



ORIENT PAPER & INDUSTRIES LIMITED

Registered Office:

Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012 (ORISSA)

1. Notice convening the Meeting of Equity Shareholders.
2. Statement under Section 393 of the Companies Act, 1956.
3. Scheme of Arrangement.
4. Form of Proxy.

BLANK

Company Petition No. 38 of 2008
In the High Court of Orissa at Cuttack
Original Jurisdiction

In the matter of:

The Companies Act, 1956;

And

In the matter of:

An application under Sections 391(1) and 393 of the said Act.

And

In the matter of:

Orient Paper & Industries Limited, a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at unit VIII , Plot No.7, Bhoinagar, Bhubaneswar 751012, Orissa, within the aforesaid jurisdiction.

...Applicant.

NOTICE CONVENING MEETING

To :

The Equity Shareholders of Orient Paper & Industries Limited

TAKE NOTICE that by an order made on the 4th day of December, 2008, the Hon'ble High Court of Orissa at Cuttack has directed that a meeting of the Equity Shareholders of Orient Paper & Industries Limited, being the Applicant Company abovenamed (hereinafter referred to as "OPIL") be held at its Registered Office at Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar 751012, Orissa on Thursday, the 22nd day of January, 2009 at 5.00 p.m. for the purpose of considering and if thought fit, approving, with or without modification, the Scheme of Arrangement proposed to be made between GMMCO Limited and OPIL and their respective Shareholders.

TAKE FURTHER NOTICE that in pursuance of the said order a meeting of the Equity Shareholders of OPIL will be held at its registered office at Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar 751012, Orissa on Thursday, the 22nd day of January, 2009 at 5.00 p.m. when you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of OPIL, as aforesaid, not later than 48 hours before the meeting.

The Court has appointed Mr. B. C. Mohanty, Advocate and failing him Shri P.K. Dash, Advocate to be the Chairperson of the said meeting of the Equity Shareholders of OPIL.

A copy each of the said Scheme of Arrangement, the Statement under Section 393 of the Companies Act, 1956 and a form of Proxy is enclosed herewith.

Dated this 24th day of December, 2008

Sd/- B. C. Mohanty
CHAIRPERSON APPOINTED FOR THE MEETING

[NOTE : All alterations made in the form of proxy should be initialled.]

Drawn by :

Sd/-
(Sarada Prasanna Sarangi)
Advocates for Applicant
31-B, Bima Vihar
Markat Nagar, Sector - 6
C.D.A. Cuttack
Orissa 753014.

Approved by :

Sd/- D. Rout 24.12.08
Registrar (Judicial)
High Court of Orissa at Cuttack.

Company Petition No. 38 of 2008
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...Applicant

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. The accompanying notice has been sent for convening a meeting of the Equity Shareholders of Orient Paper & Industries Limited, being the Applicant Company abovenamed (hereinafter referred to as "OPIL") for the purpose of considering and if thought fit, approving, with or without modification, the Scheme of Arrangement proposed to be made between GMMCO Limited (hereinafter referred to as "GMMCO") and OPIL and their respective Shareholders. The salient features of the Scheme of Arrangement are given in paragraph 4 of this Statement. The detailed terms of the Arrangement will appear from the enclosed draft of the Scheme.
2. The circumstances and/or reasons and/or grounds that have necessitated and/or justify the said Scheme of Arrangement are, interalia, as follows :-
 - (a) GMMCO is engaged primarily in the business of marketing, maintaining and servicing earth moving, mining and construction equipments, engines and generating sets and accessories and spare parts thereof having technical and marketing tie up with reputed international concerns. In addition, GMMCO also has a Chemical Division in which it carries on the business of manufacturing Caustic Soda Lye, Liquid Chlorine, Hydrochloric Acid and Calcium Hypochlorite. OPIL is engaged in the business of manufacture of cement, paper, fans, lighting equipment and other electrical products. The chemical unit of GMMCO is situated adjacent to the paper mills of OPIL at Amlai in the State of Madhya Pradesh. At present, the entire (100%) production of Calcium Hypochlorite, 23% of production of Liquid Chlorine and 18% of production of Caustic Soda Lye at the said Chemical unit of GMMCO is consumed by OPIL in its said paper mills. The said businesses have good potential. GMMCO and OPIL have both been looking at ways and means of increasing efficiencies and economies and strengthening the operations in their said respective units.
 - (b) In the circumstances, it is considered desirable and expedient to reorganise and reconstruct GMMCO and OPIL by transferring the Chemical Division of GMMCO to OPIL for the consideration and in the manner and the terms and conditions stated in the said Scheme of Arrangement.

- (c) On the one hand, the reconstruction will enable suitable combination of activities of the said Chemical Division and Paper Mills in OPIL with pooling and more efficient utilisation of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various other operating parameters. The same will result, inter alia, from advantages of vertical integration of the operations of the said units, including assured source of supply of inputs required in the paper mills, better inventory management and reduction of working capital requirements and lower cost of production of the end product which will be facilitated by and follow the reconstruction. On the other hand, the reconstruction will enable GMMCO to concentrate and increase its focus on running and developing its main business while securing an appropriate return to it from transfer of its Chemical Division.
- (d) The reconstruction will enable the respective businesses of GMMCO and OPIL to be carried on more conveniently and advantageously and will have beneficial results for the said Companies, their shareholders, employees and all concerned. The Scheme is proposed accordingly.

