



ORIENT PAPER & INDUSTRIES LIMITED

LETTER OF OFFER

(Private and Confidential)

For Equity Shareholders of the Company only

Dated : June 8, 2007

(Originally incorporated under the Indian Companies Act, 1913, as "Orient Paper Mills Limited" vide certificate of registration dated July 25, 1936 issued by Registrar of Joint Stock Companies, Bengal and received its certificate of commencement of business on July 30, 1936. The name of our Company was changed to "Orient Paper & Industries Limited" on September 13, 1978. The registered office of our Company was shifted from 8, Royal Exchange Place, Calcutta-700001, West Bengal to Brajrajnagar, District – Jharsuguda - 768216, Orissa, in the year 1947 and further shifted to its current address, Unit-VIII, Plot No.7, Bhoinagar, Bhubaneswar-751012, Orissa in the year 2000.

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

Tel: +91 674 2396930/2392947; **Fax:** +91 674 2396364

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

Company Secretary & Compliance Officer: Mr. S.L. Saraf

Tel: +91 33 2248 3406; **Fax:** +9133 2243 0490; **E-mail:** info@orientpaperindia.com

Website: www.orientpaperindia.com

LETTER OF OFFER

Issue of 44,51,187 Equity Shares of Rs. 10/- each for cash at a price of Rs. 360/-(including a premium of Rs. 350/-) per Equity Share aggregating to Rs. 16024.27 lacs on rights basis to the existing Equity Shareholders of our Company in the ratio of 3 Equity Shares for every 10 Equity Shares held on Record Date i.e. on June 15, 2007. The issue price for the equity shares will be payable in two installments: 50% of the issue price will be payable on application; 50% of the issue price will become payable at the option of our Company, between 3 and 12 months after the allotment date.

The face value of the Equity Shares is Rs. 10/- per share and the Issue Price is 36 times the face value. For more details, see "Issue Information" on page 308 of this Letter of Offer.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the section titled "Risk Factors" beginning on page 'v' of this Letter of Offer carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Accordingly, our Company proposes to list the Equity Shares arising out of this issue on BSE and NSE, for which in-principle approvals have been received from BSE and NSE vide letters dated January 29, 2007 and February 1, 2007 respectively. Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE



ICICI Securities Primary Dealership Limited

ICICI Centre

H.T. Parekh Marg, Churchgate

Mumbai 400 020

Tel: +91 22 2288 2460

Fax: +91 22 2282 6580

Website: www.icicisecurities.com

E-mail: opil_rights@isecld.com

Contact Person: Tathagat Mukhopadhyay

REGISTRAR TO THE ISSUE



Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor,

Above Bank of Baroda,

Cardinal Gracious Road, Chakala,

Andheri (E), Mumbai - 400 099

Tel: 91-22-2821 5168, 2821 5169

Fax: 91-22-2837 5646

Website: www.shareproservices.com

E mail: sharepro@vsnl.com

Contact Person : V. Kumaresan

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	ISSUE CLOSING ON
JUNE 29, 2007 FRIDAY	JULY 16, 2007 MONDAY	JULY 31, 2007 TUESDAY

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DEFINITIONS, ABBREVIATIONS AND TECHNICAL TERMS

In this Letter of Offer, the terms “we”, “us”, “our”, “Our Company” or “OPIL”, unless the context otherwise implies, refer to Orient Paper & Industries Limited. All references to “Rs.” or “INR” refer to Rupees, the lawful currency of India, “USD” or “US\$” refer to the United States Dollar, the lawful currency of the United States of America. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “Lakh” or “Lacs” mean “100 thousand” and the word “million” means “10 lakh” and the word “crore” means “10 million” or “100 lacs” and the word “billion” means “1,000 million” or “100 crores”. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Conventional/ General Terms and Abbreviations	
Act	The Companies Act, 1956
AGM	Annual General Meeting
APHA	American Public Health Association
APMDC	Andhra Pradesh Mineral Development Corporation Limited
Articles/ Articles of Association/ AOA	Articles of Association of Our Company as originally framed or as altered from time to time in pursuance of any previous companies law or of this Act
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Board/Board of Directors/ Directors /Committee of Directors for Rights Issue	Board of Directors of Orient Paper & Industries Limited or Committee of the Board of Directors of Orient Paper & Industries Limited authorized to take decisions on matters related to / incidental to this Issue
BIS	Bureau of Indian Standards
BSE	Bombay Stock Exchange Limited
BTPS	Bhusawal Thermal Power Station
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Central Excise and Sales Tax Appellate Tribunal
CIT (A)	Commissioner of Income Tax (Appeals)
CMA	Cement Manufacturers’ Association
Company/ OPIL/ Issuer/We/us	Orient Paper & Industries Limited
CSE	The Calcutta Stock Exchange Association Limited
Depositories	NSDL and CDSL
Depository Participant	A depository participant as defined under the Depositories Act, 1996 as amended from time to time
DGS&D	Directorate General of Supplies & Disposals
Directors	Directors on the Board of Our Company
ECS	Electronic Credit System
EGM	Extraordinary General Meeting
EPS	Earnings per share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there under and amendments thereto
FERA	Foreign Exchange Regulation Act, 1973
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India

Conventional/ General Terms and Abbreviations	
FY	Financial Year of Our Company being the period of 12 months ending on March 31 of every year
GAAP	Generally Accepted Accounting Principles
GBP	British Pound
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI	Government of India
HUF	Hindu Undivided Family
IPMA	Indian Paper Manufacturers' Association
I-Sec/ Lead Manager	ICICI Securities Primary Dealership Limited
ISO	International Standards Organization
IT Act	Income Tax Act, 1961 and amendments thereto
ITAT	Income Tax Appellate Tribunal
KES	Kenyan Shilling
Kolkata High Court	High Court of Judicature at Calcutta
Memorandum/ Memorandum of Association/ MOA	Memorandum of Association of our Company as originally framed or as altered from time to time in pursuance of any previous companies law or of this Act
MOEF	Ministry of Environment and Forest
NA	Not Applicable
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NGN	Nigerian Naira
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/ Earning Ratio
PAN	Permanent Account Number
Promoter	The term "Promoter" in relation to OPIL shall have the same meaning as ascribed to it under the SEBI Guidelines, and shall refer to (i) Mr. C.K. Birla and (ii) Central India Industries Limited
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time
RoNW	Return on Net Worth
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000 as amended from time to time
SEBI Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time
Supreme Court	The Supreme Court of India
TAPPI	Technical Association of Pulp & Paper Industry

Issue Related Terms	
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue
Banker to the Issue	The bank, which is registered with SEBI as Banker to the Issue, in this case being, UTI Bank Limited

Issue Related Terms	
CAF	Composite Application Form
Committee of Directors for Rights Issue	Committee of the Board of Directors of Orient Paper & Industries Limited authorized to take decisions on matters related to / incidental to this Issue
Designated Stock Exchange	Bombay Stock Exchange Limited
ISIN	International Security Identification Number
Letter of Offer/ LoF/LOF	This Letter of Offer circulated to the Equity Shareholders
Equity Shareholders	Equity shareholders of Our Company whose names appear as <ul style="list-style-type: none"> Beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and On the Register of Members of our Company in respect of the Equity Shares held in physical form
Equity Shares	Equity Shares of our Company having face value of Rs.10/- each
FCNR Account	Foreign Currency Non Resident Account
Issue / Rights Issue	Issue of 44,51,187 Equity Shares of Rs. 10/- each for cash at a price of Rs. 360/-(including a premium of Rs. 350/-) per Equity Share aggregating to Rs. 16024.27 lacs on rights basis to the existing Equity Shareholders of our Company in the ratio of 3 Equity Shares for every 10 Equity Shares held on Record Date i.e. on June 15, 2007. The issue price for the equity shares will be payable in two installments: 50% of the issue price will be payable on application; 50% of the issue price will become payable at the option of our Company, between 3 and 12 months after the allotment date
Issue Closing Date	July 31, 2007 (Tuesday)
Issue Opening Date	June 29, 2007 (Friday)
Issue Price	Rs. 360/- (including a premium of Rs. 350/-)per Equity Share
Lead Manager/ I-Sec	ICICI Securities Primary Dealership Limited
NR and NRI (s)	Non-resident and Non-resident Indians
NRE Account	Non Resident External Account
NRI (s)	Non-resident Indians
NRO Account	Non Resident Ordinary Account
Promoter	The term “Promoter” in relation to OPIL shall have the same meaning as ascribed to it under the SEBI Guidelines, and shall refer to (i) Mr. C.K. Birla and (ii) Central India Industries Limited
Record Date	June 15, 2007
Registrar to the Company	MCS Limited
Registrar to the Issue	Sharepro Services (India) Pvt. Ltd
Renouncees	Shall mean the persons who have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to, under this Letter of Offer in proportion to his/ her/ its existing shareholding in our Company as on the Record Date

Technical Glossary

Term	Description
CER	Certified Emission Reduction
CRCA	Cold Rolled Cold Annealed
Kcal	Kilo calories
KVA	Kilo Volt Ampere
kWh	Kilowatt hours

Term	Description
MT	Metric Tonne
MTPA	Million Tons Per Annum
MPa	Mega Pascal
Mn	Million
MnT	Million Tons
MW	Mega Watt
OPC	Ordinary Portland Cement
Petcoke	Petroleum coke
PPC	Pozzolona Portland Cement
PSC	Portland Blast Furnace Slag Cement
TPD	Tons Per Day
tpa , TPA	Tons Per Annum
TPH	Tons Per Hour

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. The investors should carefully consider all information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The investors should read this section in conjunction with the sections entitled 'Our Business' and 'Management's Discussion and Analysis of Financial Conditions and Results of Operations' beginning on pages 53 and 209 of this Letter of Offer as well as other financial information contained in this Letter of Offer. If any of the following risks or any of the other risks and uncertainties discussed in this Letter of Offer actually occur, our Company's business, financial condition and future results of operations could suffer, the trading price of its Equity Shares could decline, and the investors may lose all or part of their investment.

Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like 'may', 'believes', 'will', 'expect', 'anticipate', 'estimate', 'plan' or other similar words. Our actual results could differ from those anticipated in these forward looking statements as a result of certain factors including those, which are set forth in the 'Risk Factors' below.

The Letter of Offer also includes statistical data regarding the cement, paper and fan industry. This data has been obtained from industry publications, reports and other sources that we and the Lead Manager believe to be reliable. Neither our Company nor the Lead Manager has independently verified such data.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned herein under:

INTERNAL RISK FACTORS

1. We are involved in litigation proceedings and we cannot assure you that we will prevail in these actions.

There are outstanding litigations against us and our subsidiary companies. We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our business results. The aggregate of quantifiable claims and disputed amounts pending against our Company is approximately Rs. 13,705.00 lacs. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, it could have a material adverse effect on our business and profitability and the network of the Company could be wiped out to a substantial extent.

The summary of litigations against us is as follows:

Criminal

There are 3 cases for matters relating to environment pollution, the amounts of claim for which are not ascertainable.

Civil

There are 111 cases for claims aggregating approximately to Rs. 10118.68 lacs. These include cases relating to taxation, revenue, electricity matters, forest compensation related matters, water tax demand, land encroachment matters, holding tax, land revenue, wharfage matters, service tax matters,

accident claims, coal cess and tax matters, miscellaneous matters, appeals regarding correction of land records, land encroachment, Electricity Dues Cess, Terminal coal, and Krish Upaj Mandi matters etc.

Labour

There are 110 cases relating to labour matters for claims aggregating approximately to Rs.193.64 lacs. These include industrial disputes under different provisions of the Labour Laws, termination and change of conditions of services etc.

Sales Tax

There are 71 cases relating to sales tax for claims aggregating approximately to Rs.875.94 lacs.

Excise

There are 50 cases relating to excise matters for claims aggregating approximately to Rs.1279.81 lacs.

Winding up petitions

There are 22 winding up petitions filed under the Companies Act for recovery of dues and payments aggregating approximately to Rs.172.79 lacs.

Others

We are involved in 6 arbitration proceedings for claims aggregating approximately to Rs.546.71 lacs. There is 1 case filed against us under the environmental laws where the amount of claim is not ascertainable.

There are 16 claims pending against us relating to Employee State Insurance for an aggregate approximate amount of Rs.517.43 lacs.

Our Subsidiary - Air Conditioning Corporation Limited

- Cases relating to sales tax approximately aggregating to Rs.66.94 lacs.
- 1 case relating to labour matters approximately aggregating to Rs.0.78 lacs.

For details refer to the section titled 'Outstanding Litigations' on page 224 of this Letter of Offer.

2. Our Promoter Group Companies are involved in certain legal proceedings.

There are certain ongoing legal proceedings against our Promoter Group Companies pending at different levels of adjudication before various courts and tribunals. No assurance can be given as to whether these matters will be settled in favour of or against them.

A summary of the litigation against our Promoter Group Companies is as follows:

Hindustan Motors Limited

- Cases relating to excise matters approximately aggregating to Rs.2777.38 lacs.
- Cases relating to sales tax matters approximately aggregating to Rs. 560.39 lacs.
- 251 cases relating to civil cases approximately aggregating to Rs.897.05 lacs.
- 31 cases relating to labour matters, amounts of claim for which are not ascertainable.
- Cases relating to customs approximately aggregating to Rs.8.97 lacs.

Hyderabad Industries Limited

- 3 criminal cases, claims for which are not ascertainable.
- 11 cases relating to civil matters approximately aggregating to Rs.57.78 lacs.
- 11 cases relating to labour matters, claims for which are not ascertainable.
- 7 cases relating to tax matters approximately aggregating to Rs.10.29 lacs.

National Engineering Industries Limited

- Cases relating to excise matters approximately aggregating to Rs.182.06 lacs.
- 1 case relating to sales tax matter approximately aggregating to Rs.42.47 lacs.
- 10 cases relating to civil matters amounts of claim for which are not ascertainable.
- 12 cases relating to labour matter, amounts of claim for which are not ascertainable.
- Cases relating to tax matters approximately aggregating to Rs.16.45 lacs.
- 12 cases relating to land matters amounts of claim for which is not ascertainable.
- 3 cases relating to House tax etc, amount for which is not ascertainable.
- Cases relating to accidents and remands approximately aggregating to Rs. 145.64 lacs.
- Show cause notices approximately aggregating to Rs. 163.84 lacs.

GMMCO Limited

- 8 criminal cases, amount for which is not ascertainable.
- 5 cases relating to excise matters approximately aggregating to Rs.489.60 lacs.
- 20 cases relating to civil matters, amounts of claim for which are not ascertainable.
- 20 cases relating to labour cases approximately aggregating to Rs.43.31 lacs.
- 1 case relating to tax matter amount of claim for which is not ascertainable

AVTEC Limited

- 12 cases relating to excise matters approximately aggregating to Rs.606.05 lacs.
- 1 case relating to civil matter approximately aggregating to Rs.1.13 lacs.
- 6 cases relating to labour related matters amounts of claim for which are not ascertainable.
- 1 case relating to other miscellaneous matter approximately aggregating to Rs.8.78 lacs

Panafrican Paper Mills (E.A) Limited

- There are various civil cases approximately aggregating to Rs.248 lacs.
- There are various labour cases approximately aggregating to Rs.21.50 lacs.
- There is 1 case relating to tax matter approximately aggregating to Rs.1675.69 lacs.
- There are various cases relating to accidents etc., approximately aggregating to Rs.242.82 lacs.
- There are about 4 other miscellaneous cases approximately aggregating to Rs.1.08 lacs.

Ranchi Enterprises Limited

- 5 cases relating to Civil matters amount for which are not ascertainable

Special Engineering Services Limited

- 1 case relating to excise matter approximately aggregating to Rs.5.13 lacs
- 1 case relating to civil matter approximately aggregating to Rs.39.34 lacs
- 1 case relating tax matters approximately aggregating to Rs.7.47 lacs

Birla GTM-Entrepose Limited

- 1 criminal case, amount of claim for which is not ascertainable.
- 1 case relating to excise matter approximately aggregating to Rs.45.74 lacs.
- 2 cases relating to sales tax matters, amount for which are not ascertainable.
- 3 civil cases approximately aggregating to Rs.975.77 lacs and interest thereon.
- 4 other miscellaneous matters approximately aggregating to Rs.266.67 lacs.
- 1 case relating to labour matters, amount of claim for which is not ascertainable.

Apart from the above, the following Promoter Group Companies are involved in 1 civil proceeding each, the financial implication whereof is not ascertainable:

- Pilani Investment & Industries Corporation Limited
- Rameshwara Jute Mills Limited
- Madhusudan Holdings Limited
- Basant Properties Limited

For details refer to the section titled 'Outstanding Litigations' on page 224 of this Letter of Offer.

3. *Our Directors are involved in certain legal proceedings.*

There are certain ongoing legal proceedings against our Directors pending at different levels of adjudication before various courts and tribunals. No assurance can be given as to whether these matters will be settled in favour of or against them.

There are certain cases filed against our directors, in relation to other companies where they are or were directors or otherwise.

A summary of the litigation against our Directors is as follows:

Criminal Laws

Mr. B.K. Jhavar

Case No. Special 30/89 has been instituted by Vigilance Department of Bihar State Electricity Board (BSEB) before Special Judge Vigilance Mr. S.K. Singh in Civil Court at Ranchi on 16th June, 1989 under Sec. 409/420/467/468/471/120(b)/201 – Indian Penal Code, 13(2) Prevention of Corruption Act, 1988 and Sec 39/39(a) of Electricity Act, against M/s Usha Alloys & Steel Ltd., Gamharia in which BSEB alleged the charges of a) power theft by the company and b) misuse of official capacity for theft of electricity in connivance with the consumer resulting in loss to the electricity board. Mr. B. K. Jhavar's name was included in this case only in the year 1996 as an "Aprathamiki Abhiyukt". Charges have already been framed which has been challenged by Mr. B. K. Jhavar in the High court of Jharkhand at Ranchi. The case is presently under the stage of witness/ examination.

Mr. Amitabha Ghosh

Criminal complaints (788/1 of 2004, 842/1 of 2004, 2828/1 of 2004, 2861/1 of 2004 and 2873/1 of 2004) were filed by G. Sagar Suri Estate and Finance Limited, G. Sagar Suri Estates and Finance Limited, Brig. (Retd) H. S. Nanda, Major (Retd) R. P. Singh and Deepika Lamba respectively versus Premium Vinyl Floorings Limited ("PVFL") and Others (including Mr. Amitabha Ghosh) before Metropolitan Magistrate, Patiala House Courts, New Delhi in relation to bouncing of cheques issued by PVFL. Further, Mr. Amitabha Ghosh has filed a petition before Delhi High Court under Sec 482

of the Code of Criminal Procedure, 1973 for quashing of criminal proceedings against him and the Hon'ble High Court at Delhi has quashed the said complaints against him. 3 corresponding cases before the Metropolitan Magistrate, Patiala House Courts, New Delhi has accordingly been dismissed and for the remaining 2, which are similar to previous cases, date for hearing has been fixed on August 30, 2007.

Mr. V. Nachiappan

Central Bureau of Investigation ("CBI") investigated into the allegations of criminal conspiracy, cheating etc. against erstwhile Bank of Madura ("BOM") and Officials (Mr. V. Nachiappan and Others) also against M/s Sundaram Finance Limited and its Officials, and also against ORJ Electronics and Oxide Limited and the importer (IPTE Inc. USA). Chargesheet has been filed by CBI before the Chief Metropolitan Magistrate, Egmore against all the persons concerned in Cri. O.P.No. 22976 of 2004 before the High Court, Madras and sought for quashing of the above criminal proceedings. An interim stay was granted by the High Court on the criminal proceedings pending on the file of the Chief Metropolitan Magistrate, Chennai. However, all the cases are being reposted.

A complaint was filed by the erstwhile Bank of Madura ("BOM") against Mr. Jayesh Mirani, Mrs. Varsha J. Mirani and one K. Subramanian for alleged offences relating to the loan scheme of BOM's "Fast Track Finance" for Doctors. The prosecution thereafter filed charge sheet wherein Mr. V. Nachiappan was also added as a party to the offence as he was a higher officer of the Bank and was accused of entering into a conspiracy with other accused in sanctioning the loan to said Mr. Jayesh Mirani. Criminal Case No. 69/PW/2005 (State of Maharashtra v/s Jayesh Mirani and Others) is now pending hearing before the 19th Court of the Metropolitan Magistrate, Mumbai.

Proceedings under Securities related law

Amitabha Ghosh

1) SEBI had initiated adjudication proceeding under the section 15D (b) of section 15E of SEBI Act, 1992 against the then First India Asset Management (P) Limited and Sahara Mutual Fund for contravention of Regulations 44(1) read with clause 1 of 7th Schedule of SEBI (Mutual Funds) Regulations 1996 by the Sahara Asset Management P. Mr. Amitabha Ghosh was appointed as a Trustee of Sahara Mutual Fund with effect from June 30, 2004, subject to the approval of SEBI. SEBI vide its letter dated July 9, 2004 approved Mr. Amitabha Ghosh's appointment as a Trustee of Sahara Mutual Fund.

2) Case No. 3273 of 1998 and Case No. 1198 of 1999 filed by Registrar of Companies (ROC) against PVFL and its directors (including Mr. Amitabha Ghosh) for non-payment of conditional dividend. The case has been withdrawn against Mr. Ghosh by Government of India, Ministry of Company Affairs. The formal legal clearance is awaited.

Proceedings by Enforcement Directorate

V. Nachiappan

The erstwhile Bank of Madura ("BOM") (since merged with ICICI Bank) granted lease finance of US \$ 7200000 (INR Rs. 2578.00 lacs) to O.R.J. Electronics Oxide Limited ("ORJ" or "the company") on May 22, 1997 for import of capital goods from IPTE, Inc. USA. The Enforcement Directorate initiated proceedings against BOM and its officials (Mr. V. Nachiappan and Others) for the alleged aiding and abetting the importer and the company in acquiring foreign exchange to the tune of US \$ 72 lacs and imposed a fine of Rs. 10.00 lacs on BOM and Rs. 1 lac on each official. BOM filed an Appeal No. 496 of 2004 against this order, before the Appeal Tribunal of FERA, Delhi and obtained interim stay on condition of deposit of 50% of the fine imposed. Against this order of conditional

stay, BOM filed a writ petition in High Court, Madras and obtained interim stay. The appeal before FERA Appellate Tribunal, Delhi was posted on February 27, 2006 and the Advocate argued that since interim stay has been granted by the High Court, Madras the Appellate Tribunal should not proceed further in the matter. Considering these arguments the Appellate Tribunal adjourned the appeal sine die and advised to inform the outcome of the Writ Petition.

RBI- List of Wilful Defaulter companies

Amitabha Ghosh

Mr. Amitabha Ghosh was a Non Executive Independent Director of Assambrook Limited since November 5, 1992. Subsequently, Assambrook Limited has been categorized as a 'Wilful Defaulter' by the Reserve Bank of India in relation to its borrowing from IDBI Bank Ltd. Mr. Amitabha Ghosh has resigned from the Board of Assambrook Limited with effect from August 1, 2005 which was accepted at its Board Meeting held on August 26, 2005.

Civil cases

C.K. Birla

Suit for payment of 'Superannuation Fund' pending before the Principal Sub-Ordinate Judge, R R District, Saroomnagar, Hyderabad.

D.N. Patodia

Miscellaneous Case filed before the City Civil Court Rani Birla Girls' College against Smt. Labyana Kolay and others which include Hindustan Charity Trust and Mr. D.N. Patodia as defendants.

For further details please refer to the section titled 'Outstanding Litigations' on page 224 of the Letter of Offer.

4. *Our Company has incurred losses in two out of the past five years. Further, on a consolidated basis, our Company has incurred losses in three out of the past five years.*

Our Company made a net loss after tax of Rs.3053.35 lacs and Rs.1399.83 lacs for FY2003 and FY2004 respectively. Further, on a consolidated basis, our Company made a net loss after tax of Rs. 2689.24 lacs, Rs.1021.91 lacs and Rs.209.55 lacs for FY2003, FY2004 and FY2005 respectively. There cannot be any assurance that such situation will not arise in the future.

5. *Our Company has a negative cash flow in three out of the past five years on standalone and consolidated basis.*

Our Company has a negative cash flow of Rs.38.07 lacs, Rs.40.04 lacs and Rs.675.89 lacs for FY 2007, FY 2006 and FY 2003 respectively. Further, on a consolidated basis, our Company has a negative cash flow of Rs. 22.06 lacs, Rs.17.70 lacs and Rs. 620.93 lacs for FY2007, FY2006 and FY2003 respectively.

6. *In the recent past, our Company has not been able to declare on equity shares and had to defer payment of dividend on cumulative preference shares.*

On account of unavailability or inadequacy of distributable profits, our Company has not declared dividend on equity shares for any year from FY1998 to FY2006. Further, we were unable to pay dividend on 12% Redeemable Preference Shares from FY2003 to FY2005. Subsequently, the

dividend on these cumulative preference shares was paid for these years alongwith the dividend for the FY2006.

7. *The current level of profits made by our Company may not be sustainable in the future*

The net profit of our Company for the FY 2007 was Rs.13837.23 lacs as compared to Rs.3241.00 lacs for the FY 2006 which is an increase of 326.94%. Also, the net profit for the FY 2006 was Rs.3241.00 lacs as compared to net profit of Rs.418.45 lacs in the FY 2005 which is an increase of 674.53%.

Our Company's profits have not increased by such levels in earlier years and the Company cannot provide any assurance that such profit levels will be sustainable in the future. Any reduction in the revenues or the profit levels of the Company may have an adverse impact on its business, financial condition and results of operations."

8. *There are audit qualifications in the accounts of our Company.*

The Auditors report on the Company's Statement of assets and liabilities and profits and losses (on consolidated as well as standalone basis), as restated, for the five years ended March 31, 2007 included certain qualifications. Since the impact of these qualifications is not presently ascertainable it has not been possible to adjust the effects in the 'Statements of Assets and Liabilities and Profits and Losses, as restated. The details of these qualifications can be referred to in the section titled 'Auditor's report' for standalone and consolidated basis beginning on page 102 and 156 respectively of this Letter of Offer.

9. *Our Company has certain contingent liabilities and its profitability could be adversely affected if any of these contingent liabilities crystallise.*

As of March 31, 2007, contingent liabilities appearing in the Company's restated financial statements are as follows:

			(Rs. lacs)
	Particulars		Year ended March 31, 2007
1	The quantum of estimated amount of contracts remaining to be excuted on Capital Account and not provided for (net of advances)		35795.98
	Amount in respect of Pan African Paper Mills (EA) Limited (Joint Venture Company) included in above	19.78	
2	The position of Contingent liabilities is as under:		
	a. Guarantees in favour of Banks/ Institutions/Bodies Corporate against facilities granted to :		
	(i) a Subsidiary	791.00	
	(ii) a Body Corporate	-	
	Sub- Total (i to ii) *		791.00
	b. Outstanding bank guarantees		496.06
	c. Proportionate amount in respect of Pan African Paper Mills EA) Limited, a joint venture company		592.77
	d. Bills and Cheques discounted with Scheduled Banks		133.74

	Particulars		Year ended March 31, 2007
	e. Demands/claims by various Government Authorities and others not acknowledged as debts and contested by the Company:		
	(i) Excise Duty	1262.63	
	(ii) Sales Tax	669.06	
	(iii) Water Tax	6309.96	
	(iv) Others	1824.26	
	Sub- Total (i to iv) **		10065.91
	Grand Total Contingent Liabilities (a to e)		12079.48
	*Credit facilities availed against the above	5.46	
	** Against the above, payments have been made under protest and/ or debts have been withheld by respective parties	365.21	
	f. Outstanding claims from employees not acknowledged as debts , including Bonus claims under adjudication and wages for the suspension period at Brajrjnagar unit	Amount unascertainable	
	g. Sales tax on works contract	Amount unascertainable	

10. There have been default in repayment of loans by some of our Group Companies

Our Group Companies have defaulted in repayment of loans, the details whereof are as follows:

i) Hindustan Motors Limited

Hindustan Motors Limited has defaulted in repayment of Working Capital Consortium Loan. The detail of the said default is as follows:

Name of Lenders	Principal Amount Originally advanced (Amt. in Rs.)	Principal in default	Dates from which Principal is in default	Interest in default	Date from which Interest is in default	Total Amount in Default (Amt.in Rs.)
UCO Bank, Bank of India, Bank of Baroda, State Bank of India and United Bank of India being a Consortium lending with UCO Bank as the Lead Banker	Rs. 84,61,00,000/-	Against sanction limit HML had opened certain Letters of Credit and on the due date they failed to pay the Letter of Credit amount of about Rs. 52,00,000/-	January, 2007 to April 30, 2007	----	----	Approximately Rs. 52,00,000/-

ii) **Panafrican Paper Mills (E.A.) Limited**

S.No	Name of Lender	Loan Agreement date	Principal amount originally Advanced (Rs.)	Balance Principal outstanding (Rs.)	Principal in Default (Rs.)	Date from which Principal is in default	Interest in Default (Rs.)	Date from which interest is in default	Total amount in default (Rs.)
Paper Machine 4 Loans									
1.	IFC, Washington	01.02.1994	629,304,947	432,210,558	194,494,750	15.03.2005	67,594,426	15.12.2005	262,089,176
2.	East African Development Bank	06.04.1994	274,264,276	137,132,129	42,853,791	15.03.2006	25,255,167	31.03.2006	68,108,958
3.	Eastern & Southern African Trade & Development Bank	30.03.1994	2,750,503	1,375,229	429,759	15.03.2006	194,826	31.03.2006	624,585
4.	Eastern & Southern African Trade & Development Bank	30.03.1994	264,437,368	132,218,635	41,318,322	15.03.2006	18,730,974	31.03.2006	60,049,296
5.	DEUSTCHE BANK	08.09.1994	1,240,989,355	798,645,500	359,390,473	15.03.2005	101,250,501	15.09.2005	460,640,974
6.	Development Bank of India	31.03.1994	53,224,796	39,395,554	9,777,027	31.03.2006	8,912,150	31.03.2006	18,689,177
7.	Kenya Commercial Bank	02.10.1992	62,617,408	47,472,736	21,362,731	15.03.2005	6,682,005	31.03.2006	28,044,736
	TOTAL		2,527,588,653	1,588,450,341	669,626,853		228,620,049		898,246,902
Technical Upgradation Programme Loans									
8.	IFC, Washington	27.03.1996	545,397,621	571,465,300	257,159,386	15.03.2005	97,942,803	15.12.2005	355,102,189
9.	Eastern & Southern African Trade & Development Bank	10.03.1997	207,433,861	169,475,393	52,961,060	15.03.2006	26,409,914	31.03.2006	79,370,975
10.	Societe DG Promotion ET DE Participation Pour LA Cooperation Economique, Paris	30.01.1997	144,081,871	150,510,953	67,729,930	15.03.2005	21,991,325	15.03.2006	89,721,256
	TOTAL		896,913,353	891,451,646	377,850,376		146,344,042		524,194,419
SHAREHOLDERS LOANS									
11.	IFC, Washington	29.03.1999	62,930,495	82,292,635	-	-	13,093,992	15.06.2006	13,093,992
12.	OPIL	20.04.1999	155,564,183	191,426,434	-	-	85,010,142	15.01.2004	85,010,142
	TOTAL		218,494,678	273,719,069	-		98,104,134		98,104,134
TOTAL			3,642,996,684	2,753,621,056	1,047,477,229		473,068,225		1,520,545,455

11. Our use of Issue proceeds is based on internal management estimates and not been appraised by any bank or financial institution or any independent organization.

The proceeds from this issue are to be used for expansion of our existing facilities. Our assessment of funds requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution or any independent organisation. We have not appointed any monitoring agency for monitoring the proceeds of this Issue. Monitoring of the use of proceeds in this Issue shall be done by our Board of Directors or any duly authorised Committee thereof. Our management has considerable freedom in deciding on the manner of utilisation of funds in this Issue within the parameters contained in the section titled 'Objects of the Issue' on page 23 of this Letter of Offer, and investors in this Issue may not necessarily agree with the manner in which funds have been utilised by our management. Progress in the use of proceeds from this Issue as is required under the listing agreement will be reported quarterly alongwith the publication of our quarterly results and in our annual report.

12. We are yet to place firm orders for some of the plant and machinery & miscellaneous fixed assets required for the setting up of the projects as announced. The value of orders yet to be placed amounts to approximately Rs. 14,650 lacs. Any delay in receipt and installation of such plant and machinery and completion of the project may lead to time and cost overruns.

Our Company is yet to place orders for some of the machinery/ miscellaneous fixed assets, the value of which is approximately Rs. 14,650 lacs constituting nearly 80% of the estimated cost of projects described in section 'Objects of the Issue' beginning on page 23 of this Letter of Offer. Orders for such plant and machinery and equipment will be placed at an appropriate time based on the requirements during the implementation of the project. Any delay in completion of the expansion projects could adversely affect our Company's revenue and profitability.

13. The western and southern India cement markets are highly competitive.

Our Company's primary markets for Cement are the states of Maharashtra and Andhra Pradesh. The international players in the cement industry and larger Indian players in the cement industry have acquired control over certain local companies as part of their growth strategy in India. As consolidation may continue in the industry, entities with greater financial strength and geographical presence may be able to influence the competitive scenario of the Indian cement industry and more particularly the price of cement.

Some of our competitors are larger than our Company having greater financial resources than us, and may be able to deliver products on more attractive terms or may be able to invest larger amounts of capital into their business, including greater expenditure for better and more efficient production capabilities. These competitors may limit the opportunity of our Company to expand its market share and may compete with it on pricing of products. The business, financial condition and prospects of our Company could be adversely affected if it is unable to compete with its competitors and sell cement at competitive prices.

14. Increased competition in the Indian writing and printing paper industry and electric fans industry may adversely affect our results of operations.

There are a large number of producers in the Indian writing and printing paper industry as well as in the electric fans industry. We may face increased competition in these industries on account of the consolidation of existing producers who could become larger and more competitive. We may also face competition from the entry of new producers into the Indian market. These producers may either produce in India or supply to the Indian market from foreign locations. The business, financial condition and prospects of our Company could be adversely affected if we are unable to compete with our competitors and sell our products at competitive prices.

15. Our Company's business is dependent upon its ability to mine sufficient limestone for its operations.

One of the key ingredients in the manufacture of cement is limestone. The ability of our Company to manufacture and produce cement is dependent on its ability to procure limestone in a cost effective and efficient manner. We have entered into an Agreement with Andhra Pradesh Mineral Development Corporation ("APMDC") as per which APMDC has allotted to us whole of the mining lease area in Ralli Reserve Forest of Gatrappalli and Devapur villages of Adilabad district, on exclusive basis for mining, raising and self-consumption to our Company on the terms and conditions laid down in the Agreement. Correspondingly, the Government of Andhra Pradesh has sanctioned and granted the limestone mining lease over this area to APMDC for a period of 10 years with effect from January 17, 2001. Our ability to procure limestone from the mining lease area will be dependent on the renewal of the mining lease from time to time by the Government in favour of APMDC.

16. Our operations depend upon continued and uninterrupted supply of coal, fly ash, Petcoke, lignite, electric and electronic components and other raw materials, the supply and cost of which can be subject to significant variations due to factors beyond our control.

We currently rely on a number of domestic suppliers to provide certain raw materials, including gypsum and additives such as fly ash, silica sand and iron ore for our cement operations and electric and electronic components for our electric fans operations. We are also dependant on various domestic/ foreign suppliers for the supply of coal, lignite, Petcoke. If we are not able to obtain adequate supplies of these materials of fuel in a timely manner or on acceptable commercial terms or if there are significant increases in the cost of these supplies, the business and future results of operations of the Company may be materially and adversely impacted.

17. We are dependent on external suppliers for our supplies of wood fiber.

We are dependent on external suppliers for bamboo and wood, that is used to produce pulp at our mills. If such suppliers were unable to deliver these raw materials according to agreed-upon schedules, it would have a negative effect on our ability to maintain high utilization rates at our production facilities. In addition, if such suppliers were to raise their prices due to factors such as rises in the pricing of their inputs, or if stocks of wood were reduced due to external factors such as droughts, fire or disease, it could adversely affect our results of operations.

18. We are dependent on third party transportation providers for the supply of raw materials and delivery of finished products.

We use third-party transportation providers for the supply of most of our raw materials and for delivery of our products to our customers. Transportation strikes, by members of various Indian transport unions have had in the past, and could in the future, have an adverse effect on our receipt of supplies and our ability to deliver our products to our customers. In addition, continuing increase in transportation costs may have an adverse effect on our business and results of operations.

19. The future results of operations of our Company could be adversely affected by strikes, work stoppages or increased wage demands by its employees or its inability to attract and retain skilled personnel.

As of March 31, 2007, our Company had 4,411 full-time employees, of which 62 employees were employed at the corporate office and marketing offices while, 4,349 employees were employed at its manufacturing facilities.

Most of the workers of our Company are represented by labour unions. While we consider the current labour relations to be good and cordial, there can be no assurance that our Company will not experience future disruptions to its operations due to disputes or other problems with its work force, which could adversely affect our business and future results of operations.

Our Company's ability to meet future business challenges depends on our ability to attract and recruit talented and skilled personnel. We face strong competition to recruit and retain skilled and professionally qualified staff. The loss of key personnel or inability to manage the attrition levels in different employee categories may materially and adversely impact business, our Company's ability to grow and its control over various business functions.

20. The operations of our Company are subject to manufacturing risk and may be disrupted by failure in the facilities.

Our Company's manufacturing operations could be disrupted for reasons beyond its control. These disruptions may include extreme weather conditions, fire, natural catastrophes or raw material supply disruptions. In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays or delays in the delivery of machinery may occur, causing suspension of production and reduced output. Any significant manufacturing disruption could adversely affect our ability to make and sell products, which could have a material adverse effect on our business, financial condition and future results of operations. In addition, due to the nature of our business and despite compliance with requisite safety requirements and standards, the operations of our Company are subject to operating risks associated with manufacturing. These hazards include storage tank leaks and ruptures, explosions, discharges or releases of hazardous substances, manual handling, exposure to dust and the operation of mobile equipment and manufacturing machinery. Our Company is also engaged in mining operations for limestone and is subject to risks associated with mining, including fires, explosions and other accidents at the mine site. These operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of our Company's production facilities and on the business, financial condition and future results of operations of our Company. Inability to utilize our Company's manufacturing capacities to optimum levels or streamline its production planning and procurement processes will adversely impact its future results of operation.

21. The operations at our Brajrajnagar plant have been suspended since January 1999.

The operations at our Brajrajnagar plant which has an installed capacity to produce 76000 MTPA of paper, 2926 MTPA of chlorine, 3292 MTPA of caustic soda and certain other miscellaneous products, have been suspended since 1999. While most of the employees at this plant have availed of the Voluntary Retirement Scheme, there are approximately 200 employees who have not opted for VRS. We have not been paying the monthly salaries to these employees since November-2001. Our application for permission for closure is now being heard by the Tribunal.

22. We require regulatory approvals in the ordinary course of our business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.

We require an extensive set of regulatory approvals, sanctions, licenses, registrations and permissions (collectively 'Statutory Approvals') for our operations, many of which expire from time to time. We generally apply for fresh Statutory Approvals upon the same becoming applicable to us, and for renewals of such Statutory Approvals, prior to or upon, and in some cases we have applied after their expiry. Further, in some cases, we have also applied for amendments to our current Statutory Approvals. The non-receipt of approvals, renewals of licences on time or revocation or modifications of licences not subject to expiry, may adversely affect our ability to operate our factories, market our products, and may have a material adverse effect on our production, ability to meet client

commitments and may adversely affect our business, results of operation and financial condition. For more details on Government/ Statutory and Business Approvals, please refer to page 275 of this Letter of Offer.

23. *We have yet to apply for or to receive approval for renewal of certain licenses and approvals for our business operations.*

a) We have applied for renewal of certain licenses and approvals and our application for renewal is pending, as per details below:

Amlai Paper Mills

- Authorization for storage and Handling of Hazardous waste under the Hazardous Wastes (management & handling) Rules, 1989. License was valid till March 1, 2006.
- Permission for storage, import of petroleum under the Petroleum Act 1934 for static and mobile vessels (Unfired) Rules 1981.

Devapur Cement Unit

- Grant of authorization for Occupier for administration for generating, collecting, handling, etc bio-medical waste under the Bio-Medical (Management and Handling) Rules 1998. License was valid till December 31, 2006

Jalgaon Cement Unit

- Consent to establish/operate industrial plant under the Air (Prevention and Control of Pollution) Act, 1981. License was valid till September 30, 2006.

b) Certain licenses and approvals granted to our units have expired/ yet to be granted and we are in the process of applying for renewal/ grant of the same. These licenses and approvals are as under:

Devapur Cement Unit

- Clearance under Environmental (Protection) Act 1986 for Water and Air.
- Civil Aviation clearance for Chimney Height.
- Site Elevation certificate for Chimney Height.
- Consent for Drawal of ground water.
- Forest Clearance under Forest Conservation Act 1980.
- Clearance for Captive Power Generation

Jalgaon Cement Unit

- Clearance under Environmental (Protection) Act 1986 for Water and Air.

c) After the suspension of work at Brajrajnagar unit, we have not applied for renewal of various licenses and approvals in respect of that unit.

24. *If we fail to comply with environmental laws and regulations or face environmental litigation, our results of operation may be adversely affected.*

Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. If, as a result of compliance or non-compliance with any environmental regulations, any of our units or the operations of such units are

shut down, we will continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease, adversely affecting our business and results of operations.

25. Our Brand name/ logo are not protected by Intellectual Property Rights. Any misuse of the same may result in loss of business for our Company.

Our brand name/ logo are not protected by intellectual property rights. We will have no legal recourse against any unauthorized use of the same. Any misuse on account of these may result in dilution of brand value and loss of business to our Company.

26. We may not be adequately insured for all the risks that we may face.

The business operations of our Company could result in personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks including fire, theft, flood, earthquakes and terrorism. Although our Company implements safety measures to reduce the risk of fire and thefts, it cannot eliminate these risks completely. It maintains insurance coverage in such amounts and against such risks, which it believes, are in accordance with industry practice.

