The Company demerged its two Consumer electrics and Paper businesses → The Company demerged its two Consumer electrics and Paper businesses → The Company demerged its two Consumer electrics and Paper businesses

We strengthened our credit rating

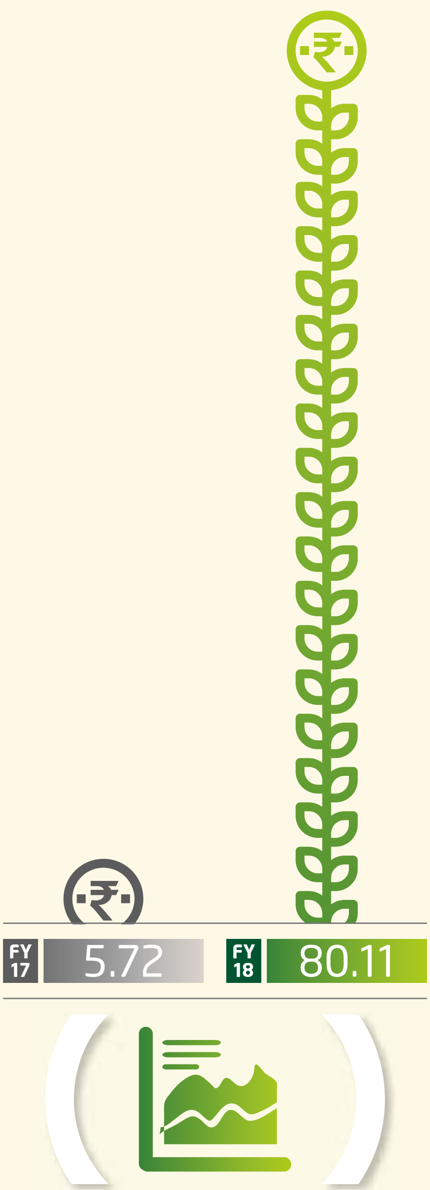
The Company had a short term credit rating of CARE A1 and long term credit rating of CARE A in 2016-17 → Cost management and quality initiatives enhanced profitability → The company repaid ₹ 95.65 crores in debt → The company's credit rating for long-term debt was revised from CARE A to CARE AA- → The company's credit rating for short-term bank facilities were revised from CARE A1 to CARE A1+

How Orient Paper grew last year

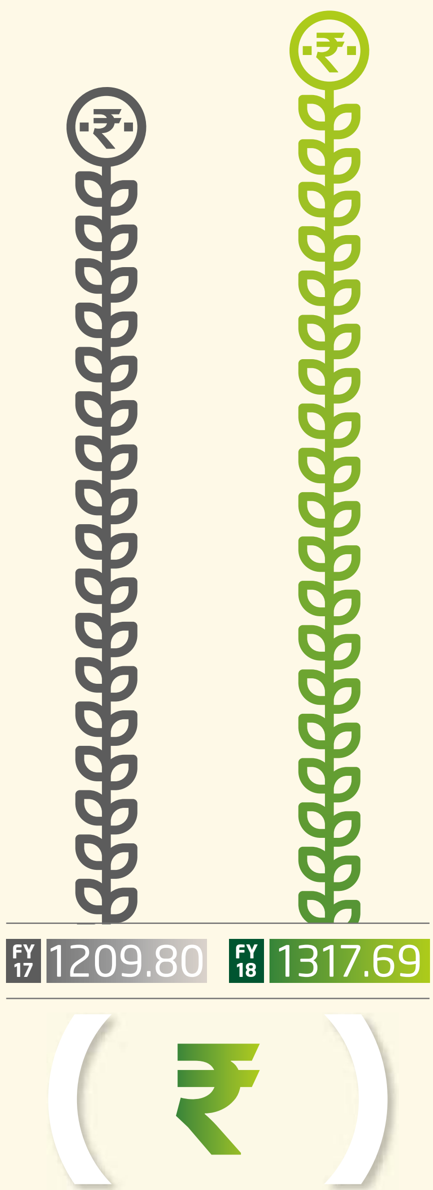
Financials



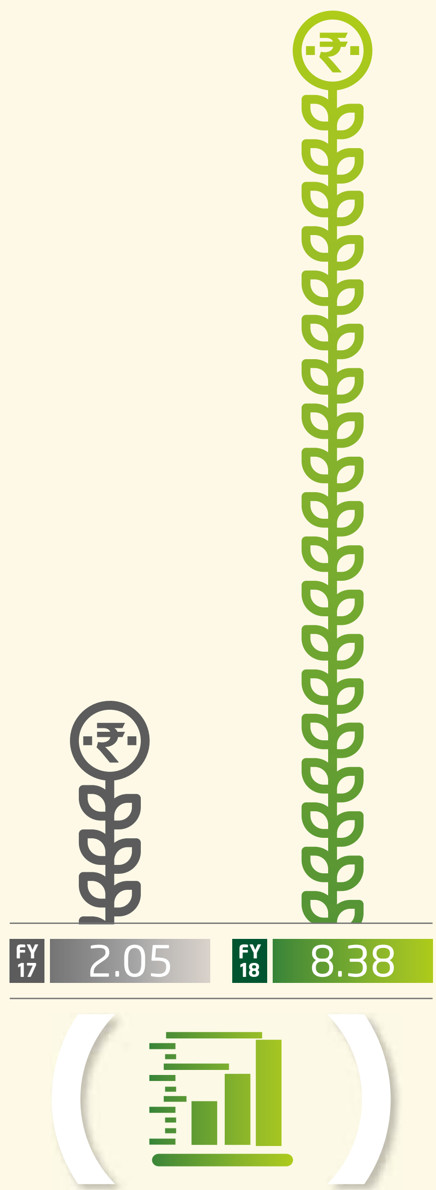
Profit before taxes (in ₹ Cr.)



Net worth (in ₹ Cr.)

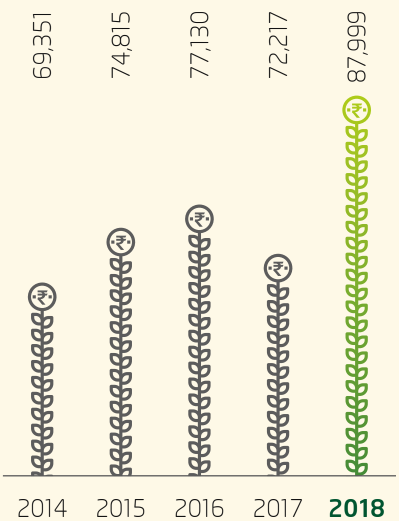


Interest cover (X)

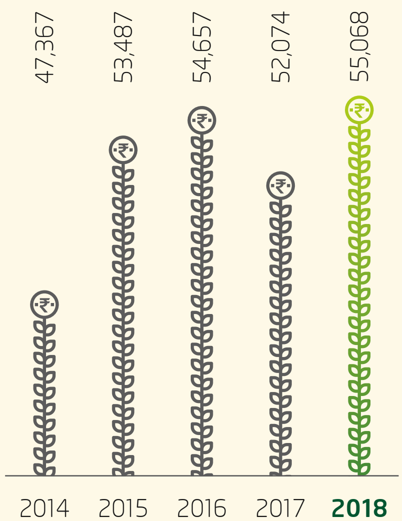


How Orient Paper increased volumes and reduced costs in the last five years

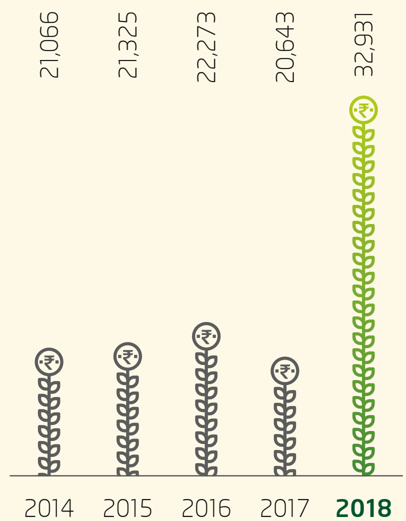
Increase in total paper production
(MT)



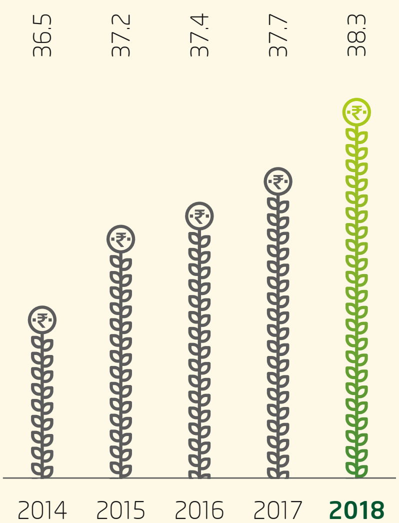
Increase in writing & printing paper production (MT)



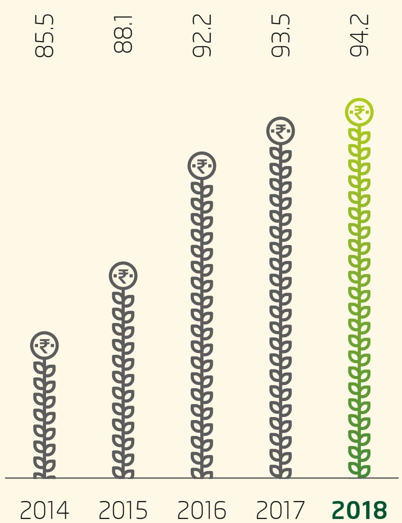
Increase in tissue paper production
(MT)



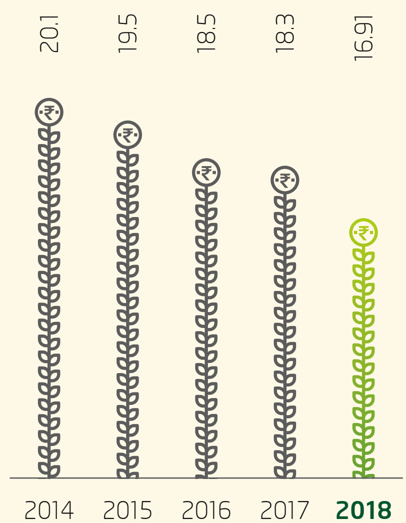
Increase in raw material yield
%



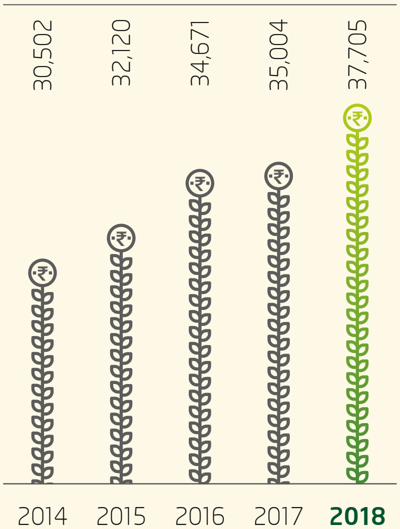
Improvement in chemical recovery
(%)



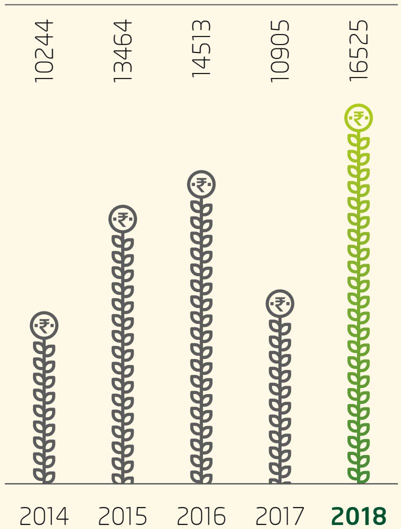
Decreasing steam consumption
(MT per ton of paper)



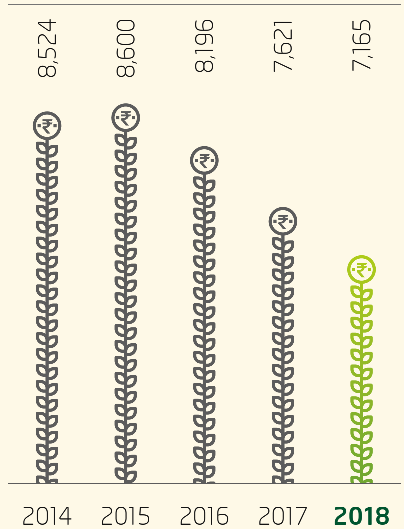
Increase in caustic soda production
(MT)



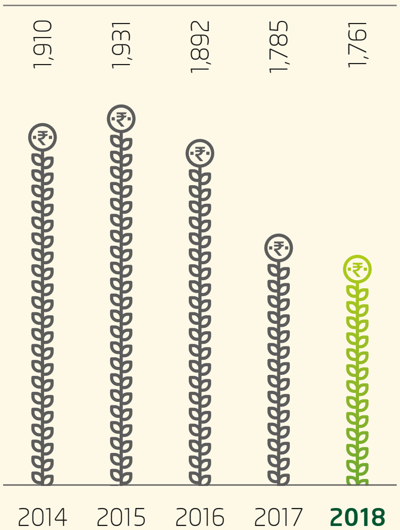
Increase in paper exports
(MT)



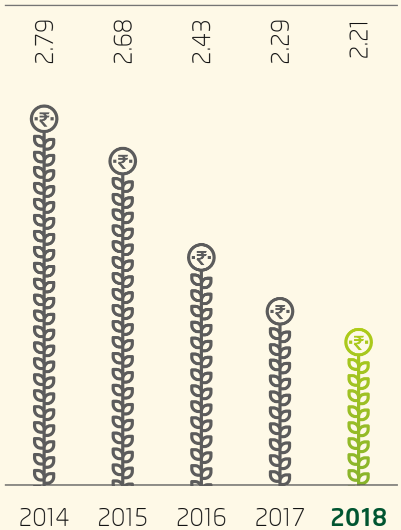
Reduction in raw material costs
(₹ Per ton)



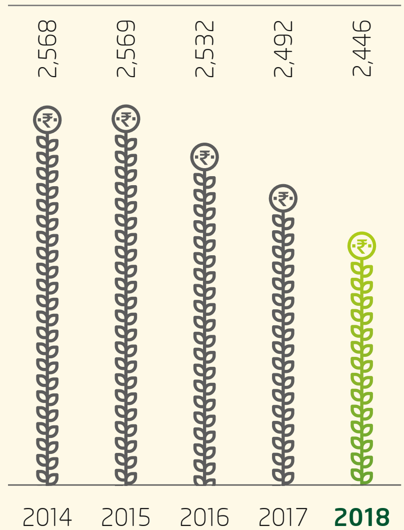
Decreasing power consumption
(KwH per ton of paper)



Reduction in coal consumption
(tons per ton of paper)



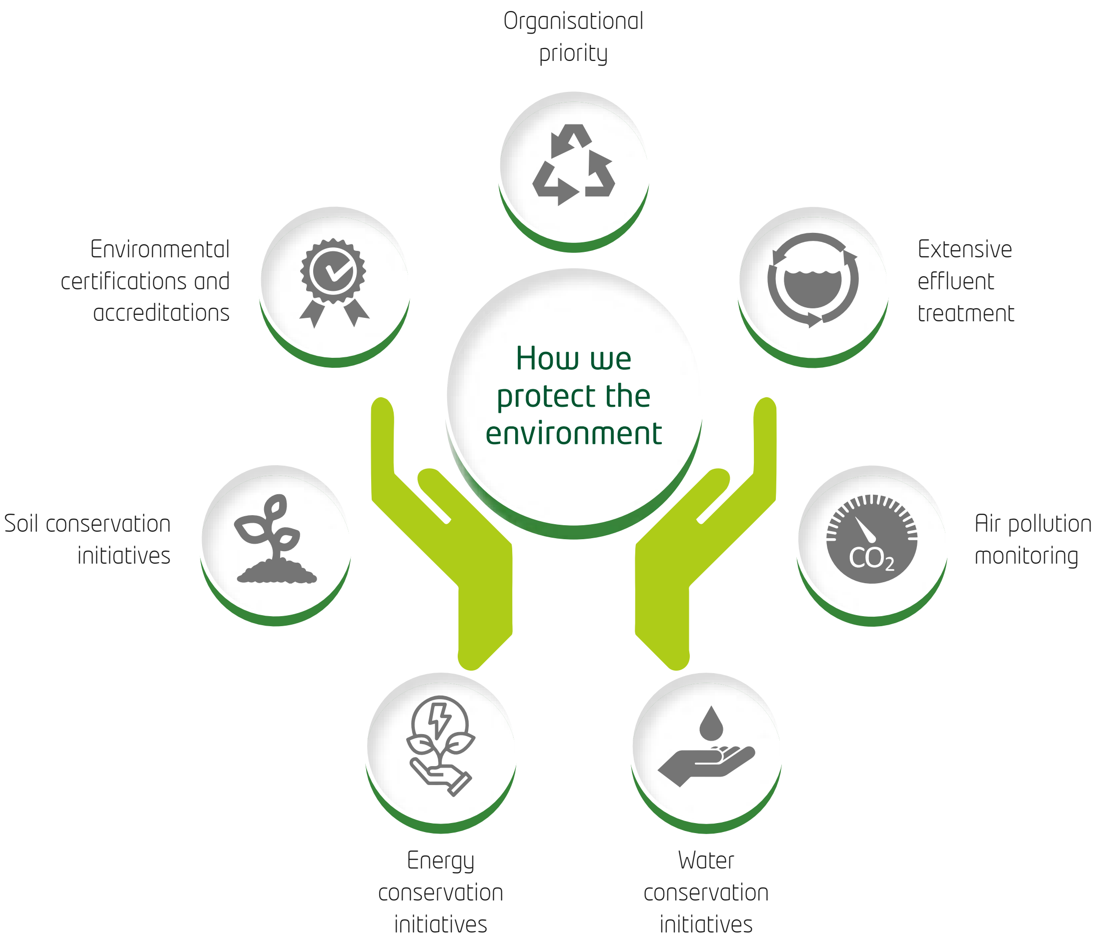
Decreasing power consumption
(KwH per ton of Caustic - NaOH)



Excellence in environment management: Enriching the earth

At Orient Paper, we believe that environment integrity represents the core of our business model. As an extension of this conviction, we not only focus on the manufacture of superior grades but also focus on clean process manufacture.

Over the years, the Company's commitment to clean manufacture has comprised forward-looking investments in appropriate technologies, aggressive reforestation, relevant certifications and complete compliance with demanding regulatory standards. The company has not only achieved high environment benchmarks but has concurrently demonstrated a reduction in manufacturing costs, validating the philosophy that green business = good business.




Additional aeration tank for effluent treatment

Orient team receiving Golden Peacock Award


Zero Liquid discharge


CII award for Orients' water conservation

Organisational priority

At Orient Paper, we believe that there is no sustainability without intent and consistency. In view of this, we have articulated a 3R (reduce, reuse and recycle) vision to be environmentally responsible in everything that we do

Effluent treatment

In a business that utilises large quantities of water and generates a large quantity of effluents, there is a premium on the need to treat downstream effluents with care and responsibility, leaving no impact on the environment.

The treated effluent meeting the strictest norms is utilised in the Company's HRTS system in its captive plantations. This has enabled the unit to achieve zero liquid discharge status during the year under review, the first such instance in India's integrated paper industry.

Air pollution monitoring

As a responsible manufacturer, the Company made required investments by installing Ambient Air Quality Monitoring facilities (AAQMS), which is connected online with MOEF to monitor air emissions.

Plantation

The Company embarked on initiatives to maximise plantations within a radius of 200 kms of its paper mill, helping moderate carbon dioxide emissions.

Water conservation

Over the years, the Company has continuously taken steps for the conservation of water. The result of these efforts was reflected in reduction of mill water consumption to 47 cubic meters per ton of paper in 2017-18.

Energy conservation

In a business that consumes a large quantity of steam and power, there is a growing need to moderate consumption and related costs.

The Company invested in variable frequency drives, energy efficient compressors and pumps in various mill locations to reduce power consumption as reflected in the lower power consumption per ton of paper.

The Company also installed solar panels in its caustic soda unit to produce 100 KW of solar power.

Certifications and accreditations

- NABL certification of Environmental Lab, Research Division for ISO: 17025-2005 Certification 2017-18
- Golden Peacock Award 2017 for Energy Efficiency
- Grow Care Award 2017 for Environment and Safety
- ISO 14001 certification
- ECO mark license from Government of India
- FSC-COC (Forest Stewardship Council Chain of Custody) certification, denoting a compliance with all norms related to raw materials in paper production

Orient Paper: Contributing to a greener earth

Orient Paper established a state-of-the art nursery to develop high yielding clones of Eucalyptus trees specifically suited to local climatic and soil conditions. During the year under review, the capacity of the nursery was expanded to 7 million saplings covering a land area of 3236 hectare in the first phase and is now under further expansion to cater to 10 million next year. The concept of inter-cropping with cash crops and biodiversity is being introduced to ensure a regular income for farmers.

Mist chambers at our nursery

Mist chamber - An inside view

Open nursery with water spray


Our independent Directors visiting the nursery


Land preparation with HRTS irrigation


Plantation with inter-cropping

How Orient Paper is enriching lives of the farming community

The story of

Rewa Lal Paraste

Rewa Lal, 86. The 'Eucalyptus man' of Koshamdeeh. A small village in Dindori district, Madhya Pradesh.

Rewa Lal commenced farming at a time when inter-cropping was perceived as a risk. Because the whispers indicated that it depleted water table and productivity. Rewa Lal played safe. He farmed seed rooted eucalyptus. Even as earnings were inadequate in supporting a family of nine.

Just when Rewa Lal was resigned to his *kismat*, something unexpected transpired. A representative from Orient Paper turned up at his door. Wishing to educate him on the Company's 'Farm Forestry Program'. Rewa Lal wondered: '*Ab yeh afsar babu kya sikhaayenge humko?*'

The representative told him something he had heard earlier and discounted: 'Plant wheat, soy-bean, millets and paddy. Plus eucalyptus.'

Rewa Lal was apprehensive. Should or shouldn't he? Finally he mustered enough courage – and said yes. He began to anxiously inter-crop on small farm area. If anything goes wrong, I will treat it is a business loss, he said.

Today, Rewa Lal inter-crops across all 125 acres. Grows more. Earns more. Even better, he now plays the role of an honorary district voice for Orient Paper: counseling farmers in transforming their destinies.

His voice thunders: "*Treat eucalyptus revenues as a fixed deposit; treat agricultural revenues as add-on profit.*"

Orient Paper helped him get there.

The story of
Raghunath Singh

The story of Raghunath Singh's life was the destiny of thousands.

Small farmer. Small village (Samnapur). Dindori district (Madhya Pradesh). Struggling to make a modest living.

His life transformed in an unusual way. A representative from the proximate Orient Paper approached him with a proposal: plant eucalyptus seedlings in a nursery. He did a quick calculation that ensured that he would not lose money. His response: '*Harjaa hi kya hai?*'

And that is how his journey began: with about 50,000 seed-rooted eucalyptus saplings. He sold these seed-rooted plants across proximate villages. Because he had some left over, he planted them on his 24-acre farm.

He was surprised with the results. The eucalyptus saplings grew rapidly. They generated steady revenue. He utilised the proceeds to buy a saw mill. The combination of the two helped support his family. His elder son is helping grow the business; the younger son is pursuing higher education.

There has been one consistent feature behind Raghunath's transformation from a small seed-rooted eucalyptus seller to the largest village wood supplier.

He identifies the consistent feature with pride: '*Orient ne taqdeer badal di.*'

How Orient Paper is enriching lives of the farming community

The story of
Dhanpat Sahu

There was a time when the face of Amlai farmers turned pale when they heard 'eucalyptus'.

Because they believed that eucalyptus sucked all the ground water out of the region and drove farmers into penury.

Dhanpat was no different. And the result was that with farm returns remaining relatively flat and expenses rising, Dhanpat knew that time was running out.

The white knight in his life proved to be someone he had never known before - an Orient Paper representative. The representative told him something that went against the general opinion. He said just two words: 'Grow eucalyptus.'

Dhanpat commenced by growing eucalyptus on bunds. When they matured, he sold the produce to paper companies like Orient.

The result: he has generated five harvests; the additional income has helped educate his children... and buy more farm land.

In his quiet moment, he tells friends and other farmers: '*Yeh sab Orient Paper ki badaulat!*'

The story of

Raj Bhan Singh

Raj Bhan Singh often came across a blocker when he attempted to improve farm yields.

One day he picked up an interesting whisper. About farming techniques being taught by a paper company. "What would they know?', he wondered.

The whispers grew louder. The *afsar babus* were talking sense, he heard. The babus were talking of how to transform farm incomes, he picked up.

The result: he began to grow eucalyptus in his 35-acre farm using a special ploughing technique taught by Orient Paper.

The result was staggering: he increased plantation yields significantly.

Money talks. Raj Bhan is now village *sarpanch*. Who in turn has motivated dozens of farmers about the benefits of attending workshops by Orient Paper.

"*Zindagi badalni ho to babu ki baat sunoh!*", he advocates.

Orient Paper at the forefront of corporate social responsibility

Without society, businesses cannot exist. Every business has responsibilities towards the society and community where they operate.

Being a responsible business, Orient Paper is dedicated towards social responsibilities in the fields of health, education, farmer and community welfare, sanitation and drinking water in an around its areas of operation.

Some of our CSR activities in 2017-18:

Education and youth welfare

- We encourage children from underprivileged sections of society to pursue education by enrolling them in the OPM School. A number of children of non-employees are also studying in this school
- OPM provides free note books to school children
- OPM also sponsored a district level NCC camp for deserving students.
- Sport activities and various cultural activities were organised for students

The OPM School

NCC camp at Orient

Health

- The Company organises free medical camps for local rural community every year
- OPM has also built a hospital, which provides primary health care to the local population free of cost

One of the health check-up camps

Drinking water and sanitation

- OPM supplies clean drinking water to the nearby villages
- The Company organises and actively participates in Swachhata Abhiyan

Orient team in Swachhta Abhiyan

Free drinking water distribution

General community welfare

- Participating in various community functions and events
- Free distribution of blankets in winter
- Free distribution of food packets at important festivals

Free food distribution

Chhat Puja

Free distribution of blankets

Profile of Board of Directors

Particulars	Age	Date of Joining	Other Directorship
Shri Chandra Kant Birla *Chairman, Industrialist, Indian* 24, Dr. A. P. J. Abdul Kalam Road, New Delhi - 110 011	63	29.09.1978	Orient Cement Ltd. National Engineering Industries Ltd. AVTEC Ltd. HIL Ltd. Birla Brothers Pvt. Ltd. Orient Electric Ltd. Birlasoft (India) Ltd. NeoSym Industry Ltd. Birlasoft Inc., USA Birlasoft (U.K.) Ltd., London ASS AG, Switzerland
Shri Amitabha Ghosh *Director, Consultant, Indian* Flat No. 32, Mehernaz, 91, Cuffe Parade, Mumbai - 400 005	87	23.10.2001	Zenith Fibers Ltd. Shreyas Shipping & Logistics Ltd. (ceased w.e.f. 28.05.2018) Avana Logistek Ltd.(Formerly known as Shreyas Relay Systems Ltd.) Kesoram Industries Ltd.
Shri Michael Bastian *Consultant, Indian* Cecilia, 1186, 22nd Cross, 14th Main, H.S.R. Layout, Sector - 3, Bengaluru - 560 102	73	27.10.2009	Artson Engineering Ltd.
Shri Narendra Singh Sisodia *Director, IAS (Retired), Indian* 403, Pearl Blossom, B-30, Jyoti Marg, Bapu Nagar, Jaipur - 302015	73	31.10.2012	Carrier Air Conditioning & Refrigeration Ltd.
Ms. Gauri Rasgotra *Advocate, Indian* 6B, HUDCO Place, Andrews Ganj Extension, Behind Ansal Plaza, New Delhi - 110 049	50	26.09.2014	HIL Ltd.
Shri Manohar Lal Pachisia *Managing Director, Service, Indian* 4, Alipore Park Place, 3rd floor, Kolkata - 700 027	73	23.09.1997	National Engineering Industries Ltd. GMMCO Ltd. Gwalior Finance Corporation Ltd. Birla Buildings Ltd. Soorya Vanijya & Investment Ltd. Birlasoft (India) Ltd. National Bearing Co. (Jaipur) Ltd Special Engineering Services Ltd. Nigeria Engineering Works Ltd., Nigeria

Corporate information

Board of Directors

Shri Chandra Kant Birla *(Chairman)*
Shri Amitabha Ghosh
Shri Michael Bastian
Shri Narendra Singh Sisodia
Ms. Gauri Rasgotra
Shri Manohar Lal Pachisia *(Managing Director)*

Board Committees

Audit Committee

Shri Michael Bastian *(Chairman)*
Shri Amitabha Ghosh
Shri Narendra Singh Sisodia
Ms. Gauri Rasgotra

Stakeholders Relationship Committee

Shri Michael Bastian *(Chairman)*
Ms. Gauri Rasgotra
Shri Manohar Lal Pachisia

Nomination & Remuneration Committee

Shri Narendra Singh Sisodia *(Chairman)*
Shri Amitabha Ghosh
Shri Michael Bastian

Corporate Social Responsibility Committee

Shri Narendra Singh Sisodia *(Chairman)*
Ms. Gauri Rasgotra
Shri Manohar Lal Pachisia

Auditors

Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Plot No. 56 & 57, Block - DN, Sector - V, Salt lake
Kolkata - 700 091 (W.B.)

Registered Office

Unit-VIII, Plot No.7, Bhoinagar
Bhubaneswar-751 012 (Odisha)

Plants

Amlai, Madhya Pradesh
Brajrajnagar, Odisha,
Kolkata, West Bengal

Share Transfer Agent

MCS Share Transfer Agent Ltd.
12/1/15, Manoharpukur Road
Ground floor, Kolkata - 700 026 (W.B.)

Directors' Report

Dear Shareholders,

We are pleased to present the annual report along with the audited accounts of your company for the year ended 31st March, 2018.

The demerger of company's Electric business into a separate company Orient Electric Limited was completed during the year. This has paved the way for shareholders of the Company to participate directly in a focused entity engaged in the Consumer Electric business. We are confident that this pragmatic step will yield rich dividends in the long run and lay a strong foundation for future growth of both Paper & Electric businesses.