3. SHARE CAPITAL AND FINANCIAL POSITION OF GMMCO and OPIL:-

A. GMMCO:

- (a) The Authorised Share Capital of GMMCO is Rs.12,50,00,000/- divided into 1,25,00,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid up Share Capital of GMMCO is Rs.5,91,45,760/- divided into 59,14,576 Equity Shares of Rs.10/- each fully paid up.
- (b) The annual accounts of GMMCO have been audited as at March 31, 2008. The following summary extracted from the said accounts indicates the financial position of GMMCO as on the said date as follows:-
- (i) GMMCO had neither issued nor agreed to issue any debentures.
- (ii) Apart from Current Liabilities and Provisions which are incurred and disposed of in the normal course of business and net Deferred Tax Liability of Rs.323.00 Lakhs, GMMCO had the following liabilities :-

	(Rs. In Lakhs.)
Secured Loans	7,773.87
Unsecured Loans	645.48
	<u>8,419.35</u>
(iii) Paid-up Share Capital	591.46
Add: Reserves and Surplus	22,821.59
Less: Miscellaneous Expenditure not written off or adjusted	5.95
Net Shareholders' Fund	<u>23,407.09</u>
Assets (including Current Assets)	46,450.24
Liabilities (including Current Liabilities & Provisions and Deferred Tax Liability)	<u>23,043.15</u>
Excess of Assets over Liabilities	<u>23,407.09</u>

- (c) Subsequent to the date of the aforesaid audited accounts, there has been no substantial change in the financial position of GMMCO, excepting those arising or resulting from the usual course of business.

B. OPIL:

- (a) The Authorised Share Capital of OPIL is Rs.100,00,00,000/- divided into 75,00,00,000 Equity Shares of Re.1/- each and 25,00,000 Preference Shares of Rs.100/- each. The Issued Share Capital of OPIL as on 31st March, 2008 was Rs.26,28,87,970/- divided into 19,28,87,970 Equity Shares of Re.1/- each and 7,00,000 12% Redeemable Cumulative Preference Shares of Rs.100/- each. The Subscribed and Paid up Share Capital of

OPIL as on the said date was Rs.26,28,84,770/- divided into 19,28,84,770 Equity Shares of Re.1/- each fully paid up and 7,00,000 12% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid up. The said Preference shares have since been redeemed in full on 25th September, 2008. The Issued Share Capital of OPIL presently is Rs.19,28,87,970 divided into 19,28,87,970 Equity Shares of Re.1/- each. The Subscribed and Paid up Share Capital of OPIL presently is Rs.19,28,84,770 divided into 19,28,84,770 Equity Shares of Re.1/- each fully paid up.

(b) The annual accounts of OPIL have been audited as at March 31, 2008. The following summary extracted from the said accounts indicates the financial position of OPIL as on the said date as follows:-

- (i) OPIL had issued 500 unsecured Non-Convertible Debentures of Rs.10,00,000/- each of an aggregate face value of Rs. 50,00,00,000/-.
- (ii) Apart from Current Liabilities and Provisions which are incurred and disposed of in the normal course of business and net Deferred Tax Liability of Rs.4545.86 Lakhs, OPIL had the following liabilities :-

	(Rs. In Lakhs.)
Secured Loans	4,380.32
Unsecured Loans (including the said Debentures)	12,150.28
Total	<u>16,530.60</u>

(iii) Paid-up Share Capital	2,627.15
Add: Reserves and Surplus	46,781.90
Less: Miscellaneous Expenditure not written off or adjusted	540.65
Net Shareholders' Fund	<u>48,868.40</u>
Assets (including Current Assets)	88,492.42
Liabilities (including Current Liabilities & Provisions and Deferred Tax Liability)	39,624.02
Excess of Assets over Liabilities	<u>48,868.40</u>

(c) Subsequent to the date of the aforesaid audited accounts, there has been no substantial change in the financial position of OPIL, excepting those arising or resulting from the usual course of business. OPIL, being a listed Company, has also prepared its financial results as on 30th June, 2008 and 30th September, 2008. As per such financial results, OPIL had made a net profit of Rs.91.27 crores for the half year ended on 30th September, 2008.

4. SALIENT FEATURES OF THE SCHEME :-

The salient features of the Scheme of Arrangement are summarised for your convenience as follows :-

- (a) The Scheme shall be operative from the Appointed Date, i.e. the 1st day of October, 2008.
- (b) The Scheme is conditional upon and subject to
- Approval of the Scheme by the requisite majority of the members of GMMCO and the members of OPIL; and
 - Sanction of the Scheme by the Hon'ble High Court at Calcutta and the Hon'ble High Court of Orissa at Cuttack.

Accordingly, the Scheme, although operative from the Appointed Date, shall become effective on the Effective Date, being the date or last of the dates on which the orders sanctioning the Scheme as aforesaid are filed with the respective Registrar of Companies by GMMCO and OPIL.

- (c) On the approval of the Scheme by the members of GMMCO and OPIL pursuant to Section 391 of the Companies Act, 1956 (hereinafter referred to as "the Act") it shall be deemed that the said members have also accorded all relevant consents under Section 81(1A) or any other provisions of the Act to the extent the same may be considered applicable.
- (d) With effect from the Appointed Date, the Chemical Division of GMMCO, including all properties, assets, rights and powers and all debts, liabilities, duties and obligations of GMMCO shall be transferred to OPIL in the manner and subject to the modalities for transfer and vesting detailed in the Scheme.
- (e) The transfer and vesting of the Chemical Division of GMMCO, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however that such

charges, mortgages and/ or encumbrances shall be confined only to the assets of GMMCO or part thereof on or over which they are subsisting on transfer to and vesting of such assets in OPIL and no such charges, mortgages, and/ or encumbrances shall extend over or apply to any other asset(s) of OPIL. Any reference in any security documents or arrangements (to which GMMCO is a party) to any assets of GMMCO shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of OPIL. Similarly, OPIL shall not be required to create any additional security over assets of Chemical Division of GMMCO acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the charges, mortgages, and/ or encumbrances in respect of such indebtedness of OPIL shall not extend or be deemed to extend or apply to the assets so acquired by OPIL.