However, such insurance may not be adequate to cover all conceivable losses or liabilities that may arise from operations, and our Company may, in the future, not be able to maintain insurance of the types or at levels which it deems necessary or adequate or at rates which it considers reasonable. Our Company does not maintain insurance coverage in respect of product liability. Accordingly, any material product liability claim may have a material adverse effect on its business, financial condition and future results of operations. It may also incur liability claims in excess of its insurance coverage or which are subject to substantial deductibles, or it may incur uninsured liability costs. In addition, insurance proceeds may not be adequate to completely cover the substantial liabilities, lost revenues or increased expenses that our Company may incur. Moreover, any claims made under the policies are likely to cause the premiums to increase, and our Company may not be able to maintain adequate insurance coverage levels in the future.

27. Our loan agreements have several restrictive covenants.

Loan agreements entered into by us with our lenders have several restrictive covenants. We are required to maintain certain financial covenants, which may affect our financial leverage. Without the prior approval of our lenders in writing, we cannot, inter alia, provide any guarantee other than in the ordinary course of business or create any charge/ encumbrance on its assets including any charge/ encumbrance on our brands/ patents/ trademarks/ copyright/ logo, undertake any new project, incur capital expenditure in excess of specified monetary limits, change our capital structure, raise any term loans/ debentures either directly or through our subsidiaries, invest/extend advances, not incur any capital expenditure on new projects, declare any dividend on our share capital or make any other distributions to our shareholders, prepay/make accelerated payment of debt to other lenders, etc.

28. Business segments contributing significantly to our income are seasonal in nature.

Demand for cement and a fan are seasonal on account of climatic condition resulting in affecting the level of sales in these segments. Any substantial decrease in our sales during this period can have an adverse impact on our financial performance.

29. Some of our directors are hold directorship in other companies engaged in same line of business

The directors of our Company, Mr. Venkatchalam Nachiappan and Mr. Amitabha Ghosh are also directors on the board of India Cement Limited and Mysore Cement Limited respectively, which are engaged in the same line of activity as our Company, which could lead to potential conflict of interest.

30. Some of our Promoter Group Companies and our Subsidiaries have incurred losses in the recent past.

Particulars of the (losses) incurred by the Promoter / Promoter Group Companies / Subsidiaries during the last four financial years are given below:

(Rs. lacs, except as mentioned)

S. No.	Name of the Company	FY07	FY06	FY05	FY04	Details of negative networth as on FY07
	Subsidiary Companies					
1.	Air Conditioning Corporation Ltd	2.31	87.50	48.44	48.13	(331.07) (FY07)
2.	OPI Export Ltd	(0.97)	0.03	0.06	(1.17)	--
	Promoter Group Companies					
1.	Hyderabad Industries Ltd.	1,397.41	3,768.80	974.16	(82.59)	--
2.	Hindustan Motors Ltd.	1,329.64	(4,369.13)	6,119.86	(8,093.94)	--
3.	Panafrican Paper Mills (EA) Ltd.(KES in lacs, see note 1)	NA	(9223.95)	(2094.55)	(6448.54)	--
4.	The East Indian Produce Co.Ltd.(GBP in lacs, see note 2)	NA	1.17	(0.91)	0.23	--
5.	Birla GTM Enterprose Ltd.	NA	(329.85)	(234.09)	(66.48)	(2,128.31) (FY06)
6.	Shankar Holdings Ltd.	NA	(12.14)	(9.64)	(14.36)	--
7.	Basant Properties Ltd.	NA	11.37	6.42	(8.10)	--
8.	Balsam Industries & Trading Co.Pvt.Ltd.	NA	(0.50)	0.22	4.71	--
9.	Jute Investment Co.Ltd	NA	10.58	(5.75)	(4.13)	--
10.	Ramaswara Jute Mills Ltd.	NA	(9.91)	(2.15)	19.31	--

Note 1: One Kenyan Shilling (KES) = 0.582 INR (30th June'04), 0.573 INR (30th June'05) and 0.632 INR (30th June'06)

Note 2: One British Pound (GBP) = 77.625 INR (31st March'04), 82.281 INR (31st March'05) and 80.581 INR (31st March'06)

31. One of the promoter group companies, Rajasthan Telephone Industries Limited, is under liquidation and one of our subsidiaries, Air Conditioning Corporation Ltd has been referred to BIFR

Rajasthan Telephone Industries Ltd., a company established as a Joint Sector Project with Rajasthan State Industrial Development and Investment Corporation Ltd is now into liquidation, details of which are provided in Section 'Our Promoters' beginning on page 85 of this Letter of Offer.

Air Conditioning Corporation Ltd, (ACCL) being a sick company was referred to BIFR during 1999. Scheme of revival has been filed with appropriate authority.

32. *There has been no trading in the equity shares of certain companies forming part of the promoter group during the last six months*

The equity shares of Central India Industries Limited (CIIL), National Engineering Industries Limited (NEIL) and Pilani Investment and Industries Corporation Limited (PIICL) which are part of the promoter group, are listed only on Delhi Stock Exchange Association Limited and Madhya Pradesh Stock Exchange. However, there has been no trading in the equity shares of these companies during the last six months and hence no trading data is available for the last six months.

Further, the shareholders of CIIL and NEIL have approved a proposal for voluntary delisting of the equity shares of the Company from the Delhi Stock Exchange Association Limited and Madhya Pradesh Stock Exchange.”

33. *There has been a shortfall in promise versus performance of certain promoter group companies.*

Hyderabad Industries Limited made a rights issue of Secured Redeemable Partly Convertible Debentures in July 1992. There has been a shortfall in actual performance compared to the projection made in the letter of offer.

(Rs. lacs)

Particulars	1992-93		1993-94		1994-95	
	Promise	Performance	Promise	Performance	Promise	Performance
Sales	21,088	18,212	22,971	20,707	25,016	24,176
Profit before tax	1,189	667	1,296	1,009	1,492	1,276
Profit after tax	759	565	836	659	910	839

Hindustan Motors Limited made a rights issue of Fully Convertible Debentures in September 1998. There has been a shortfall in actual performance compared to projection made in the letter of offer.

(Rs. lacs)

Particulars	1998-99	
	Promise	Performance
Income	193,739	147,446
Total Income	194,458	149,206
Total Expenditure	178,785	140,472
Profit Before Interest, Depreciation & Tax	15,672	8,733
Profit before taxation	3,730	(2,817)
Profit after taxation	3,425	(2,825)

For details see ‘Our Promoters’ on page 85 of this Letter of Offer.

34. *The financial condition and profitability of our Company are subject to foreign exchange rates fluctuations.*

While depreciation of rupee against the U.S. Dollar and other foreign currencies increases the rupee value of imports, an appreciation of the rupee decreases the rupee value of imports. An adverse change in currency exchange rates will increase the cost of our Company’s imports. Similarly, any adverse fluctuations results in making our Company’s exports less competitive in the global market.

35. *The market price of our Company’s Equity Shares may be adversely affected by additional issues of equity or equity linked securities by our Company or by sale of a large number of Equity Shares by our Company’s Promoter or significant shareholders.*

Our Company may finance its growth plans through additional equity offerings. Any future issuance of equity or equity-linked securities by us may dilute the shareholding percentage of investors in our

Equity Shares and could adversely affect the market price of the Equity Shares. Sale of a large number of our Equity Shares by the Promoter or any significant shareholder could adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Company's Equity Shares. There can be no assurance or indication that the prices at which the Equity Shares are currently traded will correspond to the prices at which the Equity Shares will trade in the markets subsequent to this Issue.

- 36. *Our plan to increase our cement production capacity from 3.4 MTPA to 5 MPTA and revision of capacity of the proposed Captive Power Plant from 30 MW proposed earlier to 50 MW requires significant capital expenditure and is subject to receipt of the requisite approvals from the government, local authorities, our lenders and other regulatory agencies. If we are unable to obtain the necessary funds for the capital expenditure or if there is a delay in obtaining the requisite approvals, then our business may be adversely affected.***

Our Board of Directors has approved a plan to increase our cement production capacity from 3.4 MTPA (which would be our capacity after completion of the objects of this Rights Issue) to 5 MTPA and revision of the capacity of the proposed Captive Power Plant from 30 MW to 50 MW. The funds requirement for this capacity expansion from 3.4 MTPA to 5 MTPA has been estimated at Rs. 32,000 lacs to be met mostly through internal accruals supplemented by debt, if required. Further, the enhancement of the capacity of Captive Power Plant from 30 MW to 50 MW has been estimated at Rs. 9,000 lacs and would be financed through internal accruals. Our ability to finance the New Expansion plan is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including our results of operations, the cash profits from our business, amount of dividend payout to our shareholders, our internal accruals and our ability to obtain debt financing on acceptable terms. We cannot assure you that the actual costs of implementation of the New Expansion plan will not vary from the estimated costs. Further, we cannot assure you that our internal accruals or debt will be available or sufficient to meet our capital expenditure requirements for the New Expansion. Moreover, we are yet to apply for and obtain the requisite approvals for the New Expansion from the government, local authorities, our lenders and other regulatory agencies. If we are unable to obtain the necessary funds for expansion or if there is a delay in obtaining the requisite approvals, then our business may be adversely affected. Also, see the section titled "Our Business - Our Expansion Plan for cement business" on page 53 of this Letter of Offer."

EXTERNAL RISK FACTORS

- 1. *The Indian cement and paper industries are cyclical in nature and affected by a number of factors, which are beyond the control of our Company.***

The Indian cement and paper industries are cyclical in nature. In recent years, cement prices and profitability of cement manufacturers have fluctuated significantly in India, depending upon overall supply and demand. Similarly, during the last five years, the paper industry has experienced an upswing. A number of factors influence supply and demand for these two products, including production, overcapacity, general economic conditions, in particular, activity levels in certain key state and central government policies, which in turn affect the prices and margins of our Company.

- 2. *General economic conditions may adversely affect the sales and results of our Company.***

The growth in demand for our products, cement, paper and electric fans is directly linked to the GDP growth. The positive and reasonably good growth being achieved in GDP and the focus on housing construction, infrastructure, literacy and education, increase in disposable income could drive the demand upwards. The level of economic activity is influenced by a number of factors, including national and international economic activity, political and regulatory policy, and climatic conditions such as monsoons and drought. There can be no assurance that such growth will continue at the same pace or at all, or that levels of cement consumption in the states of Maharashtra and Andhra Pradesh,

that our Company primarily supplies to, will not decrease. If the pace of growth of the Indian economy slows or turns negative, the business, financial condition and future results of operations of our Company would be materially and adversely affected.

3. *The Indian cement industry is fragmented which may result in decline in cement prices*

Currently, the cement industry in India is highly fragmented as compared to those in other cement producing countries. Our Company is subject to competition from numerous regional competitors. Such producers have in the past tried to gain a market share by discounting their prices, putting pressure on our Company and other leading cement companies to lower prices as well, so as to maintain their respective market share.

4. *Taxes and other levies imposed by the central or state governments relating to our Company's business may have a material adverse effect on the demand of its products*

Taxes and other levies imposed by the central or state governments that affect the industry include:

- customs duties on imports of raw material and components
- excise duty on certain raw material and final product
- Central and state sales tax / value added tax

These taxes and levies affect the cost of production of our products. An increase in any of these taxes or levies, or the imposition of new taxes or levies in future, may have a material adverse impact on the business, profitability and financial condition of our Company.

5. *The three industries in which we operate are subject to various environmental and other regulations. Any significant change in the regulations may result in additional cost and reduction in profitability.*

Our Company's presence in cement, paper and electric fans segments are subject to various central and state environmental laws and regulations relating to the control of pollution in the locations where it operates. In particular, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities to the central government and state governments and third parties, and may result in incurring costs to remedy such discharge or emissions, such as from the use of coal. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on the financial condition of our Company and future results of operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on our Company or result in the need for additional investment in pollution control equipment, either of which could affect its business, financial condition or future prospects.

6. *Any war or conflict involving India or other countries or terrorist attacks or communal riots could adversely affect general business sentiment and financial markets and also our Company's business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets where shares of our Company are traded and also adversely affect the worldwide financial markets.

7. *Political stability or change in the Central Government could adversely affect the economic conditions in India and consequently the business of our Company.*

Political instability or changes in the Central Government could adversely affect economic conditions in India and consequently our Company's business. Consequently, its performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, inflation rates, social and ethnic instability and other political and economic developments affecting India.

8. *The price of our Equity Shares may be highly volatile.*

The price of our Equity Shares on BSE, NSE, or any other stock exchange where our Equity Shares may be listed in future may fluctuate after this Issue as a result of several factors including:

- a. Volatility in Indian and global securities market
- b. Our results of operations and performance
- c. Performance of our competitors and perception in the Indian market about investment in the cement, paper and fans sectors
- d. Adverse media reports, if any, on our Company or the Indian cement, paper and fans industries
- e. Changes in the estimates of our performance or recommendations by financial analysts
- f. Significant development in India's economic liberalisation and de-regulation policies
- g. Significant development in India's fiscal and environmental regulations
- h. There can also be no assurance that the price at which our Equity Shares are currently traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

9. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.*

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could prevent or block our ability to do business, increase our costs and negatively affect our stock price. These geopolitical social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could prevent or block our ability to do business, increase our costs and negatively affect our market capitalisation.

10. *Regional conflicts in Asia and other export markets could adversely affect the Indian economy, which in turn may disrupt our operations and cause business to suffer.*

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including between India and Pakistan. In recent years, there have been military confrontations along the India-Pakistan border. Also, since early 2003, there have been military hostilities and civil unrest in Afghanistan and Iraq. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares and on our business.

11. *Our stock prices have seen significant growth in recent past, which may not be sustained in future.*

Our Equity Shares are currently listed on BSE and NSE. In recent past, our stock price has seen significant increase, decrease as well as fluctuations. Investors should note that this volatility might continue, and our share prices may decrease, and decrease substantially from its current levels, due to factors not within our control.

12. *The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

The Issue Price of our Equity Shares may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues
- Changes in revenue or earnings estimates or publication of research reports by analysts
- Speculation in the press or investment community
- General market conditions
- Domestic and international economic, legal and regulatory factors unrelated to our performance

13. Increase in taxes and other levies imposed by the central or state governments on the acquisition of capital goods/components, purchase of raw materials or finished goods may have an adverse effect on the profitability of our Company.

Customs duty on raw material, consumables and machinery along with excise duty on finished goods with central sales tax, VAT and state entry tax and other levies affect our Company. These taxes and levies affect the cost of production and sales price of our products and hence the demand for our products. Any increase in any of these taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on our Company's business and financial condition.

14. Increasing employee compensation in India may erode some of the competitive advantage and may reduce the profit margins

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of the competitive strengths for our Company. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

15. Force majeure events, particularly those affecting the State where units are located, could adversely affect our business.

It is possible that natural disasters in India, particularly those that directly affect the areas in which the facilities and other operations are located, could result in substantial damage to the manufacturing facilities and other assets and adversely affect our Company's operations and financial results.

Notes to risk factors:

1. Net worth of the Company as on March 31, 2007 is Rs. 15118.70 lacs. The Issue is of an amount aggregating to Rs. 16024.27 lacs. The net asset value per equity share of face value Rs. 10/- each, as on March 31, 2007 is Rs. 88.42.
2. This Issue is of 44,51,187 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 350/- per Equity Share on rights basis to the existing Equity Shareholders of the Company in the ratio of 3 Equity Shares for every 10 Equity Shares held on the Record Date i.e. June 15, 2007 in terms of this Letter of Offer.

3. Before making an investment decision in respect of this Issue, you are advised to refer to the section entitled 'Basis of Issue Price' on page 33 of this Letter of Offer.
4. Please refer to the sub section entitled 'Basis of Allotment' on page 321 of this Letter of Offer for details on basis of allotment.
5. Average cost of acquisition of Equity Shares of our Company by our Promoters is as under:

Name of Promoter	Number of Shares held	Average Cost of Acquisition per share (Rs.)
Mr. C. K. Birla	95,000	See * below
Central India Industries Limited	18,39,294	45.58

* The average cost of acquisition of Mr. C. K. Birla is not available for a portion of the shareholding as per details below:

Particulars	Number of Shares	Cost of Acquisition per Share (Rs.)
Shares held as on 28/2/1975	20,000	Not available
Bonus issue in 1977 in ratio of 1:2	10,000	NIL as bonus issue
Bonus issue in 1986 in ratio of 1:1	30,000	NIL as bonus issue
Conversion of Debentures in 1991	18,000	Rs. 40
Purchases in 1996	17,000	Rs. 160
Total	95,000	

6. For transactions in Equity Shares of the Company by the promoter group and directors of the Company in the last six months, please refer to the section entitled 'Capital Structure' on page 15 of this Letter of Offer.

Name of entity	Bought / sold	No. of shares bought / sold	Maximum and Minimum price and respective dates
Central India Industries Ltd	Bought	76,754	Maximum Price: Rs. 553.74 on December 11, 2006 Minimum Price: Rs. 389.83 on March 12, 2007
Mr. Amitabha Ghosh	Bought	3418	Maximum Price: Rs. 621.51 on January 4, 2007 Minimum Price: Rs. 403.11 on April 4, 2007
Mr. Amitabha Ghosh	Sold	1023	Maximum Price: Rs. 410.88 on March 23, 2007 Minimum Price: Rs. 410.55 on March 20, 2007

7. We and the Lead Manager are obliged to keep this Letter of Offer updated and inform the public of any material change/development.
8. You may contact the Lead Manager for any complaints pertaining to the Issue including any clarification or information relating to the Issue. Lead Manager is obliged to provide the same to you.
9. We had entered into certain related party transactions as disclosed in the section titled 'Related Party Transaction' on page 101 of this Letter of Offer, which is summarized below:

Following is a summary of the Related Party Transactions:

STATEMENT OF AGGREGATE RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD - 18 FOR THE REPORTING PERIOD													(Rs. lacs)
		Subsidiaries		Joint Venture		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding
A	Sale of Goods & services												
	2006-2007	-	-	543.06	2,050.23	234.62	3.55	-	-	-	-	777.68	2,053.78
	2005-2006	-	-	731.18	1,560.19	167.08	19.96	-	-	-	-	898.26	1,580.15
	2004-2005	-	-	540.68	955.59	191.90	8.79	-	-	-	-	732.58	964.38
	2003-2004	-	-	585.33	1,243.15	100.41	6.78	-	-	-	-	685.74	1,249.93
	2002-2003	243.77	-	590.48	817.77	72.86	-	-	-	-	-	907.11	817.77
B	Rent Paid												
	2004-2005	-	-	-	-	-	-	0.45	-	0.46	-	0.91	-
	2003-2004	0.12	-	-	-	-	-	0.75	-	0.75	-	1.62	-
	2002-2003	0.24	-	-	-	-	-	0.69	-	0.69	-	1.62	-
C	Interest Paid												
	2006-2007	-	-	-	-	4.52	0.18	-	-	-	-	4.52	0.18
	2005-2006	-	-	-	-	3.03	-	-	-	-	-	3.03	-
	2004-2005	-	-	-	-	7.45	-	-	-	-	-	7.45	-
	2003-2004	-	-	-	-	7.91	-	-	-	-	-	7.91	-
	2002-2003	-	-	-	-	4.33	-	-	-	-	-	4.33	-
D	Dividend Paid												
	2006-2007	-	-	-	-	-	-	0.02	-	-	-	0.02	-
E	Purchase of Goods & Services												
-	2006-2007	0.66	-	-	-	71.97	-	-	-	-	-	72.63	-
-	2005-2006	0.99	-	-	-	81.30	27.64	-	-	-	-	82.29	27.64
-	2004-2005	2.62	0.03	-	-	79.86	27.58	-	-	-	-	82.48	27.61
-	2003-2004	2.19	-	-	-	150.73	64.99	-	-	-	-	152.92	64.99
-	2002-2003	5.77	-	-	-	18.39	6.50	-	-	-	-	24.16	6.50
F	Interest income												
	2006-2007	-	-	95.29	886.99	0.22	-	-	-	-	-	95.51	886.99
-	2005-2006	-	-	338.39	815.16	-	-	-	-	-	-	338.39	815.16
-	2004-2005	-	-	283.58	463.33	-	-	-	-	-	-	283.58	463.33
-	2003-2004	-	-	327.14	553.47	-	-	-	-	-	-	327.14	553.47
-	2002-2003	-	-	116.86	254.69	-	-	-	-	-	-	116.86	254.69

[illegible]

INTRODUCTION

We are a flagship company of the C. K. Birla Group, which is one of the leading business groups in India. We were incorporated in the year 1936 and we are a diversified conglomerate currently engaged in the production of cement, paper and fans.

Overview of the Industry

Cement

As on 31st March 2006, the Indian cement industry comprised of over 50 cement producers operating 130 large cement plants with annual installed capacity of about 160 MnT and annual cement production in 2005-06 of about 141 MnT. There are also over 360 mini cement plants with annual installed capacity of about 11 MnT and annual cement production in 2005-06 was estimated at about 6 MnT. There are about 76 large cement plants in India with capacity above 1 MnT. The Indian cement industry has made significant progress in upgrading and assimilating new technology. At present, 95% of the total capacity in the industry is based on modern, environment-friendly and energy-efficient dry process technology, with only 5% of the capacity based on old wet and semi-dry process. One of the defining features of the Indian cement industry is its clustered nature, as cement units are concentrated in close proximity to the limestone deposits. Competition is also localized because the cost of transportation of cement to distant markets often results in the product being uncompetitive in those markets. Hence, cement units tend to be located close to both limestone deposits, as well as to the markets those units service. Locational advantages arise out of favorable market position by proximity to cement deficit markets. This lowers the freight costs on dispatch of cement as well as increased realizations on cement sales. The other advantage is proximity to coal-fields, which lowers fuel transportation costs, which is significant in view of high coal consumption required in manufacture of cement. This is one of the key factors, which has resulted in the Indian cement market being more regional and fragmented in nature. (Source: CMA Annual Report , 2006)

Paper

Paper plays an important role in communication and as a packaging material. The demand for paper is closely linked to the economic conditions prevalent in the economy. Economic growth leads to demand for paper and vice versa. Further, higher use of paper owing to its short life cycle and its large variety of applications at reasonably low costs drive its demand. Paper industry is fragmented, populated mostly with small scale and unorganized producers, most of them lacking integrated manufacturing facilities. They are also further subdivided as per the type of paper being produced, broadly classified in terms of its applications into printing and writing paper, packaging paper, coated paper, specialty paper and other miscellaneous varieties.

Fans

Fan industry in India has been estimated at around 22mn units worth Rs.1400 crores for FY06 (Source: Company estimates). The industry is clearly divided between organized sector and others. Organized sector accounts for 14.5mn units worth approx Rs.1100 crores of which ceiling fans forms the biggest segment, in volume terms.

Overview of our Business

Cement

Our cement operations are based in Devapur (in the State of Andhra Pradesh) and Jalgaon (in the State of Maharashtra) in India. We manufacture two varieties of cement viz. Ordinary Portland Cement and Portland Pozzolana Cement. We have access to limestone mines through the Andhra Pradesh Mineral

Development Corporation Limited. To further strengthen integration, we plan to set up our own thermal based captive power plant for captive consumption at our cement facility in Devapur. The locations of our cement plants give us access to consumer markets in the States of Maharashtra and Andhra Pradesh. Our total cement production capacity is currently 2.4 MTPA.

Paper

Our paper operations are based in Amlai (in the State of Madhya Pradesh). Our paper division caters to the requirements of the writing and printing segment and the tissue paper segment. Our Company has a significant presence in the photocopying and office paper category under the writing and printing segment. The installed capacity at our Amlai plant is 95,000 tpa. In addition, we have formed Panafrican Paper Mills (E.A.) Limited as a joint venture with the International Finance Corporation and the Government of Kenya. Panafrican Paper Mills (E.A.) Limited operates a paper mill in Kenya with a capacity of 120,000 tpa. We sell our paper under the brands 'Orient', 'Peacock Printing' and 'Diamond Touch'.

Fans

Our fans division is located at Kolkata (in the State of West Bengal) and Faridabad (in the State of Haryana) in India with an installed capacity of 2.6 mn units pa. We manufacture and sell fans under the brand name of 'Orient Fan' which is a well known household name in the country and also export to countries in the Middle East and United States of America.

We are currently embarking on a growth plan designed to enhance our cement capacity at Devapur and Jalgaon. Further, we plan to enhance our cost competitiveness in cement by setting up a captive power plant to service our cement plant at Devapur. We also plan to reduce our interest cost by repaying a portion of our borrowings.

The revenues from our paper, cement and fan business for the periods stated are as follows:

		FY07		FY06		FY05	
	Business	Total Income Rs. lacs	% share in Total Income	Total Income Rs. lacs	% share in Total Income	Total Income Rs. lacs	% share in Total Income
1	Paper	26,258.37	23.94	26,332.11	30.97	23,303.78	32.42
2	Cement	59,171.07	53.95	39,507.35	46.46	32,090.78	44.65
3	Fans	24,251.16	22.11	19,190.92	22.57	16,478.61	22.93
Total*		1,09,680.60	100.00	85,030.38	100.00	71,873.17	100.00

** Excluding income from Know-How & Service Fees, Other Income and increase/ (decrease) in inventories*

OUR STRENGTHS

1. Our Company is a diversified conglomerate.
2. Our Company is one of the cement producers in the Chandrapur cement cluster and enjoys locational advantages.
3. Our Company is a fully integrated value added player in all segments it operates in.
4. Our Company has brands like "Birla A1", "Orient" and "Orient PSPO".
5. Our Company has a experienced management team and motivated and efficient work force.
6. Our Company has an extensive marketing and distribution network.

OUR BUSINESS STRATEGY

1. Maintain and further consolidate our Company's position in key markets through capacity expansion.

2. Continue focus on operational efficiency improvements.
3. Fine tune differentiated strategy for sale of our products.
4. Increase in distribution and sales network.
5. Developing our Company's product mix and enhancing products.
6. Increasing the promotion of our Company's brand.

THE ISSUE

Equity Shares proposed to be issued	44,51,187 equity shares of Rs.10/- each
Rights Entitlement	3:10
Record Date	June 15, 2007
Issue Price per Equity Share	Rs. 360/-(including premium of Rs.350/-per share)
Equity Shares outstanding prior to the Issue	1,48,37,290
Equity Shares outstanding after the Issue	1,92,88,477
Terms of the Issue	For more information, see 'Issue Information' on page 308 of this Letter of Offer.

TERMS OF PAYMENT

Due Date	Amount
On application	Rs. 180/- (being 50% of the Issue Price of Rs. 360/-) (Rs. 5/- towards Face Value and Rs.175/- towards Share Premium)
Anytime between 3 and 12 months after the Allotment Date, at the option of the Company	Rs. 180/- (being 50% of the Issue Price of Rs. 360/-) (Rs. 5/- towards Face Value and Rs. 175/- towards Share Premium)

SUMMARY FINANCIAL INFORMATION

The following table sets forth our selected financial information derived from our restated Consolidated and stand alone financial statements as of and for the fiscal years ended March 31, 2003, 2004, 2005, 2006 and 2007. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act and the financial statements have been restated as described in the auditors' report included therewith, in the section titled 'Financial Information' beginning on page 102 of this Letter of Offer. The selected financial information presented below should be read in conjunction with our financial statements, the notes thereto and the section titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page 209 of this Letter of Offer.

	<u>ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES</u>					
	<u>RESTATED SUMMARY STATEMENT OF ASSTES AND LIABILITIES</u>					
					(Rs. lacs)	
	Particulars	As at 31st March,				
	<u>Application of Funds</u>	2003	2004	2005	2006	2007
A	Fixed Assets					
	Gross Block	104995.09	102203.12	103683.34	106594.99	108677.67
	Less:Accumulated Depreciation / Amortisation	35936.51	39167.65	43542.35	47985.06	52129.78
	Net Block	69058.58	63035.47	60140.99	58609.93	56547.89
	Capital Work In Progress	1096.05	188.71	469.71	770.07	6488.74
	Capital Expenditure on Expansion/New Projects	60.67	61.54	61.54	61.54	75.75
	Less : Revaluation Reserve	14911.96	12822.85	12770.93	12706.87	12224.65
	Total	55303.34	50462.87	47901.31	46734.67	50887.73
B	Investments	83.66	148.31	939.00	929.17	921.62
C	Current assets, loans and advances					
	Inventories	10494.64	10523.53	11416.95	11431.78	11677.13
	Sundry Debtors	13079.39	14169.33	13111.25	13506.99	14433.90
	Cash & Bank Balances	1510.24	1764.99	1817.45	1799.75	1777.69
	Loans and advances	3155.20	3755.52	4948.61	6487.23	8769.59
	Other Current Assets	206.26	417.80	358.64	642.41	1338.71
	Total	28445.73	30631.17	31652.90	33868.16	37997.02
D	Liabilities & Provisions					
	Secured Loans	51240.76	48415.76	47228.61	44697.29	35884.41
	Unsecured Loans	9077.11	11915.43	12505.88	10257.58	7358.03
	Deferred Tax Liability (Net)	2406.22	879.76	1044.70	2328.04	9170.57
	Current Liabilities & Provisions					
	Current Liabilities	17833.06	17289.94	16871.75	17999.25	19957.91
	Deferred Payment Liabilities	1784.48	1350.66	979.69	719.68	873.89
	Provisions	457.67	431.29	582.54	1291.18	1810.12
	Total	82799.30	80282.84	79213.17	77293.02	75054.93
E	Net Worth (A+B+C-D)	1033.43	959.51	1280.04	4238.98	14751.44

	Particulars	As at 31st March,				
	<u>Application of Funds</u>	2003	2004	2005	2006	2007
F	Represented by :					
	Shareholder's Funds					
	a. Equity Share Capital	1483.75	1483.75	1483.75	1483.75	1483.75
	b. Preference Share Capital	1300.00	2000.00	2000.00	2000.00	2000.00
	c. Reserves and Surplus (excluding Revaluation Reserve)	6933.46	5033.01	4795.64	4369.45	12631.73
	Total	9717.21	8516.76	8279.39	7853.20	16115.48
G	Less:(a) Miscellaneous expenditure (to the extent not written off or adjusted) : Deferred Revenue Expenditure	3065.12	2524.68	1944.23	1406.76	1214.15
	(b) Profit and Loss Account Debit Balance	5618.66	5032.57	5055.12	2,207.46	149.89
H	Total (F-G)	1033.43	959.51	1280.04	4238.98	14751.44

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES					
RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES					
					(Rs. lacs)
Particulars	For the year ended 31st March				
	2003	2004	2005	2006	2007
Income					
Sales:					
Of Products manufactured by the company (Net of excise duty)	64181.53	70283.93	81390.92	94687.02	118029.40
Of Products traded in by the company	36.92	198.43	184.72	314.69	717.96
Total	64218.45	70482.36	81575.64	95001.71	118747.36
Know-How & Service fees	703.32	413.59	382.04	516.65	383.73
Other Income	604.76	1527.11	1601.00	1334.27	1509.39
Increase / (Decrease) in Inventories	(215.42)	489.78	(121.59)	(398.19)	348.97
Total	65311.11	72912.84	83437.09	96454.44	120989.45
Expenditure					
Raw Materials Consumed	19467.80	22183.66	25718.42	28798.88	34381.23
Purchase of Trading Goods	378.76	418.04	187.54	230.57	594.37
Staff Cost	6416.23	6726.10	6883.27	7439.29	8135.63
Other Manufacturing Expenses	22034.33	23754.28	26852.27	29958.93	29180.64
Administrative and Other Expenses	3631.05	3445.83	4775.23	3711.42	5051.94
Selling and Distribution Expenses	7043.11	7449.57	9835.64	12926.76	16097.74
Interest (Net)	8138.48	7069.15	6276.01	5540.63	4523.41
Depreciation / Amortisation	1903.31	3501.46	3236.29	3317.16	3290.24
Total	69013.07	74548.09	83764.67	91923.64	101255.20
Net Profit / (Loss) Before Tax	(3701.96)	(1635.25)	(327.58)	4530.80	19734.25
Taxation:					
Current Tax (Net of Refunds)	(7.54)	5.31	16.19	190.09	2175.72
Mat Credit Entitlement	-	-	-	176.20	2173.20
Fringe Benefit Tax	-	-	-	152.94	105.71
Deferred Tax Asset / (Liability)	1005.18	618.65	134.22	(999.78)	(6860.11)
Net Profit / (Loss) after tax	(2689.24)	(1021.91)	(209.55)	3364.19	12765.91
Balance brought forward	(2929.42)	(5618.66)	(5032.57)	(5055.12)	(2207.46)
Debenture Redemption Reserve written back	-	1608.00	187.00	270.00	239.00
Less : Impact of Revised AS-15 as on 1st April 2006 (Refer Note No. 15 in Annexure - 5)					203.66
	(2929.42)	(4010.66)	(4845.57)	(4785.12)	(2172.12)
Profit available for Appropriation	(5618.66)	(5032.57)	(5055.12)	(1420.93)	10593.79
Appropriations					
Debenture Redemption Reserve	-	-	-	-	(1250.00)
General Reserve	-	-	-	-	(7500.00)
Proposed Dividend	-	-	-	(689.79)	(1723.73)
Provision for tax on proposed dividends	-	-	-	(96.74)	(269.95)
Surplus/(Deficit) carried to Balance Sheet	(5618.66)	(5032.57)	(5055.12)	(2207.46)	(149.89)

ORIENT PAPER & INDUSTRIES LIMITED					
RESTATED SUMMARY STATEMENT OF ASSTES AND LIABILITIES					
				(Rs. lacs)	
Particulars	As at 31st March,				
<u>Application of Funds</u>	2003	2004	2005	2006	2007
Fixed Assets					
Gross Block	66966.66	67656.04	67133.21	68043.07	69442.57
Less:Accumulated Depreciation/Amortisation	30873.40	33258.31	35869.43	38421.35	40873.96
Net Block	36093.26	34397.73	31263.78	29621.72	28568.61
Capital Work In Progress	1062.59	155.25	435.17	733.23	6488.74
Capital Expenditure on New Projects	60.67	61.54	61.54	61.54	75.75
Less : Revaluation Reserve	1319.27	1256.97	1187.98	1127.40	1066.26
Total	35897.25	33357.55	30572.51	29289.09	34066.84
Investments	502.17	566.83	1357.52	1347.70	1340.14
Deferred Tax Asset (Net)	4548.44	4997.06	4684.62	3211.66	-
Current assets, loans and advances					
Inventories	7673.83	7634.76	9028.23	8633.40	9260.05
Sundry Debtors	9676.65	11831.50	10193.98	11028.94	12358.76
Cash & Bank Balances	1414.73	1710.26	1786.56	1746.52	1708.45
Loans and advances	3277.84	3818.63	5457.37	6796.45	9229.93
Other Current Assets	280.85	580.08	494.50	881.45	1598.78
Total	22323.90	25575.23	26960.64	29086.76	34155.97
Liabilities & Provisions					
Secured Loans	39764.64	37807.42	36111.45	33839.07	25616.34
Unsecured Loans	8739.86	11544.91	12041.12	9736.61	6851.98
Deferred Tax Liability (Net)	-	-	-	-	3767.71
Current Liabilities & Provisions					
Current Liabilities	13535.33	14084.75	13586.46	14078.95	15540.64
Deferred Payment Liabilities	1784.48	1350.66	979.69	719.68	873.89
Provisions	440.02	413.57	562.31	1274.70	1793.69
Total	64264.33	65201.31	63281.03	59649.01	54444.25
Net Worth (A+B+C+D-E)	(992.57)	(704.64)	294.26	3286.20	15118.70
Represented by :					
Shareholder's Funds					
a. Equity Share Capital	1483.75	1483.75	1483.75	1483.75	1483.75
b. Preference Share Capital	1300.00	2000.00	2000.00	2000.00	2000.00
c. Reserves and Surplus (excluding Revaluation Reserve)	3606.85	1998.85	1811.85	1541.85	12849.10
Total	6390.60	5482.60	5295.60	5025.60	16332.85
Less:(a) Miscellaneous expenditure (to the extent not written off or adjusted) : Deferred Revenue Expenditure	3065.12	2524.68	1944.23	1406.76	1214.15
(b) Profit and Loss Account Debit Balance	4318.05	3662.56	3057.11	332.64	-
Total (G-H)	(992.57)	(704.64)	294.26	3286.20	15118.70

ORIENT PAPER & INDUSTRIES LIMITED					
RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES					
				(Rs. lacs)	
	For the year ended 31st March				
Particulars	2003	2004	2005	2006	2007
Income					
Sales:					
Of Products manufactured by the company (Net of excise duty)	57226.33	62280.65	71688.45	84715.69	108962.64
Of Products traded in by the company	36.92	198.43	184.72	314.69	717.96
Total	57263.25	62479.08	71873.17	85030.38	109680.60
Know-How & Service fees	833.25	585.33	540.68	731.18	543.06
Other Income	520.04	1478.91	1576.25	1220.18	1438.64
Increase / (Decrease) in Inventories	(149.80)	164.19	523.60	(680.55)	614.62
Total	58466.74	64707.51	74513.70	86301.19	112276.92
Expenditure					
Raw Materials Consumed	18224.85	20455.58	23664.69	26371.39	32212.69
Purchase of Trading Goods	151.64	183.90	125.12	230.57	594.37
Staff Cost	5741.92	5938.56	6115.75	6548.72	7173.87
Other Manufacturing Expenses	18754.52	20019.67	22987.57	25002.97	24648.29
Administrative and Other Expenses	3077.47	3074.78	3974.80	3545.76	4713.69
Selling and Distribution Expenses	7013.07	7414.72	9254.25	12879.37	16014.44
Interest (Net)	7114.00	6066.62	4941.34	4190.32	3270.24
Depreciation/Amortisation	1442.62	2953.51	2707.26	2660.89	2622.17
Total	61520.09	66107.34	73770.78	81429.99	91249.76
Net Profit / (Loss) Before Tax	(3053.35)	(1399.83)	742.92	4871.20	21027.16
Taxation:					
Current Tax (Net of Refunds)	(7.54)	1.30	12.03	182.03	2175.43
MAT Credit Entitlement	-	-	-	(176.20)	(2173.20)
Fringe Benefit Tax	-	-	-	151.41	105.00
Deferred Tax Asset/(Liability)	1005.18	448.62	(312.44)	(1472.96)	(7082.70)
Net Profit / (Loss) after tax	(2040.63)	(952.51)	418.45	3241.00	13837.23
Balance brought forward	(2277.42)	(4318.05)	(3662.56)	(3057.11)	(332.64)
Debenture Redemption Reserve written back	-	1608.00	187.00	270.00	239.00
Impact of Revised AS-15 as on 1st April 2006 (Refer Note No. 11 in Annexure - 5)					(203.66)
	(2277.42)	(2710.05)	(3475.56)	(2787.11)	(297.30)
Profit available for Appropriation	(4318.05)	(3662.56)	(3057.11)	453.89	13539.93
Appropriations					
Debenture Redemption Reserve	-	-	-	-	1,250.00
General Reserve	-	-	-	-	7,500.00
Dividends	-	-	-	689.79	1,723.73
Provision for tax on Dividends	-	-	-	96.74	269.95
Surplus/(Deficit) carried to Balance Sheet	(4318.05)	(3662.56)	(3057.11)	(332.64)	2796.25

GENERAL INFORMATION

Our Company was originally under the Indian Companies Act, 1913, as “Orient Paper Mills Limited” vide certificate of registration dated July 25, 1936 issued by Registrar of Joint Stock Companies, Bengal and received its certificate of commencement of business on July 30, 1936. The name of our Company was changed to “Orient Paper & Industries Limited” on September 13, 1978. The registered office of our Company was shifted from 8, Royal Exchange Place, Calcutta-700001, West Bengal to Brajrajnagar, District – Jharsuguda - 768216, Orissa, in the year 1947 and further shifted to its current address, Unit-VIII, Plot No.7, Bhoingar, Bhubaneswar-751012, Orissa in the year 2000.

Registered Office address of our Company

Orient Paper & Industries Limited
Unit-VIII, Plot No.:7,
Bhoingar,
Bhubaneswar-751012, Orissa

Registration number of the Company

The Registration Number of the Company is 15-00117(CIN: L21011OR1936PLC000117) issued by the Registrar of Companies, Orissa.

Head Office of our Company

Orient Paper & Industries Limited
9/1, R. N. Mukherjee Road,
Kolkata - 700 001

Registrar of Companies Office

The Registrar of Companies, Orissa, having its office at Chalachitra Bhawan, Buxi Bazar, Cuttack-753001, Orissa, is the concerned Registrar of Companies in case of our Company.

Board of Directors of our Company

The Board of Directors of our Company presently comprises the following:

Sr.No.	Name of Director	Designation	Category
1.	Mr. C.K. Birla	Chairman	Non-Executive-Non Independent
2.	Mr. B.K. Jhavar	Director	Non-Executive-Independent
3.	Mr. P.K. Sen	Director	Non-Executive -Independent
4.	Mr. D.N. Patodia	Director	Non-Executive -Independent
5.	Mr. A.Ghosh	Director	Non-Executive -Independent
6.	Mr. V.Nachiappan	Nominee Director-ICICI Bank Limited	Non-Executive -Independent
7.	Mr. Michael Bastian	Nominee Director-IDBI	Non-Executive -Independent
8.	Mr. M.L. Pachisia	Managing Director	Executive -Non-Independent

(Refer Page 74 for brief details of the Directors)

Address of Company Secretary and Compliance Officer

Mr. S.L. Saraf
Company Secretary,
Orient Paper & Industries Limited
9/1, R.N. Mukherjee Road
Kolkata – 700001
Tel : (033) 22131680, Ext : 2343
Fax : (033) 22430490
E-mail : info@orientpaperindia.com
Website: www.orientpaperindia.com

Investors may contact the Compliance Officer for any pre-issue/ post-issue related matter

IMPORTANT

1. This Issue is pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on October 5, 2006 and May 25, 2007. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company at the close of business hours on the Record Date i.e. June 15, 2007.
2. Your attention is drawn to the section on 'Risk Factors' appearing on page 'v' of this Letter of Offer.
3. Please ensure that you have received the CAF with this Letter of Offer.
4. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAFs. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the instructions given in the Letter of Offer or the CAF.
5. All enquiries in connection with this Letter of Offer or CAFs should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAFs.
6. The Lead Managers and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc., after filing of the Letter of Offer with SEBI.
7. The Lead Managers and our Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.
8. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange have been complied with.