Financial results

The financial performance of the Company for the year ended 31st March 2018 is summarised below:

(₹ in crores)

Particulars	2017-18	2016-17
Gross Sales	671.80	547.68
Total Revenue (net of excise)	661.36	511.49
Earnings before Interest, Depreciation, Amortisation & Taxation	**123.11**	**51.51**
Interest/Finance costs	14.69	20.60
Profit before Depreciation and Taxation	**108.42**	**30.91**
Depreciation	28.31	25.18
Profit before Taxation	**80.11**	**5.73**
Taxation	30.82	(5.15)
Profit for the year from Continuing Operations	**49.29**	**10.88**
Profit from Discontinued Operations (net of taxes)	-	27.04
Profit for the year	**49.29**	**37.92**
Other Comprehensive Income	94.35	104.48
Total Comprehensive Income	**143.64**	**142.40**
STATEMENT OF RETAINED EARNINGS		
At the beginning of the year	796.20	795.70
Add: Profit for the year	49.29	37.92
Add: Transfer from FVOCI – sale of equity investments (net of taxes)	30.68	-
Less: Other Comprehensive Loss (net of taxes)	0.57	1.26
Dividend on Equity shares	29.71	5.12
Corporate dividend tax	6.05	1.04
Transfer to General Reserve	-	30.00
At the end of the year	839.84	796.20
EPS (₹)	2.32	0.53

Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For the Company, Ind AS is applicable from April 1, 2017. Accordingly these accounts have been prepared as per Ind AS. The areas which had an impact on account of transition to Ind AS have been reported in the notes to the financial statements.

Share Capital

There was no change in the share capital of the Company during the financial year 2017-18.

Dividend

Subject to the shareholders' and other requisite approvals, your Directors recommend payment of final dividend of Re. 0.60 (60%) per equity share of Re. 1 each. This is in addition to the Interim Dividend of Re. 0.40 (40%) per equity share of Re. 1 each declared on 1st February 2018 by the Board of Directors of the Company, bringing the total dividend for the year Re. 1/- (100%).

Economic climate and our performance

The year under review has been quite eventful for the Indian economy with far reaching reforms like introduction of GST and demonetization. We believe that GST is a welcome and positive reform which will be greatly beneficial for our country's economic growth even though it caused some slow down during first half of the year. The fact that the India's GDP growth already saw a rebound to register a growth of 7.2% in 3rd quarter of the year is a clear indication of the fact that the Economy is back on a sustainable growth path.

This is the first full year of stand-alone results of your company's Paper business after demerger of electric business. We are happy to report that the Paper business has performed quite well to record its best ever results both in terms of volumes and value.

We commissioned our tissue expansion project ahead of schedule on 1st May 2017 and achieved highest ever production and sales volumes for paper as well as caustic. With upgradation in quality of our products and richer product-mix, our sales realization also increased resulting in substantial increase in our operating income. At the same time, we could also achieve significant reduction in costs and improvements in efficiencies.

As a combined result of these factors, profitability of the paper business has been the best ever. The resultant cash surpluses have been most prudently deployed to upgrade plant & equipment with reasonably short pay-back periods and to reduce our total debts significantly.

We do believe that the growth and profitability achieved this year should not only be sustainable but could gain further momentum ahead.

Sustainable Development and Environment

We consider sustainable development and environment protection as integral part of our management culture and philosophy. Accordingly we have made significant further investments to meet or exceed all the environmental norms for the Paper industry. In this context it is noteworthy that we have become the first integrated paper company to achieve ZERO LIQUID DISCHARGE. We also continued our focus on helping the farmers and land owners around our plant in growing trees through our extensive social forestry initiatives. Details of our efforts and activities in this direction are provided in subsequent chapters in this report. We are determined to further intensify these efforts on a consistent and sustainable basis.

Cash Flow Analysis

In conformity with the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the cash flow statement for the year ended 31st March 2018 is included in the annual accounts.

Corporate Governance

Your Company is in full compliance with the Corporate Governance requirements in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance and a certificate from the auditors confirming compliance with the Corporate Governance requirements are attached.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached.

Deposits

The Company has not accepted any deposit from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Company's (Acceptance of Deposits) Rules, 2014.

Particulars of Loans, Guarantee and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Corporate Social Responsibility

Pursuant to the requirement of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee was constituted. Details of the CSR activities as required under Section 135 of the Companies Act, 2013 are given in the CSR Report as Annexure I.

Extract of Annual Return

The extract of Annual Return in form MGT 9 is annexed herewith as Annexure II.

Directors and Key Managerial Personnel

Directors

(i) Resignation

During the year, Shri B. K. Jhawar (DIN: 00086237), an Independent Director of the Company has resigned from the Board of the Company with effect from 1st February, 2018. The Board of Directors placed on record their deep appreciation for his immense and valuable contribution to the growth and development of the Company during his long tenure as a director of the Company.

(ii) Re-appointment

The term of appointment of Shri M. L. Pachisia (DIN: 00065431) as the Managing Director of the Company ended on 31st March 2018. The Nomination & Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 1st February 2018 approved the re-appointment of Shri M. L. Pachisia as Managing Director (a Key Managerial Personnel) from 1st April 2018 to 31st March, 2019, subject to the approval of shareholders of the Company. Accordingly, the approval of the shareholders is being sought for his re-appointment as Managing Director of the Company.

(iii) Retirement by rotation

In accordance with the provisions of Section 152 Companies Act, 2013, Shri C. K. Birla (DIN: 00118473), Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

(iv) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of its various Committees. The manner in which the evaluation has been carried is explained in the Corporate Governance Report.

(v) Board Meetings

The details of meetings of the Board and its various committees are given in the Corporate Governance Report.

None of the Directors are disqualified under Section 164(2) of the Companies Act, 2013.

All the Independent Directors have given their declaration confirming that they meet the criteria of independence in terms of Section 149(6) of the Companies Act, 2013.

Auditors & Audit Reports

(i) Statutory Auditors

The Shareholders of the Company at the Annual General Meeting held on 9th August, 2017 appointed M/s. Price Waterhouse & Co. Chartered Accountants LLP (FRN 304026E/E-300009) as the Auditors of the Company for a period of 5 years subject to ratification of the appointment by the Members at every Annual General Meeting.

Accordingly, members are requested to ratify appointment of M/s. Price Waterhouse & Co. Chartered Accountants LLP (FRN 304026E/E-300009), the Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. The Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for re-appointment as Auditors of the Company.

The Auditors' Report for the financial year 2017-18 does not contain any qualification, reservation or adverse remark. Further, in terms of section 143 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, as amended, notifications/circulars issued by the Ministry of Corporate Affairs from time to time, no fraud has been reported by the Auditors of the Company where they have reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company.

Note No. 54 appearing in the Notes to Financial Statements referred to in the Auditors' Report is self-explanatory.

(ii) Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 and rules made there under, Shri Somnath Mukherjee, Cost Accountant (Membership no. M/5343) was appointed for the financial year ending 31st March 2018 to conduct cost audit for the products covered under the said rule. The Board of Directors of the Company, on the recommendation of the Audit Committee has further appointed Shri Somnath Mukherjee, Cost Accountant as Cost Auditor for auditing the cost accounts of the Company for the financial year 2018-19. The Auditor has confirmed his eligibility under Section 141 of the Companies Act, 2013 and the rules framed there under for appointment as Cost Auditor of the Company.

(iii) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Shri A. K. Labh, Company Secretary in Practice (CP Regn. No. 3238) to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Report of the Secretarial Auditor is annexed to this report as Annexure III. The comments mentioned in the Secretarial Audit Report are self-explanatory.

The Board of Directors of the Company has further appointed Shri A. K. Labh, Company Secretary in Practice to undertake the Secretarial Audit of the Company for the financial year 2018-19.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached herewith as Annexure IV.

Directors' responsibility statement

Directors' responsibility statement pursuant to section 134(3)(c) of the Companies Act, 2013 is attached herewith as Annexure V.

Information of employees

The prescribed information of Employees required under Section 134(3)(q) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as Annexure VI.

Subsidiary Company

Orient Electric Limited has ceased to be a wholly owned subsidiary of the Company since the Scheme of Arrangement between the Company and Orient Electric Ltd. having been effective. Accordingly shares held by the Company in the said subsidiary stand cancelled in terms of the Scheme of Arrangement.

Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and on arm's length basis.

All the Related Party Transactions are presented to the Audit Committee and the Board. Prior omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions are presented before the Audit Committee and Board of Directors on a quarterly basis specifying the nature, value and terms and conditions of the transactions. Particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 have been given in the prescribed form AOC -2 as Annexure VII. The Related Party transactions Policy as approved by the Board is uploaded in the Company's website http://orientpaperindia.com/codes-policies.

Remuneration Policy

The Board has, on the recommendation of its Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Risk Management

Pursuant to Section 134 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a risk management policy. The policy comprises of a robust business risk management framework to identify, evaluate and mitigate potential business risks. The business risk framework defines the risk level including documentation and reporting.

Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. In line with these objectives the Company has adopted a Vigil Mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement.

Details of the Whistle Blower Policy are stated in the Corporate Governance Report. Web link for the policy in the website is http://orientpaperindia.com/codes-policies.

Prevention of Sexual Harassment of Women at Workplace

It has been an endeavor of your Company to support women professionals through a safe, healthy and conducive working environment by creating and implementing proper policies to tackle issues relating to safe and proper working conditions for them.

The Company as required under the provisions of the "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" has framed a Policy on Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto.

The Company has not received any complaint under the said policy during the year. Web link for the policy in the website is http://orientpaperindia.com/codes-policies.

Internal Financial Controls with reference to Financial Statements

The Company has adequate internal financial control procedures commensurate with its size and nature of business. The Company has identified and documented all key internal financial controls, which impact the financial statements, as part of its Standard Operating Procedures (SOP). The SOPs are designed for all critical processes across all its plants and offices wherein financial transactions are undertaken. The Financial controls are tested for operating effectiveness through ongoing monitoring and review process by the management and independently by the Internal Auditors. In our view the Internal Financial Controls, affecting the financial statements are adequate and are operating effectively.

Material Changes and Commitment Affecting Financial Position of the Company

There are no material changes and commitment affecting financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March 2018 and the date of this Report.

Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

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, co-operation and support in the Company's endeavors to achieve continuous growth and progress.

By Order of the Board of Directors

C. K. Birla
Chairman
(DIN: 00118473)

New Delhi, 2nd May, 2018

Annexure I

CSR Report

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The details of the CSR policy are provided in the Corporate Governance Report.

2. **The Composition of the CSR Committee.**

   The composition of the CSR Committee is provided in the Corporate Governance Report.

3. **Average net profit of the Company for last three financial years.**

   ₹1364.00 lacs

4. **Prescribed CSR Expenditure for the financial year 2017-18 (two per cent of the amount as in items 3 above)**

   ₹27.28 lacs

5. **Details of CSR spent during the financial year:**

   (a) Total amount to be spent for the financial year 2017-18: ₹27.28 lacs

   (b) Amount spent: ₹65.43 lacs

   (c) Amount unspent : Nil

(d) Manner in which the amount spent during the financial year is detailed below :

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise (₹in lacs)	Amount spent on the projects or programs sub-heads: (1) Direct expenditure on projects or programs (2) overheads: (₹in lacs)	Cumulative expenditure up to the reporting period (₹in lacs)	Amount spent Direct or through implementing agency
1	Maintenance of Hospital	Promoting preventive healthcare and sanitation	Amlai, MP (Local Area)	60.00	52.33	202.32	Directly
2	Supply of Free Water	Rural Development	Amlai, MP (Local Area)	15.00	4.99	30.11	Directly
3	Contribution towards maintenance of School	Promoting Education	Amlai, MP (Local Area)	15.00	8.11	60.27	Directly
4	Contribution to Rajiv Gandhi Water Shed Programme	Rural community development in collaboration with the State Govt.	Shahdol district, MP (Local area)	10.00	Nil	14.85	Directly
5	Contribution to Namami Devi Narmada Programme (cleaning of River Narmada)	Rural community development in collaboration with the State Govt.	Shahdol district, MP (Local area)	Nil	Nil	1.98	Directly
	TOTAL			**100.00**	**65.43**	**309.53**	**Directly**

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

   Not applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.**

   Yes, the CSR Committee affirms that the expenditure incurred is in compliance with CSR objectives and policy of the Company.

M L Pachisia
Managing Director

N S Sisodia
Chairman CSR Committee

New Delhi, 2nd May, 2018

Annexure II

Extract of Annual Return

as on the financial year ended 31st March 2018

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT 9

I. Registration and other details

(i)	CIN	L21011OR1936PLC000117
(ii)	Registration Date	25th July, 1936
(iii)	Name of the Company	ORIENT PAPER & INDUSTRIES LTD.
(iv)	Category /Sub-Category of the Company	Company having share capital
(v)	Address of the Registered Office and Contact details	Unit-VIII, Plot No. 7, Bhoinagar, Bhubaneswar-751012, (Odisha) 0674-2396930
(vi)	Whether listed company	Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited 12/1/5, Manohar Pukur Road, Kolkata – 700026 Phone : (033) 4072-4051-53, Fax: (033) 40724054 E-mail: mcssta@rediffmail.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name & description of main products/services	NIC Code of the product/ service	% to total turnover of the Company
(i)	Pulp & Paper	1701	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
	NIL				

IV. Shareholding pattern (equity share capital Breakup as percentage of total equity)

i) Category-wise Shareholding

Category of shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. (1)	Promoters Indian									
(a)	Individual/HUF	7952945	-	7952945	3.7482	7604945	-	7604945	3.5841	(0.1641)
(b)	Central Govt.	-	-	-	-	-	-	-	-	-
(c)	State Govt.	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	74060349	-	74060349	34.9036	74128349	-	74128349	34.9356	0.0320
(e)	Banks/FI	-	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total(A)(1)	82013294	-	82013294	38.6518	81733294	-	81733294	38.5197	(0.1321)
(2)	Foreign									
(a)	NRIs-Individual	-	-	-	-	-	-	-	-	-
(b)	Other-Individual	-	-	-	-	-	-	-	-	-
(c)	Bodies-Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)		-	-	-	-	-	-	-	-
	Total shareholding of Promoters (A)=(A)(1)+(A)(2)	82013294	-	82013294	38.6518	81733294	-	81733294	38.5197	(0.1321)
	B. Public Shareholding (1) Institutions									
(a)	Mutual Funds/UTI	26651617	2000	26653617	12.5615	33151448	-	33151448	15.6238	3.0623
(b)	Banks/FI	160605	875900	1036505	0.4884	215906	875900	1091806	0.5146	0.0261
(c)	Central Govt.	-	-	-	-	803438	-	803438	0.3786	0.3786
(d)	State Govt.	-	4000	4000	0.0020	-	4000	4000	0.0020	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	10305888	-	10305888	4.8570	8062889	-	8062889	3.7999	(1.0571)
(g)	FIIs/Foreign Portfolio Investor	8090883	-	8090883	3.8131	3633315	-	3633315	1.7123	(2.1008)
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-total(B)(1)	45208993	881900	46090893	21.7219	45866996	879900	46746896	22.0312	0.3092

Category of shareholders		No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
	(2) Non-Institutions									
(a)	Bodies Corporate	12468834	341420	12810254	6.0372	15667561	337420	16004981	7.5429	1.5056
(b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹2 lakh	34151579	1079772	35231351	16.6040	31367041	963200	32330241	15.2368	(1.3672)
	ii) Individual shareholders nominal share capital in excess of ₹2 lakh	8481247	-	8481247	3.9971	8155499	-	8155499	3.8436	(0.1536)
(c)	Others									
	i) NRI	1911455	12000	1923455	0.9064	1468544	12000	1480544	0.6978	(0.2087)
	ii) OCB	3813748	-	3813748	1.7974	3813748	-	3813748	1.7974	-
	iii) NBFC registered with RBI	357660	-	357660	0.1686	110050	-	110050	0.0519	(0.1167)
	iv) Co-operative Society	21463600	-	21463600	10.1155	21743600	-	21743600	10.2474	0.1320
	v) Trusts	-	-	-	-	66649	-	66649	0.0314	0.0314
	Sub-total (B) (2)	**82648123**	**1433192**	**84081315**	**39.6263**	**82392692**	**1312620**	**83705312**	**39.4491**	**(0.1772)**
	Total Public shareholding (B)=(B)(1)+(B)(2)	**127857116**	**2315092**	**130172208**	**61.3482**	**128259688**	**2192520**	**130452208**	**61.4802**	**0.1320**
	C. Shares held by custodian for GDRs & ADRs	-	-	-	-		-	-	-	-
	Grand Total (A)+(B)+(C)	**209870410**	**2315092**	**212185502**	**100**	**209992982**	**2192520**	**212185502**	**100**	-

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledge/or encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledge/or encumbered to total shares	
1	Central India Industries Ltd.	52559648	24.7706	-	52559648	24.7706	-	-
2	Shekhavati Investments & Traders Ltd.	12760895	6.014	-	12760895	6.014	-	-
3	Nirmala Birla	3878410	1.8278	-	3606410	1.6996	-	(0.1282)
4	Chandra Kant Birla	3269893	1.5411	-	3405893	1.6051	-	0.0640
5	Hindusthan Discounting Co. Ltd.	2310678	1.0890	-	2310678	1.0890	-	-
6	Gwalior Finance Corporation Ltd.	1649375	0.7773	-	1649375	0.7773	-	-
7	Amer Investments (Delhi) Ltd.	1422000	0.6702	-	1422000	0.6702	-	-
8	Universal Trading Co. Ltd.	844280	0.3979	-	912280	0.4299	-	0.0320
9	National Engineering Industries Ltd.	537400	0.2533	-	537400	0.2533	-	-
10	Rajasthan Industries Ltd.	690035	0.3252	-	690035	0.3252	-	-
11	Shyam Sundar Jajodia	280000	0.1320	-	-	-	-	(0.1320)
12	Ashok Investment Corporation Ltd.	683038	0.3219	-	683038	0.3219	-	-
13	Amita Birla	260000	0.1225	-	328000	0.1546	-	0.0321
14	Jaipur Finance & Dairy Products Pvt. Ltd.	208000	0.0980	-	208000	0.0980	-	-
15	India Silica Magnesite Works Ltd.	200000	0.0943	-	200000	0.0943	-	-
16	Bengal Rubber Co. Ltd.	195000	0.0919	-	195000	0.0919	-	-
17	Avani Birla	130000	0.0613	-	130000	0.0613	-	-
18	Avanti Birla	134642	0.0635	-	134642	0.0635	-	-
	Total	82013294	38.6517	-	81733294	38.5197	-	(0.1320)

iii) Change in Promoters shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
01	At the beginning of the year	82013294	38.6517	82013294	38.6517
02	Increase/Decrease in promoters shareholding during the year: Donation/gift of shares held by Shri Shyam Sundar Jajodia jointly with Shri Yogesh Goenka on 30.03.2018	-	-	(280000)	(0.1320)
	At the end of the year	**82013294**	**38.6517**	**81733294**	**38.5197**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Share	% of total shares of the Company	No. of Share	% of total shares of the Company
1	Reliance Capital Trustee Co. Ltd.	19157534	9.0286	18394345	8.6690
2.	L & T Mutual Fund Trustee Limited – L & T Emerging Business	-	-	7245417	3.4147
3.	Life Insurance Corporation of India	5556793	2.6188	5556793	2.6188
4	Birla Institute of Technology & Science	3519850	1.6589	3519850	1.6589
5	Rukmani Birla Educational Society	3472140	1.6364	3472140	1.6364
6	Shree Jagannath Educational Institute	3170000	1.4940	3170000	1.4940
7	Sri Govinddeo Educational Inst	3005000	1.4162	3005000	1.4162
8	Param Capital Research Private Ltd.	2914496	1.3736	2914496	1.3736
9	Shri Venkateshwara Educational Institute	2851860	1.3440	2851860	1.3440
10	Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	-	-	2730839	1.2870

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Share	% of total shares of the Company	No. of Share	% of total shares of the Company
1.	**Shri C.K. Birla, Chairman**				
	At the beginning of the year	3269893	1.5410	3269893	1.5410
	Purchase of shares during the year (on 11.04.2017)	-	-	136000	0.0640
	At the end of the year	3269893	1.5410	3405893	1.6051
2.	**Shri A. Ghosh, Director**				
	At the beginning of the year	7400	0.0034	7400	0.0034
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	7400	0.0034	7400	0.0034
3.	**Shri M. Bastian, Director**				
	At the beginning of the year	26733	0.0126	26733	0.0126
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	26733	0.0126	26733	0.0126
4.	**Shri B. K. Jhawar, Director**				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
5.	**Shri N. S. Sisodia, Director**				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
6.	**Ms. Gauri Rasgotra, Director**				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	-	-	-	-
7.	**Shri M. L. Pachisia, Managing Director**				
	At the beginning of the year	37948	0.0179	37948	0.0179
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	37948	0.0179	37948	0.0179
8.	**Shri P. K. Sonthalia, CFO**				
	At the beginning of the year	15920	0.0075	15920	0.0075
	Purchase /(sale) of shares during the year	-	-	-	-
	At the end of the year	15920	0.0075	15920	0.0075
9.	**Shri R P. Dutta, Company Secretary**				
	At the beginning of the year	-	-	-	-
	Purchase /(sale) of shares during the year	-	-	205	-
	At the end of the year	-	-	205	-

V. Indebtedness

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ in crores)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	150.14	35.97	13.20	199.31
ii) Interest due but not paid	-	-	-	-
iii)Interest accrued but not due	0.06	0.33	-	0.39
Total (i+ii+iii)	**150.20**	**36.30**	**13.20**	**199.70**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	61.92	34.06	0.63	96.61
Net Change	**(61.92)**	**(34.06)**	**(0.63)**	**(96.61)**
Indebtedness at the end of the financial year				
i) Principal Amount	88.23	2.24	12.57	103.04
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.05	-	-	0.05
Total (i + ii + iii)	**88.28**	**2.24**	**12.57**	**103.09**

VI. Remuneration of Directors and key managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and /or Manager:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	M.L.Pachisia (Managing Director)
	Gross Salary	
1. (a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	236.10
(b)	Value of perquisites under Section 17(2) Income tax Act, 1961	93.74
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act,1961	-
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	-
	- As % of profit - Others specify	
5.	Others, please specify:	-
	Total (A)	329.84

Note: The above remuneration does not include contribution to gratuity / provident fund.

B. Remuneration to other Directors:

(i) Independent Directors

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Shri B.K. Jhawar	Shri A.Ghosh	Shri M. Bastian	Shri N.S. Sisodia	Ms. G. Rasgotra	Total
1.	Fee for attending Board/Committee meetings	7.00	16.00	16.50	16.50	13.00	69.00
2.	Commission	8.33	10.00	10.00	10.00	10.00	48.33
3.	Others, please specify	-	-	-	-	-	-
	Total (B)	**15.33**	**26.00**	**26.50**	**26.50**	**23.00**	**117.33**

(ii) Other Non-Executive Directors

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Shri C. K. Birla
1.	Fee for attending Board/Committee meetings	6.00
2.	Commission	35.00
3.	Others, please specify	-
	Total (C)	**41.00**
	Total Managerial Remuneration (A+B+C)	**488.17**
	Overall ceiling as per the Act	**917.64**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1.	**Gross Salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	170.56	20.18	190.74
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.91	0.15	16.06
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit - Others specify			
5.	Others, please specify:	-	-	-
	Total	**186.47**	**20.33**	**206.80**

Note : The above remuneration does not include contribution to gratuity / provident fund.

VII. Penalties /Punishment/Compounding of Offences

There were no penalty/punishment/compounding of offences for the year ended 31st March, 2018.

Annexure III

Secretarial Audit Report

for the financial year ended 31.03.2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Orient Paper & Industries Limited
Unit VIII, Plot No. 7
Bhoinagar, Bhubaneswar – 751 012
Odisha

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Orient Paper & Industries Limited having its Registered Office at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneshwar – 751 012, Odisha (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to us during the said audit and also based on the information furnished to us by the officers' and the agents of the Company during the said audit.

We have followed the audit practices and processes as were appropriate to the best of our understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statues as mentioned hereinafter.

Wherever required we have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis.

Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) Secretarial Standards as issued by The Institute of Company

Secretaries of India;

(iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

1. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
2. The Petroleum Act, 1934 and The Petroleum Rules, 2002;
3. Explosives Act, 1884

to the extent of their applicability to the Company during the financial year ended 31.03.2018 and our examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to us by the Company and its management and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;

(v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

We further report that :

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

(d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that :

a) The Company had conducted Postal Ballot during the financial year under report proposing the appointment of Miss Avani Birla, a relative of a Director of the Company as a Senior Executive of Orient Electric, a division of Orient Paper & Industries Limited which was duly passed with requisite majority on 18.09.2017.

b) The Board of Directors of the Company at its meetings held on 17.04.2017 and 16.05.2017, declared payment of Interim Dividend @ Re. 0.50/- (50%) and recommended final Dividend @ Re. 0.50/- (50%) respectively on the equity shares of Re. 1/- each of the Company for the financial year 2016-17 which were approved by the shareholders at the Annual General Meeting held on 9th August, 2017.

c) Separate meetings of the Equity Shareholders of Orient Paper & Industries Limited ("Demerged Company"), Unsecured and Secured Creditors of the Demerged Company and meetings of the Equity shareholders and Unsecured Creditors of Orient Electric Limited ("Resulting Company") were held in pursuance of the Order dated 18th May 2017 of the National Company Law Tribunal ('NCLT') on 29th day of June, 2017 at Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012 wherein the Scheme of Arrangement between the Demerged Company and the Resultant Company was approved, subject to sanction of the same by NCLT.

d) National Company Law Tribunal, Kolkata Bench, Kolkata (NCLT) vide its order passed on 9th November, 2017 has approved the scheme of arrangement involving demerger of the consumer electric undertaking of Orient Paper & Industries Limited ("Demerged Company") into Orient Electric Limited ("Resulting Entity"), the wholly owned subsidiary of the Demerged Company, implemented in terms of the scheme of arrangement between the Demerged Company, Resulting Entity and their respective shareholders and creditors under erstwhile Sections 391 - 394 of the Companies, Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Act and the same has become effective from 8th December, 2017.

e) In terms of Section 124(6) of the Act read with Rule 6 of The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred equity shares to the account of Investor Education and Protection Fund Authority (IEPF) during the year under report. However, in the process of transfer, the Registrar and Share Transfer Agent of the Company has transferred entire shares lying in the unclaimed suspense account of the Company instead of actual number of shares required to be transferred to IEPF for which necessary steps have been taken for reversal/transfer of such shares from the concerned authority (ies).

f) The Board of Directors of the Company at its meeting held on 01.02.2018 declared payment of Interim dividend @ Re. 0.40/- (40%) on the equity shares of Re. 1 each of the Company for the financial year 2017-18.

g) Application for approval of payment of excess remuneration to the Managing Director of the Company during the financial year ended 31.03.2016 is pending with the Central Government.

h) Credit Rating for Loans/Bank Facilities and also the rating for short term bank facilities have been revised upwards by CARE on 15.02.2018.

For **A. K. LABH & Co.**
Company Secretaries

Place : Kolkata
Dated : 2nd May, 2018

(CS A. K. LABH)
Practicing Company Secretary
FCS – 4848 / CP No.- 3238

Annexure IV

CONSERVATION OF ENERGY, TECHNOLOGHY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PERSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

(A) CONSERVATION OF ENERGY

Energy conservation measures taken in FY 2017-18:

S. No.	Description of Proposal Implemented	Qty.
1	Reduced frequency of TG 30 mw from 49.8 to 49.6 HZ.	01 No.
2	Installation of Mill water booster pump in Pulp Mill	01 No.
3	Installed & Commissioned New TDR at Main machine and stoppage of One SDM and One DDR refiner	01 No.
4	Installed & Commissioned dedicated Kaeser compressor for AFBC Ash Conveying and stopping of 2 nos. old inefficient compressors in centralized compressor house.	01 No.
5	One HT transformer (11 KV / 415 V) bypassed at Pilot plant to save transmission loss	01 No.
6	Installation & Commissioning of 2nd TDR at Main machine and stoppage of One DDR refiner	01 No.
7	Stopped running of two Holding Chest Agitators: 22 kW each.	02 Nos.
8	Installed & Commissioned one 15 KW VFD at RLK PA Fan	01 No.
9	Installed & Commissioned one 75 KW VFD at RO Feed pump in CPP	01 No.
10	Installed & Commissioned one 75 KW VFD at Holding Chest Pump at Paper Machine.	01 No.
11	Installed & Commissioned one 55 KW VFD at Hot well pump in Clo2 plant	01 No.
12	Installed & Commissioned one 55 KW VFD at CD VAT dilution pump in Pulp mill	01 No.
13	Installed & Commissioned one 75 KW VFD at UTM pulper pump in Paper Machine.	01 No.
14	Installed & Commissioned one 55 KW VFD at Mining water booster pump at Bleached Tower used for tower dilution in Pulp Mill	01 No.
15	PF improvement by charging capacitor Bank up to 0.85 (300kVAr +150 kVAr) in Pulp Mill.	01 No.
16	Replaced 150W Street Light Fitting with LED fitting 30W at inside the Mill.	50 Nos.
17	Replaced 125W HPMV Light Fitting with LED 40W well glass fitting at inside the Mill.	134 Nos.
18	Replaced of Conventional Light Fitting with LED tube light fitting 18W at offices.	500 Nos.
19	Replaced of Conventional Street Light Fitting with LED fitting 40W in Colony.	130 Nos.
20	New higher capacity chlorine blower (with VFD) installed by replacing two old blowers to provide higher discharge pressure at CSU- IEM plant.	01 No.
21	Additional Hydrogen cooler installed by replacing old equipment like flaker drum, complete tube bundle of concentrator, Flaker Gear Drive, Vacuum pump etc.at CSU	01 No.
22	Replaced old 40HP (02 Nos.) inefficient compressors with new 50HP instrument air compressor at CSU	01 No.
23	VFD with 7.5HP drive motor installed and commissioned at CSU-Fusion plant.	01 No.
24	Installed VFD in combustion Air Blower (25HP) of Flaking Plant in CSU	02 Nos.
25	Solar system of 100kW capacity has been installed at our CSU guest house and colony.	01 No.

(B) ADDITIONAL INVESTMENT & PROPOSAL, IF ANY BEING IMPLEMENTED FOR REDUCING CONSUMPTION OF ENERGY

S. No.	Proposal Details	Estimated Investment in next 3 Years (₹in Lacs)
1	Installation of HP Heater for feed water heating of recovery boiler & Power Boilers (20oC temp. rise)	40.00
2	Installation of VAM Chiller: 500 TR in CLO2 Plant.	75.00
3	Installation of VFD : 10 Nos.	50.00
4	Replacement of inefficient equipment with new energy efficient.	30.00
5	Conversion of Power supply of Power Boilers ID Fan from HT to LT power	40.00
6	Convert Approach flow of Main mc to Double dilution system for Energy conservation	150.00
7	Installation of LED light fittings.	2.00
8	Fixing of transparent sheets in place of asbestos sheets for utilization of Natural sun light.	2.00
	Total Investments	**389.00**

(C) IMPACT OF MEASURES (A) ABOVE FOR REDUCTION OF ENERGY AND CONSEQUENT IMPACT ON COST OF PRODUCT

	Unit	2017-18	2016-17	2015-16
Power (Excl. colony, Aux. & export power)	KWH/MT of paper	1760	1805	1838
Steam (excl Own cons.)	MT/MT of paper	16.91	18.28	18.37
Water (excl Own cons.)	M3/MT of paper	47	84	108
Coal	MT/MT of paper	2.20	2.30	2.45

CO2 Emissions & Sequestrated for last Five (5) Years:

		UOM	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1	CO2 Sequestrate	tCO2/MT of Paper	17.85	16.52	15.83	15.88	17.67	15.40
2	CO2 Emission through OPM	tCO2/MT of Paper	4.94	4.37	3.96	3.84	3.74	3.40
3	Carbon Positive	tCO2/MT of Paper	12.92	12.14	11.86	12.05	13.92	12.00

(D) TECHNOLOGY ABSORPTION

Research & Development

I. Specific area in which R&D carried out by the Company.

1. Pulping characteristic studies on raw materials.

   I. All the individual species received of bamboo consignments received in mill through Rake and trucks from various locations like Madhya Pradesh, Uttar Pradesh, Jharkhand, Odisha, Assam, and West Bengal for evaluation of the Yield(%) along with other all the other physical, chemical and optical properties.