- (f) OPIL undertakes to engage on and from the Effective Date all the employees of GMMCO engaged in the Chemical Division on the same terms and conditions on which they are engaged by GMMCO without any interruption of service as a result of the transfer of the Chemical Division to OPIL. OPIL agrees that the services of all such employees with GMMCO upto the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- (g) All contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Chemical Division to which GMMCO is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of OPIL and may be enforced as fully and effectually as if instead of GMMCO, OPIL had been a party thereto.
- (h) All legal or other proceedings by or against GMMCO and relating to the Chemical Division shall be continued and enforced by or against OPIL only. If proceedings are taken against GMMCO, GMMCO will defend on notice or as per advice of OPIL at the costs of OPIL and OPIL will indemnify and keep indemnified GMMCO from and against all liabilities, obligations, actions, claims and demands in respect thereof.
- (i) Fixed Assets of the Chemical Division valued by Messrs. Engineers & Valuers Collaborated shall be transferred to OPIL at their fair market values as given in the Valuation Report dated 18th August, 2008 of such valuers. All other assets and liabilities of the Chemical Division will be transferred to OPIL and taken at their book values as on the Appointed Date. Such values of assets and liabilities of the Chemical Division are as under:-

		<u>(Rs. In Lakhs)</u>	
A.	Assets		
	Fixed Assets		
	Land	25.37	
	Buildings	176.34	
	Plant & Machinery	1363.93	
	Other Fixed Assets	36.90	1602.54
	Investments		0.08
	Net Current Assets		
	Current Assets	1247.93	
	Current Liabilities and Provisions	1224.35	23.58
	Total		<u>1626.20</u>
B.	Liabilities		
	Secured Loans		446.73
	Net Asset Value (A-B)		<u>1179.47</u>

- (j) Upon the Scheme becoming effective and in discharge of the aforesaid consideration for transfer of the Chemical Division, OPIL shall without further application, (i) issue and allot to GMMCO 1,00,000 6% Redeemable Non-Cumulative Preference Shares of Rs.100/- each aggregating to Rs.1,00,00,000/- in OPIL, credited as fully paid up and (ii) pay to GMMCO within such period as may be mutually agreed which in any case will not be later than a period of one year from the Effective Date, the balance consideration of Rs.1079.47 Lakhs remaining after deducting the said value of shares of Rs.1,00,00,000/- from the total assets less liabilities of the Chemical Division specified above. The said Preference Shares issued and allotted by OPIL shall be redeemed by OPIL within a period of three years from the date of allotment or such earlier date as the Board of OPIL may decide.
- (k) The rest of the business, assets and liabilities of GMMCO shall continue to belong to and be vested in and be managed by GMMCO.

- (l) With effect from the Appointed Date and upto the Effective Date :
- (i) GMMCO undertakes to carry on the business of the Chemical Division in the ordinary course of business and GMMCO shall be deemed to have carried on and to be carrying on all business and activities relating to the Chemical Division for and on account of and in trust for OPIL.
 - (ii) All profits accruing to GMMCO or losses arising or incurred by it and all taxes paid in relation to such profits relating to the Chemical Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses and taxes, as the case may be of OPIL.
 - (iii) GMMCO shall be deemed to have held and stood possessed of the properties to be transferred to OPIL for and on account of and in trust for OPIL and, accordingly, GMMCO shall not (without the prior written consent of OPIL) alienate, charge or otherwise deal with or dispose of the Chemical Division or any part thereof except in the usual course of business.

5. The Board of Directors of GMMCO and OPIL have at their respective meetings by resolutions passed unanimously, approved of the said Scheme of Arrangement.
6. The aggregate assets of OPIL and Chemical Division of GMMCO are more than sufficient to meet their aggregate liabilities. The rest of the assets of GMMCO are also more than sufficient to meet its remaining liabilities and the said Scheme will not adversely affect the rights of any of the creditors of GMMCO or OPIL in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in usual course.
7. There are no proceedings pending under Sections 235 to 251 of the Companies Act, 1956 against GMMCO or OPIL.
8. Mr. Manohar Lal Pashicia is a Director of GMMCO and is also the Managing Director and Chief Executive Officer of OPIL. The Directors' shareholdings in GMMCO and OPIL are as follows:

Name of Director	No. of Equity Shares held in Transferor Company	No. of Equity Shares held in Transferee Company
Transferor Company's Directors		
Mr. Manohar Lal Pachisia	Nil	36,640
Mr. Jagdish Prasad Chaochharia	Nil	1,05,120
Mr. Hariharan Jayaram	Nil	Nil
Mr. Kashi Prasad Chaudhary	Nil	1,500
Transferee Company's Directors		
Mr. C.K. Birla	Nil	13,68,970
Mr. B. K. Jhawar	Nil	46,510
Mr. P. K. Sen	Nil	6,500
Mr. D. N. Patodia	Nil	5,000
Mr. A. Ghosh	Nil	42,480
Mr. Michael Bastian	Nil	Nil
Mr. Manohar Lal Pachisia	Nil	36,640

Save as aforesaid none of the Directors of the Companies have any material interest in the said Scheme of Arrangement.

9. The consideration for the arrangement has been fixed on a fair and reasonable basis and on the basis of the valuation report of Messrs. Engineers & Valuers Collaborated, a reputed firm of consulting engineers, valuers and chartered engineers, on the fixed assets of the Chemical Division of GMMCO. Further, Microsec Capital Limited, independent Merchant Bankers of repute have also reviewed the valuation by their Fairness Opinion Report thereon. The said merchant bankers have concluded and given their fairness opinion as under:-

"The methodology adopted by the valuer in valuing the assets of the company and arriving at the valuation is in line with best practices and in our opinion as on the valuation date the consideration of Rs. 1179.47 lacs is fair."