ISSUE SCHEDULE

Issue Opening Date:	June 29, 2007, Friday
Last date for receiving requests for split forms:	July 16, 2007, Monday
Issue Closing Date:	July 31, 2007, Tuesday

ISSUE MANAGEMENT TEAM

Lead Manager to the Issue ICICI Securities Primary Dealership Limited ICICI Centre H. T. Parekh Marg, Churchgate Mumbai 400 020 Tel: (022) 2288 2460 Fax: (022) 2282 6580 Website: www.icicisecurities.com E-mail: opil_rights@isecltd.com Contact Person: Tathagat Mukhopadhyay	Registrar to the Issue Sharepro Services (India) Pvt. Ltd. Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099 Tel: (022) 2821 5168, 2821 5169 Fax: (022) 2837 5646 Website : www.shareproservices.com E mail: sharepro@vsnl.com Contact Person: V. Kumaresan
Auditors of our Company S.R. Batliboi & Co. 22, Camac Street, Block 'C', 3rd Floor, Kolkata- 700 016 Tel: (033) 2281 1224 to 29 Fax: (033) 2281 7750 E-mail: Ram.Agrawal@in.ey.com	Bankers to the Issue UTI Bank Limited 5, Shakespeare Sarani Kolkata-700071 Tel: (033) 2282 2933/5189/4961 (033) 2282 9832/9833/9834 Fax: (033) 2282 1727 Email: tapas.das@utibank.co.in Contact Person : Tapas Das Website : www.utibank.com
Legal Advisor to the Issue Khaitan & Co. Emerald House, 1B, Old Post Office Street Kolkata-700 001 Tel: (033) 2248 7000 Fax: (033) 2230 7857 E-mail : sucharita@khaitanco.com	Company Secretary & Compliance Officer Mr. S.L. Saraf Company Secretary, Orient Paper & Industries Limited 9/1, R.N. Mukherjee Road Kolkata – 700001 Tel : (033) 22131680, Ext : 2343 Fax : (033) 22430490 Website: www.orientpaperindia.com E-mail : info@orientpaperindia.com

Bankers to our Company

Central Bank of India Shahdol Branch Shahdol (MP) - 484001 Telephone No. : 07652-245000, 240445 Fax : (07652) 242180 Email: rmshahro@centralbank.co.in	State Bank of India Commercial Branch, 24, Park Street, Kolkata - 700016 Telephone No. : (033) 2294335, 22295646 Fax : (033) 222-93555 Email: b.bandyopadhyay@sbi.co.in
Union Bank of India Industrial Finance Branch, 1/1, Camac Street, Kolkata - 700016 Telephone No. : (033) 22296322, 22297908 Fax : (033) 2226 5388 Email: ifbunionbank@yahoo.com	UCO Bank Industrial Finance Branch, Mcleod House, 3, N.S. Road, Kolkata - 700001 Telephone No. : (033) 2243 8373, 7903 Fax : (033) 2248 0770 Email: bo.ifbcal@ucobank.co.in

Note: The investors are advised to contact the Registrar to the Issue/Compliance Officer of our Company in case of any Pre-Issue/ Post-Issue related problems such as non-receipt of Letter of Offer/ Letter of Allotment/ share certificates/ refund orders/ etc.

Credit Rating

This being an issue of Equity Shares, no credit rating is required.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription shall be refunded to the applicants within forty two days from the date of closure of the issue. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e forty two days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of section 73 of the Act.

This Rights Issue will become undersubscribed after considering the number of equity shares applied as per entitlement plus additional equity shares.

Underwriting

This issue is not underwritten.

Monitoring Agency

In terms of clause 8.17.1 of the guidelines, since the issue size will not be exceeding Rs.500 crores, no monitoring agency has been appointed.

Debenture Trustee

This being an issue of Equity Shares, appointment of Debenture Trustee is not required.

CAPITAL STRUCTURE

(As on June 8, 2007)

		Nominal Amount (Rs.)
Authorised share capital		
7,50,00,000	Equity Shares of Rs. 10 each	75,00,00,000
25,00,000	Preference Shares of Rs.100 each	25,00,00,000
Issued share capital		
1,48,37,610	Equity Shares of Rs. 10 each	14,83,76,100
20,00,000	12% Redeemable Cumulative Preference Shares of Rs.100 each	20,00,00,000
Subscribed and Fully Paid-up share capital		
1,48,37,290	Equity Shares of Rs. 10 each	14,83,74,500 *
20,00,000	12% Redeemable Cumulative Preference Shares of Rs.100 each	20,00,00,000
Present Issue being offered to the Equity Shareholders through this Letter of Offer		
44,51,187	Equity Shares of Rs. 10 each	4,45,11,870
Paid up capital after the Issue (assuming Equity Shareholders subscribe to all the Equity Shares offered)		
1,92,88,477	Equity Shares of Rs. 10 each	19,28,86,370
Share premium Account		
		Premium (Rs. Lacs)
Before the Rights Issue		9,89,70,650
After the Rights Issue		1,65,68,86,100

* Includes an amount of Rs.1600/- being amount originally paid up on forfeited shares

Build up of Equity Capital

Details of Capital structure of our Company since inception is as follows:

Date of issue/ Allotment	No.of equity shares	Cumulative number of Equity Shares	Face value per share (Rs.)	Issue Price per share (Rs.)	Consideration	Mode for Allotment	Cumulative Equity Share Capital (Rs.)
16.02.37	209750	209750	10/-	10/-	Cash	Subscriber Memorandum to and articles of association	2097500
27.03.51	209750	419500	10/-	Nil	Bonus	Bonus 1:1	4195000
20.08.54	1048750	1468250	10/-	Nil	Bonus	Bonus 5:2	14682500
06.03.61	440475	1908725	10/-	22/-	Cash	Right 3:10	19087250
30.03.67	1908725	3817450	10/-	Nil	Bonus	Bonus 1:1	38174500
09.09.77	1908725	5726175	10/-	Nil	Bonus	Bonus 1:2	57261750
14.11.86	5726175	11452350	10/-	Nil	Bonus	Bonus 1:1	114523500
21.05.92	3384940	14837290	10/-	40/-	Cash	Right 1:4	148372900

Build up of Preference share capital:

Date of issue/ Allotment	No.of Preference shares	Cumulative number of Preference Shares	Face value per share (Rs.)	Issue Price per share (Rs.)	Consideration	Cumulative preference Share Capital (Rs.)
31.03.03	1300000	1300000	100/-	100/-	Cash	130000000
22.04.03	200000	1500000	100/-	100/-	Cash	150000000
26.09.03	500000	2000000	100/-	100/-	Cash	200000000

Shareholding pattern (Pre and Post Issue)

Shareholding pattern of our Company including details of holdings of Promoter and the subscription by the Promoter as on June 8, 2007 is as follows:

S.No.	Category of shareholder	Pre-Issue		Post-Issue*	
		Total number of equity shares	% of shareholding	Total number of equity shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided Family	701804	4.73	912345	4.73
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate	3906209	26.33	5078072	26.33
(d)	Financial Institutions/ banks	78244	0.53	101717	0.53
(e)	Any Other (specify)	-	-	-	-
	Sub- Total (A)(1)	4686257	31.58	6092134	31.58
(2)	Foreign				
(a)	Individuals (Non-Resident Individuals/ Foreign non Individuals)	1000	0.01	1300	0.01
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any other (specify)	-	-	-	-
	Sub-Total (A)(2)	1000	0.01	1300	0.01
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4687257	31.59	6093434	31.59
(B)	Public shareholding				
(1)	Institutions				
(a)	Mutual Funds/ UTI	3070387	20.69	3991503	20.69
(b)	Financial Institutions/ Banks	28971	0.20	37662	0.20
(c)	Central Government/ State Government(s)	400	0.00	520	0.00
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	1648791	11.11	2143428	11.11
(f)	Foreign Institution Investors	253214	1.71	329178	1.71
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	-	-
	Sub-Total (B)(1)	5001763	33.71	6502292	33.71

S.No.	Category of shareholder	Pre-Issue		Post-Issue*	
		Total number of equity shares	% of shareholding	Total number of equity shares	% of shareholding
(2)	Non-institutions				
(a)	Bodies Corporate	2585200	17.42	3360760	17.42
(b)	individuals- i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1846021	12.44	2399827	12.44
	ii. Individual shareholders holding nominal share capital in excess in excess of Rs. 1 lakh.	331415	2.23	430840	2.23
(c)	i. Individuals (Non-Resident Individuals/ Foreign non Individuals)	102384	0.69	133099	0.69
	ii. OCBs	283250	1.91	368225	1.91
	Sub-Total (B)(2)	5148270	34.70	6692751	34.70
	Total public shareholding (B)= (B)(1)+(B)(2)	10150033	68.41	13195043	68.41
	TOTAL (A)+(B)	14837290	100.00	19288477	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	14837290	100.00	19288477	100.00

* Post-Issue shareholding pattern calculated assuming that all the shareholders subscribe to their entire rights entitlement

Details of the shareholding of the Promoters and Promoter Group of the Company

Sr. No.	Name of the shareholder	Number of shares	% of pre-issue share capital	Number of shares	*% of post-issue share capital
A.	Promoter				
1	Central India Industries Ltd	1839294	12.40	2391082	12.40
2	Chandra kant Birla	95000	0.64	123500	0.64
B.	Promoter Group				
1	Nirmala Birla	207922	1.40	270299	1.40
2	Ganga Prasad Birla	52100	0.35	67730	0.35
3	Amita Birla	20000	0.13	26000	0.13
4	Avanti Birla	10000	0.07	13000	0.07
5	Avani Birla	10000	0.07	13000	0.07
6	Shekhavati Inv. & Traders Ltd.	898340	6.05	1167842	6.05
7	Birla Institute Of Technology & Science	351985	2.37	457580	2.37
8	Hindusthan Discounting Co. Ltd.	223100	1.50	290030	1.50
9	Gwalior Finance Corporation Ltd	159250	1.07	207025	1.07
10	Shankar Holdings Limited	125200	0.84	162760	0.84
11	Chhagan Lal Mohta	107400	0.72	139620	0.72
12	Uco Bank	78244	0.53	101717	0.53
13	National Engineering Ind. Ltd.	53740	0.36	69862	0.36

Sr. No.	Name of the shareholder	Number of shares	% of pre-issue share capital	Number of shares	*% of post-issue share capital
14	Shanti Prasad Singhi	50700	0.34	65910	0.34
15	Rajasthan Industries Ltd.	50400	0.34	65520	0.34
16	Universal Trading Co. Ltd	40560	0.27	52728	0.27
17	Pilani Inv. & Ind. Crpn. Ltd.	32000	0.22	41600	0.22
18	Produce & Share Brokers Ltd.	31700	0.21	41210	0.21
19	R N Jhunjhunwala S S Jajodia	27500	0.19	35750	0.19
20	Ganga Somany	20875	0.14	27137	0.14
21	Ashok Inv. Crpn. Ltd.	20000	0.13	26000	0.13
22	India Silica Magnesite Works Ltd	20000	0.13	26000	0.13
23	Ramnath Jhunjhunwala	18400	0.12	23920	0.12
24	Hari Prasad Singhi	17300	0.12	22490	0.12
25	Amer Inv. (delhi) Ltd.	17000	0.11	22100	0.11
26	Jaipur Fin. & Dairy Products p ltd	16000	0.11	20800	0.11
27	Bengal Rubber Co. Ltd.	15000	0.10	19500	0.10
28	Hari Prasad Singhi	10306	0.07	13398	0.07
29	Vidush Somany	9750	0.07	12675	0.07
30	Madhusudan Holdings Ltd.	9750	0.07	12675	0.07
31	J P Chhaochharia	8625	0.06	11213	0.06
32	Smiti Somany	8000	0.05	10400	0.05
33	Pramod Chandra Agarwala	5000	0.03	6500	0.03
34	Vikram Somany	3951	0.03	5136	0.03
35	Basant Kumar Jhavar	3500	0.02	4550	0.02
36	Amitabha Ghosh	2895	0.02	3764	0.02
37	Palit Consultancy Pvt. Ltd	2890	0.02	3757	0.02
38	Sudarshan Kumar Birla	2500	0.02	3250	0.02
39	Vikram Somany	2400	0.02	3120	0.02
40	Vimla Devi Singhi	1500	0.01	1950	0.01
41	Shanti Prasad Singhi	1500	0.01	1950	0.01
42	Manjushree Singhi	1500	0.01	1950	0.01
43	Anjalika Somani	1000	0.01	1300	0.01
44	Hari Prasad Singhi	700	0.00	910	0.00
45	Deoki Nandan Patodia	500	0.00	650	0.00
46	Manohar lal Pachisia	500	0.00	650	0.00
47	Prabhat Kr. Sen & Sipra sen	500	0.00	650	0.00
48	Sumangala Birla	500	0.00	650	0.00
49	Jyoti Somani	300	0.00	390	0.00
50	Hari Prasad Singhi	100	0.00	130	0.00
51	Shanti Prasad Singhi	50	0.00	65	0.00
52	Ranjan Kr. Poddar	10	0.00	13	0.00
53	Anupam Poddar	10	0.00	13	0.00
54	Devashish Poddar	10	0.00	13	0.00
	Total	4687257	31.59	6093434	31.59

* Post-Issue shareholding pattern calculated assuming that all the shareholders subscribe to their entire rights entitlement

Top Ten Shareholders of our Company

Particulars of top ten shareholders as on 8th June, 2007

S. No.	Name of shareholder	No.of equity shares of Rs.10/- each	% of equity share capital
1	Central India Industries Ltd	1839294	12.40
2	Reliance Capital Trustee Co. Ltd .	1000877	6.75
3	Shekhavati Investments and Traders Ltd	898340	6.05
4	Life Insurance Corporation of India .	799199	5.39
5	Prudential ICICI Trust Ltd.- Dynamic Plan	542767	3.66
6	National Insurance Company Limited	542078	3.65
7	DSP Merrill Lynch Trustee Co. Pvt Ltd	501412	3.38
8	Prudential ICICI Trust Ltd- Tax Plan	372667	2.51
9	Birla Institute of Technology and Science	351985	2.37
10	Rukmani Birla Educational Society	347214	2.34

Particulars of top ten shareholders as on 29th May, 2007

S. No.	Name of shareholder	No.of equity shares of Rs.10/- each	% of equity share capital
1	Central India Industries Ltd	1839294	12.40
2	Reliance Capital Trustee Co. Ltd	1000877	6.75
3	Shekhavati Investments and Traders Ltd	898340	6.05
4	Life Insurance Corporation of India	799199	5.39
5	Prudential ICICI Trust Ltd.- Dynamic Plan	542767	3.66
6	National Insurance Company Limited	542078	3.65
7	DSP Merrill Lynch Trustee Co. Pvt Ltd	481412	3.24
8	Prudential ICICI Trust Ltd- Tax Plan	349000	2.35
9	Birla Institute of Technology and Science	351985	2.37
10	Rukmani Birla Educational Society	347214	2.34

Particulars of top ten shareholders as on 8th June, 2005

S. No.	Name of shareholder	No.of equity shares of Rs.10/- each	% of equity share capital
1	Central India Industries Ltd	1704940	11.49
2	Shekhavati Investment & Traders Ltd.	898340	6.05
3	Life Insurance Corporation of India	799199	5.39
4	National Insurance Co.Ltd.	652078	4.39
5	Prudential ICICI Trust Ltd.- Dynamic Plan	397687	2.68
6	Birla Institute of Technology & Science	351985	2.37
7	Rukmani Birla Educational Society	347214	2.34
8	Shri Jagannath Educational Institute	317000	2.14

9	Sri Govindeo Educational Institute	300500	2.03
10	Shri Venkateshwara Educational Institute	285186	1.92

Notes to the capital structure

1. As per the special resolution adopted by the shareholders of the Company at the General Meeting held on 25th April 1998, the Authorized Capital of the Company was increased to Rs. 100,00,00,000.00 divided into 2,50,00,000 Ordinary Shares of Rs. 10 each, 25,00,000 Preference Shares of Rs. 100 each and 5,00,00,000 Unclassified Shares of Rs. 10 each with power to the Board to classify the unclassified share capital from time to time. Pursuant to this, the Board, vide its meeting held on 28th October 2000, considered and resolved that 5,00,00,000 Unclassified Shares of Rs. 10 each be classified into 5,00,00,000 Ordinary Shares of Rs.10 each.
2. The present Issue being a Rights Issue, as per clause 4.10.1(c) of extant SEBI guidelines, the requirement of promoters' contribution is not applicable.
3. Our Company has no partly paid-up Equity Shares and no calls in arrears.
4. Currently, there are no shares under lock-in.
5. Our Company has not availed of any bridge loans to be repaid from the proceeds of the issue.
6. Our Company, Promoters, Directors and Lead Managers to the Issue have not entered into any safety net/ buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer.
7. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of filing of this Letter of Offer.
8. The Equity Shares offered through this Issue shall be made fully paid-up or may be forfeited within twelve months from the date of allotment.
9. The terms of Issue to Non-Resident Equity Shareholders/ Applicants have been presented under the section "Issue Information" of this Letter of Offer.
10. At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
11. During the last six months, there have been no transactions either on the stock exchange or any off-market deal in the shares of the Company by the Promoter or any of the Directors of the Company, except as stated below:

Name of entity	Bought / sold	No. of shares bought / sold	Maximum and Minimum price and respective dates
Central India Industries Ltd	Bought	76,754	Maximum Price: Rs. 553.74 on December 11, 2006 Minimum Price: Rs. 389.83 on March 12, 2007
Mr. Amitabha Ghosh	Bought	3418	Maximum Price: Rs. 621.51 on January 4, 2007 Minimum Price: Rs. 403.11 on April 4, 2007

Mr. Amitabha Ghosh	Sold	1023	Maximum Price: Rs. 410.88 on March 23, 2007 Minimum Price: Rs. 410.55 on March 20, 2007
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12. No further issue of capital by way of issue of bonus Equity Shares, preferential allotment, rights issue or public issue or in any other manner, which will affect the capital of our Company, shall be made during the period commencing from the filing of the Letter of Offer with the SEBI till the Equity Shares issued under this Letter of Offer have been listed or application moneys are refunded on account of the failure of the Issue.
13. Further, presently our Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of our Company so require, our Company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities during the period of six months from the date of listing of the Equity Shares issued under this Letter of Offer or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.
14. The Equity Shares held by our Company's Promoters are not pledged to any party as on the date of this Letter of Offer. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loan whenever availed of from banks or financial institutions provided pledge of Equity Shares is one of the terms of sanction of loan.
15. Save and except as disclosed in the chapter titled 'Our Management' on page 74 of this Letter of Offer, none of the Directors and Key Managerial Personnel holds any Equity Shares in our Company.
16. Our Company has not revalued any of its assets in the five years preceding the date of this Letter of Offer.
17. Save and except as mentioned in the section titled 'Build up of Equity Capital' of this Chapter, Our Company has not capitalized any of its reserves.
18. As on the date of this Letter of Offer, the total number of holders of Equity Shares is 9,249 as on June 8, 2007.
19. Our Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme.
20. The details of shares allotted for consideration otherwise than cash are as under:-

Date of Issue/ Allotment	No. of shares	Face Value in Rs.	Issue/ Allotment Price in Rs.	Mode of Allotment
27.03.51	209750	10/-	Nil	Bonus
20.08.54	1048750	10/-	Nil	Bonus
30.03.67	1908725	10/-	Nil	Bonus
09.09.77	1908725	10/-	Nil	Bonus
14.11.86	5726175	10/-	Nil	Bonus

21. The Promoters have confirmed that along with relatives and the companies controlled by the Promoters (together hereinafter referred to as “Promoter” in this clause) intend to subscribe to the full extent of their entitlement in the Issue. The Promoter reserves the right to subscribe to their entitlement in the Issue either by themselves, their relatives or a combination of entities controlled by them, including by subscribing for renunciation if any made within the promoter group to another person forming part of the promoter group.

The Promoter will also apply for additional Equity Shares in the Issue, such that at least 90% of the Issue is subscribed. The Promoters also intend to apply for further additional shares remaining unsubscribed. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on ‘Objects of the Issue’ on page 23 of this Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoter, in this Issue, the Promoter shareholding in the Company exceeds their current shareholding. The Promoter intends to subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

OBJECTS OF THE ISSUE

To exploit the emerging opportunities, we have chalked out a capital expenditure program enabling our Company to increase its presence in the market. In this regard, we have announced various expansion plans, for which the proceeds to this issue would be utilized as one of the means of finance. The objectives of the Issue are to finance following projects:

- Expansion of existing facilities
 - Expanding the cement grinding capacity at Devapur
 - Expanding the cement grinding capacity at Jalgaon
- Installation captive power plant at Devapur
- Meeting issue expenses
- Pre-payment/Repayment of certain loans of our Company

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this issue.

Sources of Funds

The objects of the Issue will be financed as under:

Sources of Funds	Rs. Lacs
Proceeds of the Issue	16024.27
Internal Accruals	9765.73
Total	25790.00

The utilization of the proceeds of the Issue as estimated by management is as under:

Expenditure Items	Rs. Lacs
Expanding the cement grinding capacity at Devapur from 1.6 mtpa to 2.40 MTPA	6049.00
Expanding the cement grinding capacity at Jalgaon from 0.8 mtpa to 1.00 MTPA	831.00
Installation captive power plant at Devapur	11710.00
Meeting issue expenses	200.00
Repayment of certain loans of our Company	7000.00
Total	25790.00

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The fund requirement is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our Management. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from internal accruals of our Company and debt.

Details of Use of Proceeds of the Issue

Expansions at Existing Facilities at Devapur Cement plant

Our cement plant at Devapur presently has a grinding capacity of 1.6 MTPA. The use of blended cement is increasing in the country. Plenty of good quality fly ash is available at power plant of NTPC at Ramagundam at a distance of around 60 km from Devapur which reduce the transportation cost. To take advantage of the situation, and to increase the market share of our product, we plan to increase the grinding capacity at our Devapur cement unit to 2.4 MTPA. This expansion of capacity will be through installation of certain new machinery and auxiliary equipments at our existing site in Devapur and hence will not involve acquisition or purchase of any additional land.

The estimated cost of expansion at Devapur and details of significant purchase orders placed for plant and machinery for this project is as under:

Description of plant and machinery	Estimated Cost (Rs. lacs)	Name of the party	Description of work	Order Value (Rs.lacs)	Order Date	Status as on date
Close circuiting of existing Cement Mill-I by installing new high efficiency separator and other auxiliary equipments to increase the capacity.	340.06	Team One India Pvt. Ltd., Hyderabad	Construction & Civil Foundation Works	41.30	23.09.06	Completed. Commissioned on 18-04-07
		Thyssenkrupp Industries India Pvt. Ltd., Pune	Supply of Close Circuit System	240.00	13.06.06	Completed
		Logicon Technosolutions Pvt. Ltd., Pune	Supply & Upgradation of PLC	12.58	29.09.06	Completed
		Saraswati Engineering, Gadchandur	Fab & Erection of Plant & Machinery	6.56	28.09.06	Completed
		Universal Cables India Limited, Hyderabad	Supply of Cables	20.42	22.11.06	Completed
		Sanjay Technical Services (P) Ltd., Hyderabad	Supply of MCC	20.07	06.12.06	Completed
		Reitz India Limited, Hyderabad	Fan for Bag Filter CM-I	5.00	29.10.06	Completed
		Baltec Systems, Pune	Bag Filter for Close circuiting CM-I	11.70	29.10.06	Completed
		Holtec Consulting	Engineering for Closed	5.00	14.04.06	Completed

Description of plant and machinery	Estimated Cost (Rs. lacs)	Name of the party	Description of work	Order Value (Rs.lacs)	Order Date	Status as on date
		Pvt. Ltd., Gurgaon	Circuit Project			
Installation of new Roller press and other auxiliary equipments at existing Cement Mill-II to increase the capacity.	3200.68	Humboldt Wedag India Ltd., New Delhi	Supply of Roller Press System for CM-II	1394.00	20.09.06	Engineering work in progress, Supplies are being received
		KHD Humboldt Wedag GMBH, FRG	Supply of Roller Press System for CM-II (FOB)	2.105 Million Euro or Rs. 1220 Lacs	20.09.06	
		Holtec Consulting Pvt. Ltd., Gurgaon	Engineering for Roller Press	35.00	14.04.06	
Modification of existing pyro line-II along with raw mill and coal mill to increase the clinker capacity.	499.73	Enexco Technologies India Ltd., New Delhi	Kiln Feed system for Line-II	29.53	05.12.06	Supply in Progress
		Beumer Technology India Ltd., Mumbai	Bucket Elevator for Kiln Feed system(Line-II)	42.00	05.12.06	Supply in Progress
		Beumer, Germany	Bucket Elevator for Kiln Feed system (Line-II)-FOB	0.34 Mil Euro / Rs. 19.72 lacs		
		Holtec Consulting Pvt. Ltd., Gurgaon	Engineering for Pyro Process	20.00	14.04.06	Completed
		Order for Coal Dosing & Pumping system is expected to be placed by 15th Jun-07				Offer evaluation for Dosing is under progress
		Supply of Coal Mill Separator				Engineering in Progress
Replac existing cooler-I at Line-I to reduce the clinker temperature for cement grinding as well as increase the clinker capacity.	1200.3	Final offers received & Order is expected to be placed by last week of Jun 07				
Convert existing mechanical packer	120.31	Order is expected to be placed by 21st Jun-07				

Description of plant and machinery	Estimated Cost (Rs. lacs)	Name of the party	Description of work	Order Value (Rs.lacs)	Order Date	Status as on date
into twin discharge electronic packer to increase the packing capacity.		Holtec Consulting Pvt. Ltd., Gurgaon	Engineering for Packer	5.00	14.04.06	Engineering work in progress
Install 2 nos additional wagon loading machines to avoid demurrages on rail loading as well as increase total loading capacity. Order for the main machinery placed on M/s.Enexco Technologies.	99.85	Monu Engineering Company	Construction of Wagon Loading Plantform & Foundation for Shed	3.78	13.09.06	Completed
		Abhisek Engineering Company	Fabrication of Wagon Loading Shed	3.36	29.09..06	Completed
		Saraswati Engineering, Gadchandur	Fabrication & Erection of Plant & Machinery	5.00	25.09.06	Completed
		Enexco Technologies India Ltd., New Delhi	Wagon Loading Machinery	58.00	13.06.06	Completed
Install multi channel burner along with adequate coal dosing and pumping system for line-I. Order for the main machinery is expected to be released in Jan-07 and system is expected to be commissioned by Sep-07.	99.98	Order is expected to be placed by 15 th Jun-07				
Others & Contingency including pre-operative interest, preliminary expenses and margin money	488.09					
TOTAL	6049.00			3198.02		

Expansions at Existing Facilities at Jalgaon Cement plant

Our cement plant at Jalgaon presently has a grinding capacity of 0.8 MTPA. This is a split location cement grinding unit. In this market too, use of blended cement has increased substantially. Good quality fly ash is available at State Government Power House, BTPS which is near our plant, and our Company has made an agreement with BTPS authorities to collect, transport & use the fly ash being provided by BTPS for inter grinding with our clinker to produce blended cement. To take advantage of

the situation, and to increase the market share of our product, we plan to increase the grinding capacity at our Jalgaon cement unit to 1.0 MTPA. This expansion of capacity will be through installation of certain new machinery and auxiliary equipments at our existing site in Jalgaon and hence will not involve acquisition or purchase of any additional land.

The estimated cost of expansion at Jalgaon and details of significant purchase orders placed for plant and machinery for this project is as under:

Description of plant and machinery	Estimated Cost (Rs. Lacs)	Name of the party	Description of work	Order Value (Rs. Lacs)	Order Date	Status as on date
Install fly ash collection and transportation system at BTPS, Bhusawal so that adequate quantity of fly ash is made available for production of blended cement at grinding unit.	250.00	Indure Limited, New Delhi	Fly Ash Handling system	250.00	09.06.05	Completed in Dec-06
Install fly ash handling system at Jalgaon for feeding adequate and measured quantity of fly ash for production of blended cement. Order for the main machinery was placed on M/s. EEL, work is in progress.	154.12	Abhisek Engineering Company	Construction of Fly Ash Silo foundation	3.31	15.05.06	Completed
		EEL India Ltd., New Delhi	Supply of Fly Ash Handling System	62.00	13.06.06	Completed
		M/S ARISTO	SS 304 Plate for Silo	4.90	18.11.06	Completed
		Saraswati Engineering, Gadchandur	Fab & Erection of Plant & Machinery	15.00	21.08.06	Completed
Close circuiting of existing ball mill by installing high efficiency separator to increase the capacity of cement production. Order for the main machinery was placed on M/s. Thyssen Krupp, work is in progress	406.25	Sachin S. Nerale, Jalgaon	Construction & Civil Foundation for Closed Circuit Building	29.05	23.09.06	Completed
		Thyssenkrupp Industries India Pvt. Ltd., Pune	Supply of Close Circuit System	320.00	13.06.06	Completed, System under trials
		Saraswati Engineering, Gadchandur	Fab & Erection of Plant &	8.57	21.08.06	Completed

Description of plant and machinery	Estimated Cost (Rs. Lacs)	Name of the party	Description of work	Order Value (Rs. Lacs)	Order Date	Status as on date
			Machinery			
		Logicon Technosolutions Pvt. Ltd., Pune	Supply & Upgradation of PLC	7.92	29.09.06	Completed
		Universal Cables India Limited, Hyderabad	Supply of Cables	17.68	22.11.06	Completed
		Sanjay Technical Services (P) Ltd., Hyderabad	Supply of MCC	19.95	06.12.06	Completed
Install trailer loading machine to facilitate loading of cement bags in large trailers. Order for main machinery is placed on M/s.Enexo Technologies.	20.06	Enexo Technologies India Ltd., New Delhi	Trailer Loading Machine	16.00	29.08.06	Completed
TOTAL	830.43			754.38		

Captive Power Plant

Presently at Devapur cement works, total power is catered through AP Transco with a maximum demand of 28.5 MVA. Considering the on going expansion plan at Devapur, total demand is expected to increase to almost 35 MVA. In order to optimize the cost of power and also to ensure regular / quality supply of power, it has been envisaged that our Company should install a coal based thermal power plant at Devapur of suitable size so that the plant can operate without any unwarranted stoppages.

Fuel and water constitute the major inputs for power plants. Since Singareni Collieries and a number of coal washeries are located within a radius of 40-60 km of the proposed location, we do not anticipate any difficulty in the availability of fuel such as coal and washery rejects. As regards water, it is envisaged that the thermal power plant shall be installed with air cooled condenser requiring less amount of water as compared to water cooled condenser. It has also been envisaged that fly ash expected to be generated from proposed CPP shall be used for production of blended cement at Devapur for which special CFBC boilers has been selected. Approximately 300-350 tons of fly ash of cement grade is expected to be generated from CPP on per day basis which would be used for blended cement. This will also avoid disposal of ash and environmental problem.

Fichtner Consulting Engineers (India) Private Limited (retained as consultants to prepare project report as well as provide consultancy for executing project on EPC basis) has in its report dated February 23, 2005 estimated the cost of setting up the captive power plant as given below:

S. No.	Particulars of Cost	Amt (Rs. Lacs)
1	Pre Operational Expenses	200.00
2	Mechanical, Control & Instrumentation and Electrical Works (including Excise Duty, Transportation and initial spares)	9000.90
3	Erection, Commissioning Cost and Civil Works	1318.00

4	Consultancy Fees	130.00
5	Other expenses	1061.10
	Total estimated projected cost at start of operation	11710.00

Our Company has placed orders for designing, engineering, supply, erection and commissioning of captive power plant to Cethar Vessel Private Limited in the month of March 2007. For details of the captive power plant, please refer to page 53 of section titled 'Our Business'.

Estimated Schedule of Implementation

	Expected Date of Completion			
	Installation of Plant & Machinery	Partial Startup	Commercial Production	Status as on date
Expansion of existing cement plant at Devapur				
Install 2 nos additional wagon loading machines	Jan-07	Feb-07	Mar-07	Completed
Close circuiting of existing Cement Mill-I	Jan-07	Feb-07	Apr-07	Completed
Convert existing mechanical packer into twin discharge electronic packer	Nov-07	Dec-07	Jan-08	
Modification of existing pyro line-II	Sep-07	Oct-07	Nov-07	Under Progress
Install multi channel burner along with adequate coal dosing and pumping system for line-I	Sep-07	Dec-07	Jan-08	
Replace existing cooler-I at Line-I	Nov-07	Dec-07	Jan-08	Under Progress
Installation of new Roller press and other auxiliary equipments at existing Cement Mill-II	Dec-07	Jan-08	Feb-08	Under Progress
Expansion of existing cement plant at Jalgaon				
Install fly ash collection and transportation system at BTPS, Bhusawal	Jan-07	Feb-07	Mar-07	Completed
Install fly ash handling system at Jalgaon	Mar-07	Apr-07	May-07	Nearing Completion
Close circuiting of existing ball mill	Jan-07	May-07	Jun-07	Under Progress
Install trailer loading machine	Feb-07	Mar-07	Mar-07	Completed
Coal based Thermal Power Plant				
Captive Power Plant	Aug-08	Sep-08	Oct-08	Under Progress

Repayment (including pre-payment) of certain loans of our Company

We intend to utilize up to Rs. 7,000 lacs of the proceeds of the Issue towards the pre-payment (including payment of any pre-payment premium that may be required) of a portion of our debts. We have presently availed of term loans from ICICI Bank Limited and Industrial Development Bank of India as per details below:

Sr.No	Name of the Lender	Amount Outstanding as on 31 st March 2007	Rate of Interest	Repayment Schedule
1	ICICI Bank Limited	Rs. 14991 lacs*	Long Term Prime Rate + 2.5%	Quarterly instalments ending in March 2011.
2	Industrial Development Bank of India	Rs. 797 Lacs	11%	24 quarterly instalments commencing from April 1, 2005
3	Industrial Development Bank of India	Rs. 750 Lacs	11%	24 quarterly instalment commencing from April 1, 2005

* The term loan from ICICI Bank has been converted into a foreign currency term loan on October 26, 2006, re-converted into a rupee term loan on April 26, 2007 and was converted into a foreign currency term on the same day. This loan will be re-converted into a rupee term loan on October 25, 2007.

The above loans have been utilised by our Company for capital expenditure, working capital requirements and margin money and for prepayment of high cost debt taken earlier.

As per the general conditions for the term loans, the Company shall not without the approval of the lender (which approval may be given subject to such terms and conditions as may be stipulated by the lender including payment of prepayment premium) prepay the outstanding principal amount of the term loan in full or in part before the due date. We plan to approach these lenders for the pre-payment of these term loans subject to mutually accepted terms and conditions being agreed upon. In case we are unable to agree upon the terms and conditions for such pre-payment then the amount of Rs. 7000 lacs will be utilized by our Company for meeting its working capital requirements.

Sources of Finance

In addition to the proceeds from the rights issue an amount of Rs. 9,765.73 lacs will be utilized from our internal accruals for funding the objects of the issue. Our net profit after tax for FY2007 was Rs.13,837.23 lacs and the cash accruals from operating activities for this period were Rs. 23,197.74 lacs. As on March 31, 2007, our Company has current assets, loans and advances of Rs. 34,155.97 lacs and investments of book value of Rs. 1,340.14 lacs (market value as on that date Rs. 9,741.51 lacs). Accordingly, firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Rights issue have been made.

Appraisal

The funds requirement and funding plans are our Company's own estimates and have not been appraised by any bank or financial institution.

Issue Expenses

The expenses for this Issue include issue management fees, printing and distribution expenses, legal fees, advertisement expenses, depository charges, and listing fees to the Stock Exchanges, among others. The estimated Issue expenses are as follows:

Activity	Estimated Expenditure (Rs. Lacs)	As % of Issue Expenses	As % of Issue Size
Lead management fees	150.00	75.00	0.94
Advertising and publicity expenses	8.00	4.00	0.05
Printing and stationery	11.70	5.85	0.07

Activity	Estimated Expenditure (Rs. Lacs)	As % of Issue Expenses	As % of Issue Size
Registrar's fees, legal fees, depository charges etc.,	20.00	10.00	0.13
Other expenses and contingencies	10.30	5.15	0.06
Total estimated Issue expenses	200.00	100.00	1.25

Estimated Schedule of Deployment of funds

The schedule of utilization of the funds is expected to be as under:

(Rs. lacs)				
Financial Year	2007	2008	2009	Total
Expansion of Existing Cement Plant at Devapur	1899	4150	-	6049
Expansion of Existing Cement Plant at Jalgaon	831	-	-	831
Captive Coal based Thermal Power Plant	4408	6397	905	11710
Pre-payment of high cost borrowings	-	7000	-	7000
Issue expenses (estimated)		200		200

Working Capital

As regards working capital in respect of the expansion projects, we expect sufficient internal accruals and existing working capital lines to meet our increased working capital requirements.

Funds Deployed

The auditors of the Company M/s S. R. Batliboi & Co. have issued certificate dated June 8, 2007 which states that, "We the auditors of Orient Paper & Industries Limited, having their Registered Office at Unit-VIII, Plot No. 7, Bhoinagar, Bhubaneswar (Orissa), certify that as per information and explanations given to us and on the basis of the books and records produced to us, the Company's cement units at Devapur and Jalgaon have incurred a sum of Rs. 4088.07 lacs (including advances of Rs. 2143.87 lacs) up to April 30, 2007 towards ongoing expansion & upgradation project as per details given in the attached Annexure and the funds thereof have been sourced out of internal accruals at the said units."

Details of capital expenditure towards ongoing expansion & upgradation project at cement unit incurred upto April 30, 2007

(Rs in Lacs)			
Particulars	Bills Booked	Capital Advances	Total
Upgradation Project of cement plant at Devapur and Jalgaon (A)	1,901.71	422.64	2,324.35
Captive Power Plant at Devapur (B)	42.49	1,721.23	1,763.72
Total (A+B)	1,944.20	2,143.87	4,088.07

Interim Use of Proceeds

Pending any use as described above, we intend to invest the proceeds of this Issue in short-term liquid instruments / securities or temporarily deploy the funds in working capital loan accounts. These investments would be authorized by our Board or a duly authorized committee thereof.

Monitoring of Utilization of Funds

The Board of Directors of our Company will monitor the utilization of the proceeds of the Issue. Our Company will appropriately disclose the utilization of the proceeds of the Issue clearly specifying the

purpose for which such proceeds have been utilized. Our Company will also provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. However, at any point of time the proceeds of the issue will not be used for any other purposes, except those as stated in the Memorandum of Association of our Company.

No part of the Issue proceeds will be paid by our Company as consideration to the Promoters, the Directors, our Company's key management personnel or companies promoted by the Promoters.

BASIS OF ISSUE PRICE

Investors should refer to the section 'Risk Factors' and 'Financial Information' to get a more informed view before making the investment decision.

Quantitative Factors

Information presented in this section is derived from our unconsolidated audited restated financial statements prepared in accordance with Indian GAAP.

1. Adjusted Earnings Per Share

Year	EPS (Rs.)	Weight
(a) Year ended March 31, 2005	1.20	1
(b) Year ended March 31, 2006	20.00	2
(c) Year ended March 31, 2007	91.40	3
(d) Weighted Average EPS	52.57	

2. Price/Earnings Ratio (P/E) in relation to Issue price of Rs. 360/-

- a. Based on FY2007 diluted EPS of Rs. 91.40 : 3.94
- b. Based on Weighted Average EPS of Rs.52.57 : 6.85
- c. PE for Industry based on FY2007 EPS - We are engaged in diversified businesses of cement, paper and fan; hence do not have similar other listed company as industry peer group

3. Return on Net Worth

	RONW (%)	Weight
(a) Year ended March 31, 2005	-ve	1
(b) Year ended March 31, 2006	230.71	2
(c) Year ended March 31, 2007	103.38	3

Note: Since our Company had a negative RONW for the year ended March 31, 2005, the average RONW is not a meaningful quantitative measure.

Minimum Return on Total Net Worth needed after the issue to maintain EPS at Rs. 91.40 is 57.88%

4. Net Asset Value (NAV)

(a) As at March 31, 2007	Rs. 88.42
(b) After Issue	Rs. 150.05
(c) Issue Price	Rs. 360/-

5. Comparison of key ratios with some of the comparable companies in the same industry group.

We are engaged in diversified businesses of cement, paper and fan; hence do not have similar other listed company as peer group

Qualitative Factors

- Our Company is a diversified conglomerate
- Our Company is one of the cement producers in the Chandrapur cement cluster and enjoys locational advantages
- Our Company is a fully integrated value added player in all segments it operates in
- Our Company has brands like “Birla A1”, “Orient” and “Orient PSPO”.
- Our Company has a experienced management team and motivated and efficient work force
- Our Company has an extensive marketing and distribution network

In view of the reasons and qualitative factors mentioned above, our Company and Lead Managers to the Issue, in consultation with whom the premium is decided, are of the opinion that the premium is reasonable and justified.

The face value of the equity shares is Rs.10/- . The Issue price of Rs. 360/- is 36 times the face value.

Information as required to be given vide Ministry of Finance Circular no. S2/SE/76 dated February 5, 1977 read with circular of even number dated March 8, 1977 is given below.

Un-audited Results for one month ended April 30, 2007

	(Rs. lacs)
Total Sales (Net)	9027.00
Other Income	66.00
Total Income	9093.00
PBDIT	2650.00
Interest (net of income)	235.00
Provision for Depreciation	220.00
Provision for Tax	722.81
Profit after Tax	1472.19

Share prices of Orient Paper & Industries Limited

1. Week ending prices for the last four weeks:

Week ended on	Closing Prices (Rs. per share) as on BSE	Closing Prices (Rs. per share) as on NSE
May 18, 2007	465.90	469.25
May 25, 2007	422.50	422.75
June 1, 2007	447.25	451.65
*June 8, 2007	420.65	422.40

* Ex-rights price

Current market price – The closing price as on June 8, 2007 is Rs. 420.65 on BSE and Rs. 422.40 on NSE.

2. Highest and lowest prices of the equity shares on BSE and NSE during the last four weeks

	BSE		NSE	
	Rs. per share	Date	Rs. per share	Date
Highest price	473.20	May 17, 2007	474.20	May 17, 2007
Lowest price	420.65	June 8, 2007*	420.70	June 5, 2007

* Ex-rights price

STATEMENT OF POSSIBLE TAX BENEFITS

We, the auditors of **Orient Paper and Industries Limited** hereby confirm that the attached Annexure states the possible tax benefits available to the Company and its shareholders under the Income Tax Act, 1961, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill. The benefits discussed in the Annexure are not exhaustive.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing of these benefits have been / would be met with.