   II. Comparative pulping study about the characteristics of Poplar, Eucalyptus, & Subabul wood and its thoroughly evaluation.

   III. Moisture measurement of all the Rakes of Bamboo, Eucalyptus, Subabul & Poplar.

   IV. To evaluate pulping characteristics of silo chips collected at the feeding point at Digester house to examine the pulping characteristics on mixed chips on similar plant condition and to correlate the pulping results with Pulp produced from the Pulp Mill.

   V. To evaluate the pulping characteristics by using different proportionate of Raw material mix furnish, to get the optimum raw material furnish suitable to plant operation as well economical viable.

   VI. Optimization of the RM mix furnish by conducting the pulping study with different proportionate of Hardwood (Eucalyptus, Poplar) and Bamboo (from various locations).

2. Bleaching study of the Harwood (Eucalyptus, Poplar, Subabul) and bamboo by Maintain the same plant condition in the lab.
3. Developed full-fledged lab for evaluation of biological bacterial growth and DCM in the system in the Pulp Mill, Paper Machine, Tissue Machine # 1,2 &3 and white water Clarifier.
4. Evaluation of the existing advance Amox Biocide control program running on Paper Machine, Tissue Machine #1,2 &3 and White Water Clarifier.
5. Analysis of Weak black liquor & Thick black liquor from Soda Recovery and Pulp Mill on time to time.
6. Analysis of scale samples received from Soda Recovery Process.
7. Analysis of samples of scales collected from various stages from the Pulp Mill.
8. Moisture (%) determination of all the incoming fibrous raw material to ensure the Actual calculation of Bone Dry raw material receipt in the Plant..
9. Fiber morphology of our paper as well as competitor's sample of various grades of Writing & printing paper and Tissue Paper.
10. Heavy metal analysis like Pb, Lead in the Primary Clarifier inlet and outlet of Tertiary clarifier
11. Measuring of AOX in the effluent outlet sample.
12. Monthly compilation of no's of reports for effluent generated for submission to MPPCB, Bhopal.
13. Monthly Analysis water sample of Nine (09) Piezometric tube wells across the Mill periphery
14. Soil analysis of various location of the of the mills periphery and surrounding areas to ascertain the quality of Soil.
15. Special samples analysis of water from Upstream and downstream of Sone river for Environmental compliance.
16. Complete analysis of various special samples of raw water collected from the Dug well of nearby villages to search the alternate source of water supply in the surrounding of the Mill.
17. Evaluation of the effluent quality at various stages during the up-gradation of the Effluent Treatment Plant.
18. Special samples analysis of all the drain from various sections going to Effluent treatment plant to get the data of individual department effluent load for preventive action accordingly by the concerning department.
19. Monitoring of white water clarifier samples & its characteristics so that same can be used in Paper machine and pulp Mill to ensure the reduction in fresh water consumption in the plant.
20. Monitoring of the Krofta Performance of Tissue Machine #1,2 &3 by measuring the consistency of the pulp to save the water, chemicals and fibre.
21. Monitoring of unbleached pulp COD of the composite sample of the 4th press to analyze the carryover of the chemical with the pulp.
22. Monitoring of effluent from different drains of the inside the mill.
23. Monitoring of COD, SS, BOD & Colour for on line discharge effluent sample.
24. Monitoring of the quality of De-mineralized water and Reverse Osmosis water.
25. Analysis of scale deposit sample received from the Old Power House and Captive Power Plant.
26. Analysis of Turbine oil deposition sample of Power House.
27. Monitoring of the fibre loss in Tissue Machine # 1& 2.
28. Monitoring of the refining parameters of pulp at Tissue Machine #1&2.
29. Quality check of the Nitrogen and Phosphorous analysis in Urea and Ammonium Sulphate being used in ETP.
30. Analysis of Nitrogen and Phosphorous in Activated sludge pond.
31. Monitoring of Ambient Air and Stack at different locations.
32. Monitoring of Dust emission in all the four direction of the Mill as per the following points as Chipper House, Power House, Coal Yard and Soda Recovery area.
33. NABL ISO: 17025-2005 Internal Audit by the competent authority for the year 2017-18 for Environmental Lab, Research Division.
34. NABL External Audit of Environmental Lab, Research Division for ISO: 17025-2005 Certification 2017-18.
35. Received the certification for accreditation from NABL of Environmental Lab, Research Division for ISO: 17025-2005 till 2018-20.

II. Benefit derived as a result of R&D

1. Pulping studies of all the incoming fibrous raw materials.

I. Individual species pulping of incoming bamboo consignments (Jharkhand, Odisha, Assam, and West Bengal) for yield(%) and other strength properties evaluation, which helps for the procurement of the right quality of Raw material in the mill.

a) Assam Bamboo viscosity is high 24.0 cps, H-factor 529.5 at 158°C cooking temperature, high unbleached yield 44.78% & Kappa number 21.3.

b) West Bengal Bamboo viscosity is also in higher side 18.7 cps, H-factor 536 at 158°C cooking Temperature, unbleached yield 43.0% & Kappa number 22.4.

II. Evaluate and compare pulping characteristics of Poplar wood & Eucalyptus wood and major finding are below.

  a) Poplar wood viscosity is 16.6 cps, H-factor 530 at cooking Temperature 158°C, unbleached yield 49.61% & Kappa number 22.7.

  b) Eucalyptus wood viscosity is 13.1 cps, H-Factor 531 at cooking Temperature 158°C, unbleached yield 44.90% & Kappa number 27.4.

  Study of a & b shows that Poplar viscosity is higher 16.6 cps as compared to Eucalyptus which is only 13.1cps. Poplar unbleached yield is 49.61 % which is higher than eucalyptus 44.9%. Study of above points (a & b) shows that pulping characteristics of Poplar is good.

III. Comparative pulp characteristics of the Individual species of bamboo received through Rake & trucks from various regions of the India.

  a) Assam Bamboo Pulp has viscosity (24.0) and Kappa number (21.3).

  b) West Bengal Bamboo Pulp has viscosity (18.7) and Kappa number (22.4).

  c) Poplar Wood Pulp has viscosity (16.5) and Kappa number (22.7).

  d) Eucalyptus Wood Pulp has viscosity (13.1) and Kappa number (27.4).

Above R&D studies shows that Assam Bamboo has better viscosity and Yield.

2. Micro-biological analysis of various locations at Tissue Machine #1,2&3, Paper Machine and waste water samples were carried out at regular intervals to ascertain the health of machine wet end and smooth running of the machine.

3. Evaluation of the existing slime control program running on Paper Machine & Tissue Machine #1,2&3 helps in optimizing chemical dose and guide to Process people to take appropriate action at machine timely.

4. Weak & thick black liquor analysis from recovery and pulp mill from time to time and feedback given to process owner for better control in the plant.

5. Analysis of scales from Soda Recovery Process feedback given to process for better control.

6. Analysis of scales from Pulp Mill Process feedback given to process for better control.

7. Timely Moisture content determination of all the incoming fibrous raw material to ascertain the actual quantity of the raw material received in the plant.

8. Fiber morphology of competitor's tissue sample of various grades for to get the actual component of the raw material furnish like Softwood and hard wood which helps us for taking the decision during the new product development.

9. Heavy metal analysis of untreated & treated effluent results given to ETP for better control.

10. Monitoring of AOX in untreated & treated effluent discharge to own plantation site helps to optimize the quality of discharge effluent.

11. Monthly compilation of untreated & treated effluent discharge analysis report for PCB submission for liaising purpose.

12. Monthly Analysis of Piezometric sample from surrounding areas is submitted to PCB for liaising purpose as well as to get the actual water table condition surrounding the Mill area.

13. Soil analysis of various location of Mill surrounding helps to determine health of HRTS System.

14. Special samples analysis of water from Upstream and downstream of Own plantation site to determine water quality of River Sone.

15. Special samples analysis of water from dug well of nearby villages to determine water quality of well.

16. Special samples analysis of Treated Effluent from different area.

17. Monitoring of white water samples any abnormal rise in its characteristics is carried out and reported for effective white water utilization in Paper Machine & Pulp Mill.

18. Monitoring of Krofta Performance of Tissue Machine # 1& 2, to save the fiber recovery and to conserve the water.

19. Monitoring of unbleached pulp COD of the composite sample of the 4th press, for to control the carryover of the pulping chemical and further to optimization of the chemical usage in bleaching section of pulp Mill .

20. Monitoring of effluent from different drains inside Mill. Feedback given to Environment department to control effluent load.

21. Monitoring of COD, SS, BOD & Color for on line discharge effluent sample to Environment department for comparison with On-line instrument for stabilization.

22. Monitoring of DM & RO water is carried out for effective boiler operations.

23. Analysis of condensate deposit in Power House for effective boiler operations.

24. Analysis of Turbine oil deposition sample of Power House for effective boiler operations.

25. Monitoring of the fiber loss in Tissue Machine #1&2 and feedback given to Process head for better control in process

to reduce the fiber loss.

26. Monitoring of the refining treatment of pulp in Tissue machine #1&2 for optimization of the refining energy as per the process requirement.
27. Nitrogen and Phosphorous analysis in Urea and Ammonium Sulphate for better use in ETP.
28. Nitrogen and Phosphorous in Activated sludge pond for optimizing chemical dose.
29. Monitoring of Ambient Air and Stack at different locations to comply PCB regulation.
30. Monitoring of Dust emission in Chipper House, Power House, Coal Yard and Soda Recovery area for evaluation of pollution load in plant.
31. Analysis of Aeration Tank samples for D.O., Suspended Solids, MLSS, MLVSS, Inorganic & Organic content for evaluation of biomass content Effluent Treatment Plant.
32. Surveillance audit of environmental lab was conducted by NABL assessment team for our testing laboratory. The R&D has received continuation of NABL Certificate from 06.10.2017 to 07.10.2019.

III. Papers published during the year 2017-2018

None.

IV. Future plan of action

Future plan of action: To continue research in the above areas and to work out to implement other new emerging technologies for the benefits of the pulp & paper industry.

We are planning to publish one technical paper on Tissue technology in forth coming seminar which will be first paper publication in Tissue making.

Expenditure of R&D

S. No.	Details	2017-2018
a)	Salary (₹ In lacs)	26.35
b)	Expenditures (₹ In lacs)	6.36
c)	Capital (₹ In lacs)	16.00
	Total R&D (₹ In lacs)	48.71

Technology absorption and Innovation:

A. Efforts in brief made towards absorption, adoption and innovation:

1. Pulp Mill:

I. Improved Pulp yield from 37.7 to 38.0 % by minimizing optimisation of the process parameters and reducing the fibre loss.

II. Replaced corroded purling/channels and sheets to strengthen the building structures.

III. Clo2 seal box modification done to reduce water consumption.

IV. Water consumption reduced from 40 to 25 M^3 /MT of paper.

V. Installed chlorine vapor vent fan in Bleach plant to maintain the healthy working environment in the plant.

VI. Water consumption reduced by 500 M^3 /day by taking water conservation initiatives.

2. Chipper House:

I. Installed and commissioned of one Saw mill shifted from outside to near chipper # 1. This shall give savings of ₹150/GMT of sawn wood.

II. Installed and commissioned of one another Saw mill # 4 from outside to near chipper # 1 on 23rd May'17 to achieve savings of ₹110/GMT of sawn wood .

III. Replaced old rewind motor with new HT motor (400 KW/984rpm) to increase the uptime of the chipper.

3. Paper Machine:

I. Installed & Commissioned new flexi doctor holder at Dryer # 2 of Main Machine in May'17.

II. Installed & Commissioned one New Tri-Disc refiner at Main machine to save 360 kwh of power in June'17.

III. Installed & Commissioned 2nd Tri-Disc refiner at Main machine for debottlenecking the refining constraints and savings in power in Oct'17.

IV. High quality printing paper established into market.

V. Water consumption reduced from 25 to 23 M^3 /MT of paper.

4. Tissue Machine #1 & 2:

I. High quality Facial grade, Toilet grade and Napkin paper developed at Tissue-1.

II. Strength properties increased in Napkin grade quality in

Tissue -1 for customer satisfaction.

III. High strength (dry and wet strength) Interfold Towel paper in lower and higher gsm manufactured at T#2 to meet out the UAE customer requirement.

IV. Carrier Tissue, high strength tissue paper developed at Tissue-2.

V. Water consumption reduced from 15 to 12 M^3 /MT of paper.

5. Tissue machine # 3:

I. Tissue Machine #3 commissioned successfully w.e.f. 25th Apr'17 to match the Domestic & Exports market quality requirements of paper.

II. Installed & Commissioned Deflaker at Tissue # 3 for quality improvement and to avoid dust generation in paper

III. Water consumption reduced from 35 to 25 M^3 /MT of paper.

6. Finishing House:

I. Cost reduction Initiative - Installed & Commissioned Ream Bundling machine w.e.f. 3rd May'17.

II. Cost reduction Initiative - Installed & Commissioned stretch film Reel packing machine w.e.f. 6th May'17.

III. Started use of 29 microns stretch film for Export packing as a part of customer feedback & quality improvement Initiative Aug'17.

IV. Started use of arrow mark in Tissue reels to indicate the reel winding direction as like other international competitors Tissue paper Mills.

7. Chemical Recovery, Chlorine Dioxide plant & Lime Kiln:

I. Improved Overall Recovery Efficiency to 93.0 % by minimizing the Alkali loss and optimisation of the process parameters.

II. Installed & Commissioned of 02 No's of soot blower at Boiler bank of Recovery Boiler to improve the uptime of Boiler.

III. ID fan drive system modified to increase the RPM from 700 to 930 to increase the Black Liquor solids firing.

IV. Achieved ever highest condensate recovery as 73 %.

V. Installed new H2O2 tank of Stainless Steel -317 L.

VI. Replaced rusted MS tank to SS tank for Dust dissolving.

VII. Replaced worn-out ESP duct with new one.

VIII. Replaced damage casing plate and refractory with new one to improve the Boiler efficiency.

IX. RB – ESP retrofit done to achieve Overall Recovery Efficiency @ 95 %

X. Lime mud filter cloth replaced with new one on 25th Nov'17 after repairing the internal tubes. Lime mud dryness from filter increased from avg. 59 % to avg. 65 % to save on furnace oil consumption.

8. Effluent Treatment Plant:

I. ETP up-gradated by installation of equalization tank with state of art of diffused aeration system to meet the pollution parameters set by Central Pollution Control Board (CPCB) and MP Pollution Control Board charter norms.

II. Installation of new aeration tank with fine air bubbles diffusers.

III. Installation of On-line stack, Ambient and Effluent monitoring system.

IV. Development of HRTS site with green belt for utilization of treated effluent and Reduce carbon foot print.

V. Achieved Zero Liquid discharge to river. We are the first Integrated Pulp and Paper Industry in India to achieve ZLD to river.

VI. Reduction in water consumption to < 50 mt/t of paper.

VII. Installation of Sewage treatment Plant for domestic effluent is under progress.

VIII. Installed & Commissioned Two (2) sets of AAQMS (Ambient Air Quality Monitoring system)

9. Energy Conservation Initiatives:

I. Coal Consumption reduced to 2.20 MT/T of paper by implementing energy efficient pump, VFDs, initiatives to save both power and steam.

II. Installed & Commissioned Five (5) VFDs viz. 3 nos. 75 kw and 2 nos. 55 kw at various potential location in the mills to save 105 kwh of power or equivalent to savings of ₹41 lacs /annum.

III. Installed & Commissioned dedicated compressor for Coal ash handling at AFBC boiler for Energy conservation Aug'17.

IV. Replacing three (03) mill water pump with single energy efficient pump with VFD to save the 50 kwh.

V. Sold 13020 EScerts against PAT cycle # 1 and earned ₹102 lacs.

10. In-house water conserved measures:

i. Construction of new raw water storage reservoir of capacity 55 MG.

ii. Construction of 200 m3 of concrete tank & commissioned Back water system for Gravity sand filter at WTP to save 500 m3/day of Fresh water.

iii. The Mill water consumption has been minimized substantially from 76 m3/t of paper to 49 m3/t of paper keeping in view the concept '3R's i.e. Reduce, Reuse & Recycle and to meet out the CPCB charter of 50 m3/t of paper.

11. Raw Material Development:

I. Achieved ever highest plantation of 70.2 lacs sapling covering area of 3226 hectares thus surpassing our budgeted target of 3100 hectares FY 17-18

B. Benefit derived as a results of above efforts i.e. product improvement, cost reduction, product development, and import substitution.

1. Improved paper quality with cost reduction.
2. Pulping studies for better decision making for procurement of raw materials
3 Optimize the Raw material furnish mix for cost reduction and sustainability.
4. Micro-biological analysis of various water and waste water samples to ascertain the health of machine wet end and for smooth running of the machine.
5. WBL (Weak black liquor) and TBL (Thick black liquor) analysis from recovery and pulp mill for controlling of intermediate process control.
6. Analysis of scales from Soda Recovery & Pulp Mill Process for better process control.
7. Better Monitoring of DM & RO water for effective boiler operation.
8. Soil analysis of various location of Mill surrounding helps to determine health of HRTS System.
9. Monitoring of Ambient Air and Stack at different locations to comply PCB regulation.
10 Surveillance audit of NABL ISO: 17025-2005 of environmental lab was conducted for the year 2017-18 for compliance of NABL requirement & certificate extended Till 7th Oct'2019

Awards & Certification :

1. Successful external surveillance audit of Integrated Management system, IMS (ISO 9001:2015. ISO: 14001:2015, OHSAS18001:2008) and EnMS done by external auditors from M/s Rina Services, Italy.
2. Successful surveillance audit FSC CW & COC, done by the auditors from M/s Rainforest Alliance USA based certification agency.
3. Received certification of Accreditation of Environmental lab from NABL.
4. Received Golden Peacock Award – 2017 for Energy Efficiency.
5. Received Grow Care India award – 2017 for Environment & Safety
6. Received CII - Certificate of Excellence in Water Management - 2017
7. Received CAPEXIL Export Award/Certificate of Merit for FY-2014-15.
8. Received License from Bureau of Indian Standard (BIS) for manufacturing the ECO mark paper & labeling on Writing Printing Paper white & Colored.

Foreign Exchange Earnings & Outgo

The Foreign Exchange earned in terms of actual inflows during the year is ₹10273.45 lacs and the Foreign Exchange outgo during the year is ₹2349.45 lacs in terms of actual outflows.

In case of imported technology (imported during the last five years reckoned from the beginning of financial year), following information may be furnished.

(a) Technology imported
(b) Year import
(c) Has technology been fully absorbed
(d) If not absorbed, areas where this has not taken place

— Not applicable

Annexure V

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 that:

(a) in the preparation of the annual accounts for the financial year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for this period ;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis ;

(e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

C. K. Birla
Chairman

Annexure VI

Particulars of Employees as required U/S134 of the Companies Act, 2013 and forming a part of the Directors' Report for the year ended 31 March 2018.

(a) Qualification (b) Designation/Nature of duties (c) Age (years) (d) Remuneration(Rs.) (e) Experience (years) (f) Date of Joining (g) Particulars of last employment

A. Top ten employees in terms of remuneration drawn during the year

1	Pachisia M.L.	(a) B.Com (b) Managing Director (c) 73 (d) 34661861 (e) 57 (f) 1 April 1991 (g) Hindustan Motors Ltd., President (Corporate Projects)
2	Sonthalia P.K.	(a) B.Com (H), FCA, FCMA (b) President (Finance) & CFO (c) 60 (d) 19865472 (e) 38 (f) 15 April 1980 (g) None
3	Gupta A.	(a) B.Tech (Pulp & Paper) (b) Chief Executive Officer – Amlai Paper Mills (c) 53 (d) 12554200 (e)29 (f) 22 January 2014 (g) Ballarpur Industries Ltd, Assistant Vice President (Operations)
4	Saha N.K.	(a) B.E.(Chem), MS (Pulp & Paper) (USA), M.I.E. (India) (b) Sr. Vice President (Projects & Development)-Paper (c) 67(d) 9454193 (e) 45 (f) 11 March 1982 (g) The Titagarh Paper Mills Co. Ltd., Sr. Engineer (Projects)
5	Mullick G .	(a)B.Sc. (H), MBA (b) Sr. Vice President (Paper Marketing) (c) 61 (d) 9123135 (e) 38 (f) 7th October 1998 (g) The Andhra Pradesh Paper Mills Ltd, General Manager (Marketing)
6	Mohta R.K.	(a)B.Com, ACA, CS(Inter) (b)Vice President (Commercial)-Amlai Paper Mills (c) 63 (d) 6641198 (e) 40 (f) 1 June 2007 (g)Truwoods Group Of Companies, Chief Executive Cum CFO
7	Kuila A	(a)B.Sc., FCA (b) General Manager (Internal Audit) (c)65 (d) 4647583 (e) 39 (f)1 August 2006 (g) Exide Industries Ltd.,Chief - Internal Auditor
8	Gilra B.S.	(a)B.Tech (Chem Engineer), IIT,Madras (b) President – Caustic Soda (c)72 (d) 4327600 (e) 51 (f)1 April 1991 (g) Chemfab Alkalis Ltd, Chemical Engineer
9	Biyani S	(a)B.Com(H), LLB (b) General Manager (Paper Marketing) (c) 48 d) 3867980 (e)20 (f) 6 November 2009 (g) Century Pulp And Paper, General Manager (Marketing)
10	Sabni R	(a) B.Tech (Mech), PGD (Business Adm) (b) Sr. General Manager (Engg)-Amlai Paper Mills (c) 52 (d) 3426066 (e)27 (f)17February 2016 (g) Sabah Forest Industries, Malaysia, Head Mechanical, Civil, Drawing, Design & PDM

B. Employed throughout the financial year and were in receipt of remuneration not less than Rupees one crore and two lacs per annum

1	Pachisia M.L.	(a) B.Com (b) Managing Director (c) 73 (d) 34661861 (e) 57 (f) 1 April 1991 (g) Hindustan Motors Ltd., President (Corporate Projects)
2	Sonthalia P.K.	(a) B.Com (H), FCA, FCMA (b) President (Finance) & CFO (c) 60 (d) 19865472 (e) 38 (f) 15 April 1980 (g) None
3	Gupta A.	(a) B.Tech (Pulp & Paper) (b) Chief Executive Officer – Amlai Paper Mills (c) 53 (d) 12554200 (e)29 (f) 22 January 2014 (g) Ballarpur Industries Ltd, Assistant Vice President (Operations)

C. Employed for part of the financial year and were in receipt of remuneration not less than Rupees eight lacs fifty thousand per month : None

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.
- None of the employees was in receipt of remuneration in excess of that drawn by Managing Director.

Other Details pertaining to remuneration

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under :

Sl.No.	Name of the Director/KMP and Designation	Remuneration of Director/ KMP for Financial Year 2017-18 (₹ in Lacs)	% increase in remuneration in the financial year 2017-18	Ratio of remuneration of Each Director/ to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Shri C.K. Birla, Chairman	41.00	288%	10.54	-
2	Shri B.K. Jhawar, Director (Ceased w.e.f 01.02.2018)	15.33	NIL	3.94	-
3	Shri A. Ghosh, Director	26.00	135%	6.68	-
4	Shri Michael Bastian, Director	26.50	125%	6.81	-
5	Shri Narendra Singh Sisodia, Director	26.50	149%	6.81	-
6	Ms. Gauri Rasgotra, Director	23.00	167%	5.91	-
7	Shri M.L. Pachisia, Managing Director	346.62	NIL	89.10	4.33%of the net profit
8	Shri PK. Sonthalia, President (Finance) & CFO	198.65	13%	N.A.	2.48%of the net profit
9	Shri R.P. Dutta, Company Secretary	21.78	11%	N.A.	0.27% of the net profit

(ii) The median remuneration of employees of the Company during the financial year was ₹3.89 lacs p.a.

(iii) In the financial year, there was an increase of 15.77% in the median remuneration of employees.

(iv) There were 1664 permanent employees on the rolls of Company as on March 31, 2018.

(iv) Average percentile increase made in the salaries of the employees other than the managerial personnel in the last financial year i.e., 2017-18 was15.96% whereas the percentile increase in the managerial remuneration for the same financial year was 3.71%.

(vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

Annexure VII

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the act
and rule 8(2) of the Companies (Accounts) Rule, 2014]

Disclosure of particulars of contract/arrangement/entered into by the Company with related parties referred to in sub-section 188 of the Companies Act, 2013 including arms length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

(₹ in Lacs)

Name(s) of the related party and nature of relationship	Nature of contracts/ arrange-ments/trans-action	Duration of the contracts/ arrange-ments/ trans-actions	Salient terms of the con-tracts or ar-rangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transaction	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
			Nil				

2. **Details of material contracts or arrangement or transaction at arm's length basis:**

(₹ in Lacs)

Name(s) of the related party and nature of relationship	Nature of contracts/ar-rangements / transaction	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Salient terms of the contracts or arrangements or transaction includ-ing the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
Origami Enterprises (Relative of a Director is a partner)	Rent received	01.04.2017 to 31.03.2018	Premises let out	4.12	Not required as all transactions were at arm's length basis and in the course of ordinary business	Nil
Orient Cement Ltd. (A director of the Company is a Director in Orient Cement Ltd. and is holding more than 2% alongwith his relatives)	Rent received	01.04.2017 to 31.03.2018	Premises let out	12.00		Nil
Birla Brothers Pvt. Ltd. (A director of the Company is a Director in Birla Brothers Pvt. Ltd. and is holding more than 2%)	Rent received	01.04.2017 to 31.03.2018	Premises let out	0.03		Nil
Origami (Relative of a Director is a partner)	Sale of paper	01.04.2017 to 31.03.2018	Sale of paper	96.49		Nil
Origami Cellulo Pvt. Ltd. (A director of the Company is a shareholder)	Sale of paper	01.04.2017 to 31.03.2018	Sale of paper	244.53		Nil
Mr. M. L. Pachisia, Managing Director (KMP)	Remuneration	As per terms and conditions of appointment	As per terms and conditions of appointment	346.62		Nil
Mr. P. K. Sonthalia, President (Finance) & CFO (KMP)	Remuneration	As per terms and conditions of appointment	As per terms and conditions of appointment	198.65		Nil
Mr. R. P. Dutta, Company Secretary (KMP)	Remuneration	As per terms and conditions of appointment	As per terms and conditions of appointment	21.78		Nil

C. K. Birla
Chairman

Management discussion and analysis

Overall economy

This has been an eventful year for the Indian economy with several land mark reforms, which caused some temporary pains during first half of the year but should lead to long term gains of sustainable nature.

The temporary slowdown in the first half was caused by the after effects of demonetization and during introduction of GST. However, the economy recovered quite well from these transitory pains with GDP growth returning to over 7% in the second half.

We believe that GST is a historical reform which is expected to catalyse economic activity by seamless movement of goods within the country and reducing compliance costs related to multiple tax regimes. It is also expected to gradually bridge the gap between the formal sector and informal sectors and result into expanded tax base which in turn would become available for investments in infrastructure development.

Other major reforms undertaken during the year included recognition of NPA problems, recapitalization of public sector banks and steps to resolve bankruptcy cases. These are also positive developments which should help correct banking sector Balance Sheets, support private sector credit and catalyze investments.

We believe that the economy will benefit significantly from these reforms and help India retain its position as the World's fastest growing economy.

Indian paper industry - structure & development

Writing & printing papers

In line with the overall economy, the Paper Industry in India also witnessed a slow down during first half of FY 18. At the same time there was a huge increase in imports of Paper from Southeast Asia. However increased International prices of pulp and paper as well as weaker Indian Rupee made imports more expensive and exports more competitive.

The writing & printing paper segment also benefitted from surge in prices of Newsprint in the 2nd half of the year as a result of which many smaller mills shifted their production from writing & printing papers to Newsprint.

As a result, writing & printing paper demand from domestic as well as export markets was reasonably firm.

With supply / demand equation in writing & printing paper segment now being well balanced and no new major new capacities in the offing, the writing & printing paper industry in India can look forward to a period of sustained growth.

Tissue papers

The Indian tissue paper market is relatively small but has been recording double-digit growth on the back of increasing awareness and disposable incomes.

Still India's per capita consumption of tissue papers is one of the lowest in the world. As life style changes, this consumption is bound to grow and presents a good opportunity for growth of domestic demand for Tissue papers.

In addition there is a good demand for quality Tissue papers from export markets where Indian Tissue Paper Industry has demonstrated its ability to provide desired quality at competitive prices.

Opportunities & Threats:

As mentioned earlier, supply and demand for writing & printing papers is already fairly balanced. While demand for writing & printing papers is showing negative or no growth in different parts of the world due to digitization, the growing emphasis on education sector in India is expected to result in a growth of at least 3 to 5%. Since there are no new major capacities in the offing in the near future, the market for writing printing papers should remain fairly firm in the near future.

Tissue papers demand in India continues to grow at double digit rate. Also Tissue paper is one segment where demand is growing across the world. Since we have been successful in establishing our presence and continuously growing our exports of Tissue papers, we see good opportunities in this segment.

As mentioned in our previous annual reports, one major challenge for the entire integrated paper industry in India has been scarcity and higher cost of pulp wood. To overcome this challenge, we have been increasing our efforts toward plantations through social forestry as shown separately in this report. It is also noteworthy that after many years of continuous follow up, the Government of India is now seriously considering utilization of revenue waste lands for plantations, which will not only help in reducing the pulpwood deficit but will also generate huge job opportunities in the rural segment of the society.

Compliance with increasingly stiffer environmental standards has been another challenge for the Paper industry. However at Orient we have taken adequate steps to meet or exceed all environmental norms as detailed elsewhere in this report.

Review and analysis of our performance

Our focus for the last few years has been on enhancement of our product quality and at the same time reduction in costs and increase in efficiencies. These initiatives were pursued with even greater vigour during the year under review with significant positive results, some of which are highlighted here under:

- Significantly improved Raw material yield and at the same time reduced landed cost of raw materials
- Reduced coal consumption per ton of paper further
- Achieved lowest ever power & steam consumption per ton of paper
- Achieved increased chemical recovery efficiency
- Reduced manpower costs due to higher efficiencies

Comparative results of these efforts are covered separately in this report.

Simultaneously we achieved highest ever paper and caustic volumes and also increased our sales realizations per ton based on improved product quality and favourable market conditions.