Copies of the aforesaid Valuation Report issued by Messrs. Engineers & Valuers Collaborated and Fairness Opinion issued by Microsec Capital Limited are available for inspection as specified in paragraph 13 herein below.

10. GMMCO is an unlisted Company. OPIL is listed on the Bombay Stock Exchange and National Stock Exchange and has duly filed the Scheme with the said Stock Exchanges pursuant to the listing agreements. The said Stock Exchanges have since given their 'no-objection' to the scheme.

11. The pre-Arrangement (existing) capital structure and shareholding pattern of GMMCO and OPIL as per latest available data is as under:-

A. Pre-Arrangement capital structure/ shareholding pattern of GMMCO

	Category of shareholder	Number of Shareholders	Total Number of Equity shares of Rs. 10/- each	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	1	5	-		
(b)	Central Government / State Government(s)	-	-	-		
(c)	Bodies Corporate	12	58,99,888	-	99.75%	99.75%
(d)	Financial Institutions/ Banks	-	-	-		
(e)	Any other (Specify)	-	-	-		
	Sub-Total (A)(1)	13	58,99,893	-	99.75%	99.75%
(2)	Foreign					
(a)	Individuals / Non-Resident Individuals/ Foreign Individuals	-	-	-		
(b)	Bodies Corporate	-	-	-		
(c)	Financial Institutions/ Banks	-	-	-		
(e)	Any other (Specify)	-	-	-		
	Sub Total (A)(2)	-	-	-		
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	13	58,99,893	-	99.75%	99.75%
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds/UTI	-	-	-		
(b)	Financial Institutions/ Banks	6	9,826	-	0.17%	0.17%
(c)	Central Government / State Government(s)	1	3	-		
(d)	Venture Capital Funds	-	-	-		
(e)	Insurance Companies	1	1,755	-	0.03%	0.03%
(f)	Foreign Institutional Investors	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-		
(h)	Any Other (Specify)	-	-	-		
	Sub Total (B)(1)	8	11,584	-	0.20%	0.20%
(2)	Non-Institutions					
(a)	Bodies Corporate	20	173	-		
(b)	Individuals					
	i. Individual Shareholders holding nominal share capital up to Rs.1 lakh.	642	2,762	-	0.05%	0.05%
	ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	-	-	-		
(c)	Any Other (Specify)					
	Non Resident Individuals & OCBs	12	164	-	-	-
	Foreign Nationals/Clearing Members	-	-	-	-	-
	Foreign Bodies Corporate	-	-	-	-	-
	Sub Total (B)(2)	674	3,099	-	0.05%	0.05%
	Total Public Shareholding(B)=(B)(1)+(B)(2)	682	14,683	-	0.25%	0.25%
	Total (A) + (B)	695	59,14,576	-	100%	100%
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	695	59,14,576	-	100%	100%

B. Pre-Arrangement capital structure/ shareholding pattern of OPIL

	Category of shareholder	Number of Shareholders	Total Number of Equity shares of Re. 1/- each	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	40	91,96,060	88,66,060	4.76%	4.76%
(b)	Central Government / State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	17	6,02,68,547	5,86,96,547	31.24%	31.24%
(d)	Financial Institutions/ Banks	1	7,82,440	-	0.40%	0.40%
(e)	Any other (Specify)	-	-	-	-	-
	Sub-Total (A)(1)	58	7,02,47,047	6,75,62,607	36.41%	36.41%
(2)	Foreign					
(a)	Individuals/Non-Resident Individuals/Foreign Individuals	1	6,000	6,000	0.00%	0.00%
(b)	Bodies Corporate	-	-	-	-	-
(c)	Financial Institutions/ Banks	-	-	-	-	-
(d)	Any other (Specify)	-	-	-	-	-
	Sub Total (A)(2)	1	6,000	6,000	0.00%	0.00%
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	59	7,02,53,047	6,75,68,607	36.42%	36.42%
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds/UTI	19	3,58,20,352	3,57,53,102	18.57%	18.57%
(b)	Financial Institutions/ Banks	14	3,43,090	2,43,630	0.17%	0.17%
(c)	Central Government / State Government(s)	1	4,000	-	0.00%	0.00%
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	4	2,09,67,666	2,09,67,666	10.87%	10.87%
(f)	Foreign Institutional Investors	14	20,73,729	20,73,729	1.07%	1.07%
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any Other (Specify)	-	-	-	-	-
	Sub Total (B)(1)	52	5,92,08,837	5,90,38,127	30.69%	30.69%
(2)	Non-Institutions					
(a)	Bodies Corporate	941	3,05,85,791	3,05,21,541	15.85%	15.85%
(b)	Individuals					
	i. Individual Shareholders holding nominal share capital up to Rs.1 lakh.	20,271	2,51,41,478	2,25,09,808	13.03%	13.03%
	ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	19	31,16,359	31,16,359	1.61%	1.61%
(c)	Any Other (Specify)Trust & Foundation	3	710	710	0.00%	0.00%
	Non Resident Individuals & OCBS	251	45,76,548	43,03,198	2.37%	2.37%
	Foreign Nationals/Clearing Members	-	-	-	-	-
	Foreign Bodies Corporate	1	2,000	-	0.00%	0.00%
	Sub Total (B)(2)	21,486	6,34,22,886	6,04,51,616	32.88%	32.88%
	Total Public Shareholding(B)=(B)(1)+(B)(2)	21,538	12,26,31,723	11,94,89,743	63.57%	63.57%
	Total (A) + (B)	21,597	19,28,84,770	18,70,58,350	100%	100%
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	21,597	19,28,84,770	18,70,58,350	100%	100%