The contents of this Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and interpretations of the current tax laws.

22, Camac Street,
Block 'C', 3rd Floor
Kolkata – 700 016.

Dated: June 8, 2007

S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

Per

R. K. AGRAWAL
Partner
Membership No. 16667

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

(a) Under the Income Tax Act, 1961 (“the Act”)

i) Special Tax Benefits Available to the Company and its Shareholders:

The Company is mainly engaged in production of Portland Cement, Paper & Electric Fans and there are no specific tax incentives, except for Captive Power Plant as mentioned below, available to the Company based on its business activities.

Deduction under Section 80 IA of the Income Tax Act, 1961 for the profits derived from the Captive Power Plant (proposed to be installed by the Company) will be available to the Company subject to fulfillment of the conditions specified in the said section.

ii) General Tax Benefits Available to the Company and its Shareholders:

The following tax benefits shall inter alia, be available to the Company and the prospective shareholders under Direct Tax Laws.

General Benefits Available to the Company

1. Subject to compliance of certain conditions laid down in Section 32 of the Income Tax Act 1961, (hereinafter referred to as Act) the Company will be entitled to a deduction for depreciation:-
 - a) In respect of tangible assets
 - b) In respect of intangible assets being in the nature of know how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired after 31st day of March, 1998 at the rates prescribed under Income Tax Rules, 1962;
 - c) In respect of any new machinery or plant (other than ships and aircraft) which has been acquired and installed after 31st March, 2005, a further sum of 20% of the actual cost of such machinery or plant will be allowed as a deduction.
2. Subject to compliance of certain conditions laid down in Section 35 (1) (iv) of the Act, the Company is entitled to claim as deduction the whole of capital expenditure, other than the expenditure incurred on the acquisition of any land, incurred on scientific research related to the business of the Company.
3. Under Section 35D of the Act, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new Industrial unit for an amount equal to 1/5th of such expenses over 5 successive Assessment Years, subject to the conditions and limits specified in the section.
4. Under Section 36 (1) (xiii) of the Act, the Company is entitled to claim deduction of Banking Cash Transaction Tax paid on taxable Banking Transactions entered into by it.

5. MAT credit allowable is the difference between MAT paid and the tax computed as per the normal provisions of the Act and can be utilized in those years in which tax becomes payable under the normal provisions of the Act. MAT credit can be utilised to the extent of difference between any tax payable under the normal provisions and MAT payable for the relevant year. However, MAT credit cannot be carried forward and set off beyond 7 years immediately succeeding the assessment year in which it becomes allowable to be carried forward.

Company and Resident Members

1. Under section 10(34) of the Act, income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income-tax in the hands of the shareholders.
2. Under section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented Mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India after October 1, 2004 on which securities transaction tax has been paid is exempt.

However, from Financial Year 2006-2007, income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act.

3. In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.
4. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition
5. In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under the section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds issued by –
 - National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988; on or after the 1st day of April, 2006
 - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 on or after the 1st day of April, 2006

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. However, in terms of Union

Budget 2007-08 investments in the specified assets by an assessee during any Financial Year should not exceed 50 lakhs rupees.

7. Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
8. Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India on which securities transaction tax has been paid will be subject to tax at the rate of 10% (plus applicable surcharge and educational cess on income-tax).
9. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.
10. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller (The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller)

Non Resident Indians/ Members other than FIIs and Foreign Venture Capital Investors

1. By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, is exempt from tax in the hands of the recipients.
2. Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

However, from Financial Year 2006-2007, income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act.

3. Tax on income from investment and Long Term Capital Gains:

- ☐ A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to certain Incomes of Non-Residents”.

- Under section 115E of the Act, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- 4. Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
 - Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- 5. RETURN OF INCOME NOT TO BE FILED IN CERTAIN CASES
 - Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
- 6. OTHER PROVISIONS
 - Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.
 - Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
 - Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months from the date of transfer, in the bonds issued on or after the 1st day of April, 2006 by –
 - National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. However, in terms of Union Budget 2007-08 investments in the specified assets by an assessee during any Financial Year should not exceed 50 lakhs rupees.

- ❑ Under section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- ❑ Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.
- ❑ Under Section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India on which securities transaction tax has been paid will be subject to tax at the rate of 10% (plus applicable surcharge and the education cess on income-tax).
- ❑ In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller

Foreign Institutional Investors (FIIs)

1. By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
2. Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

However from Financial Year 2006-2007, that income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act.

3. The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and education cess on income-tax) as per section 115AD of the Act.
4. The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.

- Short term capital gains – 30% (plus applicable surcharge and education cess on income tax)
- Long term capital gains – 10% (plus applicable surcharge and education cess on income-tax) without cost indexation.

(Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).

5. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued on or after the 1st day of April, 2006 by –
 - National Highways Authority of India constituted under Section National Bank for Agriculture and Rural Development established under 3 of National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. However, in terms of Union Budget 2007-08 investments in the specified assets by an assessee during any Financial Year should not exceed 50 lakhs rupees.

6. In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.
7. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

(b) Under The Wealth Tax Act, 1957

- Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, 1957, hence Wealth-tax Act will not be applicable.

Notes

- All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the issue.

INDUSTRY OVERVIEW

[The information presented in this section has been extracted from publicly available documents and industry publications and has not been prepared or independently verified by the Lead Manager or the Company. Unless otherwise indicated, all quantitative information relating to the cement industry in India has been taken from Cement Manufacturers' Association (CMA) reports & website while the quantitative information relating to the paper industry in India has been taken from Indian Paper Manufacturers' Association (IPMA) report.]

Cement Industry

As on 31st March 2006, the Indian cement industry comprised of over 50 cement producers operating 130 large cement plants with annual installed capacity of about 160 MnT and annual cement production in 2005-06 of about 141 MnT. There are also over 360 mini cement plants with annual installed capacity of about 11 MnT and annual cement production in 2005-06 was estimated at about 6 MnT. There are about 76 large cement plants in India with capacity above 1 MnT.

Indian Cement Industry – Key Statistics*

Year	Capacity (MnT)	Production (MnT)	Capacity Utilization
2005-06	160.27	141.82	88.49%
2004-05	154.30	127.54	82.66%
2003-04	146.63	117.49	80.12%
2002-03	140.07	111.34	79.49%
2001-02	134.86	102.37	75.91%

* Statistics provided above are for large cement plants only.

Source: CMA Annual Report , 2006

The Indian cement industry has made significant progress in upgrading and assimilating new technology. At present, 95% of the total capacity in the industry is based on modern, environment-friendly and energy-efficient dry process technology, with only 5% of the capacity based on old wet and semi-dry process.

Cement Production in Key Clusters

One of the defining features of the Indian cement industry is its clustered nature, as cement units are concentrated in close proximity to the limestone deposits. Competition is also localized because the cost of transportation of cement to distant markets often results in the product being uncompetitive in those markets. Hence, cement units tend to be located close to both limestone deposits, as well as to the markets those units service. Locational advantages arise out of favorable market position by proximity to cement deficit markets. This lowers the freight costs on dispatch of cement as well as increased realizations on cement sales. The other advantage is proximity to coal-fields, which lowers fuel transportation costs, which is significant in view of high coal consumption required in manufacture of cement. This is one of the key factors, which has resulted in the Indian cement market being more regional and fragmented in nature.

The coalfields in India are concentrated in the eastern and central parts. As a result of this, a large part of Indian cement capacities are located in the regions of Satna, Bilaspur, Chandrapur, Yerraguntla, Gulbarga, Chanderia and Nalgonda in Central India. In common parlance, these regions are classified as cement “clusters”. The quality of limestone reserves, coal fields and proximity to key markets, growth rates in those markets drive the profitability of units located in these clusters. Each manufacturing facility in each of these clusters has unique market dynamics. Further, understanding between the cement

players in these clusters not to engage in ruthless undercutting also determines the near term profitability.

Our Company currently operates two cement units, Devapur in Adilabad district in Andhra Pradesh and Jalgaon in Maharashtra. Devapur is a clinker and grinding facility and Jalgaon is a grinding facility. Since the two cement facilities are located in the Chandrapur Cluster, we have analyzed below the dynamics of the cement industry in this cluster in detail.

Chandrapur Cluster

The cement industry in Chandrapur cluster is located around the coal fields of Singareni and covers the regions of eastern Maharashtra and the northern Andhra Pradesh. The main players in the cluster and their plant-wise capacity breakup as well as the overall capacity utilization in the cluster in FY06 are given below:

Name of Cement Company	Location	Capacity(MnT)
ACC Ltd.	Mancheria	0.33
Kesoram Industries Ltd.	Ramagundam	0.90
Orient Paper & Industries Ltd.	Devapur	1.60
CCI Ltd.	Adilabad	0.40
ACC Ltd.	Chanda	1.00
Century Textiles & Industries Ltd.	Manikgarh	1.50
Ultra Tech Cement Ltd.	Chandrapur	3.30
Gujarat Ambuja Cements Ltd.	Chandrapur	2.40
Total	---	11.43
Total Capacity Utilisation (%) in FY06	---	95.04%

Source: CMA Annual Report, 2006

Main Markets for Chandrapur Cluster

The cluster caters mainly to three States and those are – Maharashtra, Andhra Pradesh and Madhya Pradesh. Our Company's main markets are Maharashtra (around 50% of the dispatches) and Andhra Pradesh (around 40% of the dispatches). If there is a surplus leftover after catering to the demands from Maharashtra and Andhra Pradesh, the balance is supplied to Gujarat and/or Madhya Pradesh.

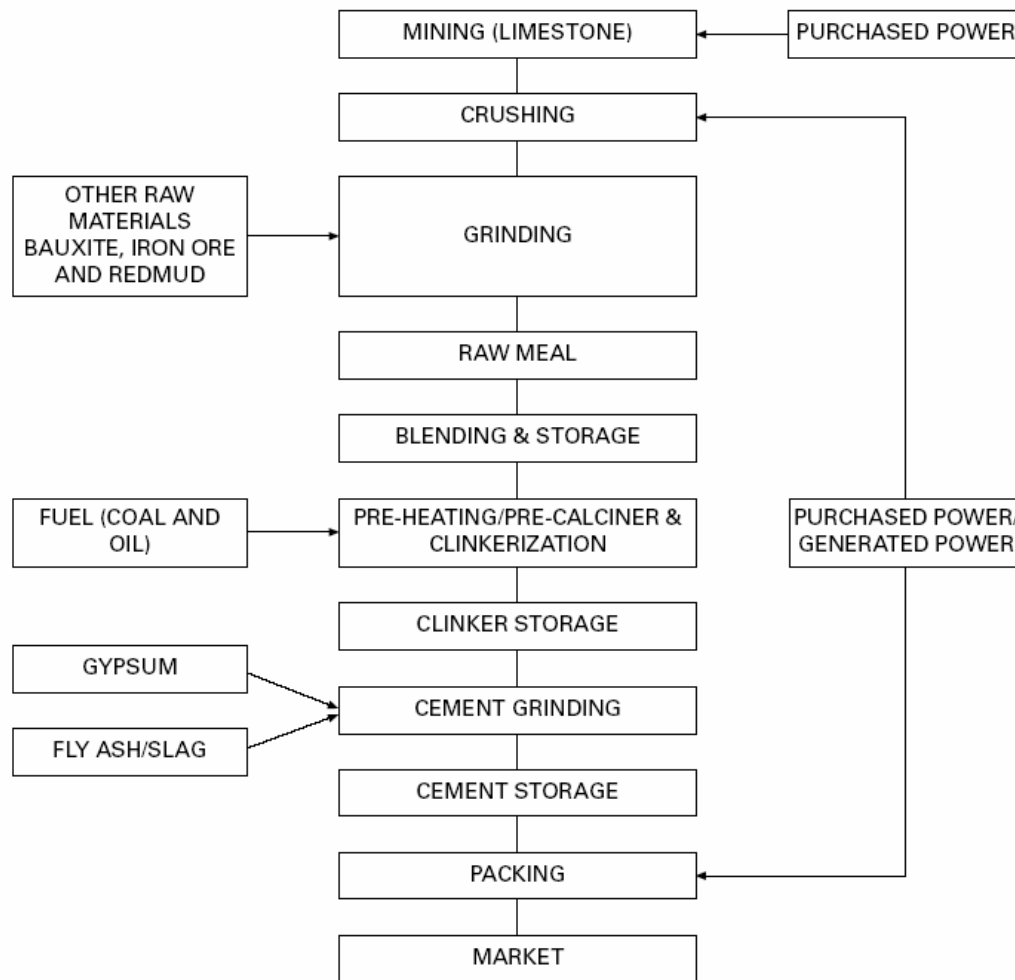
Manufacturing Process of Cement

The production process for cement consists of drying, grinding and mixing limestone and silica into a powder known as a raw meal. The raw meal is then heated and burnt in a pre-heater and kiln and then cooled in an air cooling system to form a semi-finished product, known as a clinker. Clinker (95%) is cooled by air and subsequently ground with gypsum (5%) to form OPC. Other forms of cement require increased blending with other raw materials. Blending of clinker with other materials helps impart key characteristics to cement, which eventually govern its end use. Cement is typically manufactured by one of the three processes, wet, semi-dry, or dry.

The basic differences between these processes are the forms in which the raw meal is fed in to the kiln, and the amount of energy consumed in each of the processes. In the dry process, the raw meal is fed into the kiln in the form of a dry powder thereby resulting in energy savings, in the wet process it is fed into the kiln in the form of slurry. The semi-dry process consumes more energy than the dry process, but lesser than the wet process.

Production Process

The following diagram sets forth the process of manufacture of cement:



There are two general processes for producing clinker and cement in India: a dry process and a wet process. The basic steps involved in such processes are set out below:

Dry process

In dry process production, limestone is crushed to a uniform and usable size, blended with certain additives (such as iron ore and bauxite) and discharged on to a vertical roller mill where the raw materials are ground to fine powder. An electrostatic precipitator de-dusts the raw mill gases and collects the raw meal for a series of further stages of blending. The homogenized raw meal thus extracted is pumped to the top of a pre-heater by air lift pumps. In the pre-heaters the material is heated to 750°C. Subsequently, the raw meal undergoes a process of calcination in a pre-calciner (in which the carbonates present are reduced) fed to the kiln. The remaining calcination and clinkerisation reactions are completed in the kiln where the temperature is raised to 1,450-1,500°C. The clinker formed is cooled and conveyed to the clinker silo from where it is extracted and transported to the cement mills for producing cement. For producing OPC, clinker and gypsum are used and for producing PPC, clinker, gypsum and fly ash are used.

Wet process

The wet process differs mainly in the preparation of raw meal where water is added to raw materials to produce slurry. The chemical composition is corrected and the slurry is then pumped to the kiln where

evaporation of moisture, preheating, calcinations and sintering reaction takes place. The clinker is cooled and transported, as in the case of other plants, with suitable conveyors to cement mills for grinding. The wet process is more energy intensive, and thus becomes expensive when power and energy prices are high.

Special cement

The basic process outlined above can be modified slightly in order to make cements with special characteristics. In the case of sulphate resistant cement, the raw mix is designed so as to produce clinker with enhanced iron content. Once the raw mix has been properly designed further processing is similar to the production of OPC.

Cement Varieties

Three basic varieties of Portland cement are sold in India based on the different blending compositions (according to specific end-uses), namely OPC, PPC and PSC. The basic difference among these cements is in the percentage of clinker used, and the quantum and nature of blending done at the grinding stage. Since the clinkerization capacity is the most capital intensive part of a cement plant, blending of cement effectively raises capacity without requiring any significant investments for extra grinding and packing capacity. The quantum of blending in each variety of cement, the requisite strength, and other parameters of the cement variety sold are governed by the BIS.

The key types of the cements and their uses are discussed below:

Ordinary Portland Cement (OPC)

OPC is used for general construction purposes, such as in the building of houses, high-rise buildings, bridges and roads. It is estimated at around 40% of the total cement production in the country for the year ended 31st March, 2006 (*Source: Company Estimates*).

Pozzolona Portland Cement (PPC)

PPC differs from OPC in that it contains up to 35% pozzolanic materials, in accordance with the BIS, with the fly ash from thermal power stations being the most commonly used variety. PPC is also regarded to have better durability properties and is better suited for mass concreting, such as in the construction of dams and barrages. PPC is estimated to comprise almost 51% of the total cement production in India for the year ended 31st March, 2006 (*Source: Company Estimates*).

Portland Blast Furnace Slag Cement (PSC)

PSC differs from OPC in that it contains between 25% and 65% granulated blast furnace slag from steel plants, in accordance with the BIS. Since this cement gives rise to more impermeable concrete and is capable of resisting ingress of deleterious reagents, it is better suited for construction in a coastal environment. PSC is estimated to comprise around 8% of the total cement produced in India for the year ended 31st March, 2006 (*Source: Company Estimates*). Over the past few years, there has been a distinct trend towards increasing usage of blended cements having lower quantity of clinker.

Cement Industry Characteristics

Cement manufacture and sale is largely regional in nature

Since cement is a bulk commodity, the transportation costs contribute significantly to its overall cost. In order to minimize these costs, most cement manufacturing units are located near limestone reserves as well as near the target markets leading to cement units being close to each other, known as “clusters”, as also discussed above. Presently, the industry operates out of 12 clusters across India. 85% of the total domestic capacity is accounted for by the nine states of Madhya Pradesh, Uttar Pradesh (Central region), Rajasthan (Northern region), Chattisgarh (Eastern region), Gujarat, Maharashtra (Western region),

Karnataka, Tamil Nadu and Andhra Pradesh (Southern region). The concentration of capacity in these regions is largely due to the presence of limestone deposits.

Energy intensive process

Coal and power costs constitute a major share of total cement production costs, depending on the manufacturing process, with the wet process being more energy intensive than the dry process. Coal is used to fire kilns and as a source of fuel for the captive power plants set up by the cement manufacturers. To economize on costs, companies are increasingly using high-quality imported coal because of its high calorific content as compared to domestic coal. At the same time they are also shifting to captive power in order to avoid the high power tariffs and frequent power cuts in certain regions, associated with locally supplied grid power. As a result of these initiatives average energy consumption in the industry has been declining, resulting in reduced energy costs.

High freight costs

Due to the bulky nature of cement, outward freight costs account for a high proportion of total cost. Hence, companies prefer to be close not only to the limestone quarries, but also to the cement markets.

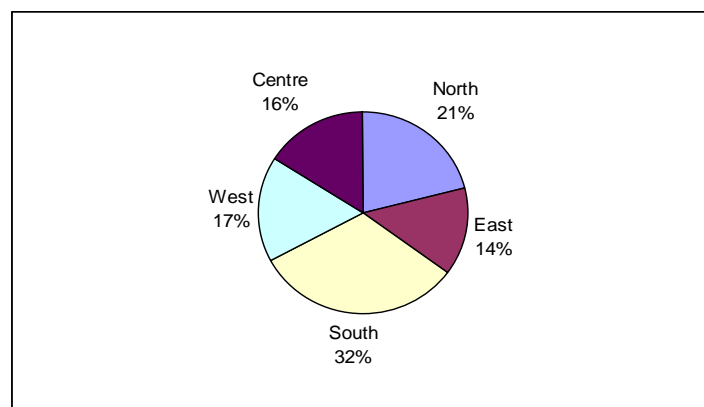
Disparity and instability in prices and margins across regions

Different supply-demand scenarios prevail across regions due to the differences in demand growth and varying concentration of cement producers. This has led to disparity and instability in cement prices and margins. For example, in the past, prices in the Southern region have typically been higher than most other regions. Prices had dropped when there was a substantial increase in production capacity but have again stabilized and started increasing in the last two years, since demand has steadily increased and outgrown the added capacities. On the other hand, prices in the Northern region have remained lower than the rest of the country because of the highly fragmented nature of the market. However, in the last few years, cement price has witnessed an upward swing in the northern region.

Regional distribution of demand

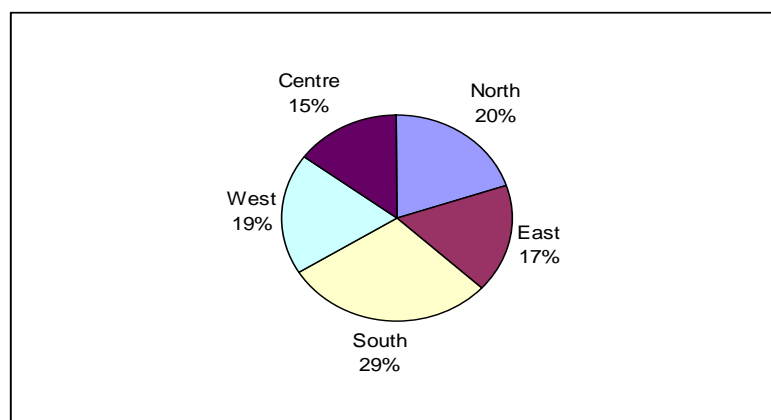
Industry competition is regionalised since the low-value commodity makes transportation over distances uncompetitive. Due to varying supply-demand scenario, level of industrial advancement and per capita income from region to region, cement consumption also varies accordingly. Hence, entry and growth strategies have to be designed after considering relative growth of regional demand and optimising logistics in transporting cement to the right market. Below are two pie charts depicting the regionwise cement production (Apr'05 to Mar'06) and consumption (Apr'05 to Feb'06). As a result large players despite having larger market shares across the country have to compete with efficient single unit players.

Regionwise Cement Production – April'05 to March'06:



Source: CMA Annual Report, 2006

Regionwise Cement Consumption – April'05 to February'06:



Source: CMA Annual Report, 2006

Incentives, Taxes and Indirect Taxes

Cement in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end-user price. The key levies on cement are excise duty and sales tax. Excise duty is a tax on manufacturing in India and is payable on dispatch of the cement from the factory. Cement sold at a price of less than Rs 190 per bag (50 kgs) attracts a specific duty of Rs 350 per ton while cement sold at a price of more than Rs 190 per bag attracts an ad valorem duty of 12%. On the other hand, clinker sold directly (i.e. without grinding it into cement) attracts a fixed levy of Rs.357 per ton. Sales tax is a levy by a State Government on sales originating from that State. Most States in India levy VAT on cement sales at a rate of 12.5%. Historically, sales tax incentives were one of the key factors which drove the creation of new capacity in the country. With these incentives being withdrawn, one of the key factors that had driven the creation of excess capacity in the country has been neutralized.

Cement Industry Outlook

The demand for cement is expected to be driven over the next few years by the following factors:

Residential, Retail and Commercial Construction

Construction activity is at its peak with several projects of housing, IT centers, office space, malls, hotels, airports and industries progressing at a fast pace throughout the country. Residential real estate prices in India have seen considerable appreciations in the last two years which has resulted in a growth for the housing construction industry. Office and retail space creation has emerged as another growth driver for Indian real-estate developers, becoming additional drivers of cement demand in India.

Corporate Capital Expenditure

The growth in manufacturing sector has started in India and spanned over the past two years with approved capital expenditure for projects increasing substantially.

Infrastructure

There is a greater need for suitable infrastructure in order to sustain industrial development and economic growth, with a special thrust on improving transport infrastructure – mainly roads. Progress on the Golden Quadrilateral and the North-South / East-West corridors has been significant. It is estimated that under the National Highway Development Program, nearly 40,000 km of highways/expressways would be built in India over the next 10 years. Demand from ports, airports and several other urban infrastructure projects would be over and above this, all of these adding to cement demand.

Special Economic Zones

In addition to 13 existing SEZs, 150 more SEZs have already been formally approved and another 117 proposals have received in-principle approvals. Even if only some were translated into reality, the ensuing manufacturing / construction activity will contribute to cement demand.

Paper Industry

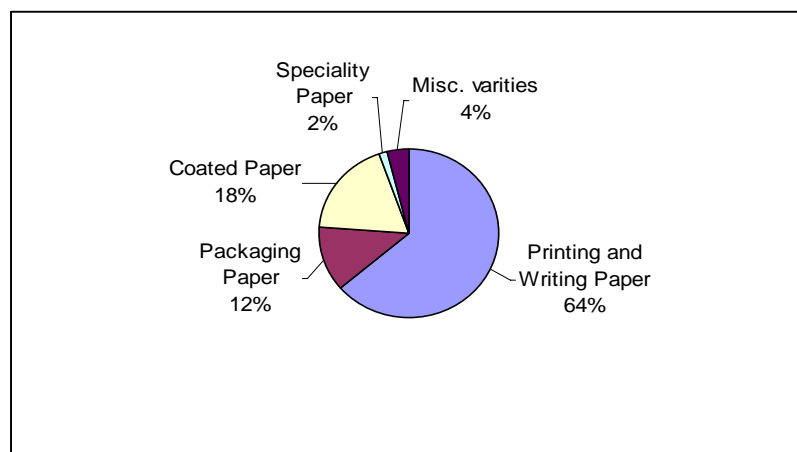
Paper plays an important role in communication and as a packaging material. The demand for paper is closely linked to the economic conditions prevalent in the economy. Economic growth leads to demand for paper and vice versa. Further, higher use of paper owing to its short life cycle and its large variety of applications at reasonably low costs drive its demand.

Industry Segmentation

Paper industry is fragmented, populated mostly with small scale and unorganized producers, most of them lacking integrated manufacturing facilities. They are also further subdivided as per the type of paper being produced, broadly classified in terms of its applications into –

1. Printing and writing paper
2. Packaging paper
3. Coated paper
4. Specialty paper
5. Miscellaneous varieties

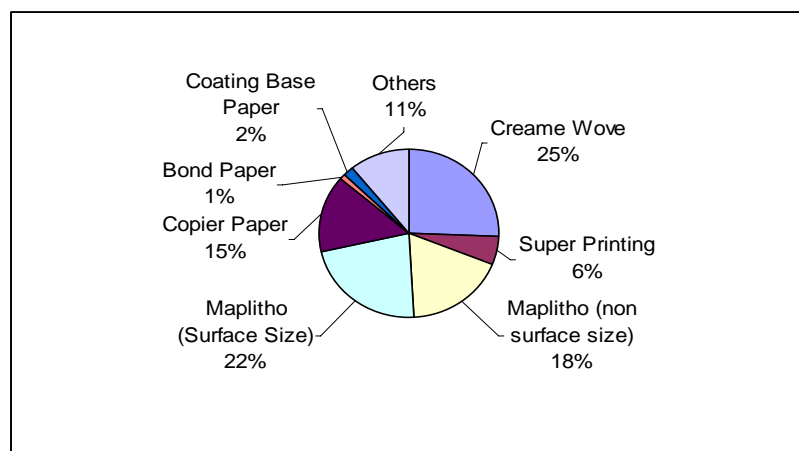
The figure below shows variety-wise breakup of paper production in India in FY06:



Source: IPMA, 2006

Printing and writing paper

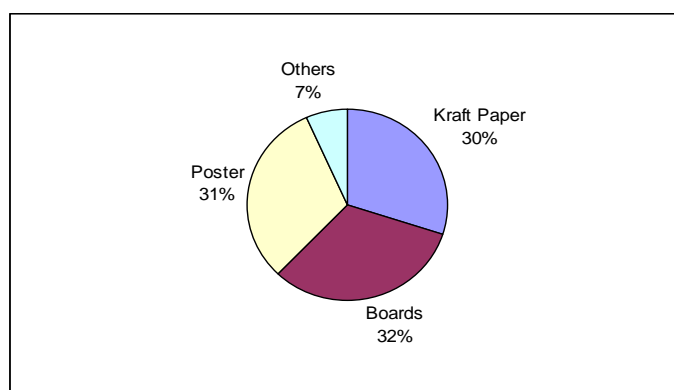
This category includes paper that is used for writing and printing purposes (notebooks, books, various kinds of documents, stationary items, etc). These are further classified into different varieties like creame wove, super printing, maplitho (both non surface and surface size), bond paper, copier paper, coating base paper and others. As can be interpreted from the types of paper included in this category, its demand depends on the prevailing literacy rates, importance laid on education and the size of the population. It also depends on the business environment which directly impacts the printing industry. Below figure shows the production statistics for FY06 in each of the above mentioned categories in percentage terms:



Source: IPMA, 2006

Packaging paper

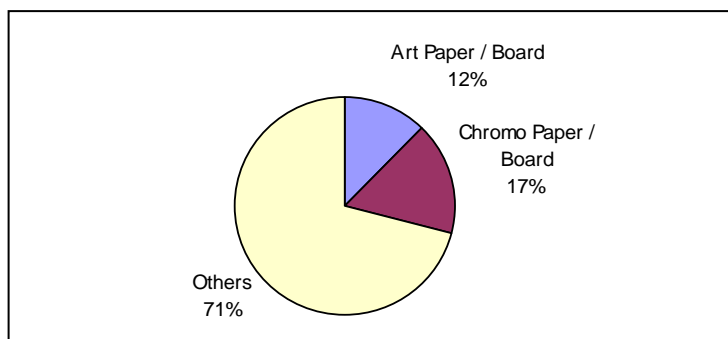
This category includes paper that is used for packaging activities. Its use is hence dependent on the growth in the packaging industry and other industries that use packaging materials intensively and also on the availability of substitute packaging materials at comparable prices. This category can be further categorized into kraft paper, boards, posters and others. Below figure shows the category-wise production of packaging paper for FY06 in percentage terms:



Source: IPMA, 2006

Coated paper

This category includes paper used as coating materials and products. This category can be further categorized into art paper / board, chromo paper / board and others. Below figure shows the category-wise production of coated paper for FY06 in percentage terms:



Source: IPMA, 2006

In FY06, the quantities of specialty paper and miscellaneous varieties of paper produced were 36,377 MT and 84,363 MT, respectively.

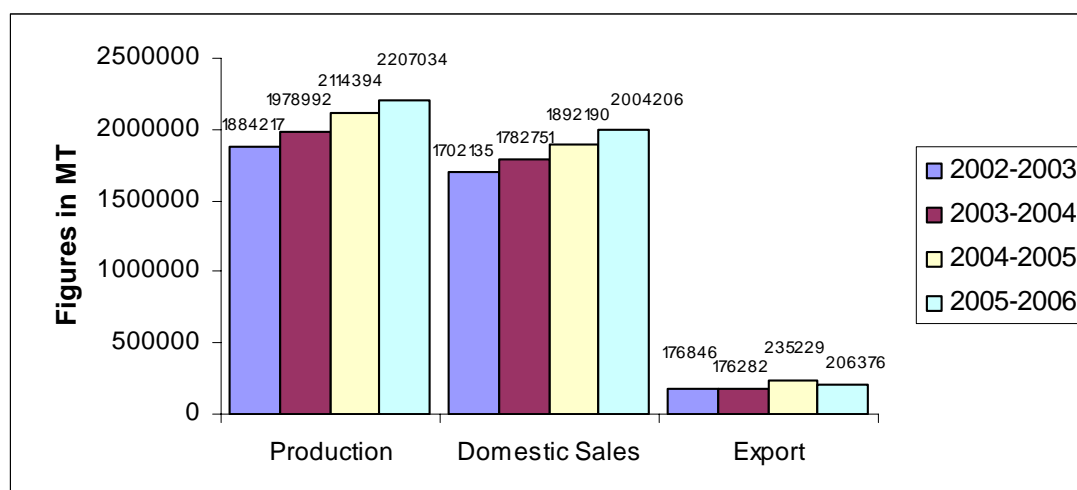
Paper Industry – Key Statistics

The table given below shows the variety-wise production of the major types of paper and the trend over time from FY04 to FY05 and FY05 to FY06:

(figures in MT)	FY04	FY05	% Increase / (Decrease) over FY04	FY06	% Increase / (Decrease) over FY05
Printing and Writing Paper	1289296	1368467	6.14	1408834	2.95
Packaging Paper	359021	361151	0.59	270496	(25.10)
Coated Paper	251823	264955	5.21	406964	53.6
Speciality Paper	31014	36889	18.94	36377	(1.39)
Misc. varieties	47838	82932	73.36	84363	1.73
Grand Total	1978992	2114394	6.84	2207034	4.38

Source: IPMA, 2006

The figure below gives a graphical representation of the trend over time of the production / domestic sales / exports by Indian paper mills:



Source: IPMA, 2006

A table of monthly figures is given below for better understanding of the monthly and quarterly performance of the industry in terms of production, domestic sales and exports over the last fiscal year, i.e. FY06:

Quarters (FY 2006)	Production (in MT)			
	Monthly Production			Total
Ist Quarter (Apr - Jun)	179103	190083	185147	554333
IInd Quarter (Jul - Sept)	181158	188541	177763	547462
IIIrd Quarter (Oct - Dec)	182754	182276	191646	556676
IV th Quarter (Jan - Mar)	187871	163672	197020	548563
Total	730886	724572	751576	2207034

Quarters (FY 2006)	Domestic Sales (in MT)			
	Monthly Sales			Total
Ist Quarter (Apr - Jun)	148447	172855	160824	482126
IInd Quarter (Jul - Sept)	149924	164405	172190	486519
IIIRD Quarter (Oct - Dec)	168531	157774	190070	516375
IV th Quarter (Jan - Mar)	164882	151979	202325	519186
Total	631784	647013	725409	2004206

Quarters (FY 2006)	Exports (in MT)			
	Monthly Exports			Total
Ist Quarter (Apr - Jun)	14185	17073	21721	52979
IInd Quarter (Jul - Sept)	17938	22149	16872	56959
IIIRD Quarter (Oct - Dec)	13698	16322	19042	49062
IV th Quarter (Jan - Mar)	12175	13091	22110	47376
Total	57996	68635	79745	206376

Source: IPMA, 2006

Key Inputs and Manufacturing Process

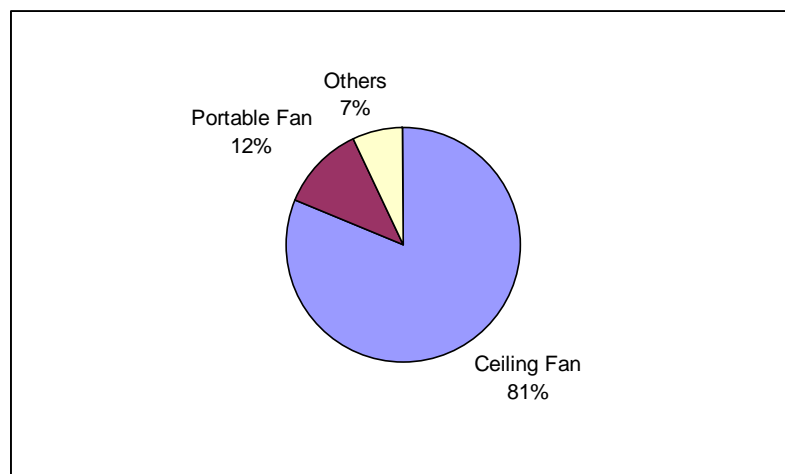
The major raw materials used in the manufacture of paper are wood and bamboo, along with other essential inputs like chemicals and power & fuel. Hence, proximity to wooded areas like forests and foot hills is a major advantage for a paper mill for ready availability of raw materials. At the same time, raw material availability can be a major constraint if the mill is not located suitably or is not well-connected to transportation facilities. Hence, uninterrupted or reliable power supply is a big advantage. Further, the high setup costs involved and the time taken in setting up a paper mill can deter potential competitors from entering this industry.

The raw material is first cleaned, washed and prepared for pulping. The fibrous material is then converted into pulp using chemicals and subsequently screened to refine it into homogenous slurry. Chemical additives are then added as required to prepare a particular type of paper. The pulp is then compressed uniformly, discharging and draining water in a controlled manner. This is then passed between heavy presses to make it compact and drier, by removing water further. It is then passed through steam-heated dryer cylinders, dried completely, wound on reels and cut into suitable sizes before packaging and dispatching to the markets.

Fan Industry

Introduction

Fan industry in India has been estimated at around 22mn units worth Rs.1400 crores for FY06 (*Source : Company estimates*). The industry is clearly divided between organized sector and others. Organized sector accounts for 14.5mn units, worth approx Rs.1100 crores. Ceiling Fans forms the biggest segment of organized industry, in volume terms, as can be explained in the graph below:



Source: Company Estimates

Demand

Demand for electric fans depends on electrification in the rural areas and construction of houses and commercial buildings. The growth in housing and construction has led to a demand growth across home durables including fans. This has resulted in the domestic demand for electric fans growing at over 8% in FY06, in volume terms (*Source: Company estimates*). The buyers of electric fans in the organized sector can be categorized as following – Civil and Bulk buyers, Defense Canteen, Government and Exports. Domestic consumption in organized market constitutes about 91% of the total market size in terms of value, whereas export makes up for the rest. Demand for imported fans is less than 2% of the total demand. Chinese table fans have been imported by some manufacturers in the last few years.

Industry Players

Organized market in the fan industry is highly consolidated with the top seven players having a total market share of over 80% in FY2006 (*Source: Company estimates*). The leading players include our Company, Crompton Greaves, Jay Engineering Works, Polar Industries, Havells India, Khaitan Industries and Bajaj Electricals.

Manufacturing Process

There are three major types of fans in the Indian market – ceiling fans, airflow fans and portable fans. The manufacturing process for all of these is more or less the same. Lamination, copper wire, aluminum sheet, aluminum alloy, bright bar and CRCA coils are the major raw materials required for the manufacture of fans. These are first procured and then processed into major components like top, false and bottom covers, blades, regulators, rotors, stators etc. All these components are sent to the fan assembly line, after machining, painting and inspection. The components are also laminated, as per requirement. The fan bodies are tested for electrical and other parameters like speed, wattage and sound, etc. and are packed along with other components in a single box. For ceiling fans, blades and regulators are packed separately.

OUR BUSINESS

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In this section, any reference to “we”, “us” or “our” refers to Orient Paper and Industries Limited. Unless otherwise stated, the financial information used in this section is derived from our unconsolidated audited financial statements under Indian GAAP, as restated. Bracketed numbers indicate losses/ negative figures.

Business Overview

Our Company was incorporated in the year 1936 and is a diversified conglomerate engaged in the production of cement, paper and fans. We are a flagship company of the C. K. Birla Group, which is one of the diversified business groups in India. For fiscal 2007, our net sales were Rs. 1,09,680.60 lacs out of which 53.95% was accounted for by our cement business, 23.94% by our paper business and 22.11% by our fans business.

Our cement operations are based in Devapur (in the state of Andhra Pradesh) and Jalgaon (in the state of Maharashtra) in India. We manufacture two varieties of cement viz. Ordinary Portland Cement and Portland Pozzolana Cement. We have access to limestone mines through the Andhra Pradesh Mineral Development Corporation Limited. To further strengthen integration we plan to set up our own thermal based captive power plant for captive consumption at our cement facility in Devapur. The locations of our cement plants give us access to key consumer markets in the states of Maharashtra and Andhra Pradesh. Our total cement production capacity is currently 2.4 MTPA.

Our paper operations are based in Amlai (in the state of Madhya Pradesh). Our paper division caters to the requirements of the writing and printing segment and the tissue paper segment. Our Company has a presence in the photocopying and office paper category under the writing and printing segment. The installed capacity at our Amlai plant is 95,000 tpa. In addition we have formed Panafrican Paper Mills (E.A.) Limited as a joint venture with the International Finance Corporation and the Government of Kenya. Panafrican Paper Mills (E.A.) Limited operates a paper mill in Kenya with a capacity of 120,000 tpa. We sell our paper under the brands ‘Orient’ and ‘Peacock’.

Our fans division is located at Kolkata (in the state of West Bengal) and Faridabad (in the state of Haryana) in India with an installed capacity of 2.6 mn units p.a. We produce and sell fans under the brand name of ‘Orient Fan’ which is a well known household name in the country and also export to countries in the Middle East and United States of America.

We are currently embarking on a growth plan designed to enhance our cement capacity at Devapur and Jalgaon. Further, we plan to enhance our cost competitiveness in cement by setting up a captive power plant to service our cement plant at Devapur.

The revenues from each of our businesses for the periods stated are as follows:

		FY07		FY06		FY05	
	Business	Total Income Rs. lacs	% share in Total Income	Total Income Rs. lacs	% share in Total Income	Total Income Rs. lacs	% share in Total Income
1	Paper	26,258.37	23.94	26,332.11	30.97	23,303.78	32.42
2	Cement	59,171.07	53.95	39,507.35	46.46	32,090.78	44.65
3	Fans	24,251.16	22.11	19,190.92	22.57	16,478.61	22.93
	Total*	1,09,680.60	100.00	85,030.38	100.00	71,873.17	100.00

** excluding income from Know-How & Service Fees, Other Income and increase/ (decrease) in inventories*

STRENGTHS OF OUR COMPANY

1. Our Company is a diversified conglomerate

Our Company is a diversified conglomerate with presence in cement, paper and electric fans. The diversified nature of the business of our Company provides cushion against volatility in profitability due to cyclical nature of the industries it operates in.

2. Our Company is one of the cement producers in the Chandrapur cement cluster and enjoys locational advantages

The cement industry in India is region-focused due to the high transportation costs. Historically, our principal markets of Maharashtra and Andhra Pradesh in general and 'Chandrapur cluster' in particular suffered from excess capacity. As a result of growth in demand during the last three years, this gap has gradually reduced. Our Company believes that it is in a position to realise the benefits of the increased demand in its markets, being one of the manufacturers in Chandrapur cluster and also due to our Company's proposed capacity expansion which will address the expected demand growth.

3. Our Company is a fully integrated value added player in all segments it operates in

Our Company is a fully integrated player across all the three industries of cement, paper and fans. In cement, our Company has its exclusive mining rights with Andhra Pradesh Mineral Development Corporation Limited, an undertaking of the Government of Andhra Pradesh and the holder of the mining lease. To further strengthen integration, our Company plans setting up its own thermal based power plant for captive consumption at the main cement facility in Devapur. Further, in paper, our Company is a fully integrated player and is also a tissue paper manufacturer.

4. Our Company has brands like "Birla A1", "Orient" and "Orient PSPO"

Over the years, the 'Orient' brand has established significant brand presence especially cement and fan segments. The quality of our Company's products is a key differentiator due to the manufacturing processes followed and the standards adopted by our Company which are more stringent than the standards specified by the Bureau of Indian Standards ('BIS'). The Devapur unit has the distinction of being awarded TPM certificate by the Japan Institute of Plant Maintenance. The unit had earlier received ISO 9002. Further, the facilities at Amlai, Faridabad, Devapur and Jalgaon are ISO 14001 certified.