As a combined results of these developments, our operational income increased by 22.66 % to ₹671.80 crores this year from ₹547.68 crores last year.

We achieved a PBIDT of ₹123.11 crores compared to ₹51.51 crores in the previous year and cash profit of ₹108.42 crores as against ₹30.91 crores last year.

Our PBT for the year was ₹80.11 crores compared to ₹5.73 crores last year.

Net profit after tax has been ₹49.29 crores this year against ₹10.88 crores last year.

We invested ₹27.38 crores on capital projects during the year.

We believe that the Company is now in a strong position to not only sustain the current momentum of growth and profitability.

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. In addition to its own internal audit department, the Company has appointed Ernst & Young LLP to regularly review internal control systems in business processes and verify compliance with the laid down policies and procedures. Reports of these internal audits are reviewed by the senior management and are also placed before and comprehensively discussed at meetings of the Audit committee. The Audit Committee reviews the adequacy of internal control systems, audit findings and suggestions. The internal audit group 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.

Human resources and industrial relations

Orient Paper's workforce represents its foundation The Company continues its policy of continuous training and motivation to achieve greater efficiencies and competencies. Progress made by the Company has been possible in no small measure by efforts of the entire team. The total number of permanent employees as on 31 March 2018 was 1664.

Industrial relations were harmonious. Safety, welfare and training at all levels of our employees continue to be the areas of major focus for the Company as recognized by several awards bestowed on the Company by independent agencies.

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

1. 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 organization.

2. Board Of Directors

2.1 Board's Composition, Category and other relevant details of Directors

The Board of Directors comprises six members, consisting of five Non-Executive Directors who account for more than 80% of the Board's strength as against the minimum requirement of 50% as per the of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Non-Executive Directors are eminent professionals with rich experience in business and industry, finance, law and public enterprises. Board's Composition, Category and other relevant details are as under:

Name of the Director	Category of the Director	Number of other Directorship(s) held * (including the Company)	Number of Board Committee (s) of which he/she is a member ** (including the Company)	Number of Board Committee (s) of which he/she is a Chairman ** (including the Company)
Shri Chandra Kant Birla (DIN 00118473)	Promoter, Non-Executive Chairman	8	-	-
Shri Basant Kumar Jhawar (DIN 00086237) (Ceased w.e.f. 01.02.2018)	Non-Executive Independent	-	-	-
Shri Amitabha Ghosh (DIN 00055962)	Non-Executive Independent	5	4	2
Shri Michael Bastian (DIN 00458062)	Non-Executive Independent	2	1	3
Shri Narendra Singh Sisodia (DIN 06363951)	Non-Executive Independent	2	3	-
Ms. Gauri Rasgotra (DIN 06862334)	Non-Executive Independent	2	4	-
Shri Manohar Lal Pachisia (DIN 00065431)	Executive- Managing Director	9	2	-

* Excluding Directorships in private limited companies, foreign companies and section 8 companies.

** Includes the membership/chairmanship only of Audit Committee(s) and Stakeholders' Relationship Committee(s).

2.2 Details of sitting fee, remuneration, among others, paid to Directors

a) The Non-Executive Directors were paid sitting fees of ₹1,00,000/- for attending meeting of the Board/Audit Committee and sitting fees of ₹50,000/- was paid for attending meeting of other committees.

Sl. No.	Name of the Director	Remuneration paid during 2017-18 for attending meetings of the Board and/or Committees thereof (amount in Rupees)		
		Fee	Commission	Total
1.	Shri Chandra Kant Birla	600000	3500000	4100000
2.	Shri Basant Kumar Jhawar*	700000	833000**	1533000
3.	Shri Amitabha Ghosh	1600000	1000000	2600000
4.	Shri Michael Bastian	1650000	1000000	2650000
5.	Shri Narendra Singh Sisodia	1650000	1000000	2650000
6.	Ms. Gauri Rasgotra	1300000	1000000	2300000
	Total	7500000	8333000	15833000

*Ceased w.e.f. 01.02.2018

** Commission paid for the period from 01.04.2017 to 31.01.2018

a) The details of remuneration of Shri Manohar Lal Pachisia, Managing Director:

Particulars	Remuneration (Amount in Rupees)*
Salary	1,26,00,000
Perquisites & other benefits	1,11,59,861
Ex-gratia **	75,00,000
Contributions to P.F./ Superannuation Fund	34,02,000
Total	**3,46,61,861**

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

** As decided by Nomination & Remuneration Committee and Board of Directors of the Company based upon performance.

The appointment of Managing Director is contractual in nature. Term of appointment of the Managing Director has ended on 31.03.2018 and he has been re-appointed for a period of 1 year w.e.f. 1st April 2018, as approved by the Board of Directors of the Company and is terminable by either side on three months' notice. No severance fee is payable to the Managing Director upon termination of his employment.

2.3 Number of Board Meetings held and attended by Directors

(i) Seven meetings of the Board of Directors were held during the year ended 31 March 2018 on 17th April, 2017, 16th May 2017, 1st August 2017, 7th November 2017, 19th December 2017, 1st February 2018 and 22nd March 2018.

(ii) The attendance record of each of the Directors at the Board Meetings during the year ended 31st March 2018 and of the last Annual General Meeting is as under:

Name of the Director	Number of Board Meeting attended	Attendance at the last AGM
Shri Chandra Kant Birla	6	No
Shri Basant Kumar Jhawar (Ceased w.e.f. 01.02.2018)	3	No
Shri Amitabha Ghosh	7	No
Shri Michael Bastian	7	Yes
Shri Narendra Singh Sisodia	7	No
Ms. Gauri Rasgotra	6	No
Shri Manohar Lal Pachisia	7	Yes

2.4 Disclosure of relationships between directors inter-se

There is no relationship between directors inter-se.

2.5 Details of shares held by Directors

Name of the Director	Number of shares held
Shri Chandra Kant Birla	3405893
Shri Basant Kumar Jhawar	Nil
Shri Amitabha Ghosh	7400
Shri Michael Bastian	26733
Shri Narendra Singh Sisodia	Nil
Ms. Gauri Rasgotra	Nil
Shri Manohar Lal Pachisia	37948

2.6 Familiarisation Programme

At the time of appointing a Director, a formal letter of appointment is given to the Director, which inter alia explains the role, functions, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant Acts, Rules and Regulations. With a view to familiarise him with the Company's operations, the Managing Director has a personal discussion with the newly appointed Director.

At various Board meetings during the year, quarterly presentations are made on operations that include information on business performance, operations, projects, market share, financial parameters, working capital management, fund flows etc.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfil his role as a Director of the Company. Details of the familiarisation programme imparted to the Independent Directors are displayed on the website of the Company www.orientpaperindia.com.

During the year under review two of the independent directors visited the Company's paper & caustic manufacturing plants at Amlai, Madhya Pradesh for a first hand appreciation of the facilities and processes for an interaction with the entire management team at the plant.

3. Audit Committee

3.1 The Board has constituted a well-qualified Audit Committee. The terms of reference of the Audit Committee cover the matters specified for audit committees under Regulation 18 and Part C of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as provisions of the Companies Act, 2013 which broadly includes:

(i) Review of financial reporting processes

(ii) Review of risk management, internal control and governance processes

(iii) Review of quarterly, half yearly and annual financial statements

(iv) Interaction with statutory, internal and cost auditors

(v) Review of related party transactions

3.2 The Audit Committee comprises of four Non-Executive Independent Directors, namely:

(1) Shri Michael Bastian (2) Shri Amitabha Ghosh (3) Shri Narendra Singh Sisodia (4) Ms. Gauri Rasgotra.

Shri Michael Bastian is the Chairman.

3.3 Seven Audit Committee meetings were 17th April, 2017, 16th May 2017, 1st August 2017, 7th November 2017, 19th December 2017, 1st February 2018 and 22nd March 2018. The attendance of each Audit Committee member was as under:

Name of the member	Number of meetings attended
Shri Michael Bastian	7
Shri Amitabha Ghosh	7
Shri Basant Kumar Jhawar (Ceased to be Member w.e.f. 01.02.2018)	3
Shri Narendra Singh Sisodia	7
Ms. Gauri Rasgotra	6

3.4 At the invitation of the Company, Statutory Auditors, Internal Auditors, Managing Director, President (Finance) and CFO and the Head of internal audit also attend 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 of the Company are also invited to the Audit Committee meetings to brief the Committee and clarify any queries raised by the Committee, as and when required.

3.5 Mr. Somnath Mukherjee, Cost Accountant has been appointed as the Cost Auditor of the Company for the financial year 2017-18. Cost audit report for the financial year 2016-17 was filed on 29th August 2017.

4. Nomination & Remuneration Committee

4.1 The terms of reference of the Committee inter alia, include the following:

- formulating criteria for determining qualifications, positive attributes and independence of a Director;
- advising the Board on issues concerning principles for remuneration, remunerations and other terms of employment for the Non-Executive Directors and the Executives;
- monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Non-Executive Directors and the Executives;

In reviewing the overall remuneration of the Board of Directors and Senior Management, efforts are made to ensure that remuneration of the Non-Executive Directors and the Executives matches the level in comparable companies, whilst also taking into consideration their required competencies, effort and the scope of the work and/or responsibility as the senior management.

4.2 The Nomination & Remuneration Committee of the Directors of the Company comprises three Independent Directors namely (1) Shri Narendra Singh Sidodia, (2) Shri Michael Bastian and (3) Shri Amitabha Ghosh. Shri Narendra Singh Sisodia is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

4.3 Three Nomination & Remuneration Committee meetings were held during the year on 16th May 2017, 1st August 2017 and 1st February 2018.

The attendance of each Committee member was as under:

Name of the Director	Meetings attended
Shri Basant Kumar Jhawar (ceased w.e.f. 01.02.2018)	1
Shri Michael Bastian	3
Shri Amitabha Ghosh	3
Shri Narendra Singh Sisodia	3

4.4 Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee of the Company evaluated the performance of each Director. The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company.

4.5 Remuneration Policy

The Nomination and Remuneration Committee (NRC) has adopted a Remuneration Policy which, inter alia, deals with manner of selection and determining remuneration of the directors and executives of the Company. The extracts of the contents of the Policy are as under:

Remuneration of Non-Executive Directors

The Non-Executive Directors (including independent Directors) on the Board receive a competitive remuneration package consisting of the following components:

- **Sitting Fees:** Non-Executive Directors receive fixed sitting fees, which is decided by the Board in accordance with the Act.

In addition to the sitting fees, the Non-Executive Directors, who are also members of one of the Board committees, receive sitting fees for participation in such Board committee meetings. The sitting fees for participation in such Board committee meetings are also approved by the Board in accordance with the Act.

- **Profit related commission:** The Non-Executive Directors are entitled to profit related commission not exceeding 1% (one per cent) of the net profits of the Company. Such profit related commission is approved by the ordinary resolution of the shareholders in a general meeting of the Company, and if required under the Act, the Company will also obtain Central Government approval.

- **Reimbursement of expenses:** Expenses in connection with Board and committee meetings are reimbursed as per account rendered.

Remuneration of the Executives

The Board believes that a combination of fixed and performance-based pay to the Executives helps ensure that the Company can attract and retain the Executives. At the same time, the Executives are given an incentive to create shareholder value through partly incentive-based pay.

The Executives are employed under management service contracts, employment agreement or through appointment letter, and the Board sets the terms of such management service contracts employment agreement or appointment letter. However, if the Executive is a whole-time Director (including the managing Director), he / she may be appointed pursuant to a resolution of the Board, which is confirmed by the shareholders in the succeeding annual general meeting of the Company, and on such terms and conditions as the Board may deem fit, and confirmation.

The Committee submits proposals concerning the remuneration of the Executives and ensures that the remuneration is in line with the conditions in comparable companies. The proposals are submitted for approval in a Board meeting, and where the proposal is in relation to an Executive, who is proposed to be appointed as a whole time Director (including the managing Director), such proposal is also submitted for approval of the shareholders (by ordinary resolution, or in case of inadequacy of profits, by special resolution) in a general meeting of the Company, and if required, the Company also obtains Central Government approval. The remuneration package of the Executives is reviewed annually by the Committee in the course of the performance appraisal system followed by the Company.

The Executives receive a competitive remuneration package consisting of the following components:

- **Fixed salary:** The fixed salary shall be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities. The fixed salary shall include basic salary, special pay, and personal pay.

- **House rent allowance:** The Executives shall be entitled to receive house rent allowance, which shall not exceed 60% of the basic salary of the Executive.

- **Variable components:** The Committee may, in its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable as a variable component is determined by the Committee, based on performance against pre-determined financial and non-financial metrics and shall always be within the limits of the overall guidelines for incentive pay. The Executives participate in a performance linked variable pay scheme based on the results for the year, pursuant to which the Executives are entitled to performance-based variable remuneration.

- Personal benefits

The Executives have access to a number of work-related benefits, including car, telephones, broadband at home, and work-related newspapers and magazines. The extent of individual benefits is negotiated with each individual Executive.

The Executives are covered by the Company's insurance policies:

- Accident insurance
- Health insurance
- Directors and officers liability insurance.

- Other annual emoluments

The Executives will receive the following annual emoluments:

- Medical reimbursement of up to one month's basic salary, in accordance with the Company's policies;
- leave travel assistance of up to one month's basic salary as per scale formulated in this behalf; and
- leave encashment, in accordance with the Company's policies.

- Gratuity contributions

Contributions are made in accordance with applicable laws, employment agreements and policies of the Company.

- Severance pay

There are, in the usual course, no severance fees (routine notice period not considered as severance fees) or other severance benefits.

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee shall consider and resolve the grievances of shareholders of the Company as also transfers/transmissions/consolidation/sub-division of shares and issue of duplicate share certificates etc.

The Committee comprises two Non-Executive Independent Directors namely Shri Michael Bastian and Ms. Gauri Rasgotra and an Executive Director Shri M. L. Pachisia. Shri Michael Bastian is the Chairman of the Committee. Shri R. P. Dutta, the Company Secretary is the Compliance Officer.

During the year ended 31st March 2018, 9 numbers of complaints received from the shareholders and were attended in time and there were no grievances pending as on 31st March 2018. There were no share transfers pending for registration for more than 15 days as on 31st March 2018.

One Stakeholders Relationship Committee meeting was held on 16th May 2017. The attendance of each Committee member was as under:

Name of the member	Meetings attended
Shri Manohar Lal Pachisia	1
Shri Michael Bastian	1
Ms. Gauri Rasgotra	1

6. Corporate Social Responsibility (CSR) Committee

In terms of Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility (CSR) Committee of the Board.

The Scope of the CSR Committee broadly includes -

(i) Formulate and review the CSR Policy;

(ii) Decide the CSR activities to be taken up by the Company in accordance with this Policy;

(iii) Decide the amount to be allocated for each project or activity;

(iv) Oversee and monitor the progress of the initiatives rolled out under this Policy; and

(v) Submit a report, to the Board on all CSR activities undertaken during the financial year.

The CSR Committee comprises two Non-Executive Independent Directors namely Shri Narendra Singh Sidodia, Ms. Gauri Rasgotra and an Executive Director Shri Manohar Lal Pachisia. Shri Narendra Singh Sisodia is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

One CSR Committee meeting was held on 16th May 2017. The attendance of each Committee member was as under:

Name of the member	Meetings attended
Shri Basant Kumar Jhawar (ceased w.e.f. 01.02.2018)	-
Shri Narendra Singh Sisodia	1
Ms.Gauri Rasgotra (Appointed w.e.f. 01.02.2018)	-
Shri Manohar Lal Pachisia	1

Corporate Social Responsibility (CSR) Policy

The Company has adopted a CSR Policy. The salient features of the policy are as under:

Corporate Social Responsibility ("CSR") at Orient Paper & Industries Limited portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with. As a responsible corporate citizen, we try to contribute for social and economic development on regular basis. We believe that to succeed, an organization must maintain highest standards of corporate behaviour towards it employees, consumers and societies in which it operates. We are of opinion that CSR underlines the objective of bringing about a difference and adding value in our stakeholder's lives.

I. CSR Programmes & Projects

(a) The Company proposes to adopt one or more of the following CSR activities as prescribed by applicable laws, including Schedule VII of the Companies Act, 2013, as amended from time to time:

(i) eradicating hunger, poverty and malnutrition, promoting health care (including preventive health care) and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

(viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) rural development projects; and

(xi) Slum area development.

(b) The CSR activities shall be undertaken within the territory of the Republic of India.

(c) The Company's CSR projects and programs will be undertaken by the Company by itself or with joint and collaborative efforts of other companies.

(d) The CSR projects and programs may also be implemented through registered public charitable trusts, not-for-profit companies set up under Section 25 of the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013) through recognized and reputed NGOs and similar entities.

II. Financial Outlay for CSR activities

Every year, the Company shall with the approval of its Board make a budgetary allocation for CSR activities/ projects for the year. The budgetary allocation will be based on the profitability of the Company and the requirements of applicable laws.

i. The Company expects to spend the budgeted amount allocated for CSR activities/ projects planned for each financial year, within that year. If for any reason, the budget of a year remains unutilised, the same would not lapse and would be carried forward to the next year for expenditure on CSR activities, which were planned for implementation in the previous year, but could not be completed due to some reason. The CSR Committee and the Board of Directors will disclose the reasons for not being able to spend the entire budgeted amount on the CSR activities as planned for that year.

ii. The amount allocated for emergency needs but not utilised in the year of its allocation may be carried forward to the next year for utilization for CSR activities.

iii. Any surplus arising out of the CSR activities, projects or programs shall not form part of the business profits of the Company.

III. Implementation

(a) The Company will integrate its CSR plans and strategy with its business plans and strategies. For effective implementation, long-term CSR plans will be broken down into medium-term and short-term plans. Each plan recommended by the CSR Committee should specify the CSR activities planned to be undertaken for each year, define the responsibilities of the designated authorities to be engaged in this task, and also prescribe the measurable and the expected outcome and social/ environmental impact of the CSR activities.

(b) The Company recognizes that the period of implementation of its long term CSR projects can extend over several years depending upon the expected outcomes/ impact thereof. While planning for such long term projects the CSR Committee would estimate the total cost of each project and recommend to the board of directors of the Company that the Company should commit such amount for long term expenditure till the completion of the project.

(c) Each long term project will be broken up into annual targets and activities to be implemented sequentially on a yearly basis, and the budget would have to be allocated for the implementation of these activities and achievement of targets set for each successive year, till the final completion of the project.

(d) Where the CSR activities are closely aligned with the business strategy and the Company possesses core competence to do it, the Company may take up the implementation of CSR project with its own manpower and resources, if the CSR Committee is confident of its organisational capability to execute such projects.

(e) If in the opinion of the CSR Committee, the implementation of CSR projects requires specialised knowledge and skills, and if the Company does not have such expertise in-house, wherewithal, and dedicated staff to carry out such activities, the CSR Committee may recommend to avail the services of external specialised agencies for the implementation of such CSR projects.

(f) In the event an external agency is engaged for the purposes of the CSR initiatives of the Company, the Company will need to enter into an agreement with the relevant executing/ implementing external agency, setting out the terms and conditions of the engagement of the external agency.

IV. Monitoring

(a) The Company recognises that monitoring is critical for assessment of the progress as regards timelines, budgetary expenditure and achievement of targets. Monitoring may be done periodically with the help of identified key performance indicators, the periodicity being determined primarily by the nature of key performance indicators.

(b) Monitoring will be done in project mode with continuous feedback mechanism, and recourse always available for mid-course correction in implementation, whenever required.

(c) The performance of the Company's CSR activities would be monitored on the basis of their achievement of annual targets and the utilization of their annual budgets for the activities planned and the targets set for each year.

(d) Implementation and monitoring of the CSR activities will be overseen by the CSR Committee. The monitoring and evaluation may be assigned by the CSR Committee to an independent external agency for the sake of objectivity and transparency.

(e) If the projects are being implemented by external agencies, the Company may in consultation with CSR Committee designate special executives for this purpose.

The policy is also posted on the website of the Company www.orientpaperindia.com.

7. Meeting of the Independent Directors

During the year under review, a meeting of the Independent Directors held on 19th December, 2017, inter alia to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors attended the meeting.

8. Whistle Blower Policy

The Company has a Vigil Mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement in line with the objective of strengthening the Governance mechanism and to report to the Audit Committee instances of illegal or unethical practices, behaviour, actual or suspected fraud or violation of the Company's code of conduct.

All stakeholders including directors and individual employee(s) & their representative bodies are eligible to make Protected Disclosures under this Policy. The policy is also posted on the website of the Company www.orientpaperindia.com.

All Protected Disclosures should be addressed to the designated officer or in exceptional Circumstances to the Chairman of the Audit Committee.

The contact details of the Designated Officer are:

The Company Secretary
Orient Paper & Industries Limited
Birla Building, 9th floor, 9/1, R. N. Mukherjee Road
Kolkata 700001
email: cosec@orientpaperindia.com

The contact details of the Chairman of the Audit Committee are:

The Chairman of the Audit Committee
C/o The Company Secretary
Orient Paper & Industries Limited
Birla Building, 9th floor, 9/1, R. N. Mukherjee Road
Kolkata 700 001

Protection will be given to Whistle Blowers against any unfair practice. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Disclosure. No person was denied access to the Audit Committee.

9. Appointment/Re-Appointment of Director(S)

(i) Re-appointment of Shri Chandra Kant Birla as Director

Shri Chandra Kant Birla, aged 63 (DIN: 00118473), was appointed as a Director of the Company on 29th September 1978. He is the non-executive Chairman of the Company. He is an industrialist and heads the C.K. Birla Group, which is in various verticals such as cement, paper, chemicals, consumer durables, auto components, precision bearings, building materials, construction, earth moving equipment, information technology, etc.

List of other Directorship held (excluding Directorship in Private Limited and Foreign Company) (i) National Engineering Industries Ltd. (ii) AVTEC Ltd. (iii) HIL Ltd. (iv) Birlasoft (India) Ltd. (v) Neosym Industry Ltd. (vi) Orient Cement Ltd. and (vii) Orient Electric Limited.

He is a Member of Nomination and Remuneration Committee of National Engineering Industries Ltd. and Orient Cement Ltd. and also member of Implementation Committee and Fund Raising Committee of Orient Cement Ltd.

He holds 3405893 no. of equity shares in the Company. He has no relationship with any other directors of the Company.

(ii) Re-appointment of Shri M. L. Pachisia as Managing Director of the Company

Shri M. L. Pachisia, aged 73 (DIN: 00065431), was appointed as a whole time Director of the Company designated as Executive Director for a period of 5 years w.e.f 23.09.1997. Subsequently, he was re-designated as the Managing Director of the Company and from time to time re-appointed upon expiry of his term.

Shri M.L. Pachisia is highly experienced and controls the affairs of the Company as a whole. He has successfully and in a sustained way contributed significantly towards improvement in performance of the Company leading to its successful turnaround.

List of other Directorship held (excluding Directorship in Private Limited and Foreign Company) (i) Birla Buildings Ltd. (ii) GMMCO Ltd. (iii) National Engineering Industries Ltd. (iv) National Bearing Co. (Jaipur) Ltd. (v) Soorya Vanijya & Investment Ltd. (vi) Birlasoft (India) Ltd. (vii) Gwalior Finance Corporation Ltd. (viii) Special Engg. Services Ltd.

He is a Member in the Audit Committee, Nomination and Remuneration Committee and Borrowing Committee of National Engineering Industries Ltd.

He holds 37948 no. of equity shares in the Company. He has no relationship with any other directors of the Company.

10. General Body Meetings

10.1 The details of the last three Annual General Meetings of the Company and the Special Resolution passed thereat are given below:

The details of Annual General Meeting held in last three years are as under:

Year	Day	Date	Time	Venue	Whether Special Resolution passed
2014-15	Thursday	20th August 2015	10.00 a.m.	Unit VIII, Plot no. 7, Bhoinagar, Bhubaneswar 751012 (Odisha)	Yes
2015-16	Monday	22nd August 2016	11.30 a.m.	-do-	Yes
2016-17	Wednesday	9th August 2017	11.00 a.m.	-do-	Yes

10.2 Postal Ballot

During the financial year, a ordinary resolution for appointment of a relative of a Director as senior executive of Orient Electric division (now demerged into a separate company, Orient Electric Limited) was put through Postal Ballot.

Mr. A. K. Labh, Practicing Company Secretary (M.No. FCS - 4848 / CP - 3238) was appointed by the Board of Directors of the Company as the scrutiniser to scrutinise the Postal Ballot process in a fair and transparent manner.

The summary of result is as follows:

Sl. No.	Votes casted	By physical ballot	Votes casted By physical ballot	Total no. of votes/shares	%
1.	Favour	141	188	127054212	99.01
2.	Against	15	46	1274162	0.99

No Extraordinary General Meeting was held during the financial year 2017-18.

11. Means of Communication

11.1 Quarterly results are normally published in one English daily newspaper circulating in the whole/substantially the whole of India and in one daily newspaper published in Oriya language and also put on Company's website www.orientpaperindia.com

11.2 Half-yearly result sent to each household of shareholders: No

11.3 Whether Management Discussion and Analysis is a part of the Annual Report: Yes

11.4 The Financial and other information filed by the Company are also available on the websites of the Stock Exchanges i.e. BSE Ltd. and NSE Ltd.

12. Financial Calendar 2018-19

First quarterly results	Before 14 August 2018
Second quarterly results	Before 14 November 2018
Third quarterly results	Before 14 February 2019
Audited yearly results for the year ending 31 March 2019	Before end of May 2019

13. 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 and is annexed herewith.

14. CEO/CFO Certificate

The Managing Director & CEO and Chief Financial Officer have issued certificate pursuant to the Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed herewith.

15. Compliance Certificate

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

16. General Shareholder Information

16.1 Annual General Meeting

Day & Date: Thursday, 12th July, 2018

Time: 11 A.M.

Venue: Unit - VIII, Plot No. 7, Bhoinagar, Bhubaneswar – 751012 (Odisha)

16.2 Financial Year

The Company follows 1st April to 31st March as Financial year.

16. 3 Dividend Payment Date

Dividend, if declared shall be paid to all eligible shareholders on or after 12th July 2018.

16.4 Listing on stock exchanges

The equity shares of the Company are listed at the following stock exchanges:

(i) BSE Ltd
Phiroze Jeejeebhoi Towers, Dalal Street, Mumbai – 400001

(ii) The National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051

The Annual Listing fee for the year 2017-18 has been paid to the aforesaid stock exchanges.

16.5 Stock code

BSE Ltd. 502420

National Stock Exchange of India Ltd. ORIENTPPR

Dates of book closure 7th July, 2018 to 12th July, 2018 (both days inclusive).

16.6 Market price data

The details of monthly highest and lowest closing quotations of the Company's equity shares on National Stock Exchange of India Ltd (NSE) and BSE Ltd. during financial year 2017-18 are as under:

	BSE		NSE	
Month	High	Low	High	Low
April 2017	96.45	80.50	96.80	80.55
May 2017	92.75	81.20	93.00	80.10
June 2017	88.80	80.20	88.95	80.15
July 2017	104.70	80.50	104.00	80.60
August 2017	106.80	85.60	106.80	85.45
September 2017	108.70	81.10	108.85	96.00
October 2017	114.05	96.65	114.00	96.40
November 2017	138.05	108.00	138.00	108.00
December 2017	144.00	123.95	144.10	123.00
January 2018	181.90	46.10*	181.90	46.10*
February 2018	48.75	35.00	48.75	37.25
March 2018	41.35	36.45	41.35	36.75

* After the record date fixed for allotment of shares of Orient Electric Limited in terms of the Scheme of Arrangement.

16.7 Performance in comparison to broad based indices:

i. Company's share price on BSE vis-à-vis BSE Sensex

	BSE Sensex		Company's share price on BSE	
Month	High	Low	High	Low
April 2017	30184.22	29241.48	96.45	80.50
May 2017	31255.28	29804.12	92.75	81.20
June 2017	31522.87	30680.66	88.80	80.20
July 2017	32672.66	31017.11	104.70	80.50
August 2017	32686.48	31128.02	106.80	85.60
September 2017	32524.11	31081.83	108.70	81.10
October 2017	33340.17	31440.48	114.05	96.65
November 2017	33865.95	32683.59	138.05	108.00
December 2017	34137.97	32565.16	144.00	123.95
January 2018	36443.98	33703.37	181.90	46.10*
February 2018	36256.83	33482.81	48.75	35.00
March 2018	34278.63	32483.84	41.35	36.45

* After the record date fixed for allotment of shares of Orient Electric Limited in terms of the Scheme of Arrangement.

ii. Company's share price on NSE vis-à-vis Nifty 50

	NIFTY 50		Company's share price on NSE	
Month	High	Low	High	Low
April 2017	9367.15	9075.15	96.80	80.55
May 2017	9649.60	9269.90	93.00	80.10
June 2017	9709.30	9448.75	88.95	80.15
July 2017	10114.85	9543.55	104.00	80.60
August 2017	10137.85	9685.55	106.80	85.45
September 2017	10178.95	9687.55	108.85	96.00
October 2017	10384.50	9831.05	114.00	96.40
November 2017	10490.45	10094.00	138.00	108.00
December 2017	10552.40	10033.35	144.10	123.00
January 2018	11171.55	10404.65	181.90	*46.10
February 2018	11117.35	10276.30	48.75	37.25
March 2018	10525.50	9951.90	41.35	36.75

* After the record date fixed for allotment of shares of Orient Electric Limited in terms of the Scheme of Arrangement.

16.8 Registrar and Share Transfer Agent (RTA):

M/s MCS Share Transfer Agent Limited
12/1/5, Manoharpukur Road, Ground floor,
Kolkata-700 026 (WB)
Tel. No. 033 4072 4051/4052/4053, Fax No. 033 4072 4050,
Email: mcssta@rediffmail.com
Name of the contact person: Mr. Subhas Bhattacharya, Compliance Officer

16.9 Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all re¬spects. Shares under objection are returned within two weeks. The Officers of the Registrars were authorised to approve transfers.