12. There will be no change in the aforesaid capital structure and shareholding pattern of Equity Shares of GMMCO and OPIL consequent to the Scheme since no new Equity Shares are to be issued or allotted under the Scheme to any person. In terms of the Scheme 1,00,000 6% Redeemable Non-Cumulative Preference Shares of Rs. 100/- each will be issued and allotted by OPIL. All such Preference Shares would be allotted to only one entity, i.e. GMMCO, in physical form.
13. Copies of the following documents are open for inspection at the registered office of OPIL between 11.00 A.M. and 1.00 P.M. on any working day:-
- (a) Memoranda and Articles of Association of GMMCO and OPIL;
 - (b) Annual Reports and Audited Accounts of GMMCO and OPIL for the financial year ended on March 31, 2008;
 - (c) Financial Results of OPIL as on 30th June, 2008 and 30th September, 2008;
 - (d) Register of Directors' Shareholdings of GMMCO and OPIL;
 - (e) Letters issued by the Stock Exchanges giving their no-objection to the Scheme; and
 - (f) Valuation Report of Messrs. Engineers & Valuers Collaborated and Fairness Opinion of Microsec Capital Limited.

Drafted by:

Sd/-
(Sarada Prasanna Sarangi)
31-B, Bima Vihar
Markat Nagar, Sector - 6
C.D.A. Cuttack
Orissa 753014.

Settled by :

Sd/- D. Rout 24.12.08
Registrar (Judicial)
High Court of Orissa at Cuttack.

**SCHEME OF ARRANGEMENT
BETWEEN
GMMCO LIMITED
AND
ORIENT PAPER AND INDUSTRIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

**FOR
RECONSTRUCTION OF GMMCO LIMITED AND ORIENT PAPER AND INDUSTRIES LIMITED
BY TRANSFER OF CHEMICAL DIVISION OF GMMCO LIMITED TO
ORIENT PAPER AND INDUSTRIES LIMITED**

PART - I

(Preliminary)

1. Definitions:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1 **"Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof.
- 1.2 **"Appointed Date"** means the 1st day of October, 2008.
- 1.3 **"GMMCO"** means GMMCO Limited, a Company incorporated under the provisions of the Act and having its registered office at 9/1, R.N. Mukherjee Road, Kolkata 700 001 in the State of West Bengal.
- 1.4 **"OPIL"** means Orient Paper and Industries Limited, an existing Company within the meaning of the Act and having its registered office at Unit- VIII, Plot No. 7, Bhoinagar, Bhubaneswar 751 012 in the State of Orissa.
- 1.5 **"Chemical Division"** means the Chemical Division of GMMCO having its plant at Amlai in the State of Madhya Pradesh and shall mean and include all assets, liabilities, rights and powers of GMMCO comprised in and/or pertaining to the Chemical Division , including:
 - i. all properties and assets, movable and immovable, freehold and leasehold, real and personal, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wheresoever situate, as on the Appointed Date relating to the Chemical Division, including all lands, buildings, plant and machinery, electrical installations, vehicles, equipment, furniture, sundry debtors, inventories, cash and bank balances, bills of exchange, deposits, loans and advances and other assets as appearing in the books of account of GMMCO in relation to the Chemical Division, leases and agency of GMMCO pertaining to the Chemical Division, and all other interests or rights in or arising out of or relating to the Chemical Division together with all respective powers, interests, charges, privileges, benefits, entitlement, industrial and other licenses, registrations, quotas, liberties, easements and advantages, appertaining to the Chemical Division and/or to which GMMCO is entitled to in respect of the Chemical Division of whatsoever kind, nature or description held, applied for or as may be obtained hereafter together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records relating to the Chemical Division;
 - ii. all debts, liabilities, duties and obligations of GMMCO in relation to the Chemical Division, including liabilities on account of secured and unsecured loans, sundry creditors, sales-tax, excise, bonus, gratuity and other taxation and contingent liabilities of GMMCO pertaining to the Chemical Division; and
 - iii. all permanent employees of GMMCO engaged in or in relation with the Chemical Division .
- 1.6 **"Effective Date"** means the date or last of the dates on which certified copies of the order sanctioning this Scheme are filed by GMMCO and OPIL with the respective Registrar of Companies.
- 1.7 **"Scheme"** means this Scheme of Arrangement under Section 391 of the Act in the present form or with such modifications as sanctioned by the Hon'ble High Court at Calcutta and the Hon'ble High Court of Orissa at Cuttack.

2. Share Capital:

The Authorised, Issued, Subscribed and Paid-up Share Capital of GMMCO and OPIL is as under:

i. GMMCO

<u>Authorised Share Capital:</u>	<u>(Amount in Rs.)</u>
1,25,00,000 Equity Shares of Rs.10/- each	12,50,00,000
<u>Issued, Subscribed and Paid up Share Capital:</u>	
59,14,576 Equity Shares of Rs. 10/- each fully paid up	5,91,45,760

ii. OPIL

<u>Authorised Share Capital:</u>	
75,00,00,000 Equity Shares of Re.1/- each	75,00,00,000
25,00,000 Preference Shares of Rs.100/- each	25,00,00,000
	<hr/>
	100,00,00,000
<u>Issued Share Capital:</u>	
19,28,87,970 Equity Shares of Re.1/- each	19,28,87,970
<u>Subscribed and Paid up Share Capital:</u>	
19,28,84,770 Equity Shares of Re.1/- each fully paid up	19,28,84,770