5. Our Company has a experienced management team and motivated and efficient work force

Our Company is managed by a team of experienced and professional managers focused on different aspects of the industries including production, manufacturing, marketing, quality control and finance. The promoters and management of our Company have long experience in the cement, paper and fans industries. Our Company's human resource policy is prepared with a commitment to create an organisation that nurtures talents and motivates its work force.

6. Our Company has an extensive marketing and distribution network

Our Company has a wide spread distribution network of dealers. The sales and marketing functions of our Company are managed from Kolkata, with a team of professionals. We have appointed around 30 dealers for our paper business, around 25 main dealers and 3800 sub dealers for our fan business and around 1600 stockists for our cement business.

BUSINESS STRATEGY

1. Maintain and further consolidate our Company's position in key markets through capacity expansion

To achieve our Company's objective of increasing its presence across the three industries of paper, cement and fans, our Company is currently working on increasing its cement capacity at its plant at Devapur from 1.6 MTPA to 2.4 MTPA and at Jalgaon from 0.8 MTPA to 1.0 MTPA. Further, our Company plans to set up a coal based thermal power plant at Devapur. Further, our Company has already planned a capacity expansion in the tissue paper segment by 20,000 tons annually.

2. Continue Focus on operational efficiency improvements

Our Company is setting up a new power plant at Devapur which would result in savings in power & fuel costs. Our Company expects that this will reduce our Company's dependence on the state grade and enhance the quality of supply of power.

3. Fine tune differentiated strategy for sale of its products

In case of cement division, our Company's strategy is to maximise net sales realisation by focusing on sales of the product on a regional basis. However, in case of fans, we supply to more than 20 different countries in the world and throughout India.

4. Increase in distribution and sales network

Our Company's products are currently marketed through a widespread distribution network comprising of dealers, sub dealers, stockists who in turn sell the product to end users such as contractors, retailers, etc. It will continue to focus on building a dedicated and motivated dealer network by seeking to add additional dealers to the network and strengthen its relationship with the existing dealers. Our Company has marketing offices at several locations in India and its officials are continuously meeting dealers and their personnel to provide them with greater information about the products of our Company and discuss means of increasing the sales of our Company's products.

5. Developing our Company's product mix and enhancing products

Our Company's cement production mix in the year FY07 was 58% PPC and 42% OPC, compared to 34% and 66% in FY05. Our Company intends to further enhance the quantum of PPC towards a mix of 90% PPC and 10% OPC. This is to cater to the increased demand for PPC in the Indian cement markets. This would result in increase in EBITDA margins.

6. Increasing the promotion of our Company's brand

To promote our Company's products and its brands with dealers who are the customers of our Company, our Company organises seminars, workshops and conferences where it educates its dealers/customers about the strengths of its products.

Our Cement Business

In fiscal 2007, we produced 2.2 MnT of cement and have achieved sales of 2.4 MnT, generating revenue of Rs. 59,171.07 lacs, net sales from operation. We produce two varieties of cement namely Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC). As on March 31, 2007 our installed capacity for cement is 2.4 MTPA.

Our Company sells OPC under the brand "Orient Gold 53" and PPC under the brand "Birla A1". The proportion of PPC to total sales has been around 58% in FY07. However, the same has subsequently improved to around 90% levels.

Location of Plants

Our cement division has plants at Devapur (Andhra Pradesh) and Jalgaon (Maharashtra). The Devapur plant has the capacity to manufacture 2 MTPA of clinker and a grinding capacity of 1.6 MTPA. The Jalgaon plant has a grinding capacity of 0.80 MTPA. Both plants use the dry process of manufacturing cement, thereby consuming minimal amount of energy.

Raw Material and Other Inputs

The main raw materials used to manufacture OPC are limestone and additives such as Laterite, Bauxite and Gypsum. Clinker, an intermediate product in the manufacture of cement, comprises lime, silica, alumina, and iron compounds. For manufacture of PPC, fly ash is added as a raw material at the grinding stage. Additives like laterite and bauxite are added to alter the chemical characteristics of lime, silica, aluminum and iron present in the raw material feed. Gypsum is added to regulate the setting time of cement. Cement is manufactured in three main stages: raw-meal preparation, heat treatment (clinkerisation) and clinker grinding. In the dry process, the raw meal is fed in to the kiln in the form of a dry power thereby resulting in energy savings. Power and fuel are also critical inputs in the production of cement.

- **Limestone** – The main raw material used in the production of cement is limestone. The clinker production process requires about 1.40 tonnes of limestone for every one tonne of clinker produced. Currently we are sourcing limestone from Devapur limestone mines through APMDC, a Government of Andhra Pradesh undertaking, with sole right to Orient Cements to use limestone for its captive consumption. The mining lease is up to 17th January 2011 and can be further renewed.
- **Laterite and Bauxite** – These are added to the limestone in small quantities, as ‘additives’ to ensure an acceptable chemical composition of the ‘raw meal’, the input for the clinkerization process. The requirements of Bauxite & Laterite inputs per tonne of clinker are not significantly high.
- **Gypsum** – Gypsum is ground with clinker to produce cement. Usually, about 0.025 tonne of gypsum is used in production of 1 tonne of cement.
- **Fly Ash** – Fly ash is a key requirement for the production of PPC. About 30% of fly ash is used to manufacture PPC along with about 2.5% of gypsum and balance clinker. The availability of fly ash at reasonable landed cost gives a cement producer the advantage of producing more of PPC and thereby increasing overall contribution. As fly ash directly replaces the clinker in cement manufacturing process, it increases the overall production and contribution and improves the margins of the Company.
- **Power and Fuel** – While coal, natural gas, or oil can be used as fuel, the choice of fuel depends on its availability, cost and the process used. Reliable source of power is also an important factor of cement manufacturing. The average power requirement per tonne of cement in the industry is close to 85-90 kWh.

Pricing

The Prices of the cement are determined by the interplay of market forces, predominantly demand sensitive. We fix the price of our Brands depending upon the prevailing dynamics in the market place and are monitored keenly on continued basis.

Marketing and Distribution Network

The sales and marketing functions of our company are managed from Hyderabad, with a team of 70 professionals. We have a wide spread distribution network of 1600 stockists. We have nearly 28 depots

and 34 offices scattered all across our markets for executing operations. Andhra Pradesh and Maharashtra constitute our core markets and we register a sale of more than 90% of our cement sales in these states. We have two brands to offer – our OPC 53 Grade Cement is branded as “Orient Gold” and PPC Cement as “Birla AI”. Both the brands are positioned in the premium segment and enjoy consumer preference. We operate in a credit-oriented market, with two slabs of cash discount structure in the system. Our overall credit days generally range from 12 to 15 days.

Competition

In all our markets we have competition not only from regional players but also from National players like Ultratech, Gujarat Ambuja and ACC etc. Competition occurs mainly on the basis of Efficiency, Price, Quality, and overall Brand Equity.

Research and Development (R&D)

We have a research and development center located at Devapur. That center is involved in day to day quality control measures and also contributes towards continuous quality improvement. The center’s main activities pertain to innovative projects for modifying of processes, products and maintaining quality control. R&D centre follows various testing procedures pertaining to BIS, ISO Testing Methods as deemed fit for the project concerned. It is headed by a Senior Manager and is staffed by qualified experts.

Agreement with Andhra Pradesh Mineral Development Corporation Limited

Our Company earlier held a mining lease from the Government of Andhra Pradesh (“Government”) for limestone in Ralli Reserve Forest in Gatrapalli and Devapur villages of Adilabad district. The mining lease was executed on March 21, 1980 for a period of 20 years and was valid up to March 20, 2000. On February 23, 1999 we submitted our application for renewal of the mining lease to the Government. Thereafter in view of the provisions of Andhra Pradesh Scheduled Areas Land Transfer Regulations 1959, the Government advised us to take up the issue of renewal of the mining lease with Andhra Pradesh Mineral Development Corporation Limited (“APMDC”), an undertaking of the Government.

Accordingly, we entered into an Agreement dated August 27, 2001, as per which the APMDC agreed to allot whole of the mining lease area in Ralli Reserve Forest of Gatrapalli and Devapur villages of Adilabad district on exclusive basis for mining, raising and self-consumption to our Company on the terms and conditions laid down in the Agreement. The Agreement between our Company and APMDC is valid up to expiry of the period of first renewal of lease and subsequent renewals thereof, subject to grant by the Government. Further, as and when the mining lease is permitted to be held by the Company or its nominee under the relevant provisions of the law, then the mining lease shall be transferred back by APMDC in favour of the Company or nominee of the Company without any obligation or monetary considerations and this Agreement shall automatically stand terminated thereafter. The Government has vide GO Ms.No.141, Industries & Commerce (M.III) Department dated 30th March 2002 issued by Industries & Commerce Deptt, Govt.of A.P and also Proceedings of Asst.Director of Mines & Geology,Mancherla, Ref.No. Proc.No.978/M/2002 dated 1st June, 2002, sanctioned and given the order for the first renewal of mining lease for limestone over an extent of 210 hectares in Sy. No. 501 to 507, 537, 539, etc. of Ralli R. F. Devapur, Kasipet, Adilabad district in favour of APMDC for a period of 10 years with effect from January 17, 2001.

Our expansion plans

Further expansion of the Company’s cement production capacity from 3.4 Million Tons Per Annum (“MTPA”) to 5 MTPA and enhancement of capacity of the proposed Captive Power Plant from 30 MW to 50 MW

The Board of Directors, in its meeting held on January 30, 2007 has approved a further capacity expansion of 1.6 MTPA (“New Expansion”) at Devapur (Andhra Pradesh) and Jalgaon (Maharashtra) thereby enhancing the Company’s total cement capacity to 5 MTPA as a part of the further growth strategy of the Company. In the above Board Meeting, the Board has also approved the revision of the Captive Thermal Power Plant from the earlier proposed capacity of 30 MW to a revised capacity of 50 MW in order to meet the enhanced power requirement arising from the proposed New Expansion. The new expansion if taken up concurrently with the ongoing expansion could be completed in a further 12 months after the ongoing expansion is completed. The implementation of the new expansion is not expected to have any effect on the implementation schedule of the ongoing expansion. The funds requirement for this capacity expansion from 3.4 MTPA to 5 MTPA has been estimated at Rs. 32,000 lacs to be met mostly through internal accruals supplemented by debt, if required. Further, the enhancement of the capacity of Captive Power Plant from 30 MW to 50 MW has been estimated at Rs. 9,000 lacs and would be financed through internal accruals. No part of the proceeds of the proposed Rights Issue of the Company would be utilized for the new expansion.

The Board has authorized the Managing Director Mr. M. L. Pachisia and President (Finance) & Chief Financial officer Mr. P. K. Sonthalia to proceed with further steps to implement the New Expansion of capacity from 3.4 MTPA to 5 MTPA and enhancement of capacity of Captive Power Plant from 30 MW to 50 MW and to sign all such papers and documents as may be required in this regard and to do all such acts, deeds, matters and things as may be necessary or incidental to give effect to the above decision. Our Company has placed orders amounting to Rs.17,745 lacs for designing, engineering, supply, erection and commissioning of 50 MW Captive Power Plant to Cethar Vessel Private Limited in the month of March 2007.

Our Paper Business

In fiscal 2007, we produced and sold 77,192 tons of paper, generating revenue of Rs.26,258.37 lacs. We cater to the requirements of the writing & printing and the tissue paper segments. As on March 31, 2007, our installed capacity for paper (including tissue) is 95000 tpa.

Our Company has a presence in photocopying and office paper category under the writing & printing segment which is growing at over 6 to 7% p.a. Tissue paper has been amongst the growing segments during the last five years with a CAGR of 15% (*Source: Company estimates*). Changing life-styles and growing income levels has been the driver for the growth in tissue paper segment. This division currently has a capacity of 10,000 tonnes.

Location of Plants

Our paper manufacturing plant is located at Amlai (Madhya Pradesh) with an installed capacity of 95000 tpa. We also have a plant at Brajrajnagar that has now stopped operations since January 1999 and we do not foresee any scope for revival. Currently, our application for permission for closure is being heard by the Tribunal.

Raw Material and other inputs

The main raw materials used to produce paper are bamboo and wood. The other important inputs are chemicals and power & fuel.

- **Bamboo and Wood** – The main raw materials used in the production of paper are bamboo and wood. Due to the uncertainty regarding long term availability of the raw materials, costs involved are bound to increase sharply. We aggressively pursue social and farm forestry programs and arrange for plantation of seedlings and clonal plants with the objective of becoming self sufficient to the extent of our raw material requirement.

- Chemicals – We use a large quantity of chemicals, mainly chlorine and caustic soda, for our pulping and paper operations. Prices of these have also been increasing sharply in the recent past.
- Power and Fuel – Coal is an important input in our boilers for producing steam used for the generation of power through our captive power plants, in turn used for the production of paper. We also purchase power, if need be. The prices of these have also been moving upwards till recently.

Pricing

The prices for our products are set based on continuous review of the projected demand and supply on a nationwide scale. We have a uniform ex-factory price all over India. Prices at our depots in different regions are, however, affected by local regulations and tax policies. The pricing strategy is reviewed regularly and necessary corrections are made from time to time. Our pricing strategy relies on inputs from the regional marketing offices and market feedback from our wholesalers.

Marketing and Distribution Network

The sales and marketing functions of our Company are managed from Delhi, Kolkata, Lucknow, Chennai, Jodhpur, Hyderabad and Amlai, with a team of marketing professionals based out of the above mentioned cities. In addition to its staff, the marketing team is supported by wholesalers, who work on commission basis. We have a widespread countrywide distribution network of wholesalers and depots. All our wholesalers have been associated with us for more than a decade and are established in their geographical area. We also deal directly with some large industrial customers.

Competition

We compete with other integrated paper mills and producers of paper on all-India basis. Competition occurs principally on the basis of brand name, quality, price and logistics. Our main competitors are Tamil Nadu Newsprint, Century Pulp & Paper, Ballarpur Industries, Hindustan Paper Corporation and Pudumjee Pulp & Papers, to name a few.

Research and Development (R&D)

We have a well equipped research and development centre located at Amlai. The R&D centre concentrates mainly on evaluation of various fibrous raw materials and improvement in pulping and bleaching technologies, thereby contributing to improvement in the quality of paper while making it more environment friendly. R&D centre follows various testing procedures pertaining to BIS, ISO, APHA and TAPPI standards, as deemed fit for the project concerned. It is staffed by qualified experts. Our R&D laboratory is recognized by the Department of Science and Technology, Government of India. Efforts are under progress to get the R & D environmental laboratory accredited by Ministry of Environment and Forest (MOEF).

Our Electric Fans Business

In fiscal 2007, we produced / purchased and sold 3.1 mn fans, generating revenue of Rs.24,251.16 lacs. We are a leading player in the organized electric fans market. We have also been exporting fans from India for a long time. The division markets its fans under the brand 'Orient' and 'Orient PSPO'. As on March 31, 2007, our installed capacity for manufacturing fans is 2.6 mn units per annum.

We are a player in the ceiling fans segment which constitutes around 78% (*Source: Company estimates*) of the total production of fans by the organized sector in India. We have a presence in the portable fans segment also, in view of our focus on in-house research and development efforts.

Profitability of late has been affected due to increase in the prices of metals especially copper and aluminum, as a corresponding increase in our sales realizations could not be implemented due to competitive pressures.

Location of Plants

We produce fans at two manufacturing locations – Kolkata (West Bengal) and Faridabad (Haryana). The production capacity at Kolkata is 1 mn units p.a. while at Faridabad is 1.6 mn units p.a.

Raw Material and other inputs

The main raw materials used to manufacture fans are metals like steel, copper, aluminium and aluminum alloys. We produce three kinds of fans – ceiling fans, airflow fans and portable fans. Below is a brief description of the way these are manufactured:

- **Ceiling Fan** – Raw materials required for the manufacturing of ceiling fans are Lamination, Cooper wire, Aluminum Sheet, Aluminum Alloy, Bright bar and CRCA Coils etc. These are procured and the processing of materials into components is done at various ancillaries located near the factory. Major Components like Top, False and Bottom Covers, Blades, regulators, rotors, Stators etc. are received from these parties. Top Cover after machining operations goes to paint shop. Rotor casting after machining, painting and inspection goes to Fan Assembly. Stators after testing are sent to assembly line. Other components are also sent to assembly line after inspection. Top, false and bottom covers after pretreatment in chemical solutions are painted in a conveyerised paint shop and sent to assembly. Blades and regulators are obtained from ancillaries in packed condition. The requirement of laminations is met by company's own Lamination plant.
- **Airflow Fan** – The manufacturing process of airflow fans is almost the same as ceiling fans except that more bought out components are used here. In assembly shop, the various components are first assembled into necessary sub-assemblies and then into final assembly of fan body. The fan bodies are tested for speed, wattage and sound, etc. and are packed along with other components.
- **Portable Fan** – Portable fans are broadly classified into two varieties:
 - Metallic Stand & Base (aluminum pressure die cast stand and switch box)
 - Plastic stand & base

The lamination & copper wires for stator are obtained as per specifications and given to ancillaries for winding. The rotor laminations after die-casting are machined and received. The final finishing of outside diameter is done inside the factory after caulking to rotor in hydraulic press. The aluminum covers for motor are taken after die-casting and machining. Finished aluminum die cast stands are received from ancillaries and are sent to assembly shop for sub-assembly of stands. For some models, the motors are mounted to stands but are kept separately in packing box. The painted guard and molded blade set for these models are received from ancillaries and packed separately. For all plastic models the stand and switch box from ancillary are sent to assembly line and sub-assembly of stands/switch are done inside prior to mounting and bottom base fitting. The fans are then individually tested for electrical and other parameters and then packed in single box with guard and blade sets purchased directly. For some fans switch boxes and brackets are completed in ancillary and packing of these stands with their motors is carried out inside the factory.

Pricing

The pricing strategy for the domestic market is reviewed monthly and necessary alterations are made based on pricing strategies being followed by the competition, inputs from the regional sales offices and market feedback from the main dealers. For exports, the pricing policy is generally reviewed on yearly/half yearly basis.

Marketing and Distribution Network

The sales and marketing functions of our electric fan division are managed from our Head Office located at New Delhi with a team of around 30 executives and professionals. In the domestic market, we sell our products through more than 25 main dealers located at major cities in India. The product reaches the end customer through a network of more than 3800 dealers spread though out India. Some sales are made directly also to bulk buyers like Canteen Stores Department etc. and under DGS&D rate contract. For export market, we have tied up with reputed distributors/ agents, who cater to the local demand.

Competition

We mainly compete with other producers of branded fans in India. Competition occurs principally on the basis of product quality, pricing, distribution network and brand name. Our main competitors are Crompton, Usha, Khaitan, Polar, Havell and Bajaj.

Research and Development (R&D)

We have Research and Development centers, located at Faridabad for ceiling fans and at Kolkata for portable fans. These centers are involved in Product Development, Quality Control measures and also contribute towards continuous quality improvement. R&D centers follow various testing procedures prescribed by ISI, UL and other standards, as per the requirements. Each center is headed by a Manager and is staffed by qualified experts.

Manpower

Our Company has a total of 4,411 full time employees as of March 31, 2007. A division-wise break up of the same is provided below:

Unit	Marketing	Corporate	Production	Total
Orient Fans	32	-	412	444
Orient Cement	73	-	648	721
Orient Paper	13	-	2985	2998
Brajrajnagar	-	-	186	186
Corporate Office	9	53	-	62

In addition, we engage contractors to carry out some of the activities in the manufacturing premises for material handling etc. We shall deploy the manpower required for the expansion activities from our current resources. We offer our employees comprehensive on-going training in order to raise their competence and capability. We have also implemented a performance appraisal system which allows the performance of our employees to be assessed through an objective and transparent process. We believe that the training and appraisal system will result in a more productive and service-oriented workforce.

Details of Capacity Utilization for last Three Financial Years

	Pulp, Paper and Board	Portland Cement	Electric Fans
	MT	MT	Nos.
FY2007			
Installed Capacity	95,000	2,400,000	2,580,000
Production	77,192	2,178,267	3,093,614
Capacity Utilization	81.2%	91.7%	119.9%
FY2006			
Installed Capacity	95,000	2,400,000	2,580,000
Production	82,851	2,112,132	2,551,173
Capacity Utilization	87.2%	88.0%	98.9%
FY2005			

Installed Capacity	95,000	2,400,000	1,674,000
Production	76,161	2,014,468	2,359,857
Capacity Utilization	80.2%	83.9%	141.0%

Note : In addition to the above we have installed capacity of following products where production has been discontinued or the relevant units are non-operational- At Brajrajnagar: Pulp, Paper and Board (76,000 MT), Caustic Soda (3292 MT), Chlorine (2926 MT)

Properties

The properties of our Company includes factories, office premises, depots and living quarters. These properties have been acquired by the Company on ownership/leasehold basis. The Company has neither acquired nor proposes to acquire any immovable property out of the proceeds of the proposed rights issue.

The details of the manufacturing facilities of our Company are given below:

Our plant at Amlai is situated on leasehold/ free hold land as per details below:

Name of the Plant	Location	District	Nature of Holding	Area (in Acres)
Orient Paper Mills, Amlai, Dist. Shahdol (Madhya Pradesh)	Bargawan	Shahdol (M.P)	Lease Hold	239.90
	Bakahi	Shahdol (M.P)	Lease Hold	127.58
	Bakaho	Shahdol (M.P)	Lease Hold	48.49
	Jhagraha	Shahdol (M.P)	Lease Hold	213.00
	Lalpur	Shahdol (M.P)	Lease Hold	15.32
	Katkona	Shahdol (M.P)	Lease Hold	1.82
	Piparara	Shahdol (M.P)	Lease Hold	3.97
	Bhopal	Bhopal (M.P)	Lease Hold	0.16
Total				650.24
Orient Paper Mills, Amlai, Dist. Shahdol (Madhya Pradesh)	Jhagaraha	Shahdol (M.P)	Free Hold	263.64
	Bargawan	Shahdol (M.P)	Free Hold	447.95
	Bakahi	Shahdol (M.P)	Free Hold	10.98
	Bakaho	Shahdol (M.P)	Free Hold	138.53
	Katkona	Shahdol (M.P)	Free Hold	12.41
	Shahdol	Shahdol (M.P)	Free Hold	1.55
	Paniyjab	Shahdol (M.P)	Free Hold	5.19
	Badwabara	Shahdol (M.P)	Free Hold	2.12
	Kanchanpur	Shahdol (M.P)	Free Hold	1.01
	Lalpur	Shahdol (M.P)	Free Hold	10.00
Total				893.38

Our Cement plants at Devapur and Jalgaon are situated on leasehold/ free hold land as per details below

	Devapur	Jalagon	Total
Free Hold Land	425.89 Acres	61.154 Acres	487.044 Acres

Details of leasehold and freehold land at Brajrajnagar are as follows:

Leasehold Land	843.50 Acres
Freehold Land	13.5 Acres

Our fan manufacturing factories at Faridabad and Kolkata are situated on free hold land as per details below

Location	Nature of Holding	Area (in Acres)
11, Industrial Estate, Sector-6, Faridabad-121006	Freehold	5 Acres
6, Ghore Bibi Lane, Kolkata-700054	Freehold	5 Acres 13 Cottahs

REGULATIONS AND POLICIES

The following laws and regulations are generally applicable to the Company for its business of Cement, Fan and Paper:

Environment Laws

- The Environment (Protection) Act, 1986: The Environment (Protection) Act, 1986 prescribes the powers of the Government of India for the protection of the environment and the control of environmental pollution. The Government of India is empowered to prescribe and lay down the standards for protection of the environment, these measures include the standards for emissions and discharge from different sources, restriction on the areas where certain activities may be carried out. Any contravention of the Environment (Protection) Act, 1986 is punishable by fines and/or imprisonment.
- The Water (Prevention & Control of Pollution) Act 1974: The Water (Prevention & Control of Pollution) Act 1974 provides for the setting up of Central and State Pollution Control Boards for the protection and the control of water pollution. The boards lay down the standards and the levels of effluent discharge that is permissible. The prior consent of the relevant board is also required for the carrying of any activity which is likely to discharge sewage or trade effluent. Any contravention of the provisions of this Act is punishable by fines and/or imprisonment.
- The Air (Prevention & Control of Pollution) Act, 1981: The Air (Prevention & Control of Pollution) Act, 1981 provides for the setting up of Central and State Pollution Control Boards for the protection and the control of air pollution. The boards lay down the standards and the levels of emission of pollutants that is permissible from various sources. The board also has the power to designate certain areas as air pollution control areas. The prior consent of the relevant board is also required for the carrying of any activity in an air pollution control area. Any contravention of the provisions of this Act is punishable by fines and/or imprisonment.

Apart from the above, the following laws and regulations may also be applicable to the Company:

- Hazardous Wastes (Management and Handling) Rules, 1989
- Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
- Rules framed under the Environment (Protection) Act, 1986, the Water (Prevention & Control of Pollution) Act 1974 and the Air (Prevention & Control of Pollution) Act, 1981

Forest Laws

- Indian Forest Act, 1927: This is an Act to consolidate the law relating to forests, the transit of forest produce and the duty leviable on timber and other forest produce.
- The Forest (Conservation) Act, 1980: This is an Act to provide for the conservation of forests and for matters connected therewith or incidental thereto. This Act has been enacted with a view to check further developments which ultimately results in ecological imbalance. With this object in mind, this Act, inter alia, makes it mandatory that no State Government or any authority shall without the prior approval of the Central Government give any order directing, (i) any reserved forest shall cease to be reserved (ii) any forest land may be used for non forest purposes (iii) any forest land be assigned by way of lease or otherwise to any private person or to any authority, corporation, agency or any other organization not owned, managed or controlled by Government and (iv) that any forest land may be cleared of trees which have grown naturally in that land, for the purpose of using it for re-afforestation.

- The Forest (Conservation) Rules, 2003 : This Rule has been framed for effectuating the provisions of the Forest (Conservation) Act, 1980.
- National Forest Policy, 1988 : This set of policies were enunciated, inter alia, for the maintenance of environmental stability through preservation and restoration of ecological balance, conserving the natural heritage of the country, checking soil erosion and increasing the productivity of forests to meet national needs.

Mining Laws and Regulations

- The Mines Act, 1952 and the Mines Rules, 1966 : This is an Act to amend and consolidate the law relating to regulation of labour and safety in mines and Rules framed thereunder.
- The Metalliferous Mines Regulations, 1961 : In exercise of its powers conferred under the Mines Act, 1952, the Central Government has framed this Regulation for metalliferous mines i.e. mines other than a coal or an oil mine and prescribes the regulations, inter alia, for making and filing of returns, inspection, duties, responsibilities of workmen etc.
- The Mines and Minerals (Regulations and Development) Act, 1957 : This is an Act to provide for the development and regulation of mines and minerals under the control of the Union Government. This Act, inter alia, provides for grant of licence or lease for mining, prospecting and permits for reconnaissance, the procedure for its application and grant, their termination, tenure, the maximum area for which prospecting or mining lease may be granted, royalties etc.
- The Mineral Concession Rules, 1960 : In exercise of its powers under the Mines and Minerals (Regulations and Development) Act, 1957, the Central Government has framed this Rule and inter alia, provides for the rules for grant of reconnaissance permits, prospecting licence and mining lease.
- The Mineral Conservation and Development Rules, 1988 : In exercise of its powers under the Mines and Minerals (Regulations and Development) Act, 1957, the Central Government has framed this Rule and inter alia, provides for the conservation and development of minerals by laying down rules for reconnaissance, mining and prospecting operations, general requirements about mining plans, protection of environment etc.
- The Mining Lease (Modification of Terms) Rules, 1956 : In exercise of the powers conferred by the Mines and Minerals (Regulations and Development) Act, 1957, the Central Government has framed these Rules, inter alia, for bringing existing mining leases into conformity with Mineral Concession Rules, 1949.
- The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972 : This is an Act to provide for the levy and collection of a cess on limestone and dolomite for the financing of activities to promote the welfare of persons employed in the limestone and dolomite mines.
- The Limestone and Dolomite Mines Labour Welfare Fund Rules, 1973 : These Rules have been framed under the Limestone and Dolomite Mines Labour Welfare Fund Act, 1972 for effectuating the provisions of the said Act.
- The Explosives Act, 1884 : This is an Act to regulate the manufacture, possession, use, sale, transport, import and export of explosives. This Act, inter alia, lays down provisions for granting, revocation, suspension etc. of licence to manufacture, possess, use, sale transport, import and export of explosives.

- The Explosives Rules, 1983: These Rules have been framed to provide for authorization, delivery and transport of explosives.
- The National Mineral Policy, 1993 : This Policy, inter alia, had been laid down to management of mineral resources and its development and conservation.

Industrial and Labour Laws

- Factories Act, 1948 : This is an Act to consolidate and amend the law regulating labour in factories.
- Payment of Wages Act, 1936 : This is an Act to regulate the payment of wages to certain classes of employed persons.
- Public Liability Insurance Act, 1991 : This is an Act to provide for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling hazardous substance and for matters connected therewith or incidental thereto.
- Workmen's Compensation Act, 1923 : This is an Act to provide for the payment by certain classes of employers to their workmen of compensation for injury by accident.
- Industrial Disputes Act, 1947 : This is an Act to make provision for the investigation and settlement of certain industrial disputes and for certain other purposes.

Apart from the above, certain other industrial and labour legislations which are applicable are as follows:

- Indian Boilers Act, 1923 and Rules framed thereunder
- Contract Labour (Regulation and Abolition) Act, 1970 and Rules framed thereunder
- Dangerous Machines (Regulation) Act, 1983 and Rules framed thereunder
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Rules framed thereunder
- Employees' State Insurance Act, 1948 and Rules framed thereunder
- Maternity Benefit Act, 1961
- The Maternity Benefit (Mines & Circus) Rules, 1963
- Minimum Wages Act, 1948
- Payment of Bonus Act, 1965 and Rules framed thereunder
- Payment of Gratuity Act, 1972 and Rules framed thereunder
- Payment of Wages (Mines) Rules, 1956
- Payment of Undisbursed Wages (Mines) Rules, 1956

Laws relating to the specifically Company's Cement Business

- Cement (Quality Control) Order, 2003 : In exercise of the powers conferred under Section 3 of the Essential Commodities Act, 1955, the Central Government has made this Order which, inter alia, prohibits manufacture, sale and store cement which is not of standards prescribed by the Bureau of Indian Standards.
- Cement Control Order, 1967 : In exercise of the powers conferred under the Industrial (Development and Regulation) Act, 1951, the Central Government has made this Order, which, inter alia, mandates maintenance of books, accounts and records relating to production, sale, removal and transport of cement, maintenance of Cement Regulation Account by the Development Commissioner of Cement Industry and procedure regarding claims by producers.

- Cement Cess Rules, 1993 : The Cement Cess Rules, 1993, impose a cess on the manufacture of cement. The Cement Cess Rules, inter alia, provide for (i) monthly returns to be filed by the producer with the appropriate authority and (ii) the amount due every month to be deposited by the 15th of the subsequent month. The proceeds of the cess are to be utilized for research and development in cement manufacturing and persons engaged in cement industry.

Other Laws and Regulations

Certain other laws and regulations that may be applicable to the Company include the following:

- Bureau of Indian Standards Act, 1986
- Electricity Act, 2003 and Rules framed thereunder
- Petroleum Act, 1934
- Standards of Weights and Measures Act, 1956
- Standards of Weights and Measures (Enforcement) Act, 1985
- All fiscal laws including Income Tax, Excise laws, Sales Tax, Customs Tariff Act, 1975, VAT Ancillary local tax laws
- Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- Industrial Employment (Standing Orders) Act, 1946
- Equal Remuneration Act, 1976
- Apprentices Act, 1961
- Fatal Accidents Acts, 1855
- Trade Union Act, 1926
- Water (Prevention & Control of Pollution) Cess Act, 1977
- Foreign Exchange Management Act, 2000
- Wealth Tax Act, 1957
- Electricity (Supply) Act, 1948
- Negotiable Instrument Act, 1881
- Fire Service Laws
- Motor Transport Workers Act, 1961
- Motor Vehicle Tax Laws
- Shops & Establishments Laws

HISTORY AND OTHER CORPORATE MATTERS

Incorporation and Ownership

Our Company was originally incorporated as “Orient Paper Mills Ltd.” on July 25, 1936 under the Indian Companies Act, 1913, having its registered Office at 8, Royal Exchange Place, Calcutta-700001, West Bengal. Registered Office of the Company was shifted from West Bengal to Brajrajnagar, District – Jharsuguda, PIN-768216, Orissa, in the year 1947. Consequently upon diversification in its activities, the name of our Company was changed to “Orient Paper & Industries Ltd.” and a new certificate of incorporation was issued on September 13, 1978. The registered office of our Company was shifted from Brajrajnagar to Unit-VIII, Plot No.7, Bhojnagar, Bhubaneswar-751012, Orissa, during the year 2000. The date of commencement of business of our Company is July 13, 1936. Our Company is being managed and controlled by the board of directors with Mr. C. K. Birla as the Chairman and Mr. M. L. Pachisia as the Managing Director. The equity shares of our Company are listed on BSE and NSE.

Growth

Our Company’s first unit at Brajrajnagar commenced production in 1939 with one paper machine of 20 TPD capacity producing paper from bamboo pulp. With a view to meet the increasing demand of paper and paper products in the country, our Company put up another unit at Amlai, Madhya Pradesh. It is a fully integrated pulp and paper mill with an installed capacity of 95,000 TPA producing high grades of writing and printing paper having modern equipment and technology in the field of pulp & paper Industry.

In order to establish its market presence in the value added products, our Company set up a tissue paper plant at Amlai for the production of premium grade facial/toilet tissue, napkins as well as poster paper with the production capacity of 40 TPD. The state of the art machine imported from Italy is capable of producing high grade tissue paper. Our Company commands approximately 40% of the market share of the tissue paper market (which is around 30,000 tons) (*Source: Company estimates*).

In keeping with the policy of our Company to diversify its business activities, in FY1982, our Company set up a cement mill for production of Ordinary Portland Cement at Devapur in Adilabad District of Andhra Pradesh. The first phase of the cement plant, having an installed capacity of 0.45 MTPA, started commercial production in the later half of 1982. The second phase of the cement plant, set up to achieve the licensed capacity of 0.90 MTPA, commenced production in 1990. With the opening up of the Indian economy for globalization and expected growth in industrialization and setting up of infrastructure projects, our Company decided to enhance cement manufacturing capacity gradually. In line with the same, our Company progressively increased its annual cement production capacity to 2.4 MTPA. This included setting up of split grinding unit at Jalgaon (Maharashtra) having cement grinding capacity of 0.80 MTPA in addition to increasing the capacity of Devapur plant to 1.6 MTPA.

Pursuant to the policy of the government to encourage Indian entrepreneurs to participate in joint ventures abroad, Panafrican Paper Mills (E.A) Ltd. was formed as a joint venture with International Finance Corporation and the Government of Kenya to establish an integrated pulp and paper mill at Webuye in Kenya to produce 45,000 TPA of cultural and industrial grades of paper. The mill commenced commercial production in January 1975. The mill’s capacity has successively been increased and present annual capacity is 120,000 TPA.

Orient General Industries Ltd., a wholly owned subsidiary of our Company was amalgamated with the Orient Paper & Industries Ltd. with effect from March 1, 1995. This division is producing electrical fans at its factories located at Kolkata (W.B) and Faridabad (Haryana) having installed capacity of 2.6 mn units per annum. The division is a leading player in the fan industry and its brand “Orient Fan” is well known household name in the country. The division also exports substantially to the countries in the

Middle East. The divisional performance of the fan division post merger has looked up substantially due to synergies of operations consequent upon merger.

Main objects of Our Company

The Main objects of Our Company as detailed in the MoA are:

The Object Clause of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities the Company has been carrying out until now is in accordance with the objects of the MoA. The objects for which the Company is established are:

1. To carry on the manufacture of pulp, paper, boards and other articles and the business of buyers, sellers, dealers, exporters of any goods or merchandise whatsoever and to transact all manufacturing or treating and preparing processes and mercantile business and to purchase and vend raw material and manufactured articles.

1(A). To carry on the business of producers, manufacturers, purchasers, refiners, importers, exporters, sellers of and dealers in cement, alumina cement, Portland cement, asbestos products, fire bricks, coke, refractories articles, lime and lime stone, kanker, plasters, artificial stone and materials of every kind used in the manufacture thereof, whiting, clay, gravel, sand, sacks, bricks, tiles, building materials analogous to or connected therewith and compounds, products and bye-products or preparations allied thereto and the business of miners, metallurgists, builders, contractors and to purchase and vend all materials raw, processed or otherwise and all articles in any way connected with the aforesaid business.

1(B). To carry on the business of producers, manufacturers, purchasers, importers, exporters, sellers and dealers in all kinds of synthetic fibres including all types of fibrous materials, yarn and fabrics and all materials analogous thereto or connected therewith and to purchase and vend all materials raw, processed or otherwise and all articles in any way connected with the aforesaid business.

1(C). To carry on the business of manufacturers, importers, exporters, buyers, sellers, dealers in all chemicals whether inorganic or organic including fine and pharmaceutical chemicals, dyes intermediates, dyes and dyestuff, caustic soda, chlorine, hydrochloric acid, calcium hypochlorite, chlorinated solvents and other chlorine based chemicals, industrial gases, common salt, soda ash, sulphuric acid, super phosphate, ammonium chloride, di-calcium phosphate and other fertilizers inorganic and organic manures, alcohol and alcohol based chemicals dips sprays, vermifuges, pesticides, fungicides, insecticides, germicides, chemicals and remedies of all kinds for agricultural foodgrains, vegetables or fruit growing gardening or any other purposes by any process and all products analogous to or connected with and to purchase deal in and vend in all materials raw, processed or otherwise and all articles in any way connected with the aforesaid business.

1(D). To acquire by purchase, exchange lease licence, royalty, grant concession or otherwise land, offshore areas properties, mines quarries, grounds and rights and interests therein supposed to contain mineral oils, ores, gases, chemicals, mineral properties and other minerals and substances either absolutely or conditionally and either solely or jointly with others and to sell or otherwise dispose of and deal in such land, offshore areas properties, mines, quarries, grounds, rights and interest therein.

1(DD). To carry on the business of prospecting, exploring, developing, processing, refining, converting preparing, producing, manufacturing, formulating, using, buying, trading, acquiring, storing, packing, selling, transporting, forwarding, distributing, importing, exporting and disposing of all petrochemicals and down stream products and by-products, synthetic fibres, plastics, rubbers methanol, benzene, butadiene, isoprene, propylene oxide, ethylene oxide, propylene glycol, ethylene glycol, polyols, chlorinated hydrocarbons, aliphatic and aromatic alcohols, aldehydes, ketones, anhydrides, ethers, esters all organic and inorganic chemicals, agrochemicals, fertilisers, pesticides, detergents, heavy chemicals, synthetic chemicals from hydrocarbons, elements, air products and products of any nature and kind

whatsoever including by products, derivatives and mixtures thereof by any process whether chemical, mechanical, electrical or otherwise.

1(E). To make and conduct all kinds of studies, reports, tests, drilling and exploration to prospect, examine, search for obtain information, sink shafts or wells, mine, open work, raise, dig, pump out, win, quarry and extract mineral oils, ores, gases, chemicals, mineral properties and other minerals and substances and to produce, refine, treat, beneficiate, process, purchase, sell import, export and/or otherwise deal in mineral oils, ores, gases, chemicals, mineral properties and other mineral and substances either absolutely or conditionally and either solely or jointly with others and to carry on all activities incidental to and / or necessary for more effectually carrying on all or any of the foregoing.

1(F). To carry on the business of civil, mechanical and water supply and general engineers and contractors, smiths, mill wrights, merchantists, manufacturers and converters of iron, steel and other ferrous and non ferrous metals, foundry products metal castings, equipment, machinery, implements, tools, accessories, components, spare parts, apparatus and other products and as merchants and to buy, sell manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardware.

1(FF). To carry on the business of manufacture, producers, processors, refiners, converters, miners, smelters, engineers, contractors, iron founders, erectors, repairers, overhaulers, importers, exporters, sellers of and dealers in iron , steel, tin plates and any and all ferrous and non-ferrous metals, alloys and compounds in all of their respective branches.

1(FFF). To carry on the business of manufacture, processors makers, producers, importers, exporters, buyers, sellers, stockists, distributors, dealers in alumina, aluminium, aluminium extrusions and products and by-products, metals of all varieties, rubber, synthetic material, leather, electronic instruments, carbon black , insulators, starch and other sizing materials, glycerine, soap ,cosmetics, toilet preparations, dye-stuffs, synthetic and artificial fibres, carbons, inks, corks, parchment, oil, cloth, tarpaulins, enamels, coal tar, glassware, flaps, tyre cord, compounds, substances, derivatives, substitutes and products and by products of the aforesaid materials and to prepare, press, vulcanize, repair and retreat such of them as are considered expedient and to search for inspect, prospect examine explore, mine, quarry, purchase or otherwise acquire, bauxite or other aluminium bearing ores, feldspar, fluor spar and all other metals, minerals and mineral substances of every kind which may be of direct or indirect use in the production of all varieties of metals or which may result as an incident to or by product of any of the foregoing and to determine the desirability and feasibility of establishing plants, factories, mines and other facilities at various locations to serve such business.

1(G). To carry on the business of providing technical and managerial know-how, consultancy services and to assist in and to render any other services including for and in connection with planning developing constructing, working, maintaining, modernising, improving, developing and/or managing industrial factories and other business in India and abroad.

1(H). To carry on the business of assembling or manufacturing tractors, cranes, traversers, steel structures, all types of presses, gear and gear boxes earthmoving machinery, diesel engines, power shift transmission and torque converters, forklifts, two, three, four and multi wheeler vehicles including cars and trucks, auto ancillaries, equipment, turbines, boilers, ships, bodies, wheels, tyres, tubes, tools, implements, accessories and other materials and products.