16.10 Distribution of shareholding

The shareholding distribution of equity shares as on 31 March 2018 is given below:

Serial number	Number of equity shares held	Number of folios	Number of shares	% of shareholding
1	1 - 500	27519	4191943	1.9756
2	501 - 1,000	3602	3014908	1.4209
3.	1,001 - 2,000	2237	3384443	1.5950
4.	2,001 - 3,000	841	2172869	1.0240
5.	3,001 - 4,000	395	1427266	0.6727
6.	4,001 - 5,000	333	1590098	0.7494
7.	5,001 - 10,000	615	4579635	2.1583
8.	10,001 - 50,000	485	10099229	4.7596
9.	50,001 - 1,00,000	66	4682259	2.2067
10.	1,00,001 and above	104	177042852	83.4378
	Total	**36197**	**212185502**	**100**

16.11 Shareholding pattern as on 31 March 2018

Sl No	Category of Shareholder	Number of folios	Number of Shares held	% of shareholdings
I	Promoter & Promoter Group			
	A. Indian	17	81733294	38.5197
	B. Foreign	-	-	-
II	Public			
	A. Institution			
	i) Mutual funds	15	33151448	15.6238
	ii) Foreign Portfolio Investors	13	3633315	1.7123
	iii)Financial Institutions/Banks	15	1091806	0.5146
	iv) Insurance Companies	2	8062889	3.7999
	v) Central/State Governments	2	807438	0.3805
	B. Non-Institutions			
	i) Individuals holding nominal share capital upto ₹ 2 lakhs	34718	32330241	15.2368
	Individuals holding nominal share capital in excess of ₹ 2 lakhs	12	8155499	3.8436
	iii) NBFCs registered with RBI	4	110050	0.0519
	iv) Non Resident Indians	641	1480544	0.6978
	v) Bodies Corporate	744	16004981	7.5429
	vi) Co-operative Society	9	21743600	10.2474
	vii) OCB	2	3813748	1.7974
	viii) Trusts & Foundation	3	66649	0.0314
	Total	**36197**	**212185502**	**100**

16.12 Dematerialisation of equity shares and liquidity

As on 31st March 2018, 20,99,92,982 equity shares of the Company (98.97%) stand dematerialized with NSDL (91.83%) and CDSL (7.14%), except 21,92,520 shares were being held in physical form (1.03%).

16.13 Commodity price risk or foreign exchange risk and hedging activities

The Company is not having much exposure to foreign exchange and there is a natural hedge available in terms of exports made by the Company.

The Company managers fluctuations in raw materials prices through stocking by advance procurement when prices are perceived to be low and also by entering into periodic buying contracts as strategic sourcing initiative to keep raw material availability and prices in check.

16.14 Unclaimed Shares

Details in respect of equity shares lying in the suspense account:

Sl No	Particulars	No. of shareholders	No. of equity shares of Re.1/- each
a)	Aggregate No. of shareholders and the outstanding shares transferred to the unclaimed suspense account lying at the beginning of the year i.e. as on 01.04.2017	167	7,33,190
b)	No. of shareholders who approached the Company for transfer of shares from the said unclaimed suspense account during the period 01.04.2017 to 31.03.2018	2	800
c)	No. of shareholders to whom shares were transferred from the unclaimed suspense account during the said period	2	800
d)	Aggregate no. shareholders and no. of shares transferred to the demat account of the Investor Education and Protection Fund Authority (IEPF) out of the unclaimed equity shares lying in the suspense account of the Company	140	4,86,190
e)	Aggregate No. of shareholders and the outstanding shares in the unclaimed suspense account at the end of the year i.e. as on 31.03.2018	25	2,46,200*

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims these shares.

ISIN No. of the Company is INE592A01026.

*The shares were inadvertently transferred by the Registrar and Share Transfer Agent of the Company to the demat account of IEPF Authority for which necessary steps have been taken for reversal/transfer of such shares from the concerned authority/ies.

16. 15 Plants (manufacturing units):

1.	Orient Paper Mills, P.O. Amlai Paper Mills, Dist. Shahdol - 484117 (MP)
2.	Orient Paper Mills, P.O. Brajrajnagar, Dist. Jharsuguda -768216 (Odisha)
3.	Industrial Blower Division, 17, Taratala Road, Kolkata 700088

16.16 Address for correspondence:

Orient Paper & Industries Ltd

Birla Building, 9th Floor, 9/1, R. N. Mukherjee Road, Kolkata – 700001 (WB)

Email ID: cosec@orientpaperindia.com

17. Other 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.

a. The Board of Directors periodically reviews compliance reports pertaining to all laws applicable to the Company and takes steps to rectify instances of non-compliances, if any.

b. The Company has plans in place for orderly succession for appointment to the Board of Directors and senior management.

c. The Company has disseminated all the information on its website www.orientpaperindia.com in terms of the Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d. All the information required to be placed in terms of the Part A of Schedule II to the Regulation are regularly placed before the Board of Directors of the Company.

The above report was placed before the Board at its meeting held on 2nd May, 2018 and was approved.

Declaration Regarding Code of Conduct

The Board of Directors
Orient Paper & Industries Ltd.

This is to confirm that the Company has received affirmation of compliance with "The Code of Conduct for Directors and Senior Executives" from all the Directors and Senior Executives of the Company to whom the same is applicable, for the year ended 31st March, 2018.

M.L. Pachisia,
Managing Director & CEO
(DIN: 00065431)

New Delhi, 2th May, 2018

CEO/CFO Certificate

The Board of Directors
Orient Paper & Industries Ltd.

We hereby certify that:-

a) We have reviewed financial statement and the cash flow statement for the financial year 2017-18 and that to the best of our knowledge and belief:-

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii) these statements, present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2017-18 which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee

   i) Significant changes in internal control during the said financial year

   ii) Significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Thanking you,

M.L. Pachisia,
Managing Director (CEO)
(DIN: 00065431)

P.K. Sonthalia,
President (Finance) & CFO
(PAN: ALQPS6822D)

New Delhi, 2nd May, 2018

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To
The Members of
Orient Paper & Industries Limited

We have examined the compliance of conditions of Corporate Governance by Orient Paper & Industries Limited for the year ended March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 SEBI Listing Regulations, 2015.

We 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 **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Date: 2nd May 2018
Place: New Delhi

Independent Auditors' Report

To the Members of
Orient Paper & Industries Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying financial statements of Orient Paper & Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to the following matters:

   (a) Note 54 to the Ind AS financial statements regarding remuneration paid to the Managing Director of the Company during the year ended March 31, 2016 which had exceeded the limit prescribed under Section 197 read with Schedule V of the Act by ₹177.70 lacs. The Company has filed application to the Central Government for the waiver of the excess remuneration and pending receipt of the approval, no adjustments to the Ind AS financial statements have been made.

(b) Note 44 to the Ind AS financial statements regarding restatement of the comparative financial statements pursuant to the Scheme of Arrangement resulting in demerger of the consumer electric business undertaking of the Company with effect from March 1, 2017, pursuant to the Order of National Company Law Tribunal (NCLT) dated November 9, 2017.

Our opinion is not qualified in respect of these matters.

Other Matter

10. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 16, 2017 and May 6, 2016 respectively. The financial statements of the Company for the year ended March 31, 2017 incorporating adjustments related to NCLT Order [refer paragraph 9(b) above] were also audited by the predecessor auditor pursuant to the requirement of Section 44AB of the Income-tax Act, 1961 who expressed an unmodified opinion vide report dated December 19, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements – Refer Note 53 to the Ind AS financial statements;

        ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2018.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership Number 056155

New Delhi
May 2, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Orient Paper & Industries Limited on the Ind AS financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Orient Paper & Industries Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial

control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership Number 056155

New Delhi
May 2, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Orient Paper & Industries Limited on the Ind AS financial statements as of and for the year ended March 31, 2018

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment, Note 4 on investment properties and Note 18 on assets classified as held for sale to the Ind AS financial statements, are held in the name of the Company, except for the cases below:

Asset category	Gross Block as at March 31, 2018 (₹ in lacs)	Net Block as at March 31, 2018 (₹ in lacs)	Remarks
Freehold Land	243.33	243.33	Correction in land records in Company's name is pending.
Leasehold Land	2.17	2.17	
Buildings	47.10	39.08	Held in joint ownership, registration in the name of the Company is pending.
Investment Properties	432.94	432.94	Registration in the name of the Company is pending.

ii. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of industrial license fees under Orissa Municipal Act, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and goods and service tax with effect from July 1, 2017, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2018, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Due date	Date of Payment
Orissa Municipal Act	Industrial License Fees	29.54	1996-97 to 2016-17	Beginning of the respective years	Not yet paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, duty of customs, service-tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, duty of excise and value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.50	1980-81 to 1983-84 and 1986-87 to 1988-89	High Court
		6.28	1995-96	Sales Tax Tribunal
		83.27	2001-02, 2007-08 and 2010-11 to 2012-13	Appellate and Revision Board
		0.12	1979-80 to 1982-83	Commissioner
		415.60	2013-14 to 2015-16	Additional Commissioner
		3.22	1999-2000	Assistant Commissioner
West Bengal Value Added Tax Act, 2003	Value Added Tax	40.82	2007-08	West Bengal Commercial Taxes Appellate and Revision Board
		1.27	2014-15	Joint Commissioner
Bihar Finance Act, 1981	Sales Tax	39.74	1994-95 to 1996-97	Commissioner of Commercial Tax
		7.90	1994-95 to 1997-98	Joint Commissioner of Commercial Taxes
Orissa Sales Tax Act, 1947	Sales Tax	2.06	1985-86 and 1986-87	High Court
		9.02	1983-84 and 1985-86	Assistant Commissioner
Madhya Pradesh VAT Act, 2002	Value Added Tax	14.63	2006-07 to 2009-10	High Court
		11.11	2008-09	Commercial Tax Appellate Board
		0.32	2013-14 and 2014-15	Additional Commissioner
M.P. Commercial Tax Act, 1994	Sales Tax	7.00	2001-02	High Court
M.P. Sales Tax Act, 1961	Sales Tax	14.65	1998-99	High Court
		1.07	1986-87	Commercial Tax Appellate Board

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	901.50	1975-76, 1976-77, 1982-83, 1989-90, 1994-95, 1995-96. 2005-06 to 2008-09, 2010-11, 2011-12, 2013-14 and 2014-15	Customs, Excise & Service Tax Appellate Tribunal
		23.86	2006-07 to 2008-09, 2011-12, 2012-13 and 2014-15	Commissioner (Appeals)
		0.96	2012-13 and 2013-14	Deputy Commissioner
		46.21	1975-76 to 1978-79 and 1986-87 to 1997-98	Assistant Commissioner
Madhya Pradesh Upkar (Sanshodan) Adhiniyam 2004	Energy Development Cess including Surcharge	8,242.77	2001-02 to 2017-18	Supreme Court

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders, as applicable, as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. Except for managerial remuneration aggregating ₹177.70 lacs paid in excess to the Wholetime Director of the Company for the financial year 2015-16, the managerial remuneration paid/provided for by the Company is in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V to the Act. The Company has filed application to the Central Government for the waiver of the excess remuneration and pending receipt of the approval, no steps have been taken for the recovery of excess amount so paid.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership Number 056155

New Delhi
May 2, 2018

Balance Sheet as at 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

	Note	31st March 2018	31st March 2017	1st April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	1,33,686.36	1,26,344.89	1,37,761.38
Capital work-in-progress		960.61	8,585.05	1,872.09
Investment properties	4	1,667.05	1,689.88	1,712.67
Intangible assets (other than goodwill)	5	2.95	-	950.39
Intangible assets under development		99.12	-	-
Biological assets other than bearer plants	46	35.58	-	-
Financial assets				
(i) Investments	6	29,708.96	23,757.50	13,171.56
(ii) Loans	7	197.03	150.91	819.21
(iii) Other financial assets	8	2.59	0.86	0.86
Non- current tax assets (net)	9	742.25	1,641.53	737.49
Other non-current assets	10	1,148.45	1,111.82	2,592.93
Total non-current assets		**1,68,250.95**	**1,63,282.44**	**1,59,618.58**
Current assets				
Inventories	11	6,072.26	7,820.66	22,200.45
Biological assets	46	141.08	158.31	95.10
Financial assets				
(i) Trade receivables	12	3,699.65	2,414.35	38,346.57
(ii) Cash and cash equivalents	13	377.57	839.56	5,741.60
(iii) Other bank balances	14	167.91	160.30	172.16
(iv) Loans	15	43.01	67.43	26.96
(v) Other financial assets	16	468.13	3,111.22	20.16
Other current assets	17	1,629.07	2,419.25	5,297.33
		12,598.68	**16,991.08**	**71,900.33**
Assets classified as held for sale	18	94.27	0.08	0.10
Total current assets		**12,692.95**	**16,991.16**	**71,900.43**
Total assets		**1,80,943.90**	**1,80,273.60**	**2,31,519.01**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	19	2,121.96	2,121.96	2,048.79
Other equity	20	1,29,646.83	1,18,857.77	1,20,784.29
Total equity		**1,31,768.79**	**1,20,979.73**	**1,22,833.08**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	21	3,913.83	5,972.86	15,311.79
Employee benefit obligations	22	771.68	668.18	653.04
Deferred tax liabilities (net)	23	25,395.50	24,764.60	21,076.78
Total non-current liabilities		**30,081.01**	**31,405.64**	**37,041.61**
Current liabilities				
Financial liabilities				
(i) Borrowings	24	3,074.84	10,848.96	25,818.26
(ii) Trade payables	25	6,900.89	8,283.09	27,269.73
(iii) Other financial liabilities	26	4,293.61	4,382.87	8,680.21
Provisions	27	-	-	1,778.57
Employee benefit obligations	28	988.04	1,111.54	1,566.06
Current tax liabilities (net)	29	702.58	825.39	290.05
Other current liabilities	30	3,134.14	2,436.38	6,241.44
Total current liabilities		**19,094.10**	**27,888.23**	**71,644.32**
Total liabilities		**49,175.11**	**59,293.87**	**1,08,685.93**
Total equity and liabilities		**1,80,943.90**	**1,80,273.60**	**2,31,519.01**

The accompanying notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place: New Delhi
Date: 2nd May 2018

For and on behalf of the Board of Directors of
Orient Paper & Industries Limited

C.K.Birla
Chairman

M.L.Pachisia
Managing Director

P.K.Sonthalia
President Finance & CFO

R.P.Dutta
Company Secretary

Statement of Profit and Loss for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

	Note	31st March 2018	31st March 2017
Continuing operations			
Income			
Revenue from operations	31	67,180.00	54,768.50
Other income	32	1,123.23	1,997.00
Total income (I)		**68,303.23**	**56,765.50**
Expenses			
Cost of materials consumed	33	18,411.92	15,655.49
Changes in inventories of finished goods and work-in-progress, etc.	34	527.30	299.21
Excise duty on sale of goods		1,044.42	3,619.77
Employee benefits expense	35	8,003.60	8,189.50
Finance costs	36	1,469.52	2,060.26
Depreciation and amortisation expense	37	2,830.68	2,517.82
Other expenses	38	28,004.76	23,850.63
Total expenses (II)		**60,292.20**	**56,192.68**
Profit before tax from continuing operations (I - II)		**8,011.03**	**572.82**
Income tax expense	39		
Current tax		1,653.43	518.00
Deferred tax		1,428.71	(1,032.68)
Total income tax expense		**3,082.14**	**(514.68)**
Profit for the year from continuing operations		**4,928.89**	**1,087.50**
Discontinued operations	44		
Profit from discontinued operations before income tax		-	4,071.56
Income tax expense of discontinued operations		-	(1,367.25)
Profit for the year from discontinued operations		**-**	**2,704.31**
Profit for the year		**4,928.89**	**3,791.81**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment defined benefit plans	49	(88.13)	(192.16)
Equity instruments through other comprehensive income	20	9,478.27	10,586.67
Income tax relating to these items	39	45.38	53.74
Total other comprehensive income for the year, net of tax		**9,435.52**	**10,448.25**
Total comprehensive income for the year		**14,364.41**	**14,240.06**
Earnings per equity share for profit from continuing operations	50		
(Nominal value Re.1/- per share) (in ₹)			
Basic and diluted earnings per equity share		2.32	0.53
Earnings per equity share for profit from discontinued operations	50		
(Nominal value Re.1/- per share) (in ₹)			
Basic and diluted earnings per equity share		-	1.31
Earnings per equity share for profit from continuing and discontinued operations (Nominal value Re.1/- per share) (in ₹)	50		
Basic and diluted earnings per equity share		2.32	1.84

The accompanying notes are an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place: New Delhi
Date: 2nd May 2018

For and on behalf of the Board of Directors of
Orient Paper & Industries Limited

C.K.Birla
Chairman

M.L.Pachisia
Managing Director

P.K.Sonthalia
President Finance & CFO

R.P.Dutta
Company Secretary

Statement of Changes in Equity for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

A. Equity share capital

	Note	Amount
As at 1st April 2016		**2,048.79**
Changes in equity share capital	19	73.17
As at 31st March 2017		**2,121.96**
Changes in equity share capital	19	-
As at 31st March 2018		**2,121.96**

B. Other equity

	Note	Reserves and surplus				Equity instruments through other comprehensive income	Total other equity
		Investment subsidy	Securities premium account	General reserve	Retained earnings		
As at 1st April 2016		15.00	-	28,254.47	79,569.98	12,944.84	1,20,784.29
Profit for the year		-	-	-	3,791.81	-	3,791.81
Other comprehensive income, net of tax		-	-	-	(125.66)	10,573.91	10,448.25
Total comprehensive income for the year		-	-	-	3,666.15	10,573.91	14,240.06
Transactions with owners in their capacity as owners:							
Dividend paid	42	-	-	-	(512.17)	-	(512.17)
Dividend distribution tax paid	42	-	-	-	(104.27)	-	(104.27)
Issue of equity shares	20	-	4,902.22	-	-	-	4,902.22
Transaction costs arising on issue of equity shares	20	-	(204.73)	-	-	-	(204.73)
Transfer from retained earnings to general reserve	20	-	-	3,000.00	(3,000.00)	-	-
Amount adjusted pursuant to scheme of arrangement	44	-	-	(20,104.46)	-	-	(20,104.46)
Amount adjusted on transfer of property, plant and equipment	44	-	-	(143.17)	-	-	(143.17)
As at 31st March 2017		15.00	4,697.49	11,006.84	79,619.69	23,518.75	1,18,857.77
Profit for the year		-	-	-	4,928.89	-	4,928.89
Other comprehensive income, net of tax		-	-	-	(57.34)	9,492.86	9,435.52
Total comprehensive income for the year		-	-	-	4,871.55	9,492.86	14,364.41
Transactions with owners in their capacity as owners:							
Dividend paid	42	-	-	-	(2,970.60)	-	(2,970.60)
Dividend distribution tax paid	42	-	-	-	(604.75)	-	(604.75)
Transfer from equity instruments through other comprehensive income to retained earnings on sale of equity shares	20	-	-	-	3,067.93	(3,067.93)	-
As at 31st March 2018		15.00	4,697.49	11,006.84	83,983.82	29,943.68	1,29,646.83

The accompanying notes are an integral part of these financial statements.
This is the Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place: New Delhi
Date: 2nd May 2018

For and on behalf of the Board of Directors of
Orient Paper & Industries Limited

C.K.Birla
Chairman

M.L.Pachisia
Managing Director

P.K.Sonthalia
President Finance & CFO

R.P.Dutta
Company Secretary

Cash Flow Statement for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
(A) Cash flows from operating activities:		
Profit before income tax from		
Continuing operations	8,011.03	572.82
Discontinued operations	-	4,071.56
Profit before income tax including discontinued operations	**8,011.03**	**4,644.38**
Adjustments for:		
Depreciation and amortisation expense	2,830.68	4,384.64
Interest and finance charges	1,258.34	3,841.49
Other borrowing costs	150.59	318.51
Net gain on disposal of property, plant and equipment	(69.67)	(337.97)
Bad debts / advances written off (net of reversals)	1.82	156.94
Provision for doubtful debts and advances	-	417.47
Rental income from investment properties	(314.06)	(459.06)
Compensation against transfer of way / right to use of land	-	(420.95)
Unspent liabilities, provisions no longer required and unclaimed balances written back	(81.07)	(161.20)
Interest income classified as investing cash flows	(25.99)	(239.95)
Dividend income	(267.58)	(268.91)
Operating profit before changes in operating assets and liabilities	**11,494.09**	**11,875.39**
Decrease in trade payables, other liabilities and provisions	(1,035.68)	(2,516.94)
(Increase) / decrease in inventories	1,748.40	(6,332.98)
Increase in biological assets	(18.35)	(63.21)
Decrease in trade receivables, loans, advances and other assets	2,023.94	1,964.12
Cash generated from operations	**14,212.40**	**4,926.38**
Income taxes paid (net)	(1,629.39)	(1,348.20)
Net cash inflow (outflow) from operating activities	**12,583.01**	**3,578.18**
(B) Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	394.70	425.08
Payments for acquisition of property, plant and equipment/intangible assets	(2,984.68)	(8,552.81)
Proceeds on disposal of investments in equity shares	3,526.84	-
Rental income from investment properties received	314.06	459.06
Compensation against transfer of way / right to use of land received	-	420.95
Interest received	20.22	252.02
Dividend received	267.58	268.91
Fixed deposits made	(4.91)	(10.63)
Net cash inflow (outflow) from investing activities	**1,533.81**	**(6,737.42)**

Cash Flow Statement for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

	Year ended 31st March 2018	Year ended 31st March 2017
(C) Cash flows from financing activities:		
Proceeds from rights issue	-	4,770.66
Repayment of long-term borrowings	(1,790.67)	(2,787.99)
Proceeds from long-term borrowings	-	58.00
Short-term borrowings - receipts / (payments)	(7,774.12)	2,001.23
Interest paid	(1,292.51)	(3,924.42)
Other borrowing costs paid	(150.59)	(207.35)
Dividend paid	(2,966.17)	(525.88)
Dividend distribution tax paid	(604.75)	(104.27)
Net cash inflow (outflow) from financing activities	**(14,578.81)**	**(720.02)**
Net decrease in cash and cash equivalents (A+B+C)	**(461.99)**	**(3,879.26)**
Cash and cash equivalents at the beginning of the financial year (refer note 13)	839.56	5,741.60
Less: Cash and cash equivalents transferred pursuant to Scheme of Arrangement (refer note 44)	-	(1,022.78)
Cash and cash equivalents at the end of the year (Refer note 13)	**377.57**	**839.56**

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'. Refer note 44 for disclosure relating to discontinued operations and note 45 for debt reconciliation.

The accompanying notes are an integral part of these financial statements.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place: New Delhi
Date: 2nd May 2018

For and on behalf of the Board of Directors of
Orient Paper & Industries Limited

C.K.Birla
Chairman

M.L.Pachisia
Managing Director

P.K.Sonthalia
President Finance & CFO

R.P.Dutta
Company Secretary

Notes to Financial Statements as at and for the year ended 31st March 2018

1 Company background

Orient Paper & Industries Limited (the 'Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Company is located at Unit-VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012, Orissa, India.

The Company is mainly engaged in the business of manufacturing and selling of paper and other products as detailed under segment information in note 47. Also refer note 44 for information relating to discontinued operations.

The financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on 2nd May 2018.

2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Accounting Standards) Rules, 2015] and other provisions of the Act.

The financial statements up to year ended 31st March 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP).

These financial statements are the first financial statements of the Company under Ind AS. Refer note 57 for an explanation of how the transition from previous GAAP to Ind AS has impacted the Company's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit plans - plan assets measured at fair value.
- Biological assets - measured at fair value less costs to sell.
- Certain property, plant and equipment measured at fair value as at 1st April 2016 (transition date) and considered such value as deemed cost at that date.

(iii) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) expected to be realised or intended to be sold or consumed in the normal operating cycle,
b) held primarily for the purpose of trading,
c) expected to be realised within twelve months after the reporting period, or
d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in the normal operating cycle,
b) it is held primarily for the purpose of trading,
c) it is due to be settled within twelve months after the reporting period, or
d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Notes to Financial Statements as at and for the year ended 31st March 2018

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current."

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs and decimals thereof (₹00,000.00) as per the requirement of Schedule III, unless otherwise stated.

2.2 Property, plant and equipment

All items of property, plant and equipment are stated at historical cost / deemed cost (fair value as at transition date) less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to measure certain property, plant and equipment as at 1st April 2016 at its fair value as at the transition date and use that carrying value as the deemed cost of such property, plant and equipment.

Depreciation method, estimated useful lives and residual values

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

Depreciation is calculated on a pro-rata basis using the straight-line method [except for furniture and fixtures and vehicles with gross carrying amount of ₹886.88 lacs (31st March 2017: ₹742.31 lacs, 1st April 2016: ₹707.26 lacs) where written down value method is followed] to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

Estimated useful lives of the property, plant and equipment as estimated by the management are as follows:

Factory buildings	- 30 years
Non-factory buildings	- 5 to 60 years
Railway sidings	- 15 years
Plant and equipments	- 3 to 40 years
Furniture and fixtures	- 8 to 10 years
Computers (included under plant and equipments)	- 3 years
Office equipments	- 5 years
Vehicles	- 8 to 10 years

Leasehold land (other than those in the nature of perpetual leases) are amortised on straight - line basis over the primary lease period or their respective useful lives, whichever is shorter.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain plant and equipments as 3 to 20 years. These lives are lower than those indicated in Schedule II to the Companies Act,2013.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within 'Other income'/'Other expenses'.

Notes to Financial Statements as at and for the year ended 31st March 2018

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as 'Capital advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital work-in-progress'.

2.3 Intangible assets

Intangible assets have a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Computer software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/ system integration services, where applicable.

Amortisation method and period

Computer software and Technical knowhow are amortised on a pro-rata basis using the straight-line method over their estimated useful life of 3 years and 10 years respectively, from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end.

Research and development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible assets' are recognised as an expense as incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

2.4 Investment properties

"Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation on investment properties is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management. The estimated useful life of investment properties (buildings) as estimated by the management is 60 years.

On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

2.5 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). The Company's corporate assets (eg. central office building for providing support to various CGUs) do not generate independent cash flows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

Notes to Financial Statements as at and for the year ended 31st March 2018

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis. By-products are valued at net realisable value. Saleable scrap, whose cost is not identifiable, is valued at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.7 Biological assets

Biological assets are measured at fair value less cost to sell.

Costs to sell include the incremental selling costs, including commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Eucalyptus plantation are accounted for as biological assets until the point of harvest. Harvested eucalyptus plants are transferred to inventory at fair value less costs to sell when harvested.

The fair value of growing eucalyptus plantation is determined using a discounted cash flow model based on the expected plant yield by plantation size, the market price for wood and after allowing for harvesting costs and other costs yet to be incurred in getting the plants to maturity.

2.8 Leases

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature.

2.9 Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in

Notes to Financial Statements as at and for the year ended 31st March 2018

equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other income' in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other income' in the Statement of Profit and Loss.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 43(A) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109,'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Notes to Financial Statements as at and for the year ended 31st March 2018

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(vi) Fair value of financial instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.10 Derivative instruments

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other income'/'Other expenses'.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discounts, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer as per the terms of contract.

Export entitlements (arising out of duty drawback and merchandise export from India schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Notes to Financial Statements as at and for the year ended 31st March 2018

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Foreign currency transactions and translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (`the functional currency'). The financial statements are presented in Indian Rupee (Rupees or ₹), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Statement of Profit and Loss, within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other income'/'Other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.20 Employee benefits

(i) Short-term employee benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits

Defined benefit plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee benefits expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

Notes to Financial Statements as at and for the year ended 31st March 2018

(iii) Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Employee benefit obligations' (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.21 Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.22 Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to Financial Statements as at and for the year ended 31st March 2018

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

2.23 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.24 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company. Refer note 47 for segment information presented.

2.26 Recent accounting pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on 28 March 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after 1 April 2018 and cannot be early adopted. The Company intends to adopt these standards, as applicable, when they become effective."

Ind AS 115, Revenue from contracts with customers

The Ministry of Corporate Affairs (MCA) has notified Ind AS 115, 'Revenue from Contracts with Customers', on 28th March 2018, which is effective for accounting periods beginning on or after 1st April 2018. The new revenue standard is based on a transfer of control model, which fundamentally changes the basis of revenue recognition, presentation and disclosures. The standard could significantly change the amount and timing of revenue recognition. The core principle is described in a five-step model framework. These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt."

Notes to Financial Statements as at and for the year ended 31st March 2018

Amendments to Ind AS 40 Investment property - Transfers of investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

2.27 Critical estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- **Employee benefits (estimation of defined benefit obligation) – Notes 2.20 and 49**

  Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Impairment of trade receivables – Notes 2.9(iii) and 43(A)**

  The risk of uncollectibility of trade receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

Notes to Financial Statements as at and for the year ended 31st March 2018

- Estimation of expected useful lives of property, plant and equipment – Notes 2.2 and 3

  Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

- Contingencies – Notes 2.22 and 53

  Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Company consults with legal counsel and other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

- Valuation of deferred tax assets – Notes 2.21 and 23

  Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

- Fair value measurements – Notes 2.9(vi) and 41

  When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 3: Property, plant and equipment

	Freehold land	Leasehold land	Factory buildings	Non-factory buildings (b)	Railway sidings	Plant and equipments (d)	Furniture and fixtures	Office equipments	Vehicles	Total	
Gross carrying amount											
Cost/deemed cost as at 1st April 2016	**31,138.54**	**58,568.92**	**6,370.50**	**2,181.38**	**96.89**	**82,698.94**	**1,581.61**	**1,126.02**	**407.03**	**1,84,169.83**	(a)
Additions	-	-	0.72	3.00	-	2,453.52	57.55	84.78	31.23	2,630.80	
Disposals / deductions	87.61	121.77	3.81	2.16	34.32	3,248.97	18.71	1.71	19.35	3,538.41	
Transferred pursuant to scheme of arrangement (refer note 44)	9.70	-	2,298.66	64.52	-	13,865.59	1,096.70	944.05	142.96	18,422.18	
As at 31st March 2017	**31,041.23**	**58,447.15**	**4,068.75**	**2,117.70**	**62.57**	**68,037.90**	**523.75**	**265.04**	**275.95**	**1,64,840.04**	(a)
Additions	-	-	1,510.03	480.64	-	8,056.81	205.83	8.44	46.00	10,307.75	
Disposals / deductions	-	-	30.01	0.53	-	250.56	6.82	2.05	47.55	337.52	(e)
Transfer to assets classified as held for sale	94.19	-	-	-	-	-	-	-	-	94.19	
As at 31st March 2018	**30,947.04**	**58,447.15**	**5,548.77**	**2,597.81**	**62.57**	**75,844.15**	**722.76**	**271.43**	**274.40**	**1,74,716.08**	(a)
Accumulated depreciation											
As at 1st April 2016	-	-	**2,369.76**	**1,075.73**	**70.46**	**40,964.06**	**936.54**	**722.03**	**269.87**	**46,408.45**	
Charge for the year	-	139.48	226.15	53.36	1.94	3,468.21	114.43	139.94	30.43	4,173.94	(c)
Disposals / deductions	-	66.50	-	1.47	34.32	3,188.64	0.46	1.57	15.18	3,308.14	(e)
Transferred pursuant to scheme of arrangement (refer note 44)	-	-	589.16	26.81	-	6,855.73	593.02	628.87	85.51	8,779.10	
As at 31st March 2017	-	**72.98**	**2,006.75**	**1,100.81**	**38.08**	**34,387.90**	**457.49**	**231.53**	**199.61**	**38,495.15**	
Charge for the year	-	137.79	161.58	59.44	1.94	2,369.01	41.09	18.39	18.56	2,807.80	(c)
Disposals / deductions	-	-	-	0.43	-	223.22	6.44	1.90	41.24	273.23	
As at 31st March 2018	-	**210.77**	**2,168.33**	**1,159.82**	**40.02**	**36,533.69**	**492.14**	**248.02**	**176.93**	**41,029.72**	
Net carrying amount											
As at 1st April 2016	**31,138.54**	**58,568.92**	**4,000.74**	**1,105.65**	**26.43**	**41,734.88**	**645.07**	**403.99**	**137.16**	**1,37,761.38**	
As at 31st March 2017	**31,041.23**	**58,374.17**	**2,062.00**	**1,016.89**	**24.49**	**33,650.00**	**66.26**	**33.51**	**76.34**	**1,26,344.89**	
As at 31st March 2018	**30,947.04**	**58,236.38**	**3,380.44**	**1,437.99**	**22.55**	**39,310.46**	**230.62**	**23.41**	**97.47**	**1,33,686.36**	

(a) Includes certain non-factory buildings held in joint ownership ₹185.82 lacs (31st March 2017: ₹181.80 lacs, 1st April 2016: ₹177.67 lacs).