3. Objects and Reasons:

- i. GMMCO is engaged primarily in the business of marketing, maintaining and servicing earth moving, mining and construction equipments, engines and generating sets and accessories and spare parts thereof having technical and marketing tie up with reputed international concerns. In addition, GMMCO also has a Chemical Division in which it carries on the business of manufacturing Caustic Soda Lye, Liquid Chlorine, Hydrochloric Acid and Calcium Hypochlorite. OPIL is engaged in the business of manufacture of cement, paper, fans, lighting equipment and other electrical products. The chemical unit of GMMCO is situated adjacent to the paper mills of OPIL at Amlai in the State of Madhya Pradesh. At present, the entire (100%) production of Calcium Hypochlorite, 23% of production of Liquid Chlorine and 18% of production of Caustic Soda Lye at the said chemical unit of GMMCO is consumed by OPIL in its said paper mills. The said businesses have good potential. GMMCO and OPIL have both been looking at ways and means of increasing efficiencies and economies and strengthening the operations in their said respective units.
- ii. In the circumstances, it is considered desirable and expedient to reorganise and reconstruct GMMCO and OPIL by transferring the Chemical Division of GMMCO to OPIL for the consideration and in the manner and the terms and conditions stated in this Scheme of Arrangement.
- iii. On the one hand, the reconstruction will enable suitable combination of activities of the said Chemical Division and paper mills in OPIL with pooling and more efficient utilisation of their resources, greater economies of scale, reduction in overheads and other expenses and improvement in various other operating parameters. The same will result, inter alia, from advantages of vertical integration of the operations of the said units, including assured source of supply of inputs required in the paper mills, better inventory management and reduction of working capital requirements and lower cost of production of the end product which will be facilitated by and follow the reconstruction. On the other hand, the reconstruction will enable GMMCO to concentrate and increase its focus on running and developing its main business while securing an appropriate return to it from transfer of its Chemical Division.
- iv. The reconstruction will enable the respective businesses of GMMCO and OPIL to be carried on more conveniently and advantageously and will have beneficial results for the said Companies, their shareholders, employees and all concerned. The Scheme is proposed accordingly.

PART - II

(The Scheme)

4. Transfer of Undertaking:

- 4.1 With effect from the Appointed Date, the Chemical Division shall be transferred from GMMCO to OPIL as a going concern for all the estate and interest of GMMCO therein in accordance with and subject to the modalities for transfer and vesting stipulated herein.
- 4.2 In respect of such of the assets of the Chemical Division as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so transferred by GMMCO, without requiring any deed or instrument of conveyance for the same and shall become the property of OPIL accordingly and as an integral part of the Chemical Division transferred to OPIL.
- 4.3 In respect of such of the assets belonging to the Chemical Division other than those referred to in Clause 4.2 above, the same shall, be transferred to and vested in and/or be deemed to be transferred to and vested in OPIL pursuant to an order passed under the provisions of Section 394 of the Act.
- 4.4 All debts, liabilities, duties and obligations of GMMCO relating to the Chemical Division as on the close of business on the day immediately preceding the Appointed Date and all other debts, liabilities, duties and obligations of GMMCO relating to the Chemical Division which may accrue or arise from the Appointed Date but which relate to the period upto the day immediately preceding the Appointed Date shall also be transferred to OPIL, without any further act or deed, pursuant to an order passed under the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of OPIL.
- 4.5 The transfer and vesting of the Chemical Division of GMMCO, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however that such charges, mortgages and/ or encumbrances shall be confined only to the assets of GMMCO or part thereof on or over which they are subsisting on transfer to and vesting of such assets in OPIL and no such charges, mortgages, and/ or encumbrances shall extend over or apply to any other asset(s) of OPIL. Any reference in any security documents or arrangements (to which GMMCO is a party) to any assets of GMMCO shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of OPIL. Similarly, OPIL shall not be required to create any additional security over assets of Chemical Division of GMMCO acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the charges, mortgages, and/ or encumbrances in respect of such indebtedness of OPIL shall not extend or be deemed to extend or apply to the assets so acquired by OPIL.
- 4.6 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations and no-objection certificates obtained by GMMCO for the operations of the Chemical Division and/or to which GMMCO is entitled to in relation to the Chemical Division in terms of the various Statutes and / or Schemes of Union and State Governments, shall be available to and vest in OPIL, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of OPIL. Since the Chemical Division will be transferred to and vested in OPIL as a going concern without any break or interruption in the operations thereof, OPIL shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations and no-objection certificates and to carry on and continue the operations of the Chemical Division on the basis of the same upon this Scheme becoming effective. Further, all benefits, including, under Income Tax, Excise (including Modvat/Cenvat), Sales Tax etc to which GMMCO is entitled to in relation to the Chemical Division in terms of the various Statutes and / or Schemes of Union and State Governments shall be available to and vest in OPIL upon this Scheme becoming effective.

5. Legal Proceedings:

All legal or other proceedings by or against GMMCO and relating to the Chemical Division shall be continued and enforced by or against OPIL only. If proceedings are taken against GMMCO, GMMCO will defend on notice or as per advice of OPIL at the costs of OPIL and OPIL will indemnify and keep indemnified GMMCO from and against all liabilities, obligations, actions, claims and demands in respect thereof.

6. Contracts and Deeds:

Subject to the other provisions contained in this Scheme all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Chemical Division to which GMMCO is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of OPIL and may be enforced as fully and effectually as if instead of GMMCO, OPIL had been a party thereto.

7. Saving of Concluded Transactions:

The transfer and vesting of the properties and liabilities of the Chemical Division and the continuance of the proceedings by or against OPIL as per the provisions hereof shall not affect any transaction or proceeding relating to the Chemical Division already completed by GMMCO on or before the Effective Date to the end and intent that OPIL accepts all acts, deeds and things relating to the Chemical Division done and executed by and/or on behalf of GMMCO as acts deeds and things done and executed by and on behalf of OPIL.

8. Employees:

- 8.1 OPIL undertakes to engage on and from the Effective Date all the employees of GMMCO engaged in the Chemical Division on the same terms and conditions on which they are engaged by GMMCO without any interruption of service as a result of the transfer of the Chemical Division to OPIL. OPIL agrees that the services of all such employees with GMMCO upto the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- 8.2 The accumulated balances, if any, standing to the credit of the employees of the Chemical Division in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds of which they are members will be transferred to such Provident Fund, Gratuity Fund, Superannuation Fund and other funds nominated by OPIL and/or such new Provident Fund, Gratuity Fund, Superannuation Fund and other funds to be established and caused to be recognised by the concerned authorities by OPIL. Pending the transfer as aforesaid, the dues of the employees of the Chemical Division relating to the said funds would be continued to be deposited in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds respectively.