1(HH). To set up purchase or otherwise acquire, manage electricity generation plants and facilities and to generate accumulate, distribute, supply, sell or otherwise deal with electricity of all kinds including hydel,

HHH). To carry on the business of designing, manufacturing, processing, treating, preparing, assembling, fabricating, importing, exporting, buying, selling, trading, leasing and/or otherwise dealing in all kinds and types of electrical, mechanical, structural goods, materials, components, apparatus devices, appliances, equipment and accessories including electrical motor, transformers, generators, accumulators, cables and wires, fans, dynamos, starters and automobile components and accessories.

1(1)a. To carry on business of all kinds of designers, manufacturers processors assemblers, fabricators, dealers, traders, commission agents, distributors, suppliers, importers, exporters, contractors, consultants and to deal in any manner including hiring, renting, leasing, storing, packing, transporting, converting, repairing, installing, training with regard to servicing, maintenance of all types of electrical, electronic and tele-communication plants, stations, goods, materials, components, apparatus, devices, appliances, equipment and accessories.

Changes to the MoA

There have been no changes to the main object of the MoA of our Company since the date of incorporation. However, changes in the MoA since the date of incorporation are as under:

Date of Resoulution	Particulars of change
25-Apr-47	The word “Orissa” was substituted for the word “Bengal” at the Extra-ordinary General Meeting held on 25.04.1947 and the alteration was confirmed by the High Court, Calcutta on 19.05.1947.
31-Oct-52	Clause 6 of the Memorandum of Association of the Company was altered that to enter in to any contract or arrangement or other dealing for the more efficient conduct of the traffic or business of the company or any part thereof. As per Special Resolution adopted on 31.10.1952 and confirmed by the High Court of Orissa on 10.07.1953.
29-Jun-56	The word “one” was substituted for the word “two” as Special Resolution adopted on the 29th June, 1956.
22-Apr-60	The word “eleven” in line 3 of Article 72 of the Articles of Association of the company was substituted for the word “seven” as per Special Resolution passed at an Extra-ordinary General Meeting of the Company held on 22-04.1960 and approval of the Central Government vide their letter No.1-(181)-c-11/60 dated 07.09.1960
29-Sep-66	Article 93A and 93B were inserted as per Special Resolution adopted at the Annual General Meeting of the Company held on the 29th September, 1966.
6-Jun-78	The name of the Company was changed from “ORIENT PAPER MILLS LTD.” to “ORIENT PAPER & INDUSTRIES LTD.” pursuant to Special Resolution adopted by the Shareholders at their meeting held on 06.06.1978 approved by the Ministry of Law Justice, and Company affairs, Department of Company Affairs, Regional Directors, Calcutta vide its letter No.RD/T/3612 dated 26.08.1978 and issue of fresh certificate of incorporation dated 13.09.1978 by the Registrar of Companies, Orissa.
5-Aug-78	Clause 3 of the Memorandum of Association of the Company was altered by inserting the Sub-clauses 1 (A) and 1 (B) after the existing Sub-clause (1) pursuant to the Special Resolution adopted by the Shareholders on 05.08.1977 and approved by the Company Law Board, Eastern Region Bench, Calcutta vide its order dated 07.02.1978
7-Apr-81	Clause 3 of the Memorandum of Association of the Company was altered and Sub-clauses marked “4” were inserted pursuant to the Special Resolution adopted by the Shareholders on 07.04.1981 and approved by the Company Law Board, Eastern Region Bench, Calcutta vide its order dated 28.09.1981
30-Sep-83	Article 37A was inserted after the existing Article 37 pursuant to the special resolution adopted by the Shareholders at the Annual General Meeting held on 30.09.1983.

Date of Resoulution	Particulars of change
19-Aug-85	Article 79A was inserted after the existing Article 79 pursuant to the special resolution adopted by the shareholders at the Annual General Meeting held on 19.08.1985.
25-Apr-89	The first sentence of Article 74A was substituted as per Special Resolution adopted at the General Meeting of the Company held on 25.04.1989.
25-Apr-89	Article 95 was amended by inserting the words “and/or Managers” after the words “whole time Directors” and by deleting the word “and approved by the Central Government” after the word “Act” as per Special Resolution adopted at the General Meeting of the Company held on 25.04.1989.
25-Apr-89	Article 3 was amended by deleting the words “Section 80 of” as per Special Resolution adopted at the General Meeting of the Company held on 25.04.1989.
16-Sep-91	Clause 3 of the Memorandum of Association of the Company was altered and Sub-clauses marked “5” were inserted pursuant to the Special Resolution adopted by the Shareholders on 16.09.1991 and approved by the Company Law Board, Eastern Region Bench, Calcutta vide its order dated 18.05.1992
29-Sep-94	Clause 3 of the Memorandum of Association of the Company was altered and Sub-clauses marked “9” were inserted pursuant to the Special Resolution adopted by the Shareholders on 29.09.1994 and approved by the Company Law Board, Eastern Region Bench, Calcutta vide its order dated 26.05.1995
1-Nov-94	Orient General Industries Ltd, amalgamated with Orient Paper & Industries Ltd, vide court order dated 23.12.1994 ,18.01.1995 and 21.02.1995
25-Apr-98	Clause 5 was substituted as above, vide special Resolution adopted on 25.04.1998.
28-May-00	Article 121 and 122 were inserted after the existing article 120 pursuant to the special resolutions adopted at the General Meeting held on 28th May, 2000.

Subsidiaries of Orient Paper & Industries Limited

OPIL has two wholly owned subsidiaries – the Air Conditioning Corporation Ltd and OPI Export Ltd. These have been briefly described below.

1. Air Conditioning Corporation Ltd. (ACCL)

ACCL was incorporated on September 16, 1930. It is wholly owned by OPIL. The Company is engaged in the manufacture and sale of Industrial blower and Air Pollution Control Equipments. The Registered Office address of ACCL is 17, Taratolla Road, Kolkata (W.B) - 700 088

Board of Directors of ACCL

The details of the board of directors of ACCL as of March 31, 2007, are given below:

Name of Director	Designation
C.L. Mohta	Director
P.K. Sonthalia	Director
B.G. Daga	Director

Financial Performance

The operating results of ACCL for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	521.96	493.33	475.30
Profit After Tax	2.31	87.50	48.44
Equity Share Capital	24.00	24.00	24.00
Reserves & Surplus*	(355.07)	(355.04)	(440.23)
Earning Per Share (Rs.)	0.96	36.46	20.18
Net Asset Value (Rs.)	(137.95)	(137.93)	(173.43)

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

Air Conditioning Corporation Ltd, (ACCL) being a sick company was referred to BIFR during 1999. Scheme of revival has been filed with appropriate authority on which the order is awaited.

2. OPI Export Ltd. (OEL)

OEL was incorporated on February 26, 1951, as Motolite Ltd. The name of the company was changed to OPI Export Ltd. vide fresh certificate incorporated dated April 6, 1989. It is wholly owned by OPIL. The Company is engaged in investment in shares and trading. The registered office of OEL is located at Birla Building', 9/1, R N Mukherjee Road, Kolkata (W.B) - 700 001.

Board of Directors of OEL

The details of the board of directors of OEL as of March 31, 2007, are given below:

Name of Director	Designation
C.L. Mohta	Director
H.Vikram	Director
O.P. Chharia	Director

Financial Performance

The operating results of OEL for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	0.02	0.10	0.15
Profit After Tax	(0.97)	0.03	0.06
Equity Share Capital	5.10	5.10	5.10
Reserves & Surplus*	(2.56)	(1.60)	(1.63)
Earning Per Share (Rs.)	(1.89)	0.06	0.12
Net Asset Value (Rs.)	4.97	6.87	6.80

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

OEL is neither a sick company nor is under winding up.

Joint Venture

Our Company in association with the Government of Kenya, International Finance Corporation and certain other investors set up on December 9, 1969, the Panafrican Paper Mills (E.A.) Limited ("PPML"). PPML has set up and operates a pulp and paper mill in Kenya for the manufacture, processing and sale of pulp paper and board of different varieties. Our Company has vide agreements dated June 29, 1970 and September 23, 1970 subscribed to the shares of PPML. Under these agreements our Company has the right to be represented on the board of directors of PPML by three directors (one of whom shall be the Chairman) nominated by us. PPML's board shall consist of eleven directors.

Further, our Company has entered into an agreement dated June 29, 1970 with PPML under which our Company will provide PPML the know-how for setting up and operating the project and to supply specialized knowledge, experience, skill and technical and management services. In consideration of our Company providing the know-how, pre-operation services and facilities for setting up and commissioning the project in an efficient, economical and expeditious manner, PPML shall pay us a fee by way of allotment of ordinary shares in PPML. Further for the services provided by our Company on a continuous basis such as know-how, designs, furnishing of engineers and experts, training, etc., PPML shall pay to our Company a fee calculated as a specified percentage of the net sales of PPML subject to the terms and conditions laid down in the agreement.

Shareholder Agreement

Our Company is not a party to any shareholder agreement.

Strategic and Financial Partners

We do not have any strategic and financial partners.

OUR MANAGEMENT

Our Board of Directors

The following table provides the details of the Board of Directors of our Company.

Name, Father's name, Address, Designation, Occupation, Nationality and DIN	Age	Date of Joining	Other Directorships
Chandra Kant Birla s/o G.P. Birla 8/9, Alipore Road Kolkata-700027 Chairman Industrialist Indian DIN-00118473	52	29.09.1978	Hindustan Motors Ltd. National Engineering Industries Ltd AVTEC Ltd. Hyderabad Industries Ltd. Birlasoft Ltd. The Indian Smelting & Refining Co.Ltd. Birla Associates Pvt.Ltd.(Singapore) Nigeria Engg. Works Ltd.(Nigeria) Birlasoft Inc. USA Birlasoft (U.K.) Ltd London Panafrican Paper Mills (E.A) Ltd. Kenya Dabur Pharma Ltd.
Basant Kumar Jhavar s/o Late C.L. Jhavar 51/F, Gariahat Road Kolkata-700019 Director Industrialist Indian DIN-00086237	72	21.07.1983	Usha Siam Steel Industries Ltd. Usha Martin Ltd. Usha Martin Agro Ltd. Reliance Chemotex Inds.Ltd. Usha Communication Technology Ltd. BVI EMMC Ltd. (U.K.) n-logue Communications Pvt.Ltd.
Prabhat Kumar Sen s/o Late P. N. Sen 7, Rowden Street Kolkata-700017 Director Bar at Law Indian DIN-00254756	85	03.07.1984	None
Deoki Nandan Patodia s/o Late G.Patodia 45, Akash Neem Marg DLF Qutab City, Phase-II Gurgaon-122002 Director Industrialist Indian DIN-00025715	79	18.02.1987	Pilani Investment & Industries .Corp.Ltd. Bhartia Industries Ltd. Avijit Estate & Holdings Ltd.

Amitabha Ghosh s/o Late J.K. Ghosh Flat No.32, Mehernaz 91,Cuffe Parade, Mumbai-400005 Director Consultant Indian DIN-00055962	76	23.10.2001	Centenary Leasing Co.Pvt.Ltd. Kesoram Industries Ltd. Peninsula Land Ltd. Palit Consultancy Pvt.Ltd. Sahara India Financial Corp.Ltd Sahara India Life Insurance Co.Ltd. Shreyas Shipping & Logistics Ltd. Xpro India Ltd Zenith Fibres Ltd. Mysore Cement Ltd. Shreyas Relay Systems Ltd
Venkatachalam Nachiappan s/o Venketachalam 302,3rd Floor, Meru Towers ‘A’Flat No.’A’ Jame Jamshed Road Matunga-(CR) Mumbai - 400019 Nominee Director-ICICI Bank Limited Service Indian DIN-00060070	53	25.05.2004	India Cements Ltd.
Michael Bastian s/o Late John Sebastian Cecilia,1186,22nd Cross, 14th Main H.S.R. Layout Sector-III Bangalore-560034 Nominee Director-IDBI Service India DIN-00458062	62	21.05.2005	Bangalore Stock Exchange Ltd. Elder Pharmaceuticals Ltd.
Manohar Lal Pachisia s/o Late S.C.Pachisia 8/12,Alipore Road Kolkata-700027 Managing Director Service Indian DIN-00065431	62	23.09.1997	GMMCO Ltd. National Engg. Industries Ltd. Birla Buildings Ltd. Soorya Vanijya & Investment Ltd. Gwalior Finance Corporation Ltd Birlasoft Ltd. National Bearing Co. (Jaipur) Ltd. Birlasoft Enterprises ltd. Nigeria Engineering Works Ltd. Rivers Vegetable Oil Co.Ltd. Panafrican Paper Mills (E.A) Ltd.(Kenya)

Profiles of our directors

Mr. Chandra Kant Birla, 52 is an arts graduate. He was appointed as a Director in the year 1978 and was appointed as Chairman of our Company in the year 1997. An eminent industrialist Mr. C.K. Birla heads the C.K. Birla Group, a large corporate conglomerate in India. He is also a member of the Governing Council of Birla Institute of Technology, Ranchi, Calcutta Medical Research Institute, Kolkata, Indian Institute of Technology, Delhi and Indian Institute of Management Lucknow. He is a member of National Council of the Confederation of Indian Industry. He is the Non-Executive Chairman of our Company.

Mr. B.K. Jhawar, 72, is a commerce graduate. He was appointed as a Director of our Company in the year 1983. He is an eminent Industrialist. He is an Independent and Non-Executive Director of our Company.

Mr. P.K. Sen, 85, was appointed as a Director of our Company in the year 1984. He is an eminent practicing Barrister and Bar at Law. He is an Independent and Non-Executive Director of our Company.

Mr. D.N. Patodia, 79, has done his M.A and was appointed as a Director of our Company in the year 1987. He was a member of Rajya Sabha during the year 1967-1971 and President of FICCI in the year 1985-86. He is an Independent and Non-Executive Director of our Company.

Mr. Amitabha Ghosh, 76, is a commerce graduate and is an Associate member of the Institute of Chartered Accountants of India. He was appointed as a Director of our Company (as a nominee of ICICI) in the year 1994. Consequent upon withdrawal by ICICI, Mr. Ghosh was appointed as a Director of the company in the year 2001. Mr. Ghosh was a Chairman and Managing Director of Allahabad Bank, Dy. Governor and Governor of Reserve Bank of India Chairman of RBI Services Board and was also on the Board of IDBI, Exim Bank, IRBI, and National Institute of Bank Management. He is an Independent and Non-Executive Director of our Company.

Mr. V. Nachiappan, 53, is a science graduate and has done Diploma in Business Management. He was appointed as a Director of the Company (nominee of ICICI Bank) in the year 2004. He is General Manager of ICICI Bank Ltd. He is an Independent and Non-Executive Director of our Company.

Mr. Michael Bastian, 62, is a commerce graduate and member of the Institute of Chartered Accountants of India. He was appointed as Director on the Board of our Company in the year 2005 (nominee of IDBI). He was Chairman of Syndicate Bank and he has wide experience in the field of Finance. He is an Independent and Non-Executive Director of our Company.

Mr. M.L. Pachisia, 62, is a commerce graduate and was appointed as a whole time Director of our Company in the year 1997. He has wide experience of about 47 years of working in the C. K. Birla Group. He is presently Managing Director of the Company. He is also Vice President of the Indian Paper Manufacturers Association.

Details of compensation paid and benefits in kind granted to the Managing Director

Terms of appointment of Managing Director

The Members of our Company in the General Meeting held on January 13, 2006 approved the reappointment of Mr. M.L. Pachisia as the Managing Director of the Company for a period of three years with effect from September 23, 2005 with liberty to either party to terminate the appointment on three months' notice in writing to the other at a remuneration and on terms set out below:

- i) Salary (Basic) per month: Rs. 1,75,000/- subject to such increments as the Board may approve from time to time.
- ii) Other Allowances (per month): Rs. 25,000/-
- iii) Other reimbursements/ Perquisites:

- Housing: Expenditure by the Company on hiring furnished accommodation for the Managing Director subject to a maximum of 60% of the basic salary or In case Company owned furnished accommodation is provided no allowances shall be paid or In case no accommodation is provided by the Company, the Managing Director shall be entitled to 60% of the basic salary as and by way of House Rent Allowance.
- Medical Reimbursement: Expenditure incurred for the Managing Director and his family, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- Leave: In accordance with the rules framed by the Company.
- Leave Travel Assistance: Reimbursement of expenditure incurred for the Managing Director and his family once in a year subject to a maximum of one months' salary.
- Club Fees: Actual fees for a maximum of two clubs. This will not include admission fee and life membership fees.
- Personal Accident Insurance: Premium not to exceed a sum of Rs. 4,000/- per annum.
- Contribution to Provident Fund and Superannuation/Annuity Fund will be as per Scheme of the Company.
- Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
- Encashment of unavailed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for Private purpose shall be billed by the Company to the Managing Director. If the Managing Director engages a driver, he will be reimbursed Rs.6,000/- per month on account of Driving charges.

iv) In addition to the above, the Board may at its discretion pay to the Managing Director other allowances, benefits, perquisites and ex-gratia amount not exceeding Rs. 10,00,000/- in a year.

v) Minimum Remuneration: The remuneration as specified at serial numbers (i) to (iv) above subject to the approval of the Central Government shall continue to be paid to Shri M.L. Pachisia as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the tenure of his office.

Further the Members of the Company vide the resolution in Annual General Meeting held on July 14, 2006 approved the following revision in the remuneration payable to Shri M.L. Pachisia the Managing Director of the Company with effect from April 1, 2006 till September 22, 2008 as under:

- i) Salary Rs.2,25,000/- per month subject to such increments as the Board may approve from time to time provided that the monthly salary shall not exceed Rs. 3,00,000/- per month
- ii) Other allowance aggregating to Rs.50,000/- per month
- iii) Reimbursement of driving charges aggregating to Rs.8000/- per month
- iv) In addition to the above, the Board may at its discretion pay to the Managing Director other allowances, benefits, perquisites and exgratia amount not exceeding Rs.20,00,000/- in a year.

Minimum Remuneration

The remuneration specified as at serial numbers (i) to (iv) above and perquisites as stated in the Explanatory Statement subject to the approval of the Central Government shall continued to be paid to the Managing Director as and by way of minimum remuneration not withstanding the loss or inadequacy of profit during tenure of his office

Sitting fees to Directors

The directors are paid sitting fees of Rs.20,000/-. The details of fees paid to all the Directors during the year 2006-07 are as under:

Name of the Directors	Sitting fees for attending Meetings of the Board and / or Committee thereof (Amt. in Rs.)
C.K.Birla	100000
B.K. Jhawar	100000
P. K. Sen	380000
D.N. Patodia	160000
A. Ghosh	200000
V.Nachiappan	140000*
Mr.Michael Bastian	180000

* Paid to ICICI Bank Ltd.

Details of current term of office of Directors

Name of the Director	Date of appointment for current term	Date of expiration of current term
C.K.Birla	September 2, 2005	Liable to retire by rotation
B.K. Jhawar	September 2, 2005	Liable to retire by rotation
P. K. Sen	July 14, 2006	Liable to retire by rotation
D.N. Patodia	July 14, 2006	Liable to retire by rotation
A. Ghosh	September 10, 2004	Liable to retire by rotation
V.Nachiappan	May 25, 2004	Nominee Director-ICICI Bank Ltd
Michael Bastian	May 21, 2005	Nominee Director-IDBI
M.L. Pachisia	September 23, 2005	September 22, 2008

Except for the Nominee Directors and Managing Director, 1/3rd of the Board is liable to retire by rotation at the Annual General Meeting every year.

Borrowing Powers of the Board

The Articles of Association authorizes the Board to borrow monies and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it deems fit. The Members of our Company in the General Meeting held on May 30, 1997 authorized the Board of Directors of our Company in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to borrow money for the purpose of Company's business provided that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) do not exceed Rs.750 Crores over and above the aggregate for the time being of the paid up capital and free reserves of the Company outstanding at any time.

Shareholding of Directors

(As on date of this Letter of Offer)

Name of Directors	Number of shares held
C.K. Birla	95000
B.K. Jhawar	3500
P.K. Sen	500
D.N. Patodia	500
A.Ghosh	2895
M.L. Pachisia	500
V. Nachiappan	Nil
Michael Bastian	Nil

Note:

1. Number of shares, including qualification shares of 500 each.
2. Nominee Directors representing ICICI Bank Ltd (V. Nachiappan) and IDBI Ltd (Michael Bastian) do not hold any equity shares and are not required to hold any qualification shares.

Changes in the Directors in the last three years:

Name of Director	Date of Appointment/ Re-appointment	Date of Cessation	Reason
R. Viswanathan(Nominee GIC)		30.06.2003	Ceased consequent upon withdrawal
A. Asthana` (Nominee GIC)	30.06.2003		Appointed in place of R. Viswanathan
Balaji V.Swaminathan		25.05.2004	Ceased consequent upon withdrawal
V. Nachiappan (Nominee - ICICI Bank Ltd)	25.05.2004		Appointed in place of Balaji V. Swaminathan
S. Ravi Kumar(Nominee UTI)		28.10.2004	Ceased consequent upon withdrawal
Prof. Manas Das(Nominee UTI)	28.10.2004		Appointed in place of S. Ravikumar
A. Asthana		03.05.2005	Ceased consequent upon withdrawal
Prof Manas Das		03.05.2005	Ceased consequent upon withdrawal
Manu Chadha		21.05.2005	Ceased consequent upon withdrawal
Michael Bastian (Nominee –IDBI)	21.05.2005		Appointed as nominee of IDBI in place of Mr. Manu Chadha

Corporate Governance:

The Company believes that good corporate governance is essential to achieve long-term corporate goals and to enhance stakeholder's 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 including shareholders, employees, customers, government and the lenders.

Our Company has complied with SEBI Guidelines in respect of Corporate Governance with respect to composition of the Board, constituting the Committees such as Shareholders / Investors Grievance Committee. Our Company has complied with all mandatory requirements of corporate governance norms as enumerated in Clause 49 of the Listing Agreements with stock exchanges. The Board has constituted an Audit Committee, Shareholders Grievance Committee and Remuneration Committee in accordance with the Listing Agreements.

Board Committees

1. Audit Committee

The Audit Committee comprises of:

Mr. A. Ghosh, Chairman
Mr. B.K. Jhawar, Member

Mr. P.K. Sen, Member
Mr. V.Nachiappan, Member
Mr. Michael Bastian, Members

Mr. S.L. Saraf, the Company Secretary of the Company acts as Secretary to the Audit Committee.

The Audit Committee met 4 times during the last financial year.

Quroum

The quorum for the Audit Committee is two members

Role of the Audit Committee:

- The Audit Committee shall have meetings periodically as it may deem fit with at least three meetings in a year, viz. one meeting before finalization of annual accounts and one every six months.
- The quorum for the meeting shall be two independent directors or 1/3rd of the members which ever is higher.
- The Audit Committee shall invite such of the executives (and particularly the head of the finance function) to be present at the meetings of the Committee whenever required by it.
- The head of finance, head of internal audit shall attend/participate at the meetings without right to vote. However, the Auditors of the company shall attend when audited accounts are presented before the committee and participate at the meeting without right to vote.

Powers of the Audit Committee:

The pweres of the Audit Committee include the following:

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findins and follow up thereon.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on;
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transaction i.e. transactions of the company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
- Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approvals for payment for any other services.

- It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.

2. Remuneration Committee

The Remuneration Committee consists of:

Mr. B.K. Jhawar, Chairman
Mr. P.K. Sen, Members
Mr. D.N. Patodia, Member

The Remuneration Committee met once during the last financial year.

3. Shareholders / Investors Relation Committee

The Shareholders/ Investors Relation Committee comprises of:

Mr. D.N. Patodia, Chairman
Mr. P.K. Sen, Member
Mr. M.L. Pachisia, Member

Mr. S.L. Saraf, Company Secretary of the Company acts as the secretary of the Committee also. It met twice during the last financial year.

Name and designation of Compliance Officer

Mr. S.L. Saraf, Company Secretary of the Company is the Compliance Officer.

Number of shareholders' complaints received and solved to the satisfaction of the shareholders.

Year	No.of Complaints received	No.of Complaints solved
2004-05	14	14
2005-06	28	28
2006-07	42	42

During the current year 42 complaints were received up to March 2007 and solved. Our Company takes the necessary steps to resolve the complaints received with three days of the receipt of complaint. There are no complaints pending to be resolved by our Company as on date.

Number of pending share transfers

Nil

4. Management Committee

The Management Committee comprises of:

Mr. B.K. Jhawar, Chairman
Mr. P.K. Sen, Member
Mr. M.L. Pachisia, Member

The Management Committee met 8 times during the last financial year.

Listing Compliance

The Company has complied with all the listing requirements prescribed by the stock exchanges

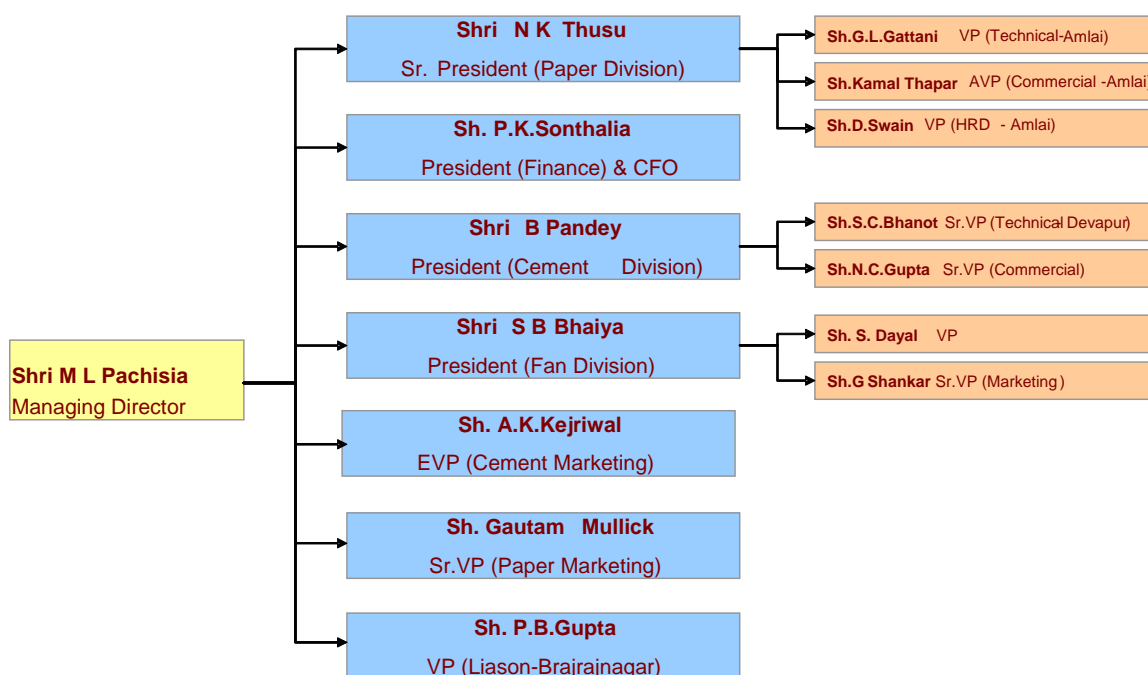
Interest of Directors

The Directors of the Company have no interest in the Company except to the extent of the following:

- (i) fees, if any, payable to them for attending meetings of the board or committee thereof
- (ii) remuneration (received by them in their respective capacities) and reimbursement of expenses if any
- (iii) any equity shares of the Company held by them.

All the Directors may also be deemed to be interested to the extent of equity shares, if any, that may be subscribed for and allotted to them, out of the present issue in terms of this Letter of Offer. All the Directors may also be deemed to be interested to the extent of any dividend, if any, payable to them and other distribution in respect of the said equity shares. Other than as given above, the Company confirms that no director has any interest whatsoever (i) in the promotion of the Company or (ii) in any property acquired by the Company within two years preceding the date of this Letter of Offer or proposed to be acquired out of the proceeds of this Issue.

Organization structure



Managerial Personnel

The key management personnel of our Company other than Managing and Whole Time Directors are as follows:

Name	Designation	Qualifications	Date of Joining	Experience (years) (Experience in industry)	Remuneration paid/accrued during the FY 2007 (in Rs.)	Last employment held/ designation
N.K. Thusu	Sr. President	B.Tech (H)	September 5, 1997	41 (41)	2492779.00	Indo Gulf Fertilisers & Chemical Corporation Ltd
Bhagwat Pandey	President (Gen. Admn.)	DME, Grad, Engg, FIE	December 27, 1992	48 (48)	2120809.00	Cement Corporation of India Ltd.,CGM
S.B. Bhaiya	President (Gen. Admn.)	B.Com(H), FCA	April 1, 1996	30 (11)	2899740.00	Nigeria Engg. Works, Nigeria, MD
P.K. Sonthalia	President (Finance) & CFO	B.Com(H), FCA, AICWA	April 15, 1980	29 (27)	2561667.00	S.R. Batliboi & Co., Sr. Audit Assistant
A.K. Kejriwal	EVP (Marketing)	B.Com., PGDMSM	March 16, 1982	33 (25)	1937159.00	Assam Asbestos Ltd., Sales Manager
S.C. Bhanot	Sr. VP (Technical)	BE (Chem)	May 10, 1982	37 (37)	1532762.00	JK Cement Ltd., Manager
N. C. Gupta	Sr. VP (Commercial)	FCA	June 6, 1988	26 (26)	1451458.00	Modi Cement Ltd., Dy. manager
G.Shankar	Sr.VP (Marketing)	BE, MBA	May 18, 2001	26 (6)	2457116.00	Royal Enfield, GM(Marketing)
G.Mallick	Sr. VP (Paper Marketing)	B.Sc(H), MBA	October 7, 1998	20 (21)	1656233.00	The Andhra Pradesh Paper Mills Ltd., GM (Marketing)
G.L. Gattani	VP	BE (Chem)	August 27, 2001	38 (21)	1525604.00	Grasim Industries Limited
D.N. Swain	VP (HRD)	B.Sc., PM/LW, LL.B.	July 14, 1995	30 (12)	1384301.00	Utkal University
P.B. Gupta	VP (Public Relations)	B.Sc. LL.B	July 1, 1982	24(24)	443270.00	The Sirpur Paper Mills Ltd.
Kamal Thapar	Asst.Vice President (Commercial)	B.Com,Chartered Acctt.(FCA) Graduate Diploma in Material Management (GDMM)	October 27, 2006	28 (28)	493776.00	Ballarpur Industries Ltd. Dy.General Manager (Com)

Name	Designation	Qualifications	Date of Joining	Experience (years) (Experience in industry)	Remuneration paid/accrued during the FY 2007 (in Rs.)	Last employment held/ designation
S.Dayal	V.P.Manufacturing (Lighting Products)	B.Tech. DBM	April 12,2007	37 (2)	-	Philps Electronics India Ltd Director-Technical Outsourcing (B U Lampa)

The persons whose names appear as key managerial personnel are on the rolls of our Company as permanent employees.

Shareholding of key managerial personnel as on date of this Letter of Offer

Names	No. of shares
C.L. Mohta	537
P.K. Sonthalia	500
Goutam Mullick	100
P.B.Gupta	530

Changes in the key managerial personnel in the last three years

The changes in our key managerial employees during the last three years are as follows:

Name	Date of appointment	Date of cessation	Reason
C.L. Mohta	May 2, 1966	January 1, 2007	Retired
C.K. Mendiratta	April 16, 1998	October 1, 2005	Retired
N.K. Saha	March 11,1982	April 1,2007	Deputed
M.M. Arora	March 29,2001	March 8,2007	Deputed
J.Adlakha	June 16,2005	May 30,2007	Resigned

Loans to Key Managerial Personnel

There are no loans advanced by the Company to any of its Key Managerial Personnel.

Bonus or Profit sharing plan for Key Managerial Personnel

There is no scheme for profit sharing bonus for key managerial personnel of the Company except emoluments paid to them in the ordinary course of employment.

Employees Stock Option Scheme

The Company has not offered any Employees Stock Option Scheme or Employees Stock Purchase Scheme.

OUR PROMOTERS

The promoters of our Company are:

- (i) Mr. Chandra Kant Birla
- (ii) Central India Industries Limited

Mr. C.K. Birla



Identification	Details
Passport Number	F2965481
Voter ID Number	DL/01/002/223413
Driving License Number	WB-01-085946

An eminent industrialist, Mr. C. K. Birla heads the C. K. Birla Group, a large corporate conglomerate in India. Born in 1955, he is the promoter and Chairman of Orient Paper & Industries Limited. Besides, he also holds the post of chairman of other group companies. Mr. C. K. Birla's educational qualification is Bachelor of Arts.

Mr. C.K. Birla is also a member of the Governing Council of Birla Institute of Technology, Ranchi, Calcutta Medical Research Institute, Calcutta, Indian Institute of Technology, Delhi and Indian Institute of Management, Lucknow. He is a member of National Council of the Confederation of Indian Industry.

Central India Industries Limited (CIIL)

CIIL was incorporated on November 29, 1938. The registered office of the Company is at L-3, Gandhi Nagar, Gwalior (M.P) – 474 002. It is an investment company predominantly owned by the C.K. Birla Group. It holds investments and has provided loans to bodies corporate within and outside the group. It is a registered NBFC, RBI registration No.03.00019, dated 21st January 1998.

Identification	Details
Registration No. of Co.	L02710MP1938PLC000132
Address of R O C	The Registrar of Companies Madhya Pradesh & Chhatisgarh Sanjay Complex, 3 rd Floor, 'A' Block, Jayendraganj. Gwalior – 474 009 (M.P)

Shareholding Pattern

The shareholding pattern of CIIL as on May 29, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	194500	92.62
Individuals / HUF	58220	27.72
Bodies Corporate	126280	60.14
Others	10000	4.76
NON-PROMOTERS' HOLDING	15500	7.38
Institutional Investors	6200	2.95
Mutual Funds / UTI	-	-
Banks, Financial Institutions	-	-
Insurance Companies, Central / State Govt. Institutions / Non-Government Institutions	-	-
FII's	-	-
Others	6200	2.95
Non-Institutions	9300	4.43
Private Corporate bodies	100	0.05
Individuals	9200	4.38
NRIs / OCBs	-	-
Foreign Nationals	-	-
GRAND TOTAL	210000	100.00

Board of Directors

The details of Board of Directors of CIIL are as follows:

Names	Designation	Date of Appointment	Qualification	Residential Address	Experience
O.P. Chharia	Director	29.6.84	Q.E.	11,Ashoka Road, Kolkata -700027	Over 40 years
S.P. Singhi	Director	06.05.96	B.Sc	8/11, Alipore Road,Kolkata-700027	Over 45 years
P.C. Agarwala	Director	16.05.03	M.A. LLB F.C.S	233,Lower Circular Road, Flat No.7, Kolkata-700020	Over 40 years
C.L. Mohta	Director	23.02.04	C.A.	36B, New Road,Kolkata-700027	Over 40 years
J.P. Chhaochharia	Executive Director	26.05.03	Matriculate	6C, Short Street Kolkata-700016	Over 50 years

Financial Performance

The operating results of CIIL for fiscal 2004, 2005 and 2006 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2006	March 31, 2005	March 31, 2004
Total Income	15893.74	226.96	330.66
Profit After Tax	14123.95	118.01	271.27
Equity Share Capital	21.00	21.00	21.00
Reserves & Surplus*	17213.53	3190.51	3084.42
Earning Per Share (Rs.)	6725.69	56.19	129.18
Net Asset Value (Rs.)	8206.92	1529.28	1478.77

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

CIIL is listed on the Delhi Stock Exchange and the Madhya Pradesh Stock Exchange. The shareholders of the company, vide resolution dated June 26, 2006 have approved a proposal for voluntary delisting of the equity shares of the company from these exchanges. It has applied for delisting to both the Stock Exchanges vide letters dated July 10, 2006. The shares of CIIL have not been traded on the stock exchanges during the last six months and hence the trading prices are not available. CIIL is neither a sick company nor is under winding up.

Pending Investor Complaints

No complaints remain unresolved as on date.

The Permanent Account Number, Bank Account Number and Passport Number of Mr. C. K. Birla and the Permanent Account Number, Bank Account Number, the Company Registration Number and the address of the Registrar of Companies where CIIL is registered have been submitted to the Stock Exchanges on which securities are proposed to be listed, at the time of filing the Draft Letter of Offer with them.

Companies with which the Promoters have disassociated in the last three years:

There are no companies/ firms/ ventures, with which with promoters have disassociated themselves during the last 3 years

Details of Promoter Group Companies

Our Company is listed on The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. We have filed periodic statements regarding our financial results and shareholding pattern with the above mentioned Stock Exchanges and the Registrar of Companies for the last three years and such statements are available on the websites of the respective regulators on a common e-filing platform. Also, we have in place an investor grievance handling mechanism which includes meeting of “Shareholders / Investors’ Grievance Committee” at frequent intervals, appropriate delegation of powers by our Board with regard to share transfer and clearly laid out systems and procedures for timely and satisfactory redressal of investor grievances. Hence, we have complied with the requirements of Clause 6.39 of the SEBI Guidelines. Accordingly, we have disclosed the financial information in respect of the top five listed companies (based on market capitalisation) forming part of the promoter group and six largest (based on total income) unlisted companies forming part of the promoter group.

Listed Group Companies:

In this section we have briefly described the top five listed companies in the promoter group. Details of Central India Industries Ltd, one of the top five, have already been provided above, under the heading of Promoters. Details of the other four listed companies forming part of our Promoter Group are provided below:

1. Hindustan Motors Limited (HML)

HML was incorporated on February 11, 1942. The main business divisions of HML are Automobiles, Earthmoving Equipment, Power Products, Power Units and Consultancy. The registered office of the company is at 9/1, R.N. Mukherjee Road, Kolkata-700001.

Shareholding Pattern

The shareholding pattern of HML as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	47140024	29.25
Individuals / HUF	558642	0.35
Bodies Corporate	46581382	28.90
NON-PROMOTERS' HOLDING	114031969	70.75
Institutional Investors	23532180	14.60
Mutual Funds / UTI	7847603	4.87
Banks, Financial Institutions	637732	0.40
Insurance Companies, Central / State Govt. Institutions / Non-Government Institutions	10579601	6.56
FII's	4467244	2.77
Non-Institutions	90499789	56.15
Private Corporate bodies	21552449	13.37
Individuals	65569083	40.68
NRI's / OCB's	3181747	1.97
Foreign Nationals	97836	0.06
Foreign Companies	16060	0.01
Custodian of Enemy Properties	82614	0.05
GRAND TOTAL	161171993	100.00

Board of Directors of HML

The details of the board of directors of HML as of March 31, 2007, are given below:

Name of Director	Designation
C K Birla	Chairman
R Santhanam	Managing Director
N Chandra	Director
P K Khaitan	Director
A C Burman (Dr.)	Director
K Sinha	Director
R Vasudevan	Director (IDBI)
Y K Rastogi	Director (ICICI)
S C Jain	Director (LIC)
A Sankaranarayanan	Director

Financial Performance

HML changed its fiscal year ending from June to March in FY2006. The operating results of HML for fiscal 2005 (fifteen month period), 2006 (nine month period) and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	June 30, 2005
Total Income	70775.48	44100.13	125514.17
Profit After Tax	1329.64	(4369.13)	6119.86
Equity Share Capital	16125.68	16125.68	16125.68
Reserves & Surplus*	(5806.87)	(7236.13)	(3360.29)
Earning Per Share (Rs.)	0.82	(2.71)	3.80
Net Asset Value (Rs.)	6.40	5.51	7.92

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

The equity shares of HML are listed on the Calcutta Stock Exchange, Bombay Stock Exchange and National Stock Exchange. The trading price for the shares of HML during the last six months at BSE and NSE are as under:

Month	BSE (Rs. per share)		NSE (Rs. per share)	
	High	Low	High	Low
December 2006	40.15	33.20	40.10	33.20
January 2007	41.05	34.65	40.90	34.70
February 2007	44.15	36.55	44.30	36.55
March 2007	39.65	33.30	39.80	33.25
April 2007	33.90	32.05	33.90	32.10
May 2007	35.25	32.35	35.30	32.40

Significant Notes of Auditors

In the Auditors' Report for the financial year 2007, the Auditors have drawn attention to the non-provision of doubtful/disputed debts, claims and advances aggregating to Rs. 889.86 lacs (Rs 833.69 lacs in FY06 & Rs 993.47 lacs in FY05). Had the impact of the above been considered, the profit for the year would have been Rs. 439.78 lacs (after adjusting the impact of Rs. 833.69 lacs for the earlier years/periods) as against the reported profit of Rs. 1329.64 lacs (Loss of Rs 5202.82 lacs in FY06 against reported loss of Rs 4369.13 lacs & Profit of Rs 5126.39 lacs in FY05 against reported profit of Rs. 6119.86 lacs) and the Profit & Loss Account Debit Balance would have been Rs. 8205.85 lacs as against the reported figure of Rs. 7315.99 lacs (Rs 5222.21 lacs in FY05 against reported figure of Rs 4388.52 lacs & Rs 5381.99 lacs in FY05 against reported figure of Rs 4388.52 lacs).

HML is neither a sick company nor is under winding up.

Pending Investor Complaints

There are three complaints received by the Company pending to be resolved as on June 7, 2007.

2. National Engineering Industries Limited (NEIL)

NEIL was incorporated on April 24, 1946. The main activity of NEIL includes manufacturing of ball bearings, taper roller bearings, steel balls, axle boxes, cartridge bearings, rubber extruded and molded goods, execution of engineering contracts on turn-key basis and rendering of a wide range of technical services. The registered office of the company is at 9/1 R.N. Mukherjee Road, Kolkata-700001

Shareholding Pattern

The shareholding pattern of NEIL as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	800000	100.00
Individuals / HUF	8854	1.11
Bodies Corporate	791146	98.89
NON-PROMOTERS' HOLDING	0	0.00
GRAND TOTAL	800000	100.00

Board of Directors of NEIL

The details of the board of directors of NEIL as of March 31, 2007, are given below:

Name of Director	Designation
C K Birla	Chairman
J P Chhaochharia	Director
M L Pachisia	Director
H Khaitan	Director
K N Memani	Director

Financial Performance

The operating results of NEIL for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	50842.14	43590.94	34247.90
Profit After Tax	4956.97	4132.65	674.79
Equity Share Capital	80.00	80.00	80.00
Reserves & Surplus*	18010.90	13161.88	9056.60
Earning Per Share (Rs.)	619.62	516.58	84.35
Net Asset Value (Rs.)	2261.36	1655.24	1142.08

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

Significant Notes of Auditors

As per the Auditors' report for NEIL, it has not made any provision for shortfall, if any, in the value of unquoted investment of Rs. 693 lacs (previous year Rs. 693 lacs) in the share capital of a company in its financial statements for the year ending March 31, 2007. Auditors have expressed their inability to comment on the shortfall in value, if any, therein. They have also expressed their inability to comment on the extent of recoverability of an inter-corporate loan of Rs. 1588.62 lacs (Rs. 1439.18 lacs in FY06 and Rs 1377.36 lacs in FY05) given to the other company, which is considered recoverable by the management of NEIL.