(b) Gross and net carrying amount of non-factory buildings include ₹47.10 lacs (31st March 2017: ₹47.10 lacs, 1st April 2016: ₹79.87 lacs) and ₹39.08 lacs (31st March 2017: ₹39.78 lacs , 1st April 2016: ₹74.35 lacs) respectively in respect of flats whose registration in the Company's name is pending.

(c) Includes depreciation ₹147.15 lacs (31st March 2017: ₹147.94 lacs) on assets at Brajrajnagar unit, where manufacturing operations were not carried on during the year.

(d) Include plant and equipments taken on finance lease: Gross carrying amount of ₹859.10 lacs (31st March 2017: ₹859.10 lacs, 1st April 2016: ₹800.00 lacs) and net carrying amount of ₹724.81 lacs (31st March 2017: ₹794.19 lacs, 1st April 2016: ₹787.33 lacs).

(e) Includes amount adjusted on transfer of property, plant and equipment ₹143.17 lacs (net of accumulated depreciation of ₹3,136.50 lacs) [refer note 44(g)].

(f) Refer to notes 21 and 24 for information on property, plant and equipment pledged as security by the Company.

(g) Refer to note 52 for disclosure of contractual commitments for acquisition of property, plant and equipment.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 4: Investment properties

Particulars	Year ended 31st March 2018	Year ended31st March 2017
Gross carrying amount		
Opening gross carrying amount / deemed cost	1,712.67	1,712.67
Closing gross carrying amount	**1,712.67**	**1,712.67**
Accumulated depreciation		
Opening accumulated depreciation	22.79	-
Depreciation charge	22.83	22.79
Closing accumulated depreciation	**45.62**	**22.79**
Net carrying amount	**1,667.05**	**1,689.88**

(a) The Company along with 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 value ₹432.94 lacs (31st March 2017: ₹432.94 lacs, 1st April 2016: ₹432.94 lacs) in the name of the Company is still pending.

(b) Investment properties include buildings held in joint ownership ₹1,167.05 lacs (31st March 2017: ₹1,167.05 lacs, 1st April 2016: ₹1,167.05 lacs).

(c) Fair value of investment properties carried at cost:

Particulars	31st March 2018	31st March 2017	1st April 2016
Fair value of investment properties	10,602.92	10,149.98	9,735.10

Estimation of fair value

The fair values of investment properties have been determined by independent valuers who hold recognised and relevant professional qualifications. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

(d) Amounts recognised in profit or loss for investment properties:

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Rental income	314.06	459.06
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income	74.49	44.60
Depreciation expense	22.83	22.79

(e) Refer note 51 for lease disclosure.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 5: Intangible assets (other than goodwill) - acquired

	Computer software	Technical know how	Total
Gross carrying amount			
Deemed cost as at 1st April 2016	**288.72**	**661.67**	**950.39**
Additions	35.15	-	35.15
Transferred pursuant to scheme of arrangement (refer note 44)	323.87	661.67	985.54
As at 31st March 2017	-	-	-
Additions	3.00	-	3.00
As at 31st March 2018	**3.00**	-	**3.00**
Accumulated amortisation			
As at 1st April 2016	-	-	-
Charge for the year*	124.92	62.99	187.91
Transferred pursuant to scheme of arrangement (refer note 44)	124.92	62.99	187.91
As at 31st March 2017	-	-	-
Charge for the year	0.05	-	0.05
As at 31st March 2018	**0.05**	-	**0.05**
Net carrying amount			
As at 1st April 2016	**288.72**	**661.67**	**950.39**
As at 31st March 2017	-	-	-
As at 31st March 2018	**2.95**	-	**2.95**

*relates to discontinued operations

(a) Refer to note 52 for disclosure of contractual commitments for acquisition of intangible assets.

Note 6: Investments - non-current

Particulars	31st March 2018	31st March 2017	1st April 2016
Investments in equity instruments at FVOCI (fully paid-up)			
Quoted			
12.75 lacs (31st March 2017: 15.45 lacs, 1st April 2016: 15.45 lacs) equity shares of ₹10 each in Century Textiles & Industries Limited (a)	14,569.74	16,272.64	8,184.61
9.06 lacs (31st March 2017: 9.06 lacs, 1st April 2016: 9.06 lacs) equity shares of ₹10 each in Hyderabad Industries Limited	14,741.49	7,108.13	4,671.38
Unquoted			
0.30 lac (31st March 2017: 0.30 lac, 1st April 2016: 0.30 lac) equity shares of ₹10 each in Birla Buildings Limited	222.00	201.00	183.00
0.06 lac (31st March 2017: 0.06 lac, 1st April 2016: 0.06 lac) equity shares of ₹10 each in GMMCO Limited	175.56	175.56	131.67
0.25 lac (31st March 2017: 0.25 lac, 1st April 2016: 0.25 lac) equity shares of ₹10 each in Tungabhadra Industries Limited	-	-	-
200 (31st March 2017: 200, 1st April 2016: 200) equity shares of ₹10 each in Orissa Textiles Mills Limited	-	-	-
173.99 lacs (31st March 2017: 173.99 lacs, 1st April 2016: 173.99 lacs) equity shares of K.Sh 20 each in Panafrican Paper Mills (E.A) Limited	-	-	-
	29,708.79	**23,757.33**	**13,170.66**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 6: Investments - non-current (contd.)

Particulars	31st March 2018	31st March 2017	1st April 2016
Investments in government securities at amortised cost			
Unquoted			
6 Years National Savings Certificates (b)	0.17	0.17	0.90
Total	**29,708.96**	**23,757.50**	**13,171.56**
Aggregate amount of quoted investments and market value thereof	29,311.23	23,380.77	12,855.99
Aggregate amount of unquoted investments	397.73	376.73	315.57

(a) Pledged as security against short term loans taken (refer note 24)

(b) Lodged with government departments as security deposits.

(c) Refer note 41 for information about fair value measurements and note 43 for credit risk and market risk on investments.

Note 7: Loans - non-current

Particulars	31st March 2018	31st March 2017	1st April 2016
Unsecured, considered good			
Trade and other deposits	197.03	150.91	819.21
	197.03	**150.91**	**819.21**

Note 8: Other financial assets - non-current

Particulars	31st March 2018	31st March 2017	1st April 2016
Unsecured, considered good			
Deposits with original maturity of more than 12 months*	2.59	0.86	0.86
	2.59	**0.86**	**0.86**

*Lodged with government departments/banks as security.

Note 9: Non- current tax assets (net)

Particulars	31st March 2018	31st March 2017	1st April 2016
Advance tax [Net of provision for tax ₹979.50 lacs (31st March 2017: ₹26.50 lacs, 1st April 2016: ₹26.50 lacs)]	742.25	1,641.53	737.49
	742.25	**1,641.53**	**737.49**

Note 10: Other non-current assets

Particulars	31st March 2018	31st March 2017	1st April 2016
Capital advances	179.45	244.64	1,808.45
Advances recoverable	204.01	140.66	111.47
Deposits against demand under dispute	598.48	559.53	512.11
Prepaid expenses	17.03	17.51	11.42
Claims and refunds receivable	149.48	149.48	149.48
	1,148.45	**1,111.82**	**2,592.93**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 11: Inventories

Particulars	31st March 2018	31st March 2017	1st April 2016
Valued at lower of cost and net realisable value			
Raw materials and components	2,350.10	3,642.54	7,054.87
Work-in-progress	498.21	571.57	1,007.12
Finished goods	702.75	1,270.78	8,093.89
Stock-in-trade	-	-	3,452.15
Stores, chemicals and spare parts, etc.	2,471.11	2,293.23	2,502.69
At estimated net realisable value			
By-products	0.45	3.17	1.95
Scrap	49.64	39.37	87.78
	6,072.26	**7,820.66**	**22,200.45**
The above includes stock in transit:			
Raw materials and components			
Finished goods	178.71	162.06	234.58
Stock-in-trade	-	-	34.47
Stores, chemicals and spare parts, etc.	47.61	42.10	20.72

(a) Write downs of inventories to net realisable value amounted to ₹53.64 lacs (31st March 2017: ₹50.69 lacs) which were recognised as an expense and included in consumption of stores and spare parts in note 38.

(b) Inventories are pledged against the borrowings obtained by the Company as referred in note 24.

Note 12: Trade receivables

Particulars	31st March 2018	31st March 2017	1st April 2016
Secured, considered good	513.63	374.26	2,675.12
Unsecured, considered good	3,186.02	2,040.09	35,671.45
Considered doubtful	66.80	75.48	684.38
	3,766.45	**2,489.83**	**39,030.95**
Less: Allowance for doubtful debts	66.80	75.48	684.38
	3,699.65	**2,414.35**	**38,346.57**

(a) Trade receivables are non-interest bearing and are generally on term of up to 90 days.

(b) Refer note 43 for credit risk and market risk on trade receivables.

(c) Trade receivables are pledged against the borrowings obtained by the Company as referred in note 24.

(d) Trade receivables include ₹26.85 lacs (31st March 2017: nil, 1st April 2016: nil) due from a private company in which a director is a member.

Note 13: Cash and cash equivalents

Particulars	31st March 2018	31st March 2017	1st April 2016
Balances with banks:			
– On current accounts	364.60	826.24	5,723.21
– Deposits with original maturity of less than three months	0.09	2.39	0.09
Cheques on hand	2.66	1.00	0.93
Cash on hand	10.22	9.93	17.37
	377.57	**839.56**	**5,741.60**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 14: Other bank balances

Particulars	31st March 2018	31st March 2017	1st April 2016
Deposits with bank on current accounts*	-	-	5.18
On unpaid dividend accounts**	70.28	65.85	79.56
Deposits with remaining maturity of more than 3 months but less than 12 months***	97.63	94.45	83.82
Unpaid matured deposits	-	-	3.60
	167.91	**160.30**	**172.16**

* Earmarked for redemption of preference shares

** Earmarked for payment of unclaimed dividend

*** Lodged with government departments/banks as security ₹97.63 lacs (31st March 2017: ₹94.45 lacs, 1st April 2016: ₹77.26 lacs)

Note 15: Loans - current

Particulars	31st March 2018	31st March 2017	1st April 2016
Unsecured, considered good			
Loans to employees	11.09	9.97	2.83
Trade and other deposits	31.92	57.46	24.13
Unsecured, considered doubtful			
Trade and other deposits	10.00	10.00	10.00
Less: Provision for doubtful trade and other deposits	(10.00)	(10.00)	(10.00)
	43.01	**67.43**	**26.96**

Note 16: Other financial assets - current

Particulars	31st March 2018	31st March 2017	1st April 2016
Unsecured, considered good			
Receivable from Orient Electric Limited, a related party (refer note 48)	456.34	3,105.20	-
Interest accrued on loans, deposits, etc.	11.79	6.02	20.16
	468.13	**3,111.22**	**20.16**

Note 17: Other current assets

Particulars	31st March 2018	31st March 2017	1st April 2016
Unsecured, considered good			
Deposits against demand under dispute	97.56	97.56	97.56
Balances with government authorities (other than income taxes)	64.99	701.45	1,328.77
Prepaid expenses	237.22	178.40	290.70
Export incentives receivable	269.71	79.61	680.12
Claims and refunds receivable	196.78	354.10	409.71
Advances recoverable*	762.81	1,008.13	2,490.47
Unsecured, considered doubtful			
Advances recoverable	-	-	12.86
Less: Allowance for doubtful advances	-	-	(12.86)
	1,629.07	**2,419.25**	**5,297.33**

*Includes due from director of the Company nil (31st March 2017: nil, 1st April 2016: ₹62.43 lacs)

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 18: Assets classified as held for sale

Particulars	31st March 2018	31st March 2017	1st April 2016
Land	94.27	0.08	0.10
	94.27	**0.08**	**0.10**

In November 2015, the directors of Orient Paper & Industries Limited decided to sell a portion of land at Shahdol (Madhya Pradesh). The Company has sold portion of such land till 31st March 2018 and is expecting that the transfer process of the remaining said land will be completed by the next year. The Company has also entered into an agreement to transfer a portion of land at Sambalpur (Odisha) in April 2017. The Company is expecting the transfer process of the said land to be completed by the next year. These land relates to Paper segment.

Note 19: Equity share capital

Particulars	31st March 2018	31st March 2017	1st April 2016
Authorised shares			
75,00,00,000 (31st March 2017: 75,00,00,000, 1st April 2016: 75,00,00,000) Equity Shares of Re.1/- each	7,500.00	7,500.00	7,500.00
25,00,000 (31st March 2017: 25,00,000, 1st April 2016: 25,00,000) Preference Shares of ₹100/- each	2,500.00	2,500.00	2,500.00

Particulars	31st March 2018	31st March 2017	1st April 2016
Issued Shares			
21,22,04,712 (31st March 2017: 21,22,04,712, 1st April 2016: 20,48,87,970) Equity Shares of Re.1/- each	2,122.05	2,122.05	2,048.88
Total issued capital	**2,122.05**	**2,122.05**	**2,048.88**

Particulars	31st March 2018	31st March 2017	1st April 2016
Subscribed and paid-up shares			
21,21,85,502 (31st March 2017: 21,21,85,502, 1st April 2016: 20,48,68,760) Equity Shares of Re.1/- each	2,121.86	2,121.86	2,048.69
Add: Forfeited shares (amount originally paid-up)	0.10	0.10	0.10
Total subscribed and paid-up share capital	**2,121.96**	**2,121.96**	**2,048.79**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	31st March 2018		31st March 2017	
	No. in lacs	Amount	No. in lacs	Amount
At the beginning of the year	2,121.86	2,121.86	2,048.69	2,048.69
Issued during the year (Rights Issue)	-	-	73.17	73.17
Outstanding at the end of the year	**2,121.86**	**2,121.86**	**2,121.86**	**2,121.86**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 19: Equity share capital (Contd.)

(c) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	31st March 2018		31st March 2017		1st April 2016	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class	No. in lacs	% holding in the class
Equity shares of ₹1 each fully paid						
Central India Industries Limited	525.60	24.77%	525.60	24.77%	506.44	24.72%
Reliance Capital Trustee Company Ltd	183.94	8.67%	191.58	9.03%	181.23	8.85%
Shekhavati Investments and Traders Limited	127.61	6.01%	127.61	6.01%	123.21	6.01%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Note 20: Other equity

Particulars	31st March 2018	31st March 2017	1st April 2016
Reserves and surplus			
Investment subsidy	15.00	15.00	15.00
Securities premium account	4,697.49	4,697.49	-
General reserve	11,006.84	11,006.84	28,254.47
Retained earnings	83,983.82	79,619.69	79,569.98
Equity instruments through other comprehensive income	29,943.68	23,518.75	12,944.84
	1,29,646.83	**1,18,857.77**	**1,20,784.29**

Investment subsidy

Particulars	31st March 2018	31st March 2017
Opening balance	15.00	15.00
Closing balance	**15.00**	**15.00**

Securities premium account

Particulars	31st March 2018	31st March 2017
Opening balance	4,697.49	-
Issue of equity shares	-	4,902.22
Transaction costs arising on issue of equity shares	-	(204.73)
Closing balance	**4,697.49**	**4,697.49**

General reserve

Particulars	31st March 2018	31st March 2017
Opening balance	11,006.84	28,254.47
Transferred from retained earnings	-	3,000.00
Amount adjusted on transfer of property, plant and equipment [refer note 44(g)]	-	(143.17)
Amount adjusted pursuant to scheme of arrangement (refer note 44)	-	(20,104.46)
Closing balance	**11,006.84**	**11,006.84**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 20: Other equity (Contd.)

Retained earnings

Particulars	31st March 2018	31st March 2017
Opening balance	79,619.69	79,569.98
Profit for the year	4,928.89	3,791.81
Item of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment defined benefit plans, net of tax	(57.34)	(125.66)
Dividend paid (refer note 42)	(2,970.60)	(512.17)
Dividend distribution tax on above (refer note 42)	(604.75)	(104.27)
Transferred from equity instruments through other comprehensive income on sale of equity shares	3,067.93	-
Transferred to general reserve	-	(3,000.00)
Closing balance	**83,983.82**	**79,619.69**

Equity instruments through other comprehensive income

Particulars	31st March 2018	31st March 2017
Opening balance	23,518.75	12,944.84
Change in fair value of FVOCI equity instruments during the year	9,478.27	10,586.67
Current tax for the year	(752.43)	-
Deferred tax for the year	767.02	(12.76)
Transferred to retained earnings on sale of equity shares*	(3,067.93)	-
Closing balance	**29,943.68**	**23,518.75**

*Represents cumulative gain on disposal (net of tax). Fair value of such investments on the dates of disposal was ₹3,526.84 lacs.

Nature and purpose of each reserve

Investment subsidy

This relates to amount received in earlier years towards investment subsidy.

Securities premium account

Securities premium is used to record premium received on issue of shares. The reserve may be utilised in accordance with the provisions of the Companies Act, 2013 of India (the "Companies Act").

General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Companies Act.

Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of investments in equity securities in other comprehensive income. The changes are accumulated within the 'equity instruments through other comprehensive income' reserve with equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 21: Borrowings - non-current

Particulars	31st March 2018	31st March 2017	1st April 2016
Term loans (secured)			
(a) From a financial institution	473.10	945.20	2,940.00
(b) From banks	3,445.96	4,216.80	10,609.54
(c) From others	1,278.27	1,778.61	3,924.47
Other loans (secured)			
Finance lease obligations (refer note 51)	773.70	821.09	795.51
	5,971.03	**7,761.70**	**18,269.52**
Less:- Current maturities disclosed under the head "other financial liabilities - current"(refer note 26)	(2,057.20)	(1,788.84)	(2,957.73)
	3,913.83	**5,972.86**	**15,311.79**

(a) Term loans from a financial institution are secured by first pari-passu charge on the property, plant and equipment (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar and carries interest @11.20% p.a. (31st March 2017: 10.95% p.a., 1st April 2016: 12.05% p.a.) and is repayable in 20 equal quarterly instalments starting from 28th June 2014 up to 28th March 2019.

(b) Term loans from banks are secured by first pari-passu charge on the property, plant and equipment (both present and future) pertaining to the Paper plants at Amlai & Brajrajnagar. The terms of repayment are as under:

(i) Term loans of ₹1,054.79 lacs (31st March 2017: ₹1,848.72 lacs, 1st April 2016: ₹5,687.95 lacs) carries interest @ 9.10% p.a. (31st March 2017: 9.10% p.a., 1st April 2016: 11.10% p.a.) and is repayable in 17 equal quarterly instalments starting from 28th May 2015 up to 28th May 2019.

(ii) Term loans of ₹2,391.17 lacs (31st March 2017: ₹2,368.08 lacs, 1st April 2016: ₹4,921.59 lacs) carries interest @ 9.90% p.a. (31st March 2017: 10.45% p.a., 1st April 2016: 10.55% p.a.) and is repayable in 20 unequal quarterly instalments starting from 8th May 2018 up to 8th February 2023.

(c) Term loans from others are secured by pari-passu first charge on the property, plant and equipment (both present and future) pertaining to the Paper plants at Amlai and Brajrajnagar and carries interest @10.50% p.a. (31st March 2017: 11.00% p.a., 1st April 2016: 11.00% p.a.) and is repayable in 16 equal quarterly instalments starting from 21st March 2017 up to 21st December 2020.

(d) Finance lease obligations are secured against plant and equipments taken on lease. The gross investments in lease, i.e. lease obligation plus interest, is payable in 117 monthly instalments of ₹13.50 lacs each and 20 quarterly installments of ₹3.96 lacs each respectively.

(e) Borrowings transferred to resultant company (Orient Electric Limited) pursuant to scheme of arrangement (refer note 44) are secured by first pari-passu charge on the property, plant and equipment (both present and future) pertaining to the Paper plants of the Company at Amlai & Brajrajnagar. The said borrowings [balance outstanding as at 31st March 2018 with regard to non-current borrowings (including current maturities): ₹5,615.77 lacs] are in the process of getting secured by assets of Orient Electric Limited.

(f) Refer note 43 for information about liquidity risk and market risk on borrowings.

Note 22: Employee benefit obligations - non-current

Particulars	31st March 2018	31st March 2017	1st April 2016
Provision for gratuity (refer note 49)	771.68	668.18	653.04
	771.68	**668.18**	**653.04**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 23: Deferred tax liabilities (net)

Particulars	31st March 2018	31st March 2017	1st April 2016
Deferred tax liabilities			
Property, plant and equipment / intangible assets	29,380.62	28,360.33	29,426.85
On fair valuation of investments	-	48.07	35.31
Gross deferred tax liabilities	**29,380.62**	**28,408.40**	**29,462.16**
Deferred tax assets			
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	1,063.64	1,248.47	1,352.14
On fair valuation of investments	424.25	-	-
Provision for doubtful debts and advances	26.84	29.58	240.31
Minimum alternate tax (MAT) credit entitlement	2,470.39	1,528.16	548.66
Provision for warranties	-	-	615.53
Unabsorbed depreciation and carried forward business loss	-	837.59	5,628.74
Gross deferred tax assets	**3,985.12**	**3,643.80**	**8,385.38**
Deferred tax liabilities (net)	**25,395.50**	**24,764.60**	**21,076.78**

Refer note 40 for movement in deferred tax (assets) / liabilities balances.

Note 24: Borrowings - current

Particulars	31st March 2018	31st March 2017	1st April 2016
Cash credit / working capital demand loans from banks (secured)	**2,851.50**	**3,752.19**	**13,191.54**
Other loans :-			
Secured :			
Term loan from others	-	3,500.00	3,000.00
Unsecured :			
Term loans			
From a bank	-	2,500.00	4,000.00
From others	-	-	5,000.00
Buyers' credit	223.34	1,096.77	626.72
	3,074.84	10,848.96	25,818.26

(a) Cash credit / working capital demand loans from banks are secured against hypothecation of stock-in-trade, work- in-progress, raw materials, stores and chemicals, book debts and other current assets of the Company and second charge on property, plant and equipment pertaining to Paper plants at Amlai & Brajrajnagar of the Company and are repayable on demand. The above loans carry interest @ 8.75% p.a. to 11.00% p.a. (31st March 2017: 8.25% p.a. to 10.35% p.a. , 1st April 2016: 9.75% p.a. to 10.80% p.a.)

(b) Term loan from others were secured against pledge of equity shares held as investments in Century Textiles & Industries Limited by the Company and repaid on 17th March 2018.

(c) Unsecured term loans from a bank / others carry interest nil (31st March 2017: 8.30% p.a. to 8.50% p.a., 1st April 2016: 9.80% p.a. to 10.90% p.a.) and were repayable in 90 days .

(d) Buyers' credit carries interest @ LIBOR plus spread of 0.62% (31st March 2017: 0.30% to 0.65%, 1st April 2016: 0.60% to 0.85%) p.a. and is repayable in 88 to 180 days .

(e) Cash credit / working capital demand loans from banks transferred to resultant company (Orient Electric Limited) pursuant to scheme of arrangement (refer note 44) are secured by second charge on property, plant and equipment pertaining to the Paper plants of the Company at Amlai & Brajrajnagar. The said borrowings (balance outstanding as at 31st March 2018 with regard to such borrowings: ₹11,824.10 lacs) are in the process of getting secured by fixed assets of Orient Electric Limited.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 25: Trade payables

Particulars	31st March 2018	31st March 2017	1st April 2016
Trade payables [including acceptances of nil (31st March 2017: ₹67.43 lacs, 1st April 2016: ₹7.85 lacs)]			
- total outstanding dues of micro enterprises and small enterprises (refer note 55)	18.34	28.44	1,250.25
- total outstanding dues of creditors other than micro enterprises and small enterprises	6,882.55	8,254.65	26,019.48
	6,900.89	**8,283.09**	**27,269.73**

Trade payables are non-interest bearing and normally settled within 60 days term. Refer note 43 for information about liquidity risk and market risk on trade payables.

Note 26: Other financial liabilities - current

Particulars	31st March 2018	31st March 2017	1st April 2016
Current maturities of long-term borrowings (refer note 21)	2,057.20	1,788.84	2,957.73
Interest accrued but not due on borrowings	4.69	38.86	123.36
Payables against purchase of property, plant and equipment	904.48	1,168.92	1,776.51
Preference share redemption amount	-	-	5.18
Unpaid dividend	70.28	65.85	79.56
Trade and other deposits	1,256.96	1,320.40	3,737.87
	4,293.61	**4,382.87**	**8,680.21**

Note 27: Provisions - current

Particulars	31st March 2018	31st March 2017	1st April 2016
Provision for warranties	-	-	1,778.57
	-	**-**	**1,778.57**

Provision for warranties (pertaining to consumer electric business)

A provision is recognised 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 utilised within two years of the Balance Sheet date, since the warranty period is generally for one to two years.

Note 28: Employee benefit obligations - current

Particulars	31st March 2018	31st March 2017	1st April 2016
Provision for gratuity (refer note 49)	369.67	473.48	642.88
Provision for leave benefits (refer note 49)	618.37	638.06	922.94
Deferred payment liabilities (voluntary retirement scheme)	-	-	0.24
	988.04	**1,111.54**	**1,566.06**

Note 29: Current tax liabilities (net)

Particulars	31st March 2018	31st March 2017	1st April 2016
Provision for taxation [net of advance tax, TDS and refunds receivable ₹2,251.08 lacs (31st March 2017: ₹702.77 lacs, 1st April 2016: ₹258.61 lacs)]	702.58	825.39	290.05
	702.58	**825.39**	**290.05**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 30: Other current liabilities

Particulars	31st March 2018	31st March 2017	1st April 2016
Advance against sale of goods/ property, plant and equipment	1,735.19	945.58	1,526.97
Statutory dues payable (other than income taxes)	1,387.71	1,468.14	4,680.55
Other payables	11.24	22.66	33.92
	3,134.14	2,436.38	6,241.44

Note 31: Revenue from operations

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Revenue from operations		
Sale of products (including excise duty) (refer below)	65,705.08	53,774.77
Other operating revenue		
Scrap sales	297.23	238.15
Export incentives	703.88	533.39
Sale of clonal plants	344.83	192.59
Other receipts	128.98	29.60
	67,180.00	54,768.50

Detail of products sold

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Finished goods sold		
Paper & Board	53,129.46	42,791.72
C.S.Lye	6,077.96	5,493.97
C.S.Flakes	5,968.71	4,422.01
Liquid Chlorine	65.79	67.26
Hydrochloric Acid	28.67	83.60
Air Pollution Control Equipments	3.52	170.70
Industrial Blowers	422.07	730.40
Other Miscellaneous Items	8.90	15.11
	65,705.08	53,774.77

Post applicability of Goods and Service Tax (GST) w.e.f. 1st July 2017, revenue from operations is disclosed net of GST. However, revenue for the period up to 30th June 2017 is inclusive of excise duty. Accordingly, revenue from operations and other expenses for the year ended 31st March 2018 are not comparable with the previous year.

Note 32: Other income

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Interest income		
On financial instruments measured at amortised cost	25.99	21.58
On income tax refund	72.22	-
Dividend income		
On financial instruments measured at FVOCI*	267.58	268.91
Others		
Rental income on investment properties	314.06	459.06
Insurance and other claims	29.37	74.95

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 32: Other income (Contd.)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Rent and hire charges	67.22	49.01
Unspent liabilities, provisions no longer required and unclaimed balances written back	81.07	80.06
Net gain on foreign currency transactions and translation	-	40.76
Net gain on disposal of property, plant and equipment	69.67	341.67
Compensation against transfer of way / right to use of land	-	420.95
Miscellaneous income	196.05	240.05
	1,123.23	**1,997.00**

*All dividends from equity investments designated at FVOCI relate to investments held at the end of the reporting period except ₹11.50 lacs (31st March 2017: nil) on equity investments sold during the year.

Note 33: Cost of materials consumed

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Inventory at the beginning of the year	3,642.54	2,418.63*
Add: Purchases	17,119.48	16,879.40*
	20,762.02	**19,298.03**
Less: Inventory at the end of the year	2,350.10	3,642.54
	18,411.92	**15,655.49**

*Excluding amounts relating to discontinued operations

Note 34: Changes in inventories of finished goods and work-in-progress, etc.

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Inventories at the end of the year		
Work-in-progress	498.21	571.57
Finished goods	702.75	1,270.78
By-products	0.45	3.17
Scrap	49.64	39.37
	1,251.05	**1,884.89**
Inventories at the beginning of the year		
Work-in-progress	571.57	664.24*
Finished goods	1,270.78	1,426.06*
By-products	3.17	1.95*
Scrap	39.37	80.67*
	1,884.89	**2,172.92**
Changes in inventories	**633.84**	**288.03**
(Increase)/decrease of excise duty on inventories@	(106.54)	11.18*
	527.30	**299.21**

@Represents the difference between excise duty on opening and closing inventories of finished goods, etc.

*Excluding amounts relating to discontinued operations

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 35: Employee benefits expense

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Salaries, wages and bonus	6,574.02	6,667.41
Contribution to provident and other funds (refer note 49)	569.61	594.34
Gratuity expense (refer note 49)	306.22	193.67
Staff welfare expenses	553.75	734.08
	8,003.60	**8,189.50**

Note 36: Finance costs

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Interest and finance charges#	1,258.34	2,314.99
Interest expense on income tax	60.59	-
Other borrowing costs#	150.59	196.66
	1,469.52	**2,511.65**
Less: Amount capitalised (refer below)	-	451.39
	1,469.52	**2,060.26**

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case nil (31st March 2017 – 10.17 % p.a.).

#Arising on financial liabilities not at fair value through profit or loss.

Note 37: Depreciation and amortisation expense

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Depreciation on property, plant and equipment (refer note 3)	2,807.80	2,495.03
Depreciation on investment properties (refer note 4)	22.83	22.79
Amortisation on intangible assets (refer note 5)	0.05	-
	2,830.68	**2,517.82**

Note 38: Other expenses

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Consumption of stores and spare parts	6,921.92	6,093.02
Handling and other charges to contractors	1,956.32	1,654.15
Power and fuel	10,160.78	8,864.70
Packing, freight and forwarding charges	3,378.61	2,035.69
Rent	189.42	216.71
Rates and taxes	258.67	316.38
Insurance	151.51	163.99
Repairs		
Plant and machinery	2,133.54	1,936.91
Buildings	543.85	328.76
CSR expenditure (refer note 38a)	65.42	86.04
Advertising and sales promotion	15.84	11.40
Directors' commission	83.33	58.50

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 38: Other expenses (Contd.)