9. Business in trust for OPIL:

With effect from the Appointed Date and upto and including the Effective Date:

- 9.1 GMMCO undertakes to carry on the business of the Chemical Division in the ordinary course of business and GMMCO shall be deemed to have carried on and to be carrying on all business and activities relating to the Chemical Division for and on account of and in trust for OPIL .
- 9.2 All profits accruing to GMMCO or losses arising or incurred by it and all taxes paid in relation to such profits relating to the Chemical Division for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits or losses and taxes, as the case may be of OPIL .
- 9.3 GMMCO shall be deemed to have held and stood possessed of the properties to be transferred to OPIL for and on account of and in trust for OPIL and, accordingly, GMMCO shall not (without the prior written consent of OPIL) alienate, charge or otherwise deal with or dispose of the Chemical Division or any part thereof except in the usual course of business.

10. Consideration:

- 10.1 Fixed Assets of the Chemical Division valued by Messrs. Engineers & Valuers Collaborated shall be transferred to OPIL at their fair market values as given in the Valuation Report dated 18th August, 2008 of such valuers. All other assets and liabilities of the Chemical Division will be transferred to OPIL and taken at their book values as on the Appointed Date. Such values of assets and liabilities of the Chemical Division are as under:-

(Rs. In Lakhs)

A. Assets

Fixed Assets

Land	25.37	
Buildings	176.34	
Plant & Machinery	1363.93	
Other Fixed Assets	36.90	<u>1602.54</u>

Investments		0.08
Net Current Assets		
Current Assets	1247.93	
Current Liabilities and Provisions	1224.35	23.58
Total		<u>1626.20</u>
B. Liabilities		
Secured Loans		446.73
Net Asset Value (A-B)		<u>1179.47</u>

- 10.2 Upon the Scheme becoming effective and in discharge of the aforesaid consideration for transfer of the Chemical Division, OPIL shall without further application, (i) issue and allot to GMMCO 1,00,000 6% Redeemable Non-Cumulative Preference Shares of Rs.100/- each aggregating to Rs.1,00,00,000/- in OPIL, credited as fully paid up and (ii) pay to GMMCO within such period as may be mutually agreed which in any case will not be later than a period of one year from the Effective Date, the balance consideration of Rs.1079.47 Lakhs remaining after deducting the said value of shares of Rs.1,00,00,000/- from the total assets less liabilities of the Chemical Division specified above. The said Preference Shares issued and allotted by OPIL shall be redeemed by OPIL within a period of three years from the date of allotment or such earlier date as the Board of OPIL may decide.

11. Applications:

GMMCO and OPIL shall, with all reasonable dispatch, make necessary applications to the Hon'ble High Court at Calcutta and the Hon'ble High Court of Orissa at Cuttack pursuant to Section 391 of the Act for sanction and carrying out of the Scheme. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court at Calcutta and the Hon'ble High Court of Orissa at Cuttack shall be construed as references to the National Company Law Tribunal and/or the appropriate Benches thereof as the context may require. GMMCO and OPIL shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme, including issue and allotment of Preference Shares.

12. Approvals and Modifications:

GMMCO and OPIL (by their respective Board of Directors or Committee thereof or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:

- 12.1 to assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court at Calcutta and the Hon'ble High Court of Orissa at Cuttack and / or any authorities under law may deem fit to approve or direct or as may be deemed expedient or necessary; and
- 12.2 to settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing GMMCO and OPIL (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

13. Scheme Conditional Upon:

The Scheme is conditional upon and subject to:

- 13.1 Approval of the Scheme by the requisite majority of the members of GMMCO and OPIL; and
- 13.2 Sanction of the Scheme by the Hon'ble High Court at Calcutta and the Hon'ble High Court of Orissa at Cuttack pursuant to Section 391 of the Act.

Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which the orders sanctioning the Scheme as aforesaid are filed with the respective Registrar of Companies by GMMCO and OPIL.

14. Remaining Business:

Save and except the Chemical Division of GMMCO and as expressly provided in this Scheme of Arrangement nothing contained in this Scheme of Arrangement shall affect the other business, undertaking, assets, and liabilities of GMMCO

which shall continue to belong to and be vested in and be managed by GMMCO.

15. Costs:

All costs, charges and expenses incurred in carrying out and implementing the terms and provisions of this Scheme and incidentals thereto shall be borne by OPIL.

16. Residual Provisions:

- 16.1 Even after this Scheme becomes operative, OPIL shall be entitled to operate all Bank Accounts relating to the Chemical Division and realise all monies and complete and enforce all pending contracts and transactions in respect of the Chemical Division in the name of GMMCO in so far as may be necessary until the transfer of rights and obligations of GMMCO to OPIL under this Scheme is formally accepted by the parties concerned.
- 16.2 On the approval of the Scheme by the members of GMMCO and OPIL pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Section 81(1A) or any other provisions of the Act to the extent the same may be considered applicable.
- 16.3 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person.
- 16.4 If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or any other person as to the construction hereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Mr. Pradip Kumar Khaitan, Advocate of 1B, Old Post Office Street, Kolkata 700 001 whose decision shall be final and binding on all concerned.

Company Petition No. 38 of 2008
In the High Court of Orissa at Cuttack
Original Jurisdiction

In the Matter of the Companies Act, 1956

And

In the Matter of an application under Sections
391(1) and 393 of the said Act,

And

In the Matter of

Orient Paper & Industries Limited.