The equity shares of NEIL are listed on the Delhi Stock Exchange and the Madhya Pradesh Stock Exchange. The shareholders of the company, vide resolution dated May 29, 2006 have approved a proposal for voluntary delisting of the equity shares of the company from the stock exchanges. The company has applied for delisting to the stock exchanges vide letters dated June 19, 2006. However, the shares of NEIL have not been traded on the stock exchanges during the last six months and hence the trading prices are not available.

NEIL is neither a sick company nor is under winding up.

Pending Investor Complaints

No complaints remain unresolved as on date

3. Hyderabad Industries Limited (HIL)

HIL was incorporated on June 17, 1946. HIL manufactures building materials like asbestos cement sheets, pipes and fittings, prefabricated building panels, steel structures and aerocon panels. It also produces jointings, thermal insulation products, earthmoving machinery and other products. The registered office of the company is at Sanatnagar, Hyderabad - 500018 (Andhra Pradesh).

Shareholding Pattern

The shareholding pattern of HIL as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	3080598	41.28
Individuals / HUF	232696	3.12
Bodies Corporate	2847902	38.16
NON-PROMOTERS' HOLDING	4381965	58.72
Institutional Investors	887275	11.88
Mutual Funds / UTI	511551	6.85
Banks, Financial Institutions	65672	0.88
Insurance Companies, Central / State Govt. Institutions / Non-Government Institutions	305552	4.09
FII's	4500	0.06
Non-Institutions	3494690	46.84
Private Corporate bodies	778880	10.44
Individuals	2396618	32.12
NRIs / OCBs	310328	4.16
Foreign Nationals	8864	0.12
GRAND TOTAL	7462563	100.00

Board of Directors of HIL

The details of the board of directors of HIL as of March 31, 2007, are given below:

Name of Director	Designation
C K Birla	Chairman
O P Jagetiya	Managing Director & CEO
K Maheshwari	Director
S Daga	Director
S N Alladin	Director
P Vaman Rao	Director
Y Paul	Director

Financial Performance

The operating results of HIL for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	44375.13	45388.54	41080.67
Profit After Tax	1397.41	3768.80	974.16
Equity Share Capital	748.98	748.97	717.17
Reserves & Surplus*	13431.68	12487.77	7481.92
Earning Per Share (Rs.)	18.73	52.73	13.63
Net Asset Value (Rs.)	190.01	185.18	114.33

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

The equity shares of HIL are listed on the Calcutta Stock Exchange (has applied for delisting), the Bombay Stock Exchange and the National Stock Exchange. The trading share price for the shares of HIL during the last six months at BSE and NSE are as under:

Month	BSE (Rs.)		NSE (Rs.)	
	High	Low	High	Low
December 2006	267.90	235.80	268.20	234.95
January 2007	267.45	242.40	267.10	240.80
February 2007	240.20	184.85	239.75	185.05
March 2007	181.00	142.45	182.15	142.70
April 2007	236.50	139.95	237.70	140.25
May 2007	204.35	185.80	205.10	185.80

HIL is neither a sick company nor is under winding up.

Pending Investor Complaints

No complaints remain unresolved as on date

4. Pilani Investment & Industries Corporation Ltd. (PIICL)

PIICL was incorporated on August 9, 1948. PIICL is a Non Banking Finance Company with registration number B-05.06669. The registered office of the company is at 9/1, R.N. Mukherjee Road, Kolkata-700001

Shareholding Pattern of PIICL

The shareholding pattern of PIICL as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	4553116	57.57
Individuals / HUF	2565	0.03
Bodies Corporate	4128723	52.20
Others	421828	5.33
NON-PROMOTERS' HOLDING	3355634	42.43
Institutional Investors	21175	0.27
Mutual Funds / UTI	-	-
Banks, Financial Institutions	1900	0.02

Category	No. of Shares Held	Percentage of Shareholding
Insurance Companies, Central / State Govt. Institutions / Non-Government Institutions	19275	0.24
Non-Institutions	3334459	42.16
Private Corporate bodies	2475522	31.30
Individuals	846785	10.71
NRIs / OCBs	12152	0.15
GRAND TOTAL	7908750	100.00

Board of Directors of PIICL

The details of the board of directors of PIICL as of March 31, 2007, are given below:

Name of Director	Designation
Dr. K.K. Birla	Director
B.K. Birla	Director
G.P. Birla	Director
S.K. Birla	Director
G.D. Kothari	Director
D.N. Patodia	Director
A.C. Dalal	Director
P.K. Khaitan	Director
R.A. Makharia	Executive Director

Financial Performance

The operating results of PIICL for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	7777.28	4540.53	2744.70
Profit After Tax	7235.04	3859.48	2214.40
Equity Share Capital	790.88	790.88	790.88
Reserves & Surplus*	56254.01	50869.54	47829.54
Earning Per Share (Rs.)	91.48	48.80	28.00
Net Asset Value (Rs.)	721.29	653.21	614.77

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

Significant Notes of Auditors

The auditors in their report on the accounts for the year ended March 31, 2006 have commented upon the non-provision of a claim by the State Bank of India for recovery of Rs. 15.44 lacs plus interest thereon from November 1, 1973. Against the above claim, Rs. 69.27 lacs has been deposited with Debts Recovery Appellate Tribunal pursuant to the Bombay High Court Order while admitting the Writ Petition filed by the company. Pending the High Court judgement in the above matter, no provision has been considered necessary.

The shares of PIICL are listed on the Madhya Pradesh Stock Exchange and the Delhi Stock Exchange. However, the shares of PIICL have not been traded on the stock exchanges during the last six months and hence the trading prices are not available.

PIICL is neither a sick company nor is under winding up.

Pending Investor Complaints

No complaints remain unresolved as on date

Unlisted Group Companies:

The details of six largest unlisted companies within the promoter group, based on total income, as on financial year ending March 31, 2006/2007 are as under:

1. GMMCO Ltd

GMMCO was incorporated on December 30, 1966. The main activity of GMMCO is trading in non-electrical machinery like heavy earthmoving equipments and spare parts, engines, medical equipment and spares. The company produces caustic soda, hydrochloric acid, liquid chlorine and diesel generating sets. The registered office of the company is at 9/1, R.N. Mukherjee Road, Kolkata-700001.

Board of Directors of GMMCO

The details of the board of directors of GMMCO as of March 31, 2007 are given below:

Name of Director	Designation
M.L. Pachisia	Director
H. Jairam	Executive Director
J.P. Chhaochharia	Director
K.P. Chaudhary	Director

Shareholding Pattern of GMMCO

The shareholding pattern of GMMCO as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	6507603	99.77
Individuals / HUF	26	0.00
Bodies Corporate	6507577	99.77
NON-PROMOTERS' HOLDING	14727	0.23
Institutional Investors	11584	0.18
Insurance Companies, Central / State Govt. Institutions / Non-Government Institutions/Banks	11584	0.18
Non-Institutions	3143	0.05
Individuals	3143	0.05
GRAND TOTAL	6522330	100.00

Financial Performance

The operating results of GMMCO for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	77427.80	61690.84	48980.00
Profit After Tax	5025.67	4826.95	2616.52
Equity Share Capital	652.23	744.75	923.10
Reserves & Surplus*	17420.16	13966.39	10395.47

Earning Per Share (Rs.)	77.05	64.81	28.34
Net Asset Value (Rs.)	277.09	197.53	122.61

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

GMMCO is neither a sick company nor is under winding up.

2. AVTEC Ltd

AVTEC was incorporated on February 8, 2005. AVTEC is engaged in the manufacturing of engines, transmissions and related components with plants located at Indore, Bangalore and Chennai. Its registered office is located at Pithampur Industrial Area, Sector – III, P.O. Sagore 454 774, Distt. Dhar (M.P.).

Board of Directors of AVTEC

The details of the board of directors of AVTEC as of March 31, 2007 are given below:

Name of Director	Designation
C.K. Birla	Chairman
A. Sankaranarayanan	Director
H. Khaitan	Director
J.M. Trivedi	Director
D. Peck	Director
N. Chandra	Director
A. Ganguli	Director
S. Rao	Managing Director & CEO

Shareholding Pattern of AVTEC

The shareholding pattern of AVTEC as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	17500000	70.00
Individuals / HUF	451000	1.80
Bodies Corporate	17049000	68.20
NON-PROMOTERS' HOLDING	7500000	30.00
Others	7500000	30.00
Foreign Nationals/ Trust	7500000	30.00
GRAND TOTAL	25000000	100.00

Financial Performance

The operating results of AVTEC for the period from February 8, 2005, i.e. since its incorporation, are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006
Total Income	57386.17	38218.66
Profit After Tax	2577.65	1643.58
Equity Share Capital	2500.00	2500.00
Reserves & Surplus*	16540.77	14328.74
Earning Per Share (Rs.)	10.31	9.76
Net Asset Value (Rs.)	76.16	67.32

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

AVTEC is neither a sick company nor is under winding up.

3. Panafrican Paper Mills (EA) Ltd (PPML)

PPML was incorporated on December 9, 1969, and is governed by the laws of the Government of Kenya. The main activity of PPML is manufacture and sale of paper and paper boards. The registered office of the company is at Kenindia House, 6th floor, Loyta Street, Po Box 30221, Nairobi-00100 Kenya.

Board of Directors of PPML

The details of the board of directors of PPML as of May 31, 2007, are given below:

Name of Director	Alternate	Designation
C.K. Birla	N.K. Mohatta	Chairman
O.M. Fowler	J.S.P. Coulson	Director
N.K. Saha	--	Executive Director & CEO
P.S. Ministry of Trade and Industry	E. Khaoya	Director
M.L. Pachisia	--	Director
P.S. Ministry of Finance	C. Onchoke	Director
K.B. Rathi	H.K. Bansal	Director
H. Vikram	K.N. Kothari	Director
East African Development Bank		---
Development Bank of Kenya Ltd		---
Industrial and Commercial Development Corporation		---

Shareholding Pattern of PPML

The shareholding pattern of PPML as of May 31, 2007 is as follows:

Particulars	No. of Shares Held	Percentage of Shareholding
Government of Kenya	20,094,600	33.88
Orient Paper & Industries Ltd.	17,399,668	29.34
Birla Enterprises Ltd. Hongkong	14,785,056	24.93
Industrial & Commercial Development Corporation	3,293,924	5.55
East African Development Bank	2,145,060	3.62
Development Bank of Kenya Ltd.	936,000	1.58
Barclaytrust Investment Services Ltd.	655,692	1.11
Total	59,310,000	100.00

Financial Performance

The operating results of PPML for fiscal 2004, 2005 and 2006 are as hereunder:

(All figures in Lacs of Kenyan Shillings, except per share data)

Particulars	June 30, 2006	June 30, 2005	June 30, 2004
Total Income	49356.17	57974.33	43020.96
Profit After Tax	(9223.95)	(2094.55)	(6448.54)
Equity Share Capital	11862.00	11862.00	11862.00
Reserves & Surplus*	56233.89	65457.84	67552.49
Earning Per Share (KES)	(15.55)	(3.53)	(10.87)
Net Asset Value (KES)	114.81	130.37	133.89

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

Note: As on the date of the financial statements 1 KES = 0.582 INR (30th June'04), 0.573 INR (30th June'05) and 0.632 INR (30th June'06)

Significant Notes of Auditors

In the Auditors' Report for the financial year 2006, the auditors have drawn attention to the fact that as of June 30, 2006, the current liabilities exceeded current assets and the company had a revenue deficit due to trading losses in recent years. Further, they have drawn attention to the fact that professional valuation of property, plant and equipment as at June 30, 2005, could not be incorporated in the financial statements due to restrictions imposed by the lenders as per the loan agreements in place. These have also been mentioned in the audit qualifications on the restated consolidated financial statements for OPIL, appearing on page 156 of this Letter of Offer.

PPML is neither a sick company nor is under winding up.

4. Nigeria Engineering Works Ltd (NEWL)

NEWL was incorporated on June 4, 1964 and is registered in Nigeria. The main activity of NEWL is manufacture and distribution of light engineering products which are sold directly to the Nigerian public through a nationwide network of dealers and are also exported. The registered office of NEWL is at 49, Trans Amadi Industrial Layout, P.O. Box 519, Port Harcourt, Nigeria.

Board of Directors of NEWL

The details of the board of directors of NEWL as of May 31, 2007, are given below:

Name of Director	Designation
C.K. Birla	Chairman
M.L. Pachisia	Director
A.K. Kedia	Managing Director
C. Briggs	Director
A. John-Jaja	Director
Chief F.A. Samson	Director
B.A.E. Abegunde	Director

Shareholding Pattern of NEWL

The shareholding pattern of NEWL as of May 31, 2007, is as follows:

Particulars	No.of shares	Percentage %
Birla Brothers (P) Ltd.	2250000	9.37
Shekhavati Inv. & Trad.Ltd	2400000	10.00
Central India IndustriesLtd	2400000	10.00
Gwalior Finance Corp. Ltd.	2400000	10.00
Hindustan Discounting Co.Ltd.	150275	0.63
Rivers State Government of Nigeria	5398511	22.50
Bayelsa State Government of Nigeria	4416964	18.40
Bank of Industry	4294275	17.89
NEW Staff Trust Fund	290675	1.21
Total	24000700	100.00

Financial Performance

The operating results of NEWL for fiscal 2004, 2005 and 2006 are as hereunder:

(All figures in Lacs of Nigerian Naira, except per share data)

Particulars	June 30, 2006	June 30, 2005	June 30, 2004
Total Income	31078.24	34615.93	34437.02
Profit After Tax	327.18	140.16	671.53
Equity Share Capital	480.01	480.01	384.01
Reserves & Surplus*	3264.82	2861.90	2889.74
Earning Per Share (NGN)	1.36	0.58	3.50
Net Asset Value (NGN)	15.57	13.83	17.06

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance

Note: As on the date of the financial statements 1 NGN = 0.355 INR (30th June'04), 0.332 INR (30th June'05) and 0.378 INR (30th June'06)

NEWL is neither a sick company nor is under winding up.

5. Special Engineering Services Ltd. (SESL)

SESL was incorporated on June 4, 1960. The main activity of SESL is manufacture of Automobile seats, Propeller Shaft and components and assembly catalytic connector. The registered office of the company is at 16, Cossipore Road, Kolkata-700002.

Board of Directors of SESL

The details of the board of directors of SESL as of March 31, 2007, are given below:

Name of Director	Designation
R.S. Goenka	Director
P.C. Agrawalla	Director
C.L. Mohta	Director
G. Somani	Director

Shareholding Pattern of SESL

The shareholding pattern of SESL as of March 31, 2007, is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	520000	100.00
Individuals / HUF	108000	20.77
Bodies Corporate	412000	79.23
NON-PROMOTERS' HOLDING	0	0.00
GRAND TOTAL	520000	100.00

Financial Performance

The operating results of SESL for fiscal 2004, 2005 and 2006 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2006	March 31, 2005	March 31, 2004
Total Income	2315.95	1481.35	1416.46
Profit After Tax	163.01	58.67	51.06
Equity Share Capital	52.00	52.00	52.00
Reserves & Surplus*	367.68	234.31	193.43
Earning Per Share (Rs.)	31.35	11.28	9.82
Net Asset Value (Rs.)	80.71	55.06	47.20

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

SESL is neither a sick company nor is under winding up.

6. Universal Trading Company Ltd. (UTCL)

UTCL was incorporated on August 4, 1949. It is a Non Banking Finance Company having registration No. 10.00078 dated 28th September, 1998. The registered office of the company is at 303, Navjeevan Chambers, Vinoba Marg, C-Scheme, Jaipur - 302001.

Board of Directors of UTCL

The details of the board of directors of UTCL as of March 31, 2007, are given below:

Name of Director	Designation
Smt. N. Birla	Director
B.G. Mundhra	Director
R.K. Birla	Director
D.P. Sureka	Director
S.K. Agarwala	Director

Shareholding Pattern of UTCL

The shareholding pattern of UTCL as of March 31, 2007, is as follows:

Category	No. of Shares Held	Percentage of Shareholding
PROMOTERS' HOLDING	51800	100.00
Individuals / HUF	51800	100.00
NON-PROMOTERS' HOLDING	0	0.00
GRAND TOTAL	51800	100.00

Financial Performance

The operating results of UTCL for fiscal 2005, 2006 and 2007 are as hereunder:

(All figures in Rs. Lacs, except per share data)

Particulars	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	1262.66	1109.38	1025.22
Profit After Tax	96.62	51.36	50.56
Equity Share Capital	5.18	5.18	5.18
Reserves & Surplus*	920.55	825.03	776.08
Earning Per Share (Rs.)	186.52	99.15	97.61
Net Asset Value (Rs.)	1787.12	1602.72	1508.22

* Net of miscellaneous expenditure to the extent not written off and profit & loss account debit balance.

UTCL is neither a sick company nor is under winding up.

Details of group companies under liquidation

Rajasthan Telephone Industries Limited (now in liquidation)

Rajasthan Telephone Industries Limited (now in liquidation) was established as a Joint Sector Project with Rajasthan State Industrial Development and Investment Corporation Ltd. The company was

incorporated on 16-08-1985 and obtained commencement certificate on 09-10-1985. The project was to manufacture 2,00,000 push button telephones annually at Bhiwadi, Rajasthan.

A reference was made to BIFR and company was declared a sick company on August' 1994. Ultimately, the company became unviable and went into liquidation.

At the time of liquidation, the Shareholding pattern and Directors were as under:-

<u>Shareholding</u>	<u>No. of Shares</u>	<u>(Rs. 10/- each)</u>
I. Aravali Securities & Finance Ltd.	5,04,230	
Central India Industries Ltd.	2,15,000	
Rajasthan Industries Ltd.	35,000	
Universal Trading Co. Ltd.	30,000	
Others	<u>12,210</u>	7,96,440
II. Rajasthan State Industrial Development And Investment Corporation Limited		1,32,700
III. Public		<u>11,30,860</u>
Total		<u>20,60,000</u>

Directors of the Company

The directors of the company were: Mr. Ranjan Kumar Poddar, Mr. C.L. Biyani, Mr. R.P.Udawat (RICCO Nominee) and Mr. Rajendra Jain (RICCO Nominee).

The statement of affairs for the company was filed on 27th June 2001. The Official Liquidator realized Rs. 1.32 Crore from the sale of assets of the Company.

Details of companies referred to BIFR

Air Conditioning Corporation Ltd, (ACCL), a subsidiary of Orient Paper & Industries Ltd, has become a sick company and was referred to BIFR during 1999. Scheme of revival has been filed with appropriate authority.

Common pursuits/ Conflict of Interest, if any

None of our Promoters or group companies are engaged in similar business as our Company.

Full particulars of nature and extent of the interest, if any of every promoter

The Promoters are interested to the extent of equity shares held by them. The Promoters may also be deemed to be interested in the equity shares, if any, that may be subscribed for and allotted to them out of the present Issue in terms of this Letter of Offer. The Promoter may also be deemed to be interested to the extent of any dividend, if any, payable to them and other distribution in respect of the said equity shares. The Promoters are not interested in any property acquired within two years preceding the date of this Letter of Offer or proposed to be acquired out of the proceeds of this Issue.

Related party transactions

There have been no sales or purchases between companies in India of the Promoter Group exceeding in value the aggregate 10% of the total sales or purchases of our Company except those transactions mentioned under the Section titled 'Related Party Transactions' on page 101 of this Letter of Offer.

Companies under the same management

There are no companies under the same management within the meaning of Section 370(1B) of the Act.

RELATED PARTY TRANSACTIONS

For details of our Company's Related Party Transactions, please see Annexure 7 of the Restated Financial Statements contained in the section 'Financial Information' beginning on page 102 of this Letter of Offer.

FINANCIAL INFORMATION AUDITOR'S REPORT

To,
The Board of Directors
Orient Paper & Industries Limited
9/1 R N Mukherjee Road
Kolkata 700 001

Dear Sirs,

1. We have examined the attached financial information of ORIENT PAPER & INDUSTRIES LIMITED (hereinafter referred to as the Company), as approved by the Committee of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 8th November, 2006 in connection with the proposed Rights Issue of Equity shares of the Company.
2. These information have been extracted by the Management from the financial statements for the years ended on 31st March 2003, 2004, 2005, 2006 and 2007.
3. In accordance with the requirements of Paragraph B of Part II of of Schedule II of the Act, the SEBI Guidelines and in terms of our engagement agreed with you, we further report that:
 - a) The 'Restated Summary Statement of Assets and Liabilities' of the Company as at 31st March 2003,2004,2005,2006and 2007 examined by us,as set out in Annexure-1 to this report are after making such adjustments and regrouping as in our opinion were appropriate and as is more fully described in Significant Accounting Policies & Notes and Statement of Adjustments (Refer Annexures 4 & 5).
 - b) The 'Restated Summary Statement of Profits and Losses' of the Company for each of the years ended on 31st March 2003, 2004, 2005,2006 and 2007 examined by us, as set out in Annexure-2 to this report are after making such adjustments and regrouping as in our opinion were appropriate and as is more fully described in Significant Accounting Policies & Notes and Statement of Adjustments (Refer Annexures 4 & 5).
 - c) The 'Restated Statement of Cash Flows' of the Company in respect of each of the years ended on 31st March 2003, 2004, 2005,2006 and 2007 examined by us, as set out in Annexure-3 to this report, in our opinion, has been prepared by the Company in accordance with the requirement of Accounting Standard 3 (Cash Flow Statements) issued by the Institute of Chartered Accountants of India.
 - d) Without qualifying our opinion, we draw attention to the fact that for the purpose of these summary statements, due to practical difficulties in retrospective application of various Accounting Standards as detailed vide Note No.19 on Annexure-5, such standards have been applied from the dates they became applicable to the Company or from an earlier date if actually applied and not for all the periods restated.
 - e) Based on above, we are of the opinion that
 - i. the restated financial information have been made after incorporating:
 - a. Adjustments for the changes in accounting policies retrospectively in the respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
 - b. Adjustments for the material amounts in the respective financial years to which they relate;

- ii. There are no extra-ordinary items that need to be disclosed separately in the Summary Statements; and
 - iii. The qualifications and material adjustments relating to the relevant previous years have been made in the summary statements.
- f) At your request, we have also examined the following other financial information prepared by the management and approved by the Committee of Directors relating to the Company for the year ended on 31st March, 2003,2004,2005,2006 and 2007:
- i. Statement of Accounting Ratios based on the adjusted profits relating to earning per share, net asset value, return on net worth, enclosed as Annexure-6.
 - ii. Statement of Related Party Transactions enclosed as Annexure-7.
 - iii. Statement of Segment Reporting enclosed as Annexure-8.
 - iv. Statement of Dividend Paid enclosed as Annexure-9.
 - v. Statement of Tax Shelter enclosed as Annexures-10.
 - vi. Capitalisation Statement as at 31st March,2007 enclosed as Annexure-11.
 - vii. Statement of Earning Per Share enclosed as Annexure-12A.
 - viii. Statement of Balance of Debtors enclosed as Annexure-12B.
 - ix. Statement of Loans & Advances enclosed as Annexure-12C.
 - x. Statement of Other Income enclosed as Annexure-12D.
 - xi. Statement of Secured and Unsecured Loans enclosed as Annexure-12E & 12F.
 - xii. Statement of Current Liabilities enclosed as Annexure-12G.
 - xiii. Statement of Investments enclosed as Annexure-12 H.

In our opinion the financial information contained in Annexures 6 to 12 H of this report read along with the Significant Accounting Policies and Notes (Refer Annexure 5) prepared after making such adjustments and regrouping as were considered appropriate, have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines.

4. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed Right Issue of Equity Shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

22 Camac Street Block 'C', 3 rd Floor Kolkata 700 016 Dated : June 8, 2007	S. R. BATLIBOI & CO. <i>Chartered Accountants</i> Per R K AGRAWAL <i>a Partner</i> Membership No. 16667
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ORIENT PAPER & INDUSTRIES LIMITED
RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Annexure - 1
(Rs. lacs)

	Particulars	As at 31st March,				
		2003	2004	2005	2006	2007
	<u>Application of Funds</u>					
A	Fixed Assets					
	Gross Block	66966.66	67656.04	67133.21	68043.07	69442.57
	Less:Accumulated Depreciation/Amortisation	30873.40	33258.31	35869.43	38421.35	40873.96
	Net Block	36093.26	34397.73	31263.78	29621.72	28568.61
	Capital Work In Progress	1062.59	155.25	435.17	733.23	6488.74
	Capital Expenditure on New Projects	60.67	61.54	61.54	61.54	75.75
	Less : Revaluation Reserve	1319.27	1256.97	1187.98	1127.40	1066.26
	Total	35897.25	33357.55	30572.51	29289.09	34066.84
B	Investments	502.17	566.83	1357.52	1347.70	1340.14
C	Deferred Tax Asset (Net)	4548.44	4997.06	4684.62	3211.66	-
D	Current assets, loans and advances					
	Inventories	7673.83	7634.76	9028.23	8633.40	9260.05
	Sundry Debtors	9676.65	11831.50	10193.98	11028.94	12358.76
	Cash & Bank Balances	1414.73	1710.26	1786.56	1746.52	1708.45
	Loans and advances	3277.84	3818.63	5457.37	6796.45	9229.93
	Other Current Assets	280.85	580.08	494.50	881.45	1598.78
	Total	22323.90	25575.23	26960.64	29086.76	34155.97
E	Liabilities & Provisions					
	Secured Loans	39764.64	37807.42	36111.45	33839.07	25616.34
	Unsecured Loans	8739.86	11544.91	12041.12	9736.61	6851.98
	Deferred Tax Liability (Net)	-	-	-	-	3767.71
	Current Liabilities & Provisions					
	Current Liabilities	13535.33	14084.75	13586.46	14078.95	15540.64
	Deferred Payment Liabilities	1784.48	1350.66	979.69	719.68	873.89
	Provisions	440.02	413.57	562.31	1274.70	1793.69
	Total	64264.33	65201.31	63281.03	59649.01	54444.25
F	Net Worth (A+B+C+D-E)	(992.57)	(704.64)	294.26	3286.20	15118.70
G	Represented by :					
	Shareholder's Funds					
	a. Equity Share Capital	1483.75	1483.75	1483.75	1483.75	1483.75
	b. Preference Share Capital	1300.00	2000.00	2000.00	2000.00	2000.00
	c. Reserves and Surplus (excluding Revaluation Reserve)	3606.85	1998.85	1811.85	1541.85	12849.10
	Total	6390.60	5482.60	5295.60	5025.60	16332.85
H	Less:(a) Miscellaneous expenditure (to the extent not written off or adjusted) : Deferred Revenue Expenditure	3065.12	2524.68	1944.23	1406.76	1214.15
	(b) Profit and Loss Account Debit Balance	4318.05	3662.56	3057.11	332.64	-
I	Total (G-H)	(992.57)	(704.64)	294.26	3286.20	15118.70

Notes:

- (1) The above figures should be read along with the Statement of Significant Accounting Policies and Notes to the Restated Summary Statements, as appearing in Annexure 5.
- (2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

Annexure - 2

	For the year ended 31st March				(Rs. lacs)
Particulars	2003	2004	2005	2006	2007
Income					
Sales:					
Of Products manufactured by the company (Net of excise duty)	57226.33	62280.65	71688.45	84715.69	108962.64
Of Products traded in by the company	36.92	198.43	184.72	314.69	717.96
Total	57263.25	62479.08	71873.17	85030.38	109680.60
Know-How & Service fees	833.25	585.33	540.68	731.18	543.06
Other Income	520.04	1478.91	1576.25	1220.18	1438.64
Increase / (Decrease) in Inventories	(149.80)	164.19	523.60	(680.55)	614.62
Total	58466.74	64707.51	74513.70	86301.19	112276.92
Expenditure					
Raw Materials Consumed	18224.85	20455.58	23664.69	26371.39	32212.69
Purchase of Trading Goods	151.64	183.90	125.12	230.57	594.37
Staff Cost	5741.92	5938.56	6115.75	6548.72	7173.87
Other Manufacturing Expenses	18754.52	20019.67	22987.57	25002.97	24648.29
Administrative and Other Expenses	3077.47	3074.78	3974.80	3545.76	4713.69
Selling and Distribution Expenses	7013.07	7414.72	9254.25	12879.37	16014.44
Interest (Net)	7114.00	6066.62	4941.34	4190.32	3270.24
Depreciation/Amortisation	1442.62	2953.51	2707.26	2660.89	2622.17
Total	61520.09	66107.34	73770.78	81429.99	91249.76
Net Profit / (Loss) Before Tax	(3053.35)	(1399.83)	742.92	4871.20	21027.16
Taxation:					
Current Tax (Net of Refunds)	(7.54)	1.30	12.03	182.03	2175.43
MAT Credit Entitlement	-	-	-	(176.20)	(2173.20)
Fringe Benefit Tax	-	-	-	151.41	105.00
Deferred Tax Asset/(Liability)	1005.18	448.62	(312.44)	(1472.96)	(7082.70)
Net Profit / (Loss) after tax	(2040.63)	(952.51)	418.45	3241.00	13837.23
Balance brought forward	(2277.42)	(4318.05)	(3662.56)	(3057.11)	(332.64)
Debenture Redemption Reserve written back	-	1608.00	187.00	270.00	239.00
Impact of Revised AS-15 as on 1st April 2006 (Refer Note No. 11 in Annexure - 5)					(203.66)
	(2277.42)	(2710.05)	(3475.56)	(2787.11)	(297.30)
Profit available for Appropriation	(4318.05)	(3662.56)	(3057.11)	453.89	13539.93
Appropriations					
Debenture Redemption Reserve	-	-	-	-	1,250.00
General Reserve	-	-	-	-	7,500.00
Dividends	-	-	-	689.79	1,723.73
Provision for tax on Dividends	-	-	-	96.74	269.95
Surplus/(Deficit) carried to Balance Sheet	(4318.05)	(3662.56)	(3057.11)	(332.64)	2796.25

Notes: (1) The above figures should be read along with the Statement of Significant Accounting Policies and Notes to the Restated Summary Statements, as appearing in Annexure 5.

(2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

(3) Profit & Loss Account Debit balance brought forward as on 1st April, 2002 is inclusive of Rs. 2275.70 lacs being the impact of adjustments pertaining to the period prior to 1st April, 2002 as indicated in Annexure - 4.

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED SUMMARY STATEMENT OF CASH FLOWS

Annexure - 3
(Rs. lacs)

		For the year ended 31st March				
		2003	2004	2005	2006	2007
(A)	CASH FLOW FROM OPERATING ACTIVITIES					
	Net Profit/ (Loss) before Tax	(3,053.35)	(1,399.83)	742.92	4,871.20	21,027.16
	Adjustments for :					
	Depreciation/Amortisation	1,442.62	2,953.51	2,707.26	2,660.89	2,622.17
	Interest Expenses (Net of Capitalisation)	7,278.42	6,432.78	5,281.91	4,651.43	3,482.45
	Finance Lease Rentals	17.13	17.13	-	-	-
	Loss/(Profit) on Fixed Assets sold/discarded	23.11	(999.82)	(28.86)	9.18	14.99
	Profit on sale of Investments	(208.50)	-	(1,227.21)	(661.53)	(3.00)
	Bad debts written off	49.89	21.31	21.25	15.89	8.96
	Provision for Doubtful Debts & Advances	20.27	25.06	1.72	14.69	13.97
	Provision for Warranty Claims & Mining Restoration Expenses	-	-	87.79	26.58	10.89
	Provision for diminution in value of investments	12.06	(64.78)	-	(0.73)	(4.33)
	Provision for leave liability	44.32	(6.80)	16.96	10.70	147.95
	Deferred Revenue Expenditure written off	645.29	629.73	619.55	630.24	734.17
	Foreign Exchange Loss / (Gain) (Net)	23.62	77.50	(210.43)	(122.87)	700.99
	Interest & Dividend Income	(207.59)	(409.17)	(389.67)	(528.08)	(362.59)
	Operating Profit before Working Capital Changes :	6,087.29	7,276.62	7,623.19	11,577.59	28,393.78
	Increase / (Decrease) in Trade Payables	1,007.62	480.44	(1,006.60)	202.12	61.33
	Decrease / (Increase) in Trade & Other Receivables	(1,106.51)	(3,201.35)	319.71	(1,836.85)	(2,338.32)
	Decrease / (Increase) in Inventories	473.22	39.07	(1,393.47)	394.83	(626.65)
	CASH GENERATED FROM OPERATIONS	6,461.62	4,594.78	5,542.83	10,337.69	25,490.14
	Direct Taxes (Paid)/ Refund	(1.31)	6.09	7.57	(486.97)	(2,292.40)
	NET CASH FROM OPERATING ACTIVITIES	6,460.31	4,600.87	5,550.40	9,850.72	23,197.74
(B)	CASH FLOW FROM INVESTING ACTIVITIES					
	Sale of Fixed Assets	49.13	1,085.27	280.42	46.94	39.48
	Sale/Redemption of Investments (Net)	210.48	0.12	1,230.42	662.41	803.07
	Interest Received	51.69	66.99	62.23	74.19	113.77
	Dividend Received	43.05	42.95	49.06	66.94	150.36
	Purchase of Investments	(4.87)	-	-	-	(800.00)
	Purchase of Fixed Assets	(663.32)	(687.96)	(757.92)	(1,421.28)	(6,595.12)
	Loans (given)/Repaid	51.59	(0.74)	-	1.85	(4.43)
	NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(262.25)	506.63	864.21	(568.95)	(6,292.87)

						(Rs. lacs)
		For the year ended 31st March				
		2003	2004	2005	2006	2007
(C)	CASH FLOW FROM FINANCING ACTIVITIES :					
	Proceeds from Issue of Preference Shares	1,300.00	700.00	-	-	-
	Proceeds from Borrowings	4,884.81	12,916.15	3,454.03	8,826.55	6,231.81
	Repayment of Loans	(4,712.52)	(11,801.17)	(4,402.46)	(13,219.94)	(17,763.90)
	Interest Paid	(8,342.79)	(6,623.43)	(5,387.12)	(4,926.99)	(3,748.42)
	Redemption of Preference Shares	(0.12)	-	-	(0.01)	-
	Repayment of matured debentures	(0.34)	-	-	(0.06)	(2.14)
	Interim Dividend Paid	-	-	-	-	(765.16)
	Dividend Paid For earlier years	(2.99)	(3.52)	(2.76)	(1.36)	(689.79)
	Dividend Tax Paid	-	-	-	-	(205.34)
	NET CASH USED IN FINANCING ACTIVITIES	(6,873.95)	(4,811.97)	(6,338.31)	(9,321.81)	(16,942.94)
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(675.89)	295.53	76.30	(40.04)	(38.07)
	Cash & Cash Equivalents - Opening Balance	2,090.62	1,414.73	1,710.26	1,786.56	1,746.52
	Cash & Cash Equivalents - Closing Balance	1,414.73	1,710.26	1,786.56	1,746.52	1,708.45

ORIENT PAPER & INDUSTRIES LIMITED

Statement of adjustments made to the Audited Financial Statements

Annexure - 4

(Rs. lacs)

Statement of adjustments in profit and loss account carried out in accordance with Part II of Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000					
	For the year ended 31st March				
Particulars	2003	2004	2005	2006	2007
Net Profit/(Loss) after tax as per Audited Profit and Loss Account	(1,894.18)	(1,377.79)	273.78	2,157.78	13,068.25
Adjustments on account of :					
Provision for Gratuity Liability	172.75	(21.81)	84.10	1,738.10	-
Provision for Leave liability	(44.32)	250.91	-	-	-
Provision for Diminution in value of Investments	(12.06)	112.08	-	-	-
Provision for Doubtful debts & Advances	(5.61)	(1.97)	512.66	-	-
Reversal of Cenvat elements on inputs included in purchase, inventories, consumption etc. which was not in conformity with Accounting Standard - 2.	(4.10)	347.51	-	-	-
Prior Period Income/Expenditure :					
Staff Costs	(184.63)	190.88	(11.62)	(127.32)	240.21
Energy Development Cess	(253.90)	(246.57)	(263.09)	(227.57)	1,168.55
Other Manufacturing Expenses	(12.73)	32.18		(15.53)	15.53
Administrative & Other Expenses				(0.45)	0.45
Interest	83.22	-	-	-	-
Depreciation	82.09	-	-	-	-
Taxation					
MAT Credit Entitlement				176.20	(176.20)
Impact of above adjustments on Deferred Tax Asset / (Liability)	32.84	(237.93)	(177.38)	(460.21)	(479.56)
Net adjustments	(146.45)	425.28	144.67	1,083.22	768.98
Restated Net Profit/(Loss) after tax	(2,040.63)	(952.51)	418.45	3,241.00	13,837.23

Annexure – 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED SUMMARY STATEMENT OF ORIENT PAPER & INDUSTRIES LTD.

1. ACCOUNTING POLICIES

(i) *Basis of Accounting*

- (a) The Company prepares its accounts on accrual basis, except otherwise stated, in accordance with the normally accepted accounting principles.
- (b) Income from certified emission reduction (CER) is recognized at estimated realisable value on confirmation of CERs by the concerned authorities.
- (c) Insurance & other claims/ refunds, due to uncertainty in realization, are accounted for on acceptance/actual receipt basis.

(ii) *Revenue Recognition*

Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers.

(iii) *Fixed Assets*

Fixed Assets are stated at cost or revalued amounts, as the case may be, less accumulated depreciation/amortisation and impairment if any. Cost comprises the purchase price inclusive of duties (net of cenvat / VAT), taxes, incidental expenses and erection / commissioning expenses etc. upto the date, the asset is ready for its intended use. In case of revaluation of fixed assets, the original cost as written-up by the valuer, is considered in the accounts and the differential amount is transferred to revaluation reserve.

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

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

Assets awaiting disposal are valued at the lower of written down value and net realisable value and disclosed separately.

(iv) *Foreign Currency Transactions*

(a) *Initial Recognition*

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

(b) *Conversion*

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

(c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalized.

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

(v) Depreciation

- (a) The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (b) Depreciation on fixed assets is provided under Straight Line Method (except for furniture, fixtures, conveyance and locomotives valuing Rs. 1147.38 lacs where Written Down Value method is followed) at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- (c) Depreciation on the amounts capitalised during the year on account of foreign exchange fluctuations and insurance spares, is provided prospectively over the residual life of the respective assets.
- (d) Depreciation on revalued assets is provided at the rates specified under section 205 (2)(b) of the Companies Act, 1956.
- (e) Depreciation on fixed assets added / disposed off during the period is provided on pro-rata basis with reference to the date of addition/disposal.
- (f) Depreciation includes amount written off in respect of leasehold properties over the respective lease period.
- (g) The value of assets not owned by the company is depreciated over a period of 5 years.
- (h) Intangible assets (specialized software) are amortised over a period of 3 years.
- (i) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(vi) Investments

- (a) Current Investments are stated at lower of cost and market rate on individual investment basis. Long term investments are considered "at cost", unless there is a decline in the value other than temporary, in which case adequate provision is made against the diminution in the value of investments. Investments in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.
- (b) Investment property being long term investment is considered at cost less depreciation, unless there is a decline in the value other than temporary, in which case adequate provision

is made against the diminution. Depreciation is provided under Straight Line Method (except for furniture & fixtures Rs.30.01 lacs) where Written Down Value method is followed, at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(vii) *Inventories*

Inventories are valued at lower of Cost (computed on annual / weighted average basis) and net realisable value. However, saleable scraps, whose cost is not identifiable, are valued at estimated realisable value.

(viii) *Research and Development*

Research and development cost are expensed as and when they are incurred, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(ix) *Retirement and other employee benefits*

Defined Contribution plans

Company's contributions to Provident Fund and Superannuation Schemes are charged to the Profit & Loss Accounts of the year when the contributions to the respective funds are due. The Company has no obligations other than the contributions payable to the respective trusts.

Defined Benefit plans

Gratuity liability and compensated leave encashment are provided for based on actuarial valuation made at the end of each financial year. Actuarial gain and losses are recognized immediately in the statement of Profit & Loss Account as income or expenses.

(x) *Deferred Revenue Expenditure*

- (a) Restructuring fees to financial institutions incurred upto 31st March, 2003 are considered as deferred revenue expenditure and written off in ten equal annual installments and / or in such equal annual installments that expenditure so deferred are not carried forward to accounting periods, commencing on or after 1st April, 2010.
- (b) Compensation to the employees / contract workers under Voluntary Early Retirement Schemes are written off in five / eight equal installments and / or in such equal annual installments, that expenditure so deferred are not carried forward to accounting periods, commencing on or after 1st April, 2010.

(xi) *Earning per Share*

Basic earning per share is calculated by dividing the net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

(xii) *Excise Duty & Custom Duty*

Excise duty on Finished goods stock lying at the factories is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying

in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(xiii) *Shares/ Debentures Issue Expenses (including redemption premium)*

Shares/Debentures issue expenses including redemption premium are adjusted against Share Premium Account. Premium on redemption of debentures is accounted for in the year of issue.

(xiv) *Borrowing Costs*

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

(xv) *Hedging*

The company has adopted a policy to minimize risks associated with foreign exchange fluctuations with respect to its borrowings.

The Option contracts are accounted for on the date of their settlement and the realised gain/loss thereof is recognised in the Profit & Loss account. In respect of 'Open' contracts as on the Balance Sheet date, the difference between the spot rates (as on the respective contract dates) and the settlement rate, if resulting in a loss, are charged off pro-rata over the contract period, whereas the net unrealised gains are recognised on settlement of the respective contracts, as a matter of prudence.

(xvi) *Taxation*

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

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

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

(xvii) Segment Reporting

a) Identification of segments:

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

b) Allocation of Common Costs:

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

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

(xviii) Assets Acquired under Lease

For assets acquired under operating lease, rentals payable are charged to the Profit & Loss Account.