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Directors' sitting fees	75.00	48.00
Commission on sales	79.80	237.47
Payment to auditor		
As auditor:		
Audit fee	11.00	32.50
Limited review	14.00	19.50
Tax audit fee	8.00	8.00
For certificates and other services	31.86	16.68
Reimbursement of expenses	1.39	1.13
Payment to cost auditor	1.02	1.40
Net loss on foreign currency transactions and translations	56.70	-
Professional and consultancy charges	558.72	586.49
Bad debts / advances written off (net of reversals)	1.82	1.91
Provision for doubtful debts and advances	-	8.69
Investment written off [refer note 44(f)]	-	5.00
Miscellaneous expenses	1,306.24	1,117.61
	28,004.76	23,850.63

Note 38a: Corporate social responsibility expenditure

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Amount required to be spent as per Section 135 of the Act	27.28	22.94
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	65.42	86.04

Note 38b: Research and development expenditure

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Capital nature	16.00	1.51
Revenue nature	32.70	25.99

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 39: Income tax expense

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
(a) Income tax expense recognised in profit and loss		
Current tax		
Current tax on profits for the year	1,652.57	979.50
Adjustment for current tax of earlier years	0.86	(0.01)
Total current tax expense	**1,653.43**	**979.49**
Deferred tax		
Origination / reversal of temporary differences	1,156.69	(126.92)
[Net of MAT credit of ₹647.53 lacs (31st March 2017: ₹979.50 lacs)]		
Adjustment for change in tax rate	272.02	-
Total deferred tax expense/(benefit)	**1,428.71**	**(126.92)**
Total income tax expense recognised in profit and loss	**3,082.14**	**852.57**
Income tax expense / (benefit) is attributable to:		
Profit from continuing operations	3,082.14	(514.68)
Profit from discontinued operations	-	1,367.25
	3,082.14	**852.57**
(b) Income tax expense recognised in other comprehensive income		
Current tax		
Equity instruments through other comprehensive income	752.43	-
Deferred tax - expense / (benefit)		
Remeasurements of post employment defined benefit plans	(30.79)	(66.50)
Equity instruments through other comprehensive income	(767.02)	12.76
[Net of MAT credit of ₹294.70 lacs (31st March 2017: nil)]		
Total deferred tax expense/(benefit)	**(797.81)**	**(53.74)**
Total income tax benefit recognised in other comprehensive income	**(45.38)**	**(53.74)**

(c) Numerical reconciliation of income tax expense to prima facie tax payable:

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Profit before income tax expense		
- Continuing operations	8,011.03	572.82
- Discontinued operations	-	4,071.56
	8,011.03	**4,644.38**
Computed income tax at the rate of 34.608% (31st March 2017 - 34.608%)	**2,772.46**	**1,607.33**
Adjustments:		
Impact of increase in tax rate for deferred tax	272.02	-
Income exempt from tax	(92.60)	(93.06)
Expenses not allowed in tax	108.31	48.12
Standard deduction on income from house property	(39.03)	(52.61)
Investment allowance	-	(219.34)
Miscellaneous items	60.12	(437.86)
Adjustment for current tax of earlier years	0.86	(0.01)
Total income tax expense	**3,082.14**	**852.57**

The applicable Indian statutory income tax rate for the year ended 31st March 2018 and the year ended 31st March 2017 was 34.608%.

During the year ended 31st March 2018, the Company has recognised additional tax charge of ₹272.02 lacs on account of change in tax rate from 34.608% to 34.944% as per Finance Act, 2018.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 40: Deferred tax assets/liabilities

Movement in deferred tax (assets)/ liabilities

Particulars	Property, plant and equipment / intangible assets	Fair valuation of investments	MAT Credit entitlement	Unabsorbed depreciation and carried forward business loss	Items allowable on payment basis	Others	Total
At 1st April 2016	**29,426.85**	**35.31**	**(548.66)**	**(5,628.74)**	**(1,352.14)**	**(855.84)**	**21,076.78**
Charged/(credited):							
- to profit or loss	(397.86)	-	(979.50)	2,592.85	(1,859.03)	516.62	(126.92)
- to other comprehensive income	-	12.76	-	-	(66.50)	-	(53.74)
Adjusted pursuant to scheme of arrangement (refer note 44)*	(668.66)	-	-	2,198.30	2,029.20	309.64	3,868.48
At 31st March 2017	**28,360.33**	**48.07**	**(1,528.16)**	**(837.59)**	**(1,248.47)**	**(29.58)**	**24,764.60**
Charged/(credited):							
- to profit or loss	1,020.29	-	(647.53)	837.59	215.62	2.74	1,428.71
- to other comprehensive income	-	(472.32)	(294.70)	-	(30.79)	-	(797.81)
At 31st March 2018	**29,380.62**	**(424.25)**	**(2,470.39)**	**-**	**(1,063.64)**	**(26.84)**	**25,395.50**

*Including ₹1,021.89 lacs adjusted for change in tax position due to demerger (refer note 44)

Note 41: Fair value measurements

Financial instruments by category

Particulars	Note	31st March 2018		31st March 2017		1st April 2016	
		FVOCI	Amortised cost	FVOCI	Amortised cost	FVOCI	Amortised cost
Financial assets							
Investments in equity instruments*	6	29,708.79	-	23,757.33	-	13,170.66	-
Investments in government securities	6	-	0.17	-	0.17	-	0.90
Trade receivables	12	-	3,699.65	-	2,414.35	-	38,346.57
Cash and cash equivalents	13	-	377.57	-	839.56	-	5,741.60
Other bank balances	14	-	167.91	-	160.30	-	172.16
Loans to employees	15	-	11.09	-	9.97	-	2.83
Trade and other deposits	7, 15	-	228.95	-	208.37	-	843.34
Deposits with original maturity of more than 12 months	8	-	2.59	-	0.86	-	0.86
Interest accrued on loans, deposits etc.	16	-	11.79	-	6.02	-	20.16
Receivable from Orient Electric Limited, a related party	16	-	456.34	-	3,105.20	-	-
Total financial assets		**29,708.79**	**4,956.06**	**23,757.33**	**6,744.80**	**13,170.66**	**45,128.42**
Financial liabilities							
Borrowings (including current maturities)	21, 24	-	9,045.87	-	18,610.66	-	44,087.78
Trade payables	25	-	6,900.89	-	8,283.09	-	27,269.73
Other financial liabilities	26	-	2,236.41	-	2,594.03	-	5,722.48
Total financial liabilities		**-**	**18,183.17**	**-**	**29,487.78**	**-**	**77,079.99**

*The Company has made an irrevocable election at date of transition to recognise changes in fair value of investments in equity securities which are not held for trading through OCI rather than profit or loss as the management believes that presenting fair value gains and losses relating to these investments in the Statement of Profit and Loss may not be indicative of the performance of the Company.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 41: Fair value measurements (Contd.)

(i) **Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3, as described below:

Quoted prices in an active market (level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Company's investments in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between level 1 and level 2 fair value measurements during the year ended 31st March 2018 and 31st March 2017.

(a) Financial Instruments

Particulars	31st March 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in equity instruments	29,311.23	-	397.56	29,708.79
	29,311.23	**-**	**397.56**	**29,708.79**

Particulars	31st March 2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in equity instruments	23,380.77	-	376.56	23,757.33
	23,380.77	**-**	**376.56**	**23,757.33**

Particulars	1st April 2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in equity instruments	12,855.99	-	314.67	13,170.66
	12,855.99	**-**	**314.67**	**13,170.66**

Fair value measurements using significant unobservable inputs (level 3)

Fair valuation of unquoted equity investments is based on valuation done by an external valuer using discounted cash flow analysis and intrinsic value techniques. A change in significant unobservable inputs used in such valuation (mainly earnings growth rate and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above.

Reconciliation of level 3 fair value measurements	Amount
As at 1st April 2016	**314.67**
Add: Change in value of unquoted equity investments measured at FVOCI	61.89
As at 31st March 2017	**376.56**
Add: Change in value of unquoted equity investments measured at FVOCI	21.00
As at 31st March 2018	**397.56**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 41: Fair value measurements (Contd.)

(b) Biological assets other than bearer plants

This section explains the judgements and estimates made in determining the fair values of the biological assets other than bearer plants that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its biological assets other than bearer plants into level 2 in the fair value hierarchy, since no significant adjustments need to be made to the prices obtained from the local markets.

Biological assets other than bearer plants for which fair value (less cost to sell) are disclosed

Particulars	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Biological assets other than bearer plants (refer note 46)	-	176.66	-	-	158.31	-	-	95.10	-
	-	176.66	-	-	158.31	-	-	95.10	-

There were no transfers between any levels during the year.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis and intrinsic value techniques.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31st March 2018		31st March 2017		1st April 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities						
Borrowings - finance lease obligation	773.70	998.04	821.09	1,062.83	795.51	1,035.97
Total financial liabilities	**773.70**	**998.04**	**821.09**	**1,062.83**	**795.51**	**1,035.97**

(a) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available, the management has involved valuation experts to determine the fair value of the investments. Valuation of unquoted equity instruments has been done on weighted average price of shares, that is by assigning 80% weight to the amount derived from discounted cash flow technique and 20% weight to the amount derived from intrinsic value technique.

(b) Fair value of borrowings in table aboveis estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to their fair value.

(c) The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

(d) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 42: Capital management

(a) Risk management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return of capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company is not subject to any externally imposed capital requirements.

The following table summarises the capital of the Company:

	31st March 2018	31st March 2017	1st April 2016
Total borrowings	9,045.87	18,610.66	44,087.78
Less: Cash and cash equivalents	(377.57)	(839.56)	(5,741.60)
Net debt	8,668.30	17,771.10	38,346.18
Equity	1,31,768.79	1,20,979.73	1,22,833.08
Total capital (Equity+ Net debt)	1,40,437.09	1,38,750.83	1,61,179.26
Net debt to total capital ratio	6.17%	12.81%	23.79%

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March 2018 and 31st March 2017.

Loan covenants:

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants. The Company has complied with the debt covenants throughout the reporting period.

(b) Dividends paid and proposed

	Particulars	Year ended 31st March 2018	Year ended 31st March 2017
(i)	**Equity shares**		
	Interim dividend for the year ended 31st March 2017 declared after the said year-end of ₹0.50 (31st March 2017 – nil) per fully paid share and final dividend for the year ended 31st March 2017 of ₹0.50 (1st April 2016 - ₹0.25) per fully paid share	2,121.86	512.17
	Dividend distribution tax on above	431.97	104.27
	Interim dividend for the year ended 31st March 2018 of ₹0.40 (31st March 2017 – nil) per fully paid share	848.74	-
	Dividend distribution tax on above	172.78	-
(ii)	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, since year-end the board of directors have recommended the payment of an interim dividend of nil (31st March 2017 – ₹0.50) and a final dividend of ₹0.60 (31st March 2017 – ₹0.50) per fully paid equity share. The proposed final dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,273.11	2,121.86
	Dividend distribution tax on above	259.17	431.97

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 43: Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk). This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (Rupees)	Cash flow forecasting Sensitivity analysis	Regular monitoring of currency movements
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Diversified debt portfolio Regular monitoring of borrowings
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Regular monitoring of security prices
Market risk – commodity prices	Variable commodity prices	Movement in commodity prices	Regular monitoring of commodity prices and fixed price contracts

(A) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 41.

(i) Trade and other receivables

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying up to 60 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

The Company uses specific identification method in determining the allowances for credit losses of trade receivables considering historical credit loss experience and is adjusted for forward looking information.

The ageing of trade receivables (net of provisions) as of balance sheet date is given below. The age analysis have been considered from the due date:

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31st March 2018 (gross)	3,591.72	174.73	3,766.45
Less: Provision for impairment loss	-	(66.80)	(66.80)
Trade receivables as at 31st March 2018 (net)	**3,591.72**	**107.93**	**3,699.65**

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31st March 2017 (gross)	2,338.10	151.73	2,489.83
Less: Provision for impairment loss	-	(75.48)	(75.48)
Trade receivables as on 31st March 2017 (net)	**2,338.10**	**76.25**	**2,414.35**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 43: Financial risk management (Contd.)

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 1st April 2016 (gross)	38,010.45	1,020.50	39,030.95
Less: Provision for impairment loss	(99.64)	(584.74)	(684.38)
Trade receivables as at 1st April 2016 (net)	**37,910.81**	**435.76**	**38,346.57**

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

(ii) Other financial assets and deposits

Credit risk from balances with banks, deposits, etc is managed by the Company's finance department. Investments of surplus funds are made only with approved counterparties in accordance with the Company's policy. None of the Company's cash equivalents with banks, deposits, investments and other receivables were past due or impaired as at 31st March 2018, 31st March 2017 and 1st April 2016 (except for deposits of ₹10.00 lacs).

(iii) Reconciliation of impairment provision

	Trade receivables	Deposits
Opening balance as at 1st April 2016 (excluding discontinued operations)	73.86	10.00
Provision made during the year ended 31st March 2017	8.69	-
Provision written back during the year ended 31st March 2017	(7.07)	-
Closing balance as at 31st March 2017	**75.48**	**10.00**
Provision written back during the year ended 31st March 2018	(8.68)	-
Closing balance as at 31st March 2018	**66.80**	**10.00**

The impairment provision as disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions based on the Company's past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally performed in accordance with practice and limits set by the Company.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings and interest thereon*	5,745.46	2,595.28	1,925.42	548.14	10,814.30
Trade payables	6,900.89	-	-	-	6,900.89
Other financial liabilities	2,231.72	-	-	-	2,231.72
Total financial liabilities	**14,878.07**	**2,595.28**	**1,925.42**	**548.14**	**19,946.91**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 43: Financial risk management (Contd.)

Contractual maturities of financial liabilities 31st March 2017	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings and interest thereon*	13,887.18	4,054.15	2,300.41	1,380.21	21,621.95
Trade payables	8,283.09	-	-	-	8,283.09
Other financial liabilities	2,555.17	-	-	-	2,555.17
Total financial liabilities	**24,725.44**	**4,054.15**	**2,300.41**	**1,380.21**	**32,460.21**

₹ in lacs

Contractual maturities of financial liabilities 1st April 2016	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Borrowings and interest thereon*	30,906.31	10,585.30	4,972.95	4,173.03	50,637.59
Trade payables	27,269.73	-	-	-	27,269.73
Other financial liabilities	5,599.12	-	-	-	5,599.12
Total financial liabilities	**63,775.16**	**10,585.30**	**4,972.95**	**4,173.03**	**83,506.44**

*gross of debt origination cost

(C) Market risk

(i) Foreign currency risk

The Company deals with foreign trade payables , trade receivables etc. and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rupees (foreign currency amount multiplied by closing rate), are as follows:-

As at 31st March 2018

Particulars	USD	EUR	GBP	JYP	HKD
Financial assets					
Trade receivables	803.52	-	-	-	-
Financial liabilities					
Trade payables	322.01	-	-	-	-
Buyers' credit	223.34	-	-	-	-
Net exposure to foreign currency risk	**258.17**	**-**	**-**	**-**	**-**

As at 31st March 2017

Particulars	USD	EUR	GBP	JYP	HKD
Financial assets					
Trade receivables	133.12	135.72	1.62	-	-
Financial liabilities					
Trade payables	390.77	-	-	-	-
Capital payable	-	-	-	17.71	-
Buyers' credit	717.99	378.78	-	-	-
Net exposure to foreign currency risk	**(975.64)**	**(243.06)**	**1.62**	**(17.71)**	**-**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 43: Financial risk management (Contd.)

As at 1st April 2016

Particulars	USD	EUR	GBP	JYP	HKD
Financial assets					
Trade receivables	2,302.87	0.78	-	-	896.12
Financial liabilities					
Trade payables	1,333.78	871.81	-	99.21	-
Buyers' credit	626.72	-	-	-	-
Net exposure to foreign currency risk	**342.37**	**(871.03)**	**-**	**(99.21)**	**896.12**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

	Impact on profit before tax	
	31st March 2018	31st March 2017
USD sensitivity		
Rupees appreciates by 5% (31st March 2017 - 5%)@	(12.91)	48.78
Rupees depreciates by 5% (31st March 2017 - 5%)@	12.91	(48.78)
EUR sensitivity		
Rupees appreciates by 5% (31st March 2017 - 5%)@	-	12.15
Rupees depreciates by 5% (31st March 2017 - 5%)@	-	(12.15)
GBP sensitivity		
Rupees appreciates by 5% (31st March 2017 - 5%)@	-	(0.08)
Rupees depreciates by 5% (31st March 2017 - 5%)@	-	0.08
JPY sensitivity		
Rupees appreciates by 5% (31st March 2017 - 5%)@	-	0.89
Rupees depreciates by 5% (31st March 2017 - 5%)@	-	(0.89)

@Holding all other variables constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March 2018 and 31st March 2017, the Company's borrowings at variable rate were mainly denominated in Rupees.

The Company's fixed rate borrowings and deposits with banks are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31st March 2018	31st March 2017	1st April 2016
Variable rate borrowings	8,272.20	11,789.57	31,292.27
Fixed rate borrowings	773.67	6,821.09	12,795.51
Total borrowings	**9,045.87**	**18,610.66**	**44,087.78**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 43: Financial risk management (Contd.)

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates on variable rate borrowings as below:

Particulars	Impact on profit before tax	
	31st March 2018	31st March 2017
Interest expense rates – increase by 50 basis points (50 bps)#	(41.36)	(58.95)
Interest expense rates – decrease by 50 basis points (50 bps)#	41.36	58.95

Holding all other variables constant

(iii) Securities price risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

(a) Exposure

The Company's exposure to securities price risk arises from investments in equity instruments held by the Company and classified in the balance sheet at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company does regular monitoring of security prices. In general, these investments are not held for trading purposes.

(b) Sensitivity

The table below summarises the impact of increase/decrease of the share prices on the Company's equity.

Particulars	Impact on other components of equity (before tax)		
	31st March 2018	31st March 2017	1st April 2016
Share price - Increase by 5%#	1,465.56	1,169.04	642.80
Share price - Decrease by 5%#	(1,465.56)	(1,169.04)	(642.80)

Holding all other variables constant

(iv) Commodities price risk

The Company has in place policies to manage the Company's exposure to fluctuation in the prices of the key materials and commodities used in the operations. Nevertheless, it believes that it has competitive advantage in terms of quality products and by continually upgrading its expertise and range of products to meet the needs of its customers. Commodities price risk exposure is evaluated and managed through operating procedures and sourcing policies. The management does not consider the Company's exposure to commodities price risk significant as on 31st March 2018.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 44: Discontinued operations

(a) Description

Pursuant to the Scheme of Arrangement (the 'scheme'), duly sanctioned by the National Company Law Tribunal vide Order dated 9th November 2017 with effect from the Appointed Date i.e., 1st March 2017, the consumer electric business of the Company stands transferred to the newly formed company namely "Orient Electric Limited" (the 'resulting company). The certified copy of the order sanctioning the Scheme has been filed with the Registrar of Companies, Odisha on 8th December 2017. The scheme has been considered in these financial statements by transferring the carrying amount of assets and liabilities pertaining to the consumer electric business with effect from the Appointed Date. Further, the financial statements for the year ended 31st March 2017 have been restated by the management to give effect to the transfer of the consumer electric business with effect from 1st March 2017.

The above consumer electric business is a separate segment in segment reporting (refer note 47).

(b) **Financial information relating to the discontinued operation for the period to the appointed date is set out below:**

Particulars	For the period 1st April 2016 - 28th February 2017
Revenue from operations	1,25,288.00
[comprise sale of products (including excise duty) - ₹122,901.78 lacs, other operating revenues - ₹2,386.22 lacs]	
Other income	452.48
(includes interest income - ₹218.37 lacs, liabilities no longer required written back - ₹81.14 lacs and net of exchange fluctuation loss of ₹5.59 lacs and loss on sale of property, plant and equipment - ₹3.70 lacs)	
Total income	**1,25,740.48**
Expenses:	
Cost of materials consumed	53,448.71
Purchases of stock -in-trade	26,316.28
Changes in inventories of finished goods, work-in-progress and traded goods	(4,346.92)
Excise duty on sale of goods	10,145.71
Employee benefits expense	11,814.74
(comprise salaries and wages - ₹10,706.90 lacs, contribution to provident and other funds - ₹399.62 lacs, gratuity expense - ₹61.55 lacs, staff welfare expenses - ₹646.67 lacs)	
Finance costs	2,099.74
(comprise interest expense - ₹1,977.89 lacs, other borrowing costs - ₹121.85 lacs)	
Depreciation and amortisation expense	1,866.82
Other expenses	20,323.84
(includes consumption of stores and spares parts - ₹629.56 lacs, power and fuel - ₹994.07 lacs, packing, freight and forwarding charges - ₹6,602.42 lacs, rent expense - ₹1,386.78 lacs, advertising and sales promotion - ₹3,896.80 lacs, Bad debts / advances written off - ₹155.03 lacs, provision for doubtful debts/advances - ₹408.78 lacs)	
Total expenses	**1,21,668.92**
Profit before tax	**4,071.56**
Income tax expense	(1,367.25)
Profit for the period from discontinued operations	**2,704.31**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 44: Discontinued operations (Contd.)

(c) The net cash flows attributable to the discontinued operations are as follows:

Particulars	For the period 1st April 2016 - 28th February 2017
Net cash inflow from operating activities	3,727.18
Net cash outflow from investing activities	(2,065.65)
Net cash outflow from financing activities	(4,536.91)
Net cash outflow	**(2,875.38)**

(d) The carrying amounts of assets and liabilities as at the appointed date were as follows:

Particulars	As at 1st March 2017
Non-current assets	
Property, plant and equipment (net of accumulated depreciation)	9,643.08
Intangible assets (net of accumulated amortisation)	797.63
Non-current investments	0.73
Deferred tax assets (refer 'i')	2,846.59
Loans and advances	1,147.99
Current assets	
Inventories	20,712.76
Trade receivables	31,149.68
Cash and bank balances	1,022.78
Loans and advances	1,493.47
Other current assets	272.61
Total assets of disposal group held for sale (A)	**69,087.32**
Non-current liabilities	
Borrowings	5,937.74
Other long-term liabilities	2,591.96
Long-term provisions	518.32
Current liabilities	
Borrowings	16,970.53
Trade payables	16,647.90
Other current liabilities	5,475.94
Provisions	1,862.36
Total liabilities of disposal group held for sale (B) (refer 'ii')	**50,004.75**
Net assets transferred through corresponding debit to general reserve (C) = (A-B)	**19,082.57**
Amount adjusted for change in tax position due to demerger (D) (refer 'iii')	1,021.89
Total amount adjusted through corresponding debit to general reserve (C+D)	**20,104.46**

(i) Includes deferred tax assets created on brought forward losses and unabsorbed depreciation apportioned amongst the demerged company and the resulting company in the ratio of assets retained by the demerged company and transferred to the resulting company as per the scheme.

(ii) The above liabilities includes ₹14,157.00 lacs being general or multipurpose borrowings of the Company transferred to the resulting company in the ratio of the value of assets transferred bears to the total value of the assets of the Company immediately before the appointed date in terms of the said scheme.

(iii) Represents adjustment on account of deferred tax assets on items allowable for tax purpose on payment basis to be claimed by the resulting company as decided by the management of the Company and the resulting company at the time of filing revised income tax return for the financial year 2016-17.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 44: Discontinued operations (Contd.)

(e) Details of the contingent liabilities transferred to the resulting company are as under:

Particulars	Amount
Demands/claims by various government authorities and others not acknowledged as debts and contested by the Company	
Excise duty	217.19
Sales tax	89.97
Others	33.85

(f) Pursuant to the scheme, 5 lacs equity shares of ₹1 each of the resulting company (Orient Electric Limited) amounting to ₹5.00 lacs held by the Company stand cancelled and the said amount has been debited to the Statement of Profit and Loss.

(g) In addition, an amount of ₹143.17 lacs being the difference between net carrying amount of property, plant and equipment as per books as on appointed date and value at which such assets were transferred pursuant to the scheme has been adjusted against the general reserve.

Note 45: Debt reconciliation

This section sets out an analysis of debt and the movements in debt during the year.

Particulars	31st March 2018	31st March 2017
Current borrowings	3,074.84	10,848.96
Current maturities of long term debt	2,057.20	1,788.84
Non-current borrowings	3,913.83	5,972.86
Interest accrued	4.69	38.86
Debt	**9,050.56**	**18,649.52**

Particulars	Liabilities from financing activities		
	Non-current borrowings (including current maturities and interest accrued)	Current borrowings	Total
Debt as at 31st March 2017	7,800.56	10,848.96	18,649.52
Cash flows	(1,790.67)	(7,774.12)	(9,564.79)
Interest expense	642.27	616.07	1,258.34
Other borrowings costs expense	-	150.59	150.59
Interest paid	(676.44)	(616.07)	(1,292.51)
Other borrowings costs paid	-	(150.59)	(150.59)
Debt as at 31st March 2018	**5,975.72**	**3,074.84**	**9,050.56**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 46: Biological assets other than bearer plant

Eucalyptus plantations - non-current assets

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
As at opening date	-	-
Increase due to purchases / physical changes	35.58	-
As at closing date	**35.58**	-

	31st March 2018	31st March 2017	1st April 2016
Plantation area (in acres)	405	-	-

Clonal plants - current assets

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
As at opening date	**158.31**	**95.10**
Increase due to purchases / physical changes	194.77	185.66
Decrease due to sale	(212.00)	(122.45)
As at closing date	**141.08**	**158.31**

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Sale of clonal plants during the year (qty in numbers)	70,61,547	40,87,800

Closing stock of biological assets	31st March 2018	31st March 2017	1st April 2016
Quantity (in numbers)	47,07,968	52,77,120	31,76,933

Note 47: Segment information

The Company's operating segments are organised and managed through the respective business managers, according to the nature of products manufactured and sold with each segment representing a strategic business unit. These business units' performance are reviewed by the Managing Director of the Company (Chief Operating Decision Maker - 'CODM').

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before tax. Accordingly, finance costs / income are not allocated to individual segment.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, capital work-in-progress, inventories, cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises additions to property, plant and equipment and intangible assets.

The reporting segments of the Company are as below:

Paper – Consists of manufacture and sale of paper and chemicals.

Electric consumer durables – Consists of manufacture / purchase and sale of electric fans – ceiling, portable and airflow, along with components and accessories thereof, lights & luminaries, appliances and switchgears.

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

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 47: Segment information (Contd.)

a. **Segment wise revenue, results, assets and liabilities**

As at and for the year ended 31st March 2018

Particulars	Paper	Electric*	Others	Total
Revenue				
External	66,744.98	-	435.02	67,180.00
Inter segment	-	-	-	-
Total	**66,744.98**	**-**	**435.02**	**67,180.00**
Results				
Segment results	10,783.02	-	(8.22)	10,774.80
Unallocated expenses (net of unallocable income)				(1,294.25)
Operating profit				**9,480.55**
Finance costs				1,469.52
Profit before tax				**8,011.03**
Income tax expense				3,082.14
Net profit				**4,928.89**
As at 31st March 2018				
Segment assets	1,37,598.68	-	289.92	1,37,888.60
Reconciliation to total assets:				
Investments				29,708.96
Other unallocated assets				13,346.34
Total assets				**1,80,943.90**
Segment liabilities	12,198.91	-	127.16	12,326.07
Reconciliation to total liabilities:				
Borrowings				9,045.87
Deferred tax liabilities (net)				25,395.50
Other unallocated liabilities				2,407.67
Total liabilities				**49,175.11**
Other segment information				
Capital expenditure:				
Tangible assets **	2,635.64	-	-	2,635.64
Intangible assets	102.12	-	-	102.12
Depreciation and amortisation expense***	2,773.49	-	1.84	2,775.33

As at and for the year ended 31st March 2017

Particulars	Paper	Electric*	Others	Total
Revenue				
External	53,851.54	1,25,288.00	916.96	1,80,056.50
Inter segment	-	-	-	-
Total	**53,851.54**	**1,25,288.00**	**916.96**	**1,80,056.50**
Results				
Segment results	3,631.64	5,952.93	159.36	9,743.93
Unallocated expense (net of unallocable income)				(939.55)
Operating profit				**8,804.38**
Finance costs				4,160.00

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 47: Segment information (Contd.)

Particulars	Paper	Electric*	Others	Total
Profit before tax				**4,644.38**
Income tax expense				852.57
Net profit				**3,791.81**
As at 31st March 2017				
Segment assets	1,48,970.63	-	396.33	1,49,366.96
Reconciliation to total assets:				
Investments				23,757.50
Other unallocated assets				7,149.14
Total assets				**1,80,273.60**
Segment liabilities	13,142.16	-	164.99	13,307.15
Reconciliation to total liabilities:				
Borrowings				18,610.66
Deferred tax liabilities (net)				24,764.60
Other unallocated liabilities				2,611.46
Total liabilities				**59,293.87**
Other segment information				
Capital expenditure:				
Tangible assets **	6,933.10	1,165.00	6.55	8,104.65
Intangible assets	-	35.15	-	35.15
Depreciation and amortisation expense***	2,458.64	1,866.82	2.30	4,327.76

* Electric division has been discontinued with effect from 1st March 2017. Refer note 44 for details of discontinued operations

** Excluding ₹47.67 lacs (31st March 2017: ₹6.34 lacs) being unallocated corporate/other assets.

*** Excluding ₹55.35 lacs (31st March 2017: ₹56.88 lacs) on unallocated corporate/other assets.

As at 1st April 2016

Particulars	Paper	Electric*	Others	Total
Segment assets	1,45,598.16	69,108.02	350.04	2,15,056.22
Reconciliation to total assets:				
Investments				13,171.56
Other unallocated assets				3,291.23
Total assets				**2,31,519.01**
Segment liabilities	12,281.48	26,713.51	145.53	39,140.52
Reconciliation to total liabilities:				
Borrowings				44,087.78
Deferred tax liabilities (net)				21,076.78
Other unallocated liabilities				4,380.85
Total liabilities				**1,08,685.93**

* Electric division has been discontinued with effect from 1st March 2017. Refer note 44 for details of discontinued operations.

Entity wide disclosures

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown below:

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 47: Segment information (Contd.)

Year ended 31st March 2018	India	UAE	Rest of the world	Total
Revenue				
Revenue from external customers	55,500.00	7,769.73	3,910.27	67,180.00

Year ended 31st March 2017	India	UAE	Rest of the world	Total
Revenue				
Revenue from external customers	1,63,199.74	5,484.17	11,372.59	1,80,056.50

All non-current assets of the Company (excluding financial assets) are located in India.

No customer individually accounted for more than 10% of the revenues from external customers during the years ended 31st March 2018 and 31st March 2017.