... Applicant

P R O X Y

I/We (*) the undersigned Equity Shareholders of Orient Paper & Industries Limited, do hereby appoint Shri/Smt. _____ of _____

and failing him/her Shri/Smt. _____ of _____

_____ as my/our PROXY to act for me/us at the meeting of the Equity Shareholders of Orient Paper & Industries Limited to be held at the registered office of Orient Paper & Industries Limited at Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar 751012, Orissa on Thursday, the 22nd day of January, 2009 at 5.00 p.m. for the purpose of considering and, if thought fit, approving with or without modification, the Scheme of Arrangement proposed to be made between GMMCO Limited and Orient Paper & Industries Limited and their respective Shareholders and at such meeting or any adjournment thereof to vote for me/us and in my/our name _____ [here, 'if for', insert 'for'; 'if against', insert 'against' and in the latter case, strike out the words below after 'Scheme of Arrangement'] the said Scheme of Arrangement either with or without modification as my/our proxy may approve.

Dated this _____ day of _____

Name:

Address:

Ledger Folio No/DP ID and Client ID No :

Affix
Revenue
Stamp

Signature:

- NOTES: 1. Please affix appropriate Revenue Stamp before putting Signature.
2. The proxy must be deposited at the Registered Office of Orient Paper & Industries Limited at least 48 hours before the time of holding the meeting.
3. A proxy need not be a member of Orient Paper & Industries Limited.
4. All alterations made in the Form of Proxy must be initialled by the Equity Shareholder.
(*) Strike out whichever not applicable.

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ORIENT PAPER & INDUSTRIES LIMITED

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012 (ORISSA)

NOTICE

TO

THE SHAREHOLDERS

NOTICE is hereby given that the General Meeting of the Shareholders of ORIENT PAPER & INDUSTRIES LTD., will be held on Thursday, the 22nd January, 2009 at 3.30 p.m. at UNIT-VIII, PLOT NO.7, BHOINAGAR, BHUBANESWAR-751012 (ORISSA) to transact the following business:

To consider and, if thought fit, to pass with or without modification, the following resolution:

AS ORDINARY RESOLUTION

"Resolved that consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/or charging, on such terms and conditions and at such time or times and in such form or manner, as it may think fit, the whole or substantially the whole of the Company's any one or more of the undertaking or all the undertakings, including the present and/or future properties, whether movable or immovable comprised in any existing or new undertakings of the Company, as the case may be, together with the power to take over the management of the business and concern of the said undertaking(s) of the company in certain events, in favour of IDBI Trusteeship Services Ltd., to secure 1000- 12.45% Secured Redeemable Non-convertible Debentures of Rs.10,00,000/- each for an aggregate amount of Rs.100 Crores issued and allotted by the Company on private placement basis to Life Insurance Corporation of India (LIC) for which IDBI Trusteeship Services Ltd., is acting as Trustees for the debenture holder together with the interest at the agreed rate, additional interest, liquidated damages, commitment charges, cost, charges, expenses, and all other moneys payable by the Company to IDBI Trusteeship Services Ltd., in terms of their agreement(s), Heads of Agreement(s), Hypothecation agreement(s), Letter(s) of Sanction, memorandum of terms and conditions entered into or to be entered into by the Company in respect of the said Debentures, such security to rank pari passu with mortgages and / or charges already created and/or to be created in future by the Company or in such manner as agreed to between the concerned parties and as may be thought expedient by the Board of Directors of the Company".

"Resolved further that the Board of Directors of the company be and is hereby authorised to finalise with IDBI Trusteeship Services Ltd., the manner and methods of the documentation for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution".

By order of the Board

For **ORIENT PAPER & INDUSTRIES LIMITED**

P.K. Sonthalia
President (Finance) & CFO

Kolkata, the 26th December, 2008.

Regd. Office:
Unit: VIII, Plot No.7
Bhoinagar
Bhubaneswar-751012 (Orissa)

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

Explanatory Statement (As required by Section 173 of the Companies Act, 1956)

With a view to part finance the Company's requirements of funds for general corporate purposes and to meet its resources requirements, the Company has issued and allotted 1000- 12.45% Secured Redeemable Non-convertible Debentures of the face value of Rs.10,00,000/- each for an aggregate amount of Rs.100 Crores to Life Insurance Corporation of India, on private placement basis for which IDBI Trusteeship Services Ltd., is acting as Trustees for the debenture holder. The above debentures are required to be secured by creation of mortgage / charge on, both present and future, the movable and immovable properties of the Company. Section 293(1)(a) of the Companies Act,1956 inter alia provides that the Board of Directors of the Company shall not except with the consent of the company in General Meeting, create mortgage / charge and lease or otherwise dispose of the whole or substantially the whole of and / or one of such undertaking of the company. The relative security document will empower IDBI Trusteeship Services Ltd. (the Trustees) to takeover the management of the undertaking(s) in certain events of defaults.

It is therefore, proposed to obtain your consent before creation of mortgage / charge for the purpose. Hence this resolution.

None of the Directors of the Company is concerned or interested in the above resolution.



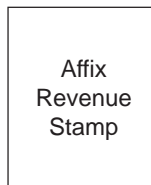
ORIENT PAPER & INDUSTRIES LIMITED

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar - 751012 (ORISSA)

PROXY

I/We
of in the district
of being member(s) of
ORIENT PAPER & INDUSTRIES LTD. hereby appoint
of
in the district of
or failing him
of
in the district of
as my/our Proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held on Thursday, the 22nd
January, 2009 at 3.30 p.m. and at any adjournment thereof.
Signed this day of 2009.

Signature



.....

Note :

- i) The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- ii) The Proxy need not be a member.

FOR OFFICE USE ONLY

Proxy No.

Folio No. / DP ID No. / Client ID No.

No. of Shares

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