



**Orient Paper
& Industries Limited**

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

Phone: 30573700 / 30410900
Cable : ORIENPAPER
Fax : 2243 0490

March 25, 2013

✓ The Secretary
Bombay Stock Exchange Ltd.
Corporate Relationship Department, 1st Floor
New Trading Ring, Rotunda Building, P.J. Tower
Dalal Street, Fort,
Mumbai - 400001
corp.relations@bseindia.com

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
cmli@nse.co.in

Dear Sir,

**Re: Allotment of shares of Orient Cement Limited. In terms of Scheme of arrangement between
Orient Paper & Industries Ltd and Orient Cement Ltd.**

We enclose herewith a copy of the Circular being sent to all the Shareholders of the company in connection with split of cost of acquisition of shares in Orient Paper & Industries Ltd. consequent upon allotment of shares of Orient Cement Ltd. in terms of the Scheme of arrangement for information of the members of your esteemed Stock Exchanges.

Thanking you,

Yours faithfully,
For ORIENT PAPER & INDUSTRIES LTD.


(P.K. Sonthalia)
President (Finance) & CFO

Encl: as above

ORIENT PAPER AND INDUSTRIES LIMITED

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar 751 012 (Orissa)

FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS

Pursuant to the Scheme of Arrangement ("Scheme") between Orient Paper and Industries Limited ("OPIL") and Orient Cement Limited ("Orient Cement"), the Board of Directors of OPIL had fixed March, 9, 2013 as the record date ("Record Date") for determining your entitlements in terms of the Scheme. Accordingly, against your holding in OPIL, new shares of Orient Cement ("New Shares") have been allotted on March 15, 2013 in the following manner:

"One fully paid-up equity share of Re 1 each of Orient Cement for every equity share of Re 1 each held in OPIL"

In this regard, please note the following:

SPLIT OF COST OF ACQUISITION OF SHARES IN OPIL

1. There would be no capital gains implications on the shareholders of OPIL in view of the exemption granted under Section 47 (vid) of the Income Tax Act, 1961 ("Act").
2. In respect of the New Shares, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of OPIL for each shareholder as per Clause (g) in explanation 1 to section 2 (42A) of the Act. Kindly consult your tax advisors, having regard to the facts of your case.
3. With regard to the cost of acquisition of New Shares in Orient Cement, section 49 (2C) of the Act provides the formula for splitting the original cost of acquisition of shares of OPIL between itself and the New Shares allotted in Orient Cement. An extract of the provisions of section 49 (2C) is reproduced below for your reference:

".....the cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of the shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger..."

"Explanation- for the purpose of this section, net worth shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of accounts of the demerged company immediately before the demerger..."

4. With regard to the cost of acquisition of original shares in OPIL, section 49(2D) of the Act provides the formula for splitting the original cost of acquisition of shares of OPIL between New Shares allotted in Orient Cement and original shares in OPIL. An extract of the provision of section 49(2D) is reproduced below for your reference:

"...the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount so arrived at under sub-section (2C)..."

The information in Para 3 above should be preserved carefully, as it will be relevant for calculating taxable capital gains under the Act on any transfer of shares in future.

For the purpose of determining the post demerger cost of acquisition of Equity Shares of OPIL and the resulting company-Orient Cement under the Act, the shareholders are advised to apportion their pre-demerger cost of acquisition of OPIL shares in the following manner:

Name of Company	% of Cost of OPIL
Orient Paper and Industries Limited	42.09
Orient Cement Limited	57.91
Total	100.00

This communication is for the benefit of the shareholders and OPIL takes no express or implied liabilities in providing the guidance.

For Orient Paper and Industries Limited

P. K. Sonthalia

President (Finance) & (CFO)

Kolkata, the 21st March, 2013