Note 48: Related party disclosures

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year

Enterprise having significant influence on the Company	Central India Industries Limited
Key management personnel/directors	Mr. C.K.Birla (Non-executive Chairman)
	Mr. B.K.Jhawar (Non-executive Director) (up to 31st January 2018)
	Mr. A.Ghosh (Non-executive Director)
	Mr. Michael Bastian (Non-executive Director)
	Mr. N.S.Sisodia (Non-executive Director)
	Ms. Gauri Rasgotra (Non-executive Director)
	Mr. M.L. Pachisia (Managing director)
	Mr. P. K. Sonthalia (President Finance & CFO)
	Mr. Rakesh Khanna (up to 28th February 2017)
	Mr. Ajay Gupta
	Mr. B.S.Gilra
Relatives of key management personnel/directors	Ms. Nirmala Birla
	Ms. Amita Birla
	Ms. Avani Birla
	Ms. Avanti Birla
Enterprises owned or significantly influenced by key management personnel/directors or their relatives	Origami Enterprises
	Origami
	Origami Cellulo Private Limited
	Orient Cement Limited
	Orient Electric Limited (also refer note 44)
Post-employment employee benefit plans	Birla Industries Provident Fund
	Orient Paper & Industries Limited Employees Gratuity Fund
	Orient Paper & Industries Limited Superannuation Fund

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 48: Related party disclosures (Contd.)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Enterprise having significant influence on the Company

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Dividend paid	735.84	126.61

b. Transactions with key managerial personnel/directors

(i) Key management personnel/directors compensation*

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Short-term employee benefits (including sitting fees and commission)	802.27	888.46
Contribution to defined contribution plans	69.96	87.12
	872.23	**975.58**

*No separate valuation is done for key managerial personnel in respect of post-employment benefits and other long-term benefits. The same is included in the note 49: Employee benefits.

(ii) Remuneration to key managerial personnel/directors

Particulars	Year ended	Transaction during the year
Short term employee benefits / contribution to defined benefit plans		
Mr. M.L. Pachisia (also refer note 54)	**31-Mar-18**	346.62
	31-Mar-17	350.97
Mr. P. K. Sonthalia	**31-Mar-18**	198.65
	31-Mar-17	176.22
Mr. Rakesh Khanna	**31-Mar-18**	-
	31-Mar-17	202.46
Mr. Ajay Gupta	**31-Mar-18**	125.36
	31-Mar-17	100.26
Mr. B.S.Gilra	**31-Mar-18**	43.27
	31-Mar-17	39.17
Sitting fees and directors remuneration		
Mr. C.K.Birla	**31-Mar-18**	41.00
	31-Mar-17	14.25
Mr. B.K.Jhawar	**31-Mar-18**	15.33
	31-Mar-17	20.25
Mr. A.Ghosh	**31-Mar-18**	26.00
	31-Mar-17	19.25
Mr. Michael Bastian	**31-Mar-18**	26.50
	31-Mar-17	21.25
Mr. N.S.Sisodia	**31-Mar-18**	26.50
	31-Mar-17	17.75
Ms. Gauri Rasgotra	**31-Mar-18**	23.00
	31-Mar-17	13.75
Total	**31-Mar-18**	872.23
	31-Mar-17	975.58

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 48: Related party disclosures (Contd.)

(iii) Dividend paid

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Mr. C.K.Birla	47.68	7.24
Mr. A.Ghosh	0.10	0.02
Mr. Michael Bastian	0.37	0.06
Mr. M.L. Pachisia	0.53	0.09
Mr. P.K.Sonthalia	0.22	0.04
	48.90	**7.45**

(iv) Outstanding balances - key managerial personnel

Particulars	As at	Amount owed by related parties	Amount owed to related parties
Remuneration receivable/payable	**31-Mar-18**	**-**	**48.36**
Mr. M.L. Pachisia	31-Mar-17	-	48.36
	01-Apr-16	62.43	-

c. Relatives of directors / key management personnel

Dividend paid

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Ms. Nirmala Birla	50.49	9.18
Ms. Amita Birla	4.59	0.65
Ms. Avani Birla	1.82	0.33
Ms. Avanti Birla	1.88	0.33
	58.78	**10.49**

d. Enterprises owned or significantly influenced by key management personnel or their relatives

Transactions during the year

Particulars	Year ended	Sale of goods	Rent/ Miscellaneous Receipts	Interest reimbursement
Origami Enterprises	**31-Mar-18**	**-**	**-**	**-**
	31-Mar-17	-	2.22	-
Origami	**31-Mar-18**	**89.88**	**-**	**-**
	31-Mar-17	7.20	-	-
Origami Cellulo Private Limited	**31-Mar-18**	**380.76**	**-**	**-**
	31-Mar-17	23.17	-	-
Orient Cement Limited	**31-Mar-18**	**-**	**12.00**	**-**
	31-Mar-17	-	12.00	-
Orient Electric Limited@	**31-Mar-18**	**-**	**3.00**	**503.01**
	31-Mar-17	-	-	-
Total	**31-Mar-18**	**470.64**	**15.00**	**503.01**
	31-Mar-17	30.37	14.22	-

@The Company transferred its assets and liabilities to Orient Electric Limited pursuant to scheme of arrangement (refer note 44). The appointed date of the scheme is 1st March 2017 as approved by the NCLT, though it has become effective on 8th December 2017. Therefore all other current account transactions from 1st March 2017 to 8th December 2017 between the demerged company and the resulting company has not been shown as related party transaction as these were done considering the resulting company as a unit of the demerged company.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 48: Related party disclosures (Contd.)

Particulars	As at	Amount owed by related parties	Amount owed to related parties
Origami (Trade payables)	31-Mar-18	-	0.05
	31-Mar-17	-	-
	01-Apr-16	-	-
Origami Cellulo Private Limited (Trade receivables)	31-Mar-18	26.85	-
	31-Mar-17	-	-
	01-Apr-16	-	-
Orient Electric Limited@ (Other financial assets)	31-Mar-18	456.34	-
	31-Mar-17	3,105.20	-
	01-Apr-16	-	-

e. **Post-employment employee benefit plans**

Contribution to Employees' Benefit Plans

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Birla Industries Provident Fund	223.68	252.17
Orient Paper & Industries Limited Employees Gratuity Fund	324.04	335.26
Orient Paper & Industries Limited Superannuation Fund	106.18	153.99
	653.90	741.42

Outstanding balances - Payables

Particulars	Year ended 31st March 2018	Year ended 31st March 2017
Birla Industries Provident Fund	18.85	18.78

(f) **Terms and conditions of transactions with related parties**

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders. The sale to and purchases from related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. No provisions are held against receivables from related parties. There are no loans outstanding with related parties.

Note 49: Employee benefits

(i) **Compensated absences**

The Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a provision for leave obligations in the period in which the employees render the services that increases this entitlement.

The total provision recorded by the Company towards this obligation was ₹618.37 lacs (31st March 2017: ₹638.06 lacs, 1st April 2016: ₹922.94 lacs). The amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take full amount of accrued leave or require payment within the next twelve months. The following amounts reflect leave that is not expected to be taken or paid within the next twelve months.

Particulars	31st March 2018	31st March 2017	1st April 2016
Leave provision not expected to be settled within the next twelve months	465.23	476.82	726.08

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 49: Employee benefits (Contd.)

(ii) Post-employment defined benefit plan

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company has removed the maximum ceiling for certain catergory of employees / increased the maximum limit to ₹20.00 lacs for certain category of employees during the year.

The gratuity plan is administered and managed by the Trustees who are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deeds and rules in the best interests of the plan participants.

(a) **The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 1st April 2016	**4,675.50**	**(3,379.58)**	**1,295.92**
Current service cost	269.10	-	269.10
Past service cost - plan amendments	**(55.37)**	**-**	**(55.37)**
Interest expense/(income)	352.55	(250.37)	102.18
Total amount recognised in profit or loss*	**566.28**	**(250.37)**	**315.91**
Remeasurements			
Return on plan assets (greater)/lesser than discount rate	-	(16.24)	(16.24)
Actuarial (gain)/loss - financial assumptions	275.35	-	275.35
Actuarial (gain)/loss - experience	(66.95)	-	(66.95)
Total amount recognised in other comprehensive income**	**208.40**	**(16.24)**	**192.16**
Employer contributions	-	(335.25)	(335.25)
Benefits paid	(359.32)	330.43	(28.89)
Amount adjusted pursuant to scheme of arrangement (refer note 44)	(1,160.46)	862.27	(298.19)
As at 31st March 2017	**3,930.40**	**(2,788.74)**	**1,141.66**

* includes ₹68.14 lacs for amount relating to discontinued operations and ₹54.10 lacs relating to contractual employees debited under other expenses.

** includes ₹50.84 lacs for amount relating to discontinued operations.

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 1st April 2017	**3,930.40**	**(2,788.74)**	**1,141.66**
Current service cost	195.99	-	195.99
Past service cost - plan amendments	100.81	-	100.81
Interest expense/(income)	256.18	(181.03)	75.15
Total amount recognised in profit or loss*	**552.98**	**(181.03)**	**371.95**
Remeasurements			
Return on plan assets (greater)/lesser than discount rate	-	173.63	173.63
Actuarial (gain)/loss from change in financial assumptions	(100.32)	-	(100.32)
Actuarial (gain)/loss from unexpected experience	14.82	-	14.82

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 49: Employee benefits (Contd.)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Total amount recognised in other comprehensive income	(85.50)	173.63	88.13
Employer contributions	-	(324.04)	(324.04)
Benefits paid	(541.46)	405.11	(136.35)
As at 31st March 2018	3,856.42	(2,715.07)	1,141.35

* includes ₹65.73 lacs relating to contractual employees debited under other expenses.

(b) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31st March 2018	31st March 2017	1st April 2016
Discount rate	7.50%	7.00%	8.00%
Salary growth rate	6.00% - 7.00%	6.00% - 7.00%	6.00% - 7.00%
Withdrawal rate	Till age 45 years - 5.00% Thereafter - 1.00%	Till age 45 years - 5.00% Thereafter - 1.00%	Till age 45 years - 5.00% Thereafter - 1.00%
Mortality rate	Indian assured lives mortality (2006 - 08) (modified) Ult	Indian assured lives mortality (2006 - 08) (modified) Ult	Indian assured lives mortality (2006 - 08) (modified) Ult

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

(c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on profit before tax			
	31st March 2018		31st March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(183.65)	206.92	(313.25)	315.94
Salary growth rate (-/+ 1%)	206.36	(186.47)	316.40	(311.50)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(d) The major categories of plan assets

The defined benefit plans are funded with insurance companies of India.

(e) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans in the next twelve months are ₹335.00 lacs (31st March 2017 - ₹340.00 lacs, 1st April 2016- ₹550.00 lacs).

The weighted average duration of the defined benefit obligation is 8 years (31st March, 2017 – 8 years, 1st April, 2016 - 8 years). The expected maturity analysis of undiscounted gratuity benefits is as follows:

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 49: Employee benefits (Contd.)

	Less than a year	Between 1 -2 years	Between 2 -5 years	Over 5 years	Total
31st March, 2018					
Defined benefit obligation (gratuity)	966.43	560.24	1,024.42	8,291.22	10,842.31
Total	**966.43**	**560.24**	**1,024.42**	**8,291.22**	**10,842.31**
31st March, 2017					
Defined benefit obligation (gratuity)	996.38	386.73	1,134.61	2,186.29	4,704.01
Total	**996.38**	**386.73**	**1,134.61**	**2,186.29**	**4,704.01**

(iii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Discount rate risk:

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Demographic risk:

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

Salary growth risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(iv) Provident fund

Provident fund for certain eligible employees is managed by the Company through the "Birla Industries Provident Fund"", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and there is no shortfall as at year-end.

The Company contributed ₹223.68 lacs and ₹252.17 lacs during the year ended 31st March 2018 and 31st March 2017 respectively to the above Provident Fund.

Further the Company is also contributing to the provident fund administered by government of India for some of the employees as per regulations. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The Company contributed ₹240.84 lacs and ₹596.24 lacs during the year ended 31st March 2018 and 31st March 2017 respectively towards above defined contribution plan.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 49: Employee benefits (Contd.)

(v) Superannuation fund

The Company operates a superannuation fund scheme with Life Insurance Corporation of India (LIC) for eligible employees for some of its employees towards which the Company contributes up to a maximum of 15% of the employees' basic salary, which is charged to the Statement of Profit and Loss.

The Company contributed ₹106.18 lacs and ₹153.99 lacs during the year ended 31st March 2018 and 31st March 2017 respectively towards above defined contribution plan of the Company.

Note 50: Earnings per equity share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Earnings per equity share from continuing operations

	Year ended 31st March 2018	Year ended 31st March 2017
Profit after tax available to equity shareholders:		
Profit for the year	4,928.89	1,087.50
	No. in Lacs	No. in Lacs
Number of equity shares at the beginning of the year	2,121.86	2,048.69
Number of equity shares issued during the year	-	73.17
Weighted average number of equity shares outstanding during the year	2,121.86	2,057.31
Basic and diluted earnings per equity share (₹)	2.32	0.53

Earnings per equity share from discontinued operations

	Year ended 31st March 2018	Year ended 31st March 2017
Profit after tax available to equity shareholders:		
Profit for the year	-	2,704.31
	No. in Lacs	No. in Lacs
Number of equity shares at the beginning of the year	2,121.86	2,048.69
Number of equity shares issued during the year	-	73.17
Weighted average number of equity shares outstanding during the year	2,121.86	2,057.31
Basic and diluted earnings per equity share (₹)	-	1.31

Earnings per equity share from continuing and discontinued operations

	Year ended 31st March 2018	Year ended 31st March 2017
Profit after tax available to equity shareholders:		
Profit for the year	4,928.89	3,791.81
	No. in Lacs	No. in Lacs
Number of equity shares at the beginning of the year	2,121.86	2,048.69
Number of equity shares issued during the year	-	73.17
Weighted average number of equity shares outstanding during the year	2,121.86	2,057.31
Basic and diluted earnings per equity share (₹)	2.32	1.84

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 51: Leases

Finance lease: Company as lessee

The Company has finance lease agreements for plant and equipments. These lease agreements has terms of renewal and bargain purchase option. Each renewal is at the option of lessee. There are no contingent rent, no escalation clause and no restrictions imposed by lease arrangements. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	31st March 2018		31st March 2017		1st April 2016	
	Minimum Payments	Present Value of MLP	Minimum Payments	Present Value of MLP	Minimum Payments	Present Value of MLP
Within 1 year	177.85	53.21	177.85	45.54	162.00	29.74
After one year but not more than five years	689.73	296.72	707.41	269.18	810.00	253.14
More than five years	550.00	423.77	712.00	506.37	725.50	512.63
Total minimum lease payments	1,417.58	773.70	1,597.26	821.09	1,697.50	795.51
Less: amounts representing finance charges	643.88	-	776.17	-	901.99	-
Present value of minimum lease payments	**773.70**	**773.70**	**821.09**	**821.09**	**795.51**	**795.51**

Operating lease: Company as lessee

Certain office premises, depots etc. are obtained on operating leases. 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 agreements. There are no restrictions imposed by lease arrangements. There are no subleases or contingent rents. The leases are cancellable.

	Year ended 31st March 2018	Year ended 31st March 2017
Lease payments made for the year	189.42	1,603.49

Operating lease: Company as lessor

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

Note 52: Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹2,488.81 lacs (31st March 2017: ₹800.18 lacs, 1st April 2016: ₹890.51 lacs) [including ₹34.83 lacs (31st March 2017: nil, 1st April 2016: nil) relating to intangible assets].

(b) For commitments relating to lease arrangements refer note 51.

Note 53: Contingent liabilities

Particulars	31st March 2018	31st March 2017	1st April 2016
a) Bills discounted under channel finance facilities	-	-	1,839.57
b) Demands/claims by various government authorities and others not acknowledged as debts and contested by the Company: (*)			
Excise duty	1,707.14	2,236.19	2,124.34
Sales tax	1,028.53	896.43	638.79
Income tax	-	236.04	234.50
Water tax	13,447.50	10,561.06	8,287.38
Cess on captive power consumption	7,697.46	6,461.13	5,415.55
Krishi Upaj Mandi fees	1,229.56	1,229.56	1,229.56

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 53: Contingent liabilities (Contd.)

Particulars	31st March 2018	31st March 2017	1st April 2016
Others	2,879.05	2,906.52	2,727.10
(*) 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 there against is considered necessary.	1412.93	1,412.93	1,412.93
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) In October 1963, the paper division of the Company had applied to the Public Work Department (Irrigation) of the Madhya Pradesh State Government for drawing water without any charge from Some River up to 1165 Million Cubic Feet (MCF) with the provision for increase up to 2500 MCF on full development of paper mill, the permission for which was granted by the State Government. In August 2000, the Madhya Pradesh State Government issued a notification and decided to levy charges on water consumption from river resources for industrial purposes with retrospective effect from June, 1998, the constitutional validity of which was challenged by the Company by way of a writ petition in the High Court of Madhya Pradesh. During the pendency of the said writ petition, the Water Resource Department (WRD) of the State Government started raising the bill for consumption of water on the basis of assumption of total quantum of water allowed to be drawn by the Company at 2500 MCF whereas, as per the Company, the quantum of water allowed to be drawn was 1165 MCF and the Company had never drawn the water even up to the initial quantity of 1165 MCF since it had not attained full development of the paper mill. One of the major reasons for not being able to achieve full development was frequent and perennial shortage of water. Based on an interim order passed by the Madhya Pradesh High Court in the aforesaid writ petition, the Company started paying water charges based on actual consumption of water (less than 1165 MCF), while the WRD of the State Government continued to raise bills on the basis of assumed consumption of 2500 MCF plus interest and penalty thereon. In January 2009, the High Court of Madhya Pradesh upheld the constitutional validity of August 2000 notification. After the aforesaid judgement, the Company paid ₹908.47 lacs being the difference amount between the assumed quantity of 1165 MCF and the actual consumption, while the WRD of the State Government continued to raise the bills on the basis of assumed quantity of water consumption of 2500 MCF till April 2009, when the Company entered into a new agreement with the WRD of the State Government for water consumption of only 440 MCF effective from May 2009. The total balance demand for the aforesaid period amounts to ₹77,089.44 lacs (31st March 2017: ₹60,471.68 lacs, 1st April 2016: ₹47,434.91 lacs) [including interest and penalty of ₹75,676.51 lacs (31st March 2017: ₹59,058.75 lacs, 1st April 2016: ₹46,021.98 lacs)] as at 31st March 2018, for which no provision has been made in the books. The WRD of the State Government issued a notice for recovery of aforesaid demand in February 2015, against which the Company filed a writ petition in the Madhya Pradesh High Court and obtained an interim stay on the recovery. Also, Madhya Pradesh High Court has set aside demand for penal interest in a similar case for another Company. The Company has been legally advised that it has a fit case for quashing the present demand.

e) In respect of above contingent liabilities, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of above.

Note 54: Managerial remuneration

Due to inadequacy of profit, remuneration paid / provided to Managing Director of the Company during the year ended 31st March 2016 had exceeded the limit prescribed under Section 197 read with Schedule V of the Companies Act,2013 by ₹177.70 lacs . The Company has applied to the Central Government for approval of above excess remuneration and pending receipt of the approval, no adjustments to the financial statements have been made..

Further during the current year, the application for waiver of excess remuneration paid to the Managing Director for the year ended 31st March 2015 amounting to ₹178.19 lacs has not been approved by the Central Government and the said amount has been recovered from the Managing Director during the year.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 55: Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

	31st March 2018	31st March 2017	1st April 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises	14.76	28.44	1,250.25
Interest due on above	3.58	-	-
	18.34	28.44	1,250.25
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year			
Principal	**89.31**	**-**	**139.71**
Interest	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	0.74	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	3.58	0.71	1.05
The 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 the MSMED Act 2006	0.74	-	-

The above information has been provided as available with the Company to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED Act.

Note 56: The details of Specified Bank Notes (SBN) held and transacted during the period 8th November 2016 to 30th December 2016 are as below:

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8th November 2016 *	15.07	2.33	**17.40**
(+) Permitted receipts **	-	46.47	**46.47**
(-) Permitted payments	-	33.92	**33.92**
(-) Amount deposited in Banks	15.07	-	**15.07**
Closing cash in hand as on 30th December 2016	**-**	**14.88**	**14.88**

* Excluding ₹0.02 lacs being soiled notes written off.

** Including cash withdrawn from banks ₹30.45 lacs

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 57: First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2, have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March 2017 and in the preparation of an opening Ind AS Balance Sheet at 1st April 2016 (the Company's date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for property, plant and equipment

Ind AS 101 permits a first time adopter to elect to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date.

Accordingly, the Company has elected to measure certain property, plant and equipment as at 1st April 2016 at its fair value as at the transition date and use that carrying value as the deemed cost of such property, plant and equipment.

A.1.2 Deemed cost for intangible assets and investment properties

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its intangible assets and investment properties at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVOCI;
- Certain property, plant and equipment measured at fair value on transition date; and
- Determination of the fair values for financial assets / liabilities carried at amortised cost.

A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 57: First-time adoption of Ind AS (Contd.)

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS. The Company has assessed the same accordingly.

B. Reconciliation between previous GAAP and Ind AS:

B.1 Reconciliation of total equity as at 31st March 2017 and 1st April 2016:

Particulars	Note	Year ended 31st March 2017	Year ended 31st March 2016
Total equity (shareholders' funds) as per previous GAAP		50,733.69	41,421.04
Adjustments relating to Ind AS			
Impact of proposed dividend (including dividend distribution tax)	(a)	-	616.44
Impact of fair value of equity investments	(b)	23,566.83	12,980.16
Impact of fair valuation of certain property, plant and equipment	(c)	89,408.38	89,408.38
Impact of additional depreciation on fair value of certain property, plant and equipment	(c)	(137.33)	-
Impact of revaluation reserve transferred under previous GAAP adjusted under Ind AS	(d)	374.14	-
Impact of depreciation on assets revalued under previous GAAP	(d)	(45.03)	-
Tax effect on above adjustments	(f)	(21,537.27)	(21,592.94)
Total adjustments relating to Ind AS		**91,629.72**	**81,412.04**
Amount adjusted pursuant to scheme of arrangement	(h)	(21,383.68)	-
Total equity as per Ind AS		**1,20,979.73**	**1,22,833.08**

B.2 Reconciliation of total comprehensive income for the year ended 31st March 2017

Particulars	Note	Year ended 31st March 2017
Profit for the year as per previous GAAP		5,059.31
Adjustments relating to Ind AS		
Impact of additional depreciation on fair value of certain property, plant and equipment	(c)	(137.33)
Impact of depreciation on revalued assets	(d)	(45.03)
Impact of reclassification of actuarial gains and losses to OCI	(e)	192.16
Tax effect on above adjustments	(f)	1.92
Total adjustments		**11.72**
Amount adjusted pursuant to scheme of arrangement	(h)	(1,279.22)
Profit after tax as per Ind AS		**3,791.81**
Other comprehensive income (net of tax)	(g)	10,448.25
Total comprehensive income as per Ind AS		**14,240.06**

Notes to Financial Statements as at and for the year ended 31st March 2018

(All amounts in Rupees lacs, unless otherwise stated)

Note 57: First-time adoption of Ind AS (Contd.)

B.3 Impact of Ind AS adoption on cash flow statement for the year ended 31st March 2017

Particulars	Year ended 31st March 2017	Reclassification adjustments	Amount adjusted pursuant to scheme of arrangement (h)	Year ended 31st March 2017
Net Cash inflow/ (outflow) from operating activities	9,052.56	67.15	(5,541.53)	3,578.18
Net Cash inflow/ (outflow) from investing activities	(6,854.45)	-	117.03	(6,737.42)
Net Cash inflow/ (outflow) from financing activities	(4,790.48)	-	4,070.46	(720.02)
Net increase/decrease in cash and cash equivalents	**(2,592.37)**	**67.15**	**(1,354.04)**	**(3,879.26)**
Cash and cash equivalents as at 1st April 2016	5,829.94	(88.34)	-	5,741.60
Cash and cash equivalents transferred to resulting company	-	-	(1,022.78)	(1,022.78)
Cash and cash equivalents as at 31st March 2017	**3,237.57**	**(21.19)**	**(2,376.82)**	**839.56**

(a) Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend (including dividend distribution tax thereon) was recognised as a provision. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the provision for proposed dividend (including dividend distribution tax thereon) included under provisions has been reversed with corresponding adjustment to retained earnings.

(b) Fair valuation of equity investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The Company only has investments in equity instruments which are designated at FVOCI and accordingly fair value changes with respect to such investments have been recognised in FVOCI – equity investments reserve as at the date of transition and subsequently in the other comprehensive income.

(c) Fair valuation of certain property, plant and equipment

Under the previous GAAP, property, plant and equipment were carried at their historical cost/revalued amount. Under Ind AS, the Company has chosen to fair value certain property, plant and equipment as on the date of transition. Accordingly the resulting increase of ₹89,408.38 lacs in the value of such property, plant and equipment to ₹89,547.82 lacs has been recognised in the retained earnings. The corresponding increase amount, where applicable, has been depreciated over the useful life of such property, plant and equipment.

(d) Revaluation reserve adjustment

Under the previous GAAP, revaluation reserve as on 31st March 2016 has been transferred to general reserve on 1st April 2016 pursuant to revision in accounting standards notified under Companies (Accounting Standards) Rules. The transfer made under previous GAAP from the revaluation reserve on 1st April 2016 has been reversed and depreciation has been provided on the cost/deemed cost of the respective asset as on the date of transition.

Notes to Financial Statements as at and for the year ended 31st March 2018

Note 57: First-time adoption of Ind AS (Contd.)

(e) Impact of reclassification of actuarial gains and losses

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity as at 31st March 2016.

(f) Impact of deferred tax adjustments

Under the Previous GAAP, deferred tax was accounted using the income statement approach, on timing differences between the taxable profit and accounting profit for the year. Under Ind AS, deferred tax is recognised following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments have also led to recognition of deferred taxes on new temporary differences.

(g) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

(h) Amount adjusted pursuant to scheme of arrangement

The Company's Board of Directors at its meeting held on 15th September 2016 had approved a scheme of arrangement to demerge the consumer electric business undertaking of the Company by transferring the same on a going concern basis to a newly formed Company namely ""Orient Electric Limited"" w.e.f 1st March, 2017. The said scheme of demerger has been approved by the NCLT vide Order dated 9th November 2017 and though the scheme is effective after the balance sheet date, it is operative from the Appointed Date i.e., 1st March 2017 as per the scheme.

Consequently, the total equity as at 31st March 2017 decreased by ₹21,383.68 lacs consisting of ₹20,104.46 lacs on account of net assets transferred to Orient Electric Limited and other adjustments (refer note 44) and ₹1,274.22 lacs on account of net profit of consumer electric business undertaking for the month of March 2017. Further, pursuant to the scheme, 5 lacs equity shares of ₹1 each of the Resulting Company (Orient Electric Limited) amounting to ₹5.00 lacs held by the Company stand cancelled.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009
Chartered Accountants

Avijit Mukerji
Partner
Membership No.: 056155

Place: New Delhi
Date: 2nd May 2018

For and on behalf of the Board of Directors of
Orient Paper & Industries Limited

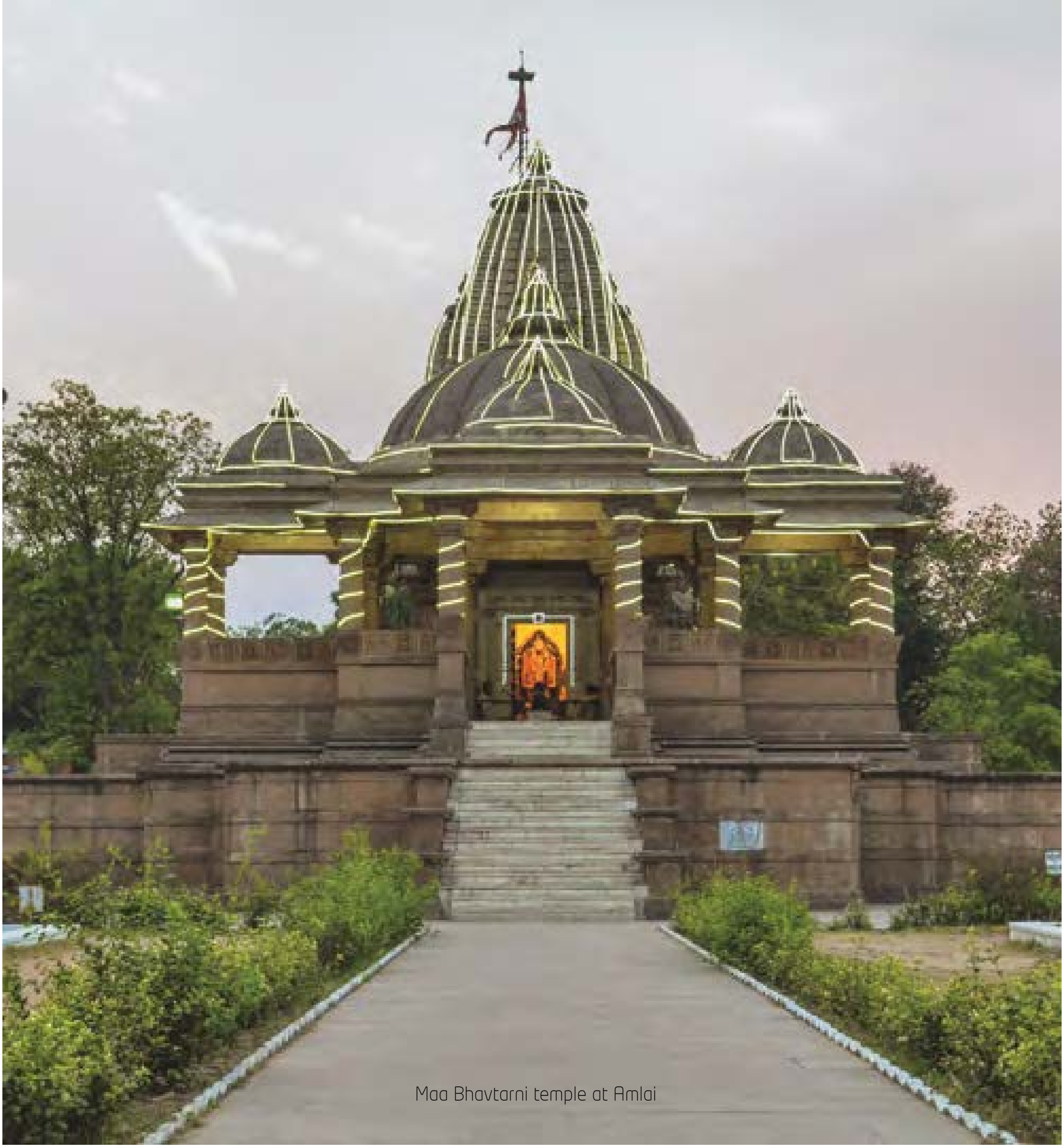
C.K.Birla
Chairman

M.L.Pachisia
Managing Director

P.K.Sonthalia
President Finance & CFO

R.P.Dutta
Company Secretary

Notes


Maa Bhavtarni temple at Amlai

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