For assets acquired under finance lease :

- i) In respect of assets acquired prior to 01.04.2001, rentals payable are charged to the Profit and Loss Account and future rentals are disclosed as commitments.
- ii) Assets acquired on or after 01.04.2001 are capitalized at lower of their respective fair value and present value of minimum lease payments after discounting them at an appropriate discount rate.

(xix) Provision

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

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

(xx) Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.

		(Rs. lacs)				
1	The quantum of estimated amount of contracts remaining to be excuted on Capital Account and not provided for (net of advances) Amount in respect of Pan African Paper Mills (EA) Limited (Joint Venture Company) included in above	As at 31st March,				
		2003	2004	2005	2006	2007
		1511.16	932.11	376.57	1893.62	35795.98
		982.14	391.27	5.54	-	19.78
2	The position of Contingent liabilities is as under: a. Arrear Dividend on Redeemable Cumulative Preference Shares b. Guarantees in favour of Banks/ Institutions/ Bodies Corporate against facilities granted to : (i) a Subsidiary (ii) a Body Corporate Sub- Total (i to ii) * c. Outstanding bank guarantees d. Proportionate amount in respect of Pan African Paper Mills (EA) Limited, a joint venture company e. Bills and Cheques discounted with scheduled Banks f. Demands/claims by various Government Authorities and others not acknowledged as debts and contested by the Company: (i) Excise Duty (ii) Sales Tax (iii) Water Tax (iv) Others Sub- Total (i to iv) ** Total (a to f) *Credit facilities availed against the above ** Against the above, payments have been made under Protest and/ or debts have been withheld by respective parties g. Outstanding claims from employees not acknowledged as debts , including Bonus claims under adjudication and wages for the suspension period at Brajrjnagar unit h. Sales tax on works contract	As at 31st March,				
		2003	2004	2005	2006	2007
		-	209.56	449.79	-	-
		791.00	791.00	791.00	791.00	791.00
		1121.00	621.00	-	-	-
		1912.00	1412.00	791.00	791.00	791.00
		280.47	289.68	390.85	456.27	496.06
		621.29	119.09	277.75	342.69	592.77
		806.44	926.26	475.27	430.79	133.74
		2600.68	2337.78	1293.74	1030.72	1262.63
		614.99	598.27	716.09	733.09	669.06
		1010.38	2607.94	3570.80	4768.74	6309.96
		646.70	784.38	1144.28	1423.56	1824.26
		4872.75	6328.37	6724.91	7956.11	10065.91
		8492.95	9284.96	9109.57	9976.86	12079.48
		444.54	172.27	8.62	8.62	5.46
		217.47	108.08	252.84	361.74	365.21
		----- Amount Unascertainable -----				
		----- Amount Unascertainable -----				

4. Pursuant to discussions between the Company and the Government of Kenya, its JV partner in Pan African Paper Mills (EA) Ltd. (PPM), including the in principle decision taken at the meeting dated 2nd December, 2006 and pending further detailing of restructuring scheme for PPM, the company is of the view that its contractual dues of Rs. 4917.16 lacs from PPM are fully recoverable. Further, outstanding dues from the said Joint Venture company towards loans and accrued management fees upto 30th June, 2006 are to be capitalized into equity as per the said discussions and hence interest on the above outstanding has not been recognised from 1st July, 2006 onwards.

However, in case the capitalisation, as stated above, does not materialise, then the repayment of loan of Rs. 1979.94 lacs will commence after payment of six quarterly instalments to the senior lenders of the Company and Know-how fees & interest thereon aggregating to Rs. 1705.66 lacs would be received after repayment of the loans of other senior lenders by the Joint Venture Company.

5. (a) Current Tax provision for the year ended 31st March, 2006 & 31st March, 2007 includes Rs. 176.20 lacs & Rs. 2173.20 lacs respectively being Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961 which being available as tax credit for set off in the future years, as per Section 115JAA of the Income Tax Act, 1961, has been carried forward as recoverable under "MAT Credit Entitlement".
- (b) The break-up of net deferred tax liability as on 31st March 2007 is as under :

	(Rs. lacs)
<i>Particulars</i>	
A. Deferred tax liability :	
i) Timing difference in depreciable assets	5812.43
ii) Expenses claimed as deduction as per Income Tax Act but	168.00
	5980.43
B. Deferred tax asset :	
Expenses allowable against taxable income in future years	2212.72
	2212.72
Net Deferred tax Liability (A-B)	3767.71

6. Fixed Assets include certain Plant & Machinery, Vehicles and intangible software obtained on finance lease. The lease term is for 3 years after which the company has the option to purchase the asset. There is no escalation clause in the lease agreement.

The year wise breakup of the outstanding obligation as on 31st March, 2007 in respect of the leased asset is as under:

(Rs. lacs)							
<i>Particulars</i>	<i>Assets taken on lease</i>		<i>Not later than 1 year</i>		<i>Later than 1 year but not later than 5 years</i>		<i>Later than 5 years</i>
	Total Minimum lease payments outstanding at the year end	Present value of minimum lease payments	Minimum lease payments	Present value as on 31.03.07	Minimum lease payments	Present value as on 31-03-07	
Finance Lease	52.86	47.89	33.23	29.12	19.63	18.77	Nil

7. Deferred Payment Liabilities represent future monthly installments of Rs.873.89 lacs payable as on 31st March, 2007 against Voluntary Early Retirement Scheme at Brajrajnagar Unit, which includes Rs.288.25 lacs falling due for payment within one year.
8. Sundry creditors include Rs. 1275.62 lacs due to Small Scale Industrial undertakings (SSI) to the extent such parties have been identified from the available documents/information. The names of SSI units to whom any amount is due for more than 30 days as on the Balance Sheet date (31st March,2007) are furnished in the enclosed Annexure - A. Further names of other creditors to whom amount exceeding Rs. 1 lac is due for more than 30 days as on the Balance Sheet date (31st March,2007) are furnished in the enclosed Annexure – B.
9. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

	(Rs. lacs) 2006-2007
(i) Principal amount remaining unpaid to any supplier at the end of accounting year.	1242.30
(ii) Interest due on above.	33.32
Total of (i) & (ii)	1275.62
(iii) Amount of interest paid/payable by the Company to the suppliers.	66.68
(iv) Amounts paid to the suppliers beyond the respective due date	1919.35
(v) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act.	—

10. The movements in Provisions for ‘Warranty Claims’ and ‘Mining Restoration Costs’ during the year ended 31st March, 2007 are as follows :

	(Rs. lacs)			
	<i>Balance as at 01.04.2006</i>	<i>Additions during the year</i>	<i>Amounts used during the year</i>	<i>Balance as at 31-03-2007</i>
Provision for warranties	76.17	112.99	102.10	87.06
Mining Restoration costs	38.20	--	--	38.20
Total	114.37	112.99	102.10	125.26

Provision for Warranty

A provision is recognized for expected warranty claim on products based on management’s estimate of future liability to be incurred in this regard during the warranty period computed on the basis of past experience of the levels of repairs and returns. It is expected that most of the cost will be incurred in the next financial year and the entire provision will be utilized incurred within two years of the balance sheet date, since the warranty period is generally for two years.

Provision for Mining Restoration costs

The activities at the cement unit involve mining of land taken under lease. In terms of relevant statutes, the mining areas would require restoration at the end of the mining lease. The future

restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard – 29, the management has estimated such future expenses on best judgment basis and due provision thereof has been made in the accounts.

11. The Company has decided to early adopt Accounting Standard 15 (revised) - Employee Benefits, and has accordingly changed its accounting policies for gratuity and compensated absence liability. This change does not have material impact on the profit for the current year. Further, in accordance with the transitional provisions allowed in AS-15 (revised), a sum of Rs. 203.66 lacs (net of deferred tax asset of Rs. 103.33 lacs) being the impact of such change on the respective liabilities upto 31st March, 2006, has been adjusted against the opening credit balance of Profit & Loss Account.

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

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

	(Rs. lacs)
	Gratuity
(i) Net Employee Expense /(benefit)	
Current service cost	174.29
Interest cost on benefit obligation	212.97
Expected return on plan assets	(30.37)
Net Actuarial gain /loss recognised in the year.	403.08
Total employer expense recognised in Profit and Loss Account	759.97
(ii) Actual return on plan assets	8.5%
(iii) Benefit Asset/(Liability)	
Defined benefit obligation	(3056.24)
Fair value of Plan Assets	580.86
Benefit Asset/(Liability)	(2475.38)
(iv) Movement in benefit liability	
Opening defined benefit obligation	2623.12
Interest cost	212.97
Current service cost	174.29
Benefits paid	(357.22)
Actuarial (gains)/losses on obligation	403.08
Closing benefit obligation	3056.24
(v) Movement in fair value of plan assets	
Opening fair value of plan assets	259.68
Return on plan assets(actual)	30.37

- | | |
|-----------------------------------|----------|
| Contribution by employer | 648.03 |
| Benefits paid | (357.22) |
| Closing fair value of plan assets | 580.86 |
- (vi) **The principal actuarial assumptions are as follows**
- | | |
|------------------|---|
| Discount rate | 7.5% |
| Salary increase | 5% |
| Withdrawal Rates | Varying between 2% per annum and 1% per annum depending upon duration and age of the employees. |
- (vii) **Amount incurred as expense for defined contribution plans**
- | | |
|--|--------|
| Contribution to Provident / Pension fund | 451.17 |
| Contribution to Super annuation fund | 144.84 |
- (viii) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.
- (ix) The Company expects to contribute Rs 250 lacs to Gratuity fund in 2007-2008.
12. Derivative instrument outstanding as on the Balance Sheet date (31st March, 2007):
- (j) Forward contract in respect of foreign currency loan of USD 33.00 million.
- (ii) Currency Swap of USD 33.00 million into Japanese Yen 3861 million, hedged under an option contract.
- Foreign Currency exposures not hedged as on the Balance Sheet date:-
- i Foreign currency loan of USD 0.15 million.
- ii Foreign debtors (including loans) and creditors aggregating to Rs.5679.01 lacs and Rs.281.51 lacs respectively.
13. As approved by the Central Government under section 205(2) (c) of the Companies Act, 1956 the Company had not provided depreciation amounting to Rs. 1036.27 lacs, Rs. 1254.32 lacs and Rs. 1419.14 lacs on fixed assets of its Brajrajnagar, Jalgaon and Devapur (expansion projects) units during the years 2000-01, 2001-02 and 2002-03 respectively. As required by the order, incremental depreciation has been provided in subsequent years as stipulated in the above order of the Central Government to ensure the write off the value of the respective assets over the remaining life.
14. In order to comply with Accounting Standard-2 issued by the Institute of Chartered Accountants of India, the Company has discontinued the inclusive method of Cenvat accounting in respect of purchase, inventories, consumption, etc. and have adopted the exclusive method for this purpose with effect from 1st April, 2003. The effect of the compliance of Accounting Standard – 2 with regard to above cenvat accounting, for the periods prior to 1st April 2003, has now been adjusted in the respective financial years and duly disclosed in Annexure 4.
15. In order to comply with Accounting Standard 15 issued by the Institute of Chartered Accountants of India, the company had accounted for leave liability on the basis of actuarial valuation in the audited

accounts in the year 2003-04 as against the past practice of accounting such liability on cash basis. The effect of compliance with regard to above has now been adjusted in the respective financial year and duly disclosed in Annexure – 4.

16. In order to comply with Accounting Standard –15 issued by the Institute of Chartered Accountants of India, the Company had accounted for unprovided liability of Rs. 1847.53 lacs towards gratuity to employees based on actuarial valuation in the audited accounts in the year 2005-06. The effect of the compliance with regard to above has now been adjusted in the respective financial years and duly disclosed in Annexure 4.
17. Liability at the company's Amlai unit, towards energy development cess on consumption of captive power w.e.f. 29th June, 2001 aggregates to Rs. 1168.55 lacs for the period upto January, 2006. Although the above liability is being contested by the company, yet as a matter of prudence, the company has provided the same in the audited accounts in the year 2006-2007. The above has now been adjusted in the respective financial years and their impact have been duly disclosed in Annexure-4.
18. Disclosure in respect of jointly controlled entity in which the company is a joint venturer, in compliance with Accounting Standard – 27 on Financial Reporting of Interest in Joint Ventures:

<i>Particulars</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
Country of incorporation	Kenya	Kenya	Kenya	Kenya	Kenya
Percentage of Share in Joint Venture	29.34%	29.34%	29.34%	29.34%	29.34%
Assets	39454.34	34274.13	34373.66	34850.85	33041.17
Liabilities	15239.02	13377.35	14143.45	14661.10	14656.44
Income	6493.72	7446.33	9258.07	9593.92	8620.73
Expenditure (including depreciation)	7150.90	7730.00	10296.79	10053.83	9995.27
Capital commitments (net of advances)	982.14	391.27	5.54	-	19.78
Contingent Liabilities	621.29	119.09	277.75	342.69	592.77

19. Accounts are not restated for the periods prior to the dates when the Accounting Standards, as stated hereunder, became effective / have been applied:

<i>Accounting Standard</i>	<i>Effective / Applied Date</i>
Accounting Standard 15 (Revised) – Employee Benefits	Period commencing on or after 01-04-2006
Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets	Period commencing on or after 01-04-2004

ORIENT PAPER & INDUSTRIES LTD.
ANNEXURE - A TO NOTE NO. 8 ON ANNEXURE – 5 TO THE RESTATED SUMMARY
STATEMENT
NAMES OF SSI TO WHOM AMOUNTS ARE DUE FOR MORE THAN 30 DAYS AS ON
THE BALANCE SHEET DATE (31ST MARCH, 2007)

SL.NO.	NAME OF THE PARTY	SL.NO.	NAME OF THE PARTY
1	A.H.Trading Co.	36	Khannah Industries
2	Balilias Engineering Co.(p) Ltd.	37	Kumar Metals Pvt. Ltd.
3	Bharati Press.	38	Mohta Organisation Pvt.ltd.
4	Calment Industries	39	Mohta Plastics Pvt. Ltd.
5	Cori Engineers Pvt. Ltd.	40	National Engg. Industries
6	Golden Union.	41	Neeraj Enterprises
7	Konark Alum Industries.	42	Neeraj Trading Corporation
8	Satyam Packers.	43	Orient Instruments P Ltd.
9	Sonanchal Lime Industries.	44	Perfect Pack Ltd.
10	Turbo Machinery Engg.ind.(p) Ltd.	45	Prakash Steelproducts Pvt.ltd.
11	Tellabs Chemicals.	46	Prerna Enterprises
12	Tirupati Lime Works.	47	R G P Enterprises
13	Thejo Engineering Services(p) Ltd.	48	R.B.Industries
14	Universal Engg. Corpn.	49	Sanjay Iron Works
15	Venkateswar Lime Works.	50	Shanti Packaging Industries
16	Vindhya Lime Works.	51	Shashi Services P Ltd.
17	Ajay Components Pvt Ltd	52	Shinograph
18	Allied Wires Pvt.ltd.	53	Shree Industries
19	Alloy Cast Pvt. Ltd.	54	Simtech Engg.industries
20	Amit Enterprises.	55	Sri Vishnu Ind.
21	Ashoka Industrial Corporation	56	Sumangal Electronics Pvt.ltd.
22	Associated Manufacturers	57	Supreme Plastic Industries
23	Calcutta Adhesive Co.	58	Tibrewal Electronics Ltd.
24	Dynamic Engineers Pvt.ltd.	59	Tirupati Industries
25	Entek Corporation	60	Tripti Wires
26	Excellent Moulders	61	Victor Paints India
27	Forgofin Fasteners (i) Pvt. Ltd.	62	Visan Al Cast Pvt.ltd.
28	Globe Capacitors Ltd	63	Vrinda Plastic Pvt. Ltd.
29	Golden Insulation & Engg. Ltd	64	Wengal Corrugated Gum
30	Good Luck Industries	65	West Bengal Corporation
31	H.l.gandhi Enterprises Pvt. Ltd.	66	Western Engg. Industries P Ltd.
32	Imperial Enterprises		
33	Jimcap Electronic Pvt.ltd.		
34	K.S. Electricals		
35	Khandelwal Cables Ltd.		

ORIENT PAPER & INDUSTRIES LTD.
ANNEXURE - B TO NOTE NO. 8 ON ANNEXURE – 5 TO THE RESTATED SUMMARY
STATEMENT

**Names of Creditors other than SSI to whom amount exceeding Rs. 1 lac is due for more than 30 days as on the
Balance Sheet Date (31st March, 2007)**

A.C. Palai	MPPC Board
A.D. Engineers	Mukul Lables
A.D.Enterprises	N N Behra
A.K. Hota	N.C. Das
A.T.Mishra	N.M.Industries
Abdhesh Singh	Nagesh Commercial Pvt Ltd
Abinash Dash	Nanak Das Mahant
Aee Vee Enterprises	Nand Kishore Agrawal
Aei Engg.ind.(P) Ltd.	Narayan Pradhan
Aei Lamination (P) Ltd	Naresh Kumar Singh
Ajay Ku. Shrivastav	Naresh Road Lines (P) Ltd
Ajit Ku. Dash	Naveen Tours (P) Ltd
Akshar Singh	Neptune Engineering Pvt Ltd
Akshaya Mahana	New Delhi Municipal Corporation
Allied Steel Processing Industries	New Mills Store
Amar Sulpha Chem Pvt.Ltd.	New National Agencies
Ambica Roadlines	Nilakantha Nayak
Ambika Prasad Dash	Nimai Kumar
Anand & Kaustubh Enterprise	Niranjan Dash
Anisha Enterprises	Niranjan Pd. Singh
Ankit Enterprises	Nirmal Singh
Anmol Polymer (P) Ltd.	Nlc Nalco India Limited
Anz Metals	Noble Corrougators Pvt.Ltd.
Arjun Ku.singh	Nvnitlal & Company
Arun Kumar Muduli	Om Electricals
Arun Kumar Singh	Om Logistic & Transport System
Ashish Ku. Tiwari	Om Prakash Sahu
Ashok Rai	OPIL Employees Gratuity Fund
Ashoka Bolt House	Orient Packaging Ltd.
Ashoka Insulation	Oripol Industries, Balasore (orissa)
Asian Paints Industrial Coatings Ltd	Orissas Forest Development Corpn. Ltd.
Asian Paints Pvt.ltd.	Over Meccanica Spa.
Asiatic Gases Pvt. Ltd.	P. Raul
Associated Mercantiles	P.B. Gupta
Associated Road Carriers Ltd.	P.C. Dash
Astha Polymer Products Pvt Ltd	P.C.laminations
Aswartha Condition Monitoring Engineers.	P.G. Power Systems (p) Ltd.
Aswini Kr. Dash	P.K. Badhai
Avasarala Automation Limited	P.K.G.Transport Service.
Ayal Das Mangalani.	P.K.Jain
B Chatterjee & Co.	P.N.Mahanty

B Chatterjee And Sons
 B R Engineering Works
 B. Ashu
 B.K. Palai
 B.N. Paul
 Baba Bricks Udyog.
 Bajaj Insulation
 Bajaj Nylon & Plastics
 Balaji Aluminium Alloys P Ltd.
 Balaji Commercial Corporation
 Balaji Metalcrafts Limited.
 Balaram Padhee
 Banshidhar Guru
 Bazargaon Paper & Pulp Mills Pvt.ltd.
 Benudhar Mohanta
 Bhagwan Din Meher
 Bharat Heavy Electrical Ltd.
 Bharat Industriail Enterprises
 Bharat Packaging
 Bhaskara Sahoo
 Bhaskara Sethi
 Bhikhari Pd. Singh
 Bhilai Earthmovers Services
 Bhirgunath Prasad
 Bholanath Buda
 Bhupendra Singh
 Bhushan Power & Steel Ltd
 Bidur Bhusan Das
 Bijendra Kumar Singh
 Bikram Meher
 Binani Offset Printers & Packeging
 Birendra Ku.pradhan
 Birla Building Limited
 Biswanath Yadav
 Blue Bird Corporation (india),
 Brij Service
 C M D Techno
 C.S. Mishra
 Carrymore Hoists(p) Ltd
 Century Extrusions Ltd
 Chanda Electricals
 Chandi Pd Saha
 Chaturbhuja Sahu
 Chemetall Rai India Ltd
 Chief Accounts Officer,West Bengal Forest
 Dev.Corpn.Ltd.
 Chief Municipal Officer,Dhanpuri

P.D. Panda
 Panchanan Behera
 Paramhans Pandey
 Peacock Chemicals
 Pee Dee Electricals & Company
 Perfect Enterprises
 Pioneer Laminating & Allied Industries
 Plastochem India (p) Ltd
 PIP Grafics
 Poddar Engineering
 Polish Prasad Rai
 Pooja Decarb Pvt.ltd.
 Porritts & Spencer (asia) Ltd.
 Power Max
 Power Mech Projects Pvt.Ltd.
 Prabhu Nath Yadav
 Pradeep Kr. Dash
 Pradeep Kr. Sahoo
 Pradipta Kumar Kar
 Prakash Ch. Sahoo
 Pramod Ku. Das
 Pramod Kumar Patjoshi
 Pramod Kumar Yadav
 Prasanta Sahu
 Pravakar Bastia
 Pravin Traders
 Precision Stampings
 Premier Engineering Corporation
 Prime Lime Company.
 Purechem Products
 Purusottam Pujari
 Purusottam Rath
 R. Singh
 R.J.D.Enterprises
 R.K.Swamy/BBDO Pvt. Ltd
 R.N.Bhatnagar
 R.N.Mohanty
 R.P.Yadav
 Rabi Shankar Dubey
 Rabinarayan Pradhan
 Rabindra Naik
 Rachna Collapsible Tubes Pvt Ltd
 Radha Krishna Enterprises.
 Raghav Industrial Products.
 Raj Hans Industries
 Raj Kishor Das

Chudamani Patel
 Coastal Chemicals
 Coating & Construction Solution
 Commercial Supply Syndicate
 Commercial Tax Officer, Shahdol
 Control Electronics Ltd.,
 Control Techniques India Pvt. Ltd.,
 Creasakthi Scm Ltd.
 Cute Powder Coating
 Cyril Fernandes
 D N Engineering Works
 D.D.& Company, indore
 Daljeet Singh Jolly.
 Damodar Purohit
 Davinder Singh Jolly.
 Dayanidhi Panda
 Debabrata Mishra
 Debendra Kumar Sutar
 Debendra Nath Behera
 Deokant Choudhary
 Deolal Prasad
 Devraj Samal
 Dhani Ram
 Dhruva Charan Mohanty
 Die Cast Components Pvt Ltd
 Dilip Kumar Budhia
 Dilip Kumar Mishra
 Dinesh Kumar & Co.
 Doors Transport Ltd.
 Durga Electricals
 East India Cooling Tower
 Eastern & Orient
 Eastern Engg. Corporation
 Eldee Products (delhi) Pvt. Ltd
 Electrical Inspector.
 Elfa Industries Pvt. Ltd
 Elias Hamram
 ESI Corporation.
 Eskay Kaycee Ind. Pvt. Ltd
 Esko Die Casting Pvt Ltd
 Ess Dee Enterprise
 Esskay Aarcee India Pvt Ltd
 Excellent India
 Exceltec Engineers.
 Executive Engg Watrer Resource Div. Anuppur
 Executive Engineer, Main Dam Divn., Burla

Raj Packwell Ltd.
 Rajasthan Sales Agencies.
 Rajdeep Gupta.
 Rajendra Kr. garia
 Rajendra Prasad
 Rajendra Kr. Sharma
 Rajesh Kumar Cisandasani.
 Rajeshwar Prasad Rai
 Rajkishor Mishra
 Rajshree Painting Works
 Ram Narayan Bharti
 Ram Naresh Singh
 Ramekbal Prasad
 Ramlal Sahu
 Ramson Shipping Agency Pvt. Ltd
 Rangeele Singh
 Ranjan Kumar Palai
 Ravi Kapoor.
 Ray Babu Jaiswal
 RCI Cables
 Reitz India Ltd.
 Rekha Sharma
 Reliance Paints
 Rhythima Packers.
 Rohit Industries.
 Rohit Pattanayak
 Rudrakhya Biswal
 Rupnarayan Bhoi
 S M Enterprise
 S. K. Patel
 S. K. Purohit
 S. K. Tulsiyan & Co.
 S. Padhi
 S.C. Panigrahi
 S.C. samal
 S.K. Engineering Works
 S.I. Enterprises
 S.P. Pujari
 S.P. Singh
 S. Parmanik
 S.S. Industries
 S.S. Mohanty
 S.S. Pujari
 S.S. Engineering Works
 Saboo Coatings Limited
 Safexpress Private Limited

Executive Officer, Bhubaneswar Municipality
 Executive Officer, Brajrajnagar Municipality
 Fair Deal Sales
 Fanindra Ku.pradhan
 FFE Minerals India (P)Ltd.
 Flowcon Auto Systems Pvt.ltd
 Franco Spring Co
 Friends Engineering Enterprise
 G.C. Jena
 G.C. Naik
 G.H. Padhan
 G.K. Padhi
 G.K.Winding Wires Ltd.
 Gariba Nag
 Gaurav Deep Industries Ltd
 Girish Kumar Naik
 Girja Enterprise
 Gkn Sinter Metals Limited
 Goel Mechanical Works
 Gokul Tanty
 Golden Insulation And Engg Ltd
 Good Luck Industries
 Goodwill Transport Corporation
 Gopal Choudhary
 Goutam Tripathi
 Govinda Industrial & Supply Co
 Gram Panchayat Bakoho
 Gsr Engineers
 Guru Charan Jena
 H.C.Tripathy
 H.S.Enterprises
 Har Mohan Penthoi
 Hardayal Singh Jolly.
 Harihar Buda
 Haryana Coating Pvt Ltd
 Hero Cycles Ltd.(cr Div.)
 Hilton Rubbers
 Hindalco Industries Limited
 Hindustan Chemical & Lime Industries.
 Hira Prasad
 Hi-tech Engineering Industries
 Hitesh Steel.
 Hyderabad Industries Ltd
 I.C. Jain
 Indian Engineers
 Indian Mould Base & Die Set Co

Sagun Enterprises Private Limited
 Sahakar Straps
 Saharash Plastometal Pvt.ltd
 Saikripa Air Express
 Sakshi Packers (p) Ltd.
 Samar Chandra Gorai
 Sambhunath Dehury
 Sami Kisan
 San Motors (India)
 Sanjay & Co
 Sanjay Kumar Singh
 Santos Varnish Pvt.ltd.
 Santosh Ku.pradhan
 Sap India Systems App. & Prod. in Data Prop. Ltd.
 Sapphire Engineering Company.
 Sarana Transport Pvt Ltd.
 Saraswati Chemicals Ind
 Sarveshwar Minerals.
 Satchidananda Meher
 Satinder Singh Jolly.
 Satish Rosin & Turpentine Work
 Satrugan Rai
 Satrugna Dash
 Satya Priya Jena
 Satyanarayan Badhai
 Seo Sankar Prasad
 Sesdev Sahu
 Sh Haryana Wires Ltd
 Shakti Enterprises
 Shakti Express Carriers
 Shandong Huatian Rolling Beari
 Sharat Kumar Pandab
 Shiv Baba Transport.
 Shiva Sundar Muduli
 Shree Balaji Industries
 Shree Bhagwati Industries
 Shree Giriraj Enterprise
 Shree Krishna Industries
 Shree Raj Enterprises.
 Shree Ram Industries
 Shree Ram Plastics
 Shree Shyam Industries
 Shri Bihariji Cold Rollers (p) Ltd
 Shri Krishna Hitech Pvt Ltd
 Shri Krishna Minerals & Chemicals.
 Shyam Sunder Pandey

Indra Deo Singh
 Indrapal Singh Jolly.
 Indus Techno Industries
 INT -a-cat Parts & Services
 ITW India Limited,
 J. Naik
 J.R.Associates.
 Jahar Guha Roy
 Jajodia Enterprises
 Janata Bamboo & Timber Suppliers
 Jawan Besan
 Jaylal Roy
 Jayshree Carrier Pvt Ltd.
 Jhagdu Prasad
 Judhistir Bag
 K.C. Dash
 K.C.Purohit
 K.D.Dowls & Keys
 K.K.G. Industries
 K.K.plastics
 K.V. Enterprises
 Kaila Engineering Works
 Kailash Enterprises
 Kailash Kumar Garia
 Kailash Trading Co.
 Kalia Mahapatra
 Kammens Care
 Kamta Prasad Yadav
 Kanhu Charan Sahu
 Kapsons Industries Ltd
 Kartika Enterprises
 Kawshico Machine Tools Pvt Ltd
 Keld Ellentoft India P. Ltd.
 Kemfin Chemicals Pvt.Ltd.
 Khannah Electricals Ltd.
 Kharbanda Trading Company.
 Kirtan Lenka
 Kishan Kumar Fomra
 Koenig Appliances Pvt. Ltd.
 Krishi Discs Private Limited
 Krishna Agro.
 Krishna Roy
 Kun Chem Pretreatments P.Ltd.
 Kunja Bihari Bhainsa
 L.M.Vanmoppes Diamondtools
 Lakshman Sharma

Shyamlal Sahare
 Sitaram Pradhan
 Siva Chhatria
 Sk.Abdul Aziz
 Smt.karishma Kaur Anand
 Somnath Sethi
 Soubhagya Ku.parida
 South Eastern Coalfields Ltd.
 Space Carriers
 Sri Ram Logestic.
 Srinandan Singh
 Sriram Sharma
 Standard Precision Brass Components
 Sterling Venture
 Stick Fast
 Micro Inks Ltd
 Micro Paper Products Pvt Ltd
 Mima Wires Pvt Ltd
 Mitra Engineering Works
 Mohta Electrowinder
 Subha Associates
 Subhash Ch. Raulo
 Subrat Kumar Parida
 Sudarsan Kusum
 Sudarshan Industrial Corpn.
 Sundeep Industries
 Sunil Fasteners
 Super Stampings Tools
 Super Wire Products
 Suraj Industrial Corporation
 Suresan Sahoo
 Suresh Prasad Singh
 Suresh Singh
 Surjit Singh
 Surya Roshni Limited
 T.K. Sinha Mahapatro
 Tahsildar, Jharsuguda
 Tara Industries
 Tata Ryerson Limited
 Techno Fire Service
 Techno Spring Industries
 Technofab, Amlaipapermills
 Teras Nath Prasad Yadav
 Test Metal
 Thar Electricals
 The Hindustan Trades

Lakshman Singh
Lakshmi Udyog
Lal Saheb Tiwari
Lalan Singh
Laliteswar Singh
Lark Wire & Infotech Limited.
Lark Wires & Infotech Ltd
Lathia Rubber Mfg. Co.
Logicon Technosolutions
M C Packaging Private Ltd
M.C.Mahanthay
M.L. Sitani.
M.P.State Elect.Board.
M.P.Wood Products
Mac Enterprises
Madhusudan Pradhan
Mahabir Prasad
Mahabir Prasad Sharma.
Maharani Paints (India) P.Ltd.
Mahendra Kumar Sharma
Mahendra Tandia
Mahesh Chand Contractor
Maheshwar Sahu
Maheswari Lime Works.
Manak Publicity Services P Ltd
Mandap International Pvt.Ltd.
Mangalam Enterprises
Mangtu Ram Contractor
Maniraj Business Relations
Manoj Kr. Singh
Manoj Ku. Mohapatra
Manoj Kumar Ray
Maraica Industries
Mas Distribution & Logistics
Mashiha Automation
Md. Mustafa
Md.Ilyas, Shahdol

The Indure Pvt. Ltd.
Tikeswar Dubey
Tirupati Udyog
TNS Heavy Engineering Pvt. Ltd.
Trailokyanath Mishra
Tribeni Roy
Ude Kar Mishra
Uma Charan Rath
Umang Udyog
Umesh Ram
Universal Enterprises
Upan Charan Sahoo
Upendra Tandy
Usatram Rathore
V V Plastic Pvt Ltd
Vasundhara Arts & Prints Pvt. Ltd
Victor Engineers
Vikas & Co.
Vikash Maheswari
Vishnu Chemicals Pvt. Ltd.
Viswadeep Khare
Vkg Metal Processor
Watson Wyatt India Pvt. Limited
Western Electricity Supply Co Of Orissa Ltd.
White Products
Xi Softech Systems Ltd.
Yantrik Udyog
Yudhistir Singh
Yugeswar Prasad
Ashish Trading
Apex Knives
Dinesh Mills Limited
Grasim Industries Limited

ORIENT PAPER & INDUSTRIES LIMITED
STATEMENT OF ADJUSTED ACCOUNTING RATIOS

Annexure - 6

Accounting Ratios	As at 31st March,				
	2003	2004	2005	2006	2007
Earning per Share (Rs.) (Nominal Value Rs.10 Per Share)	(13.76)	(7.83)	1.20	20.00	91.40
Net Asset Value per Share (Rs.)	(15.45)	(19.64)	(14.53)	8.67	88.42
Return on Net Worth (%)	-Ve	-Ve	-Ve	230.71	103.38

NOTES:

Definition of ratios:

a) Earning per share (EPS)

Adjusted Profit/(Loss) after tax as per statement of Restated Profit /(Loss), as reduced/(increased) by preference dividend for the year, divided by the weighted average number of outstanding equity shares during the year.

b) Net Asset Value per share

Net worth as per statement of Restated Assets and Liabilities, as reduced by Preference Share Capital and arrear dividend thereon, divided by the weighted average number of outstanding equity shares during the year.

c) Return on net worth

Profit/(Loss) after tax as per statement of Restated Profit and Loss as reduced/(increased) by preference dividend for the year, divided by net worth, as reduced by Preference shares and arrear dividend thereon.

ORIENT PAPER & INDUSTRIES LIMITED

Related Party Disclosures

Annexure - 7

Name of the related Parties

Subsidiary Companies	: Air Conditioning Corporation Ltd OPI Export Ltd. Orient Dealers & Traders Limited (*)
Joint Venture Company	: Pan African Paper Mills (E.A) Ltd.
Key Management Personnel	: Mr. M.L. Pachisia Mr. C. L. Mohta (**) Mr. N. K. Thusu Mr. B. Pandey Mr. S. B. Bhaiya (From 1st January, 2007)
Relatives of Key Management Personnel	: Mrs.Indu Mohta (Wife of Mr. C.L. Mohta)(**)
Enterprises Owned or Significantly influenced by Key Management Personnel and their relatives	: Origami Products Origami Tissues Origami Enterprise Time Design Private Limited Next Link Pvt. Ltd. Sagun Enterprises Private Limited (Up to 31st March, 2004) Suraj General Engg. Pvt. Ltd (**) Shine Makers (**) Suraj Industrial Corporation (**)

(*) Ceased to be subsidiary with effect from 26.03.2004.

(**) Up to 31st December, 2006.

ORIENT PAPER & INDUSTRIES LIMITED**Related Party Disclosure :****Annexure - 7 (contd.)****STATEMENT OF AGGREGATE RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD - 18 FOR THE REPORTING PERIODS****(Rs. lacs)**

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
<u>Sale of Goods & Services</u> Pan African Paper Mills (EA) Ltd.	2006-2007	-	-	543.06	2050.23	-	-	-	-	-	-	543.06	2050.23
	2005-2006	-	-	731.18	1560.19	-	-	-	-	-	-	731.18	1560.19
	2004-2005	-	-	540.68	955.59	-	-	-	-	-	-	540.68	955.59
	2003-2004	-	-	585.33	1243.15	-	-	-	-	-	-	585.33	1243.15
	2002-2003	-	-	590.48	817.77	-	-	-	-	-	-	590.48	817.77
Origami Tissues	2006-2007	-	-	-	-	151.16	0.44	-	-	-	-	151.16	0.44
	2005-2006	-	-	-	-	114.54	17.36	-	-	-	-	114.54	17.36
	2004-2005	-	-	-	-	127.72	5.92	-	-	-	-	127.72	5.92
	2003-2004	-	-	-	-	74.77	5.15	-	-	-	-	74.77	5.15
	2002-2003	-	-	-	-	59.52	-	-	-	-	-	59.52	-
Orgami Products	2006-2007	-	-	-	-	62.37	3.11	-	-	-	-	62.37	3.11
	2005-2006	-	-	-	-	47.34	2.60	-	-	-	-	47.34	2.60
	2004-2005	-	-	-	-	48.97	2.87	-	-	-	-	48.97	2.87

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Air Conditioning Corporation Ltd.	2003-2004	-	-	-	-	20.28	1.63	-	-	-	-	20.28	1.63
	2002-2003	-	-	-	-	13.34	-	-	-	-	-	13.34	-
	2002-2003	243.77	-	-	-	-	-	-	-	-	-	243.77	-
	2006-2007	-	-	-	-	21.09	-	-	-	-	-	21.09	-
	2005-2006	-	-	-	-	5.20	-	-	-	-	-	5.20	-
Others	2004-2005	-	-	-	-	15.21	-	-	-	-	-	15.21	-
	2003-2004	-	-	-	-	5.36	-	-	-	-	-	5.36	-
Rent Paid													
Mr. C. L Mohta	2004-2005	-	-	-	-	-	-	0.45	-	-	-	0.45	-
	2003-2004	-	-	-	-	-	-	0.75	-	-	-	0.75	-
	2002-2003	-	-	-	-	-	-	0.69	-	-	-	0.69	-
Mrs. Indu Mohta	2004-2005	-	-	-	-	-	-	-	-	0.46	-	0.46	-
	2003-2004	-	-	-	-	-	-	-	-	0.75	-	0.75	-
	2002-2003	-	-	-	-	-	-	-	-	0.69	-	0.69	-

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Air Conditioning Corporation Ltd.	2002-2003	0.24	-	-	-	-	-	-	-	-	-	0.24	-
Others	2003-2004	0.12	-	-	-	-	-	-	-	-	-	0.12	-
<u>Interest Paid</u>													
Time Design Pvt. Ltd.	2006-2007	-	-	-	-	4.52	0.18	-	-	-	-	4.52	0.18
	2005-2006	-	-	-	-	3.03	-	-	-	-	-	3.03	-
	2004-2005	-	-	-	-	2.72	-	-	-	-	-	2.72	-
	2003-2004	-	-	-	-	3.56	-	-	-	-	-	3.56	-
	2002-2003	-	-	-	-	4.33	-	-	-	-	-	4.33	-
Next Link Pvt. Ltd.	2004-2005	-	-	-	-	4.73	-	-	-	-	-	4.73	-
	2003-2004	-	-	-	-	4.35	-	-	-	-	-	4.35	-
<u>Dividend Paid</u>													
Mr. M. L. Pachisia	2006-2007	-	-	-	-	-	-	0.02	-	-	-	0.02	-
<u>Purchase of Goods & Services</u>													
Shine Makers	2006-2007	-	-	-	-	2.58	-	-	-	-	-	2.58	-

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Suraj Industrial Corpn.	2005-2006	-	-	-	-	6.35	4.46	-	-	-	-	6.35	4.46
	2004-2005	-	-	-	-	21.74	1.76	-	-	-	-	21.74	1.76
	2003-2004	-	-	-	-	20.11	14.90	-	-	-	-	20.11	14.90
	2002-2003	-	-	-	-	3.04	1.57	-	-	-	-	3.04	1.57
	2006-2007	-	-	-	-	44.14	-	-	-	-	-	44.14	-
	2005-2006	-	-	-	-	21.10	14.52	-	-	-	-	21.10	14.52
	2004-2005	-	-	-	-	16.67	16.67	-	-	-	-	16.67	16.67
	2003-2004	-	-	-	-	9.30	1.24	-	-	-	-	9.30	1.24
	2002-2003	-	-	-	-	3.94	0.28	-	-	-	-	3.94	0.28
	2006-2007	-	-	-	-	25.25	-	-	-	-	-	25.25	-
Suraj General Engg. Pvt. Ltd.	2005-2006	-	-	-	-	53.85	8.66	-	-	-	-	53.85	8.66
	2004-2005	-	-	-	-	41.45	9.15	-	-	-	-	41.45	9.15
	2003-2004	-	-	-	-	30.24	5.94	-	-	-	-	30.24	5.94
	2002-2003	-	-	-	-	11.41	4.65	-	-	-	-	11.41	4.65
		-	-	-	-	-	-	-	-	-	-	-	-
Sagun Enterprises Pvt. Ltd.	2003-2004	-	-	-	-	91.08	42.91	-	-	-	-	91.08	42.91
Air Conditioning Corporation Ltd.	2006-2007	0.66	-	-	-	-	-	-	-	-	-	0.66	-

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Others	2002-2003	5.77	-	-	-	-	-	-	-	-	-	5.77	-
	2005-2006	0.99	-	-	-	-	-	-	-	-	-	0.99	-
	2004-2005	2.62	0.03	-	-	-	-	-	-	-	-	2.62	0.03
	2003-2004	2.19	-	-	-	-	-	-	-	-	-	2.19	-
<u>Interest income</u> Pan African Paper Mills (EA) Ltd.	2006-2007	-	-	95.29	886.99	-	-	-	-	-	-	95.29	886.99
-	2005-2006	-	-	338.39	815.16	-	-	-	-	-	-	338.39	815.16
	2004-2005	-	-	283.58	463.33	-	-	-	-	-	-	283.58	463.33
	2003-2004	-	-	327.14	553.47	-	-	-	-	-	-	327.14	553.47
	2002-2003	-	-	116.86	254.69	-	-	-	-	-	-	116.86	254.69
Others	2006-2007	-	-	-	-	0.22	-	-	-	-	-	0.22	-
<u>Intercompany Loans Taken</u> Time Design Pvt. Ltd.	2006-2007	-	-	-	-	-	55.00	-	-	-	-	-	55.00
	2005-2006	-	-	-	-	30.00	55.00	-	-	-	-	30.00	55.00
	2004-2005	-	-	-	-	-	25.00	-	-	-	-	-	25.00
	2003-2004	-	-	-	-	-	25.00	-	-	-	-	-	25.00

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Next Link Pvt. Ltd.	2002-2003	-	-	-	-	-	25.00	-	-	-	-	-	25.00
	2003-2004	-	-	-	-	50.00	50.00	-	-	-	-	50.00	50.00
<u>Loans Repaid</u>													
Air Conditioning Corporation Ltd.	2003-2004	10.00	-	-	-	-	-	-	-	-	-	10.00	-
	2002-2003	51.00	-	-	-	-	-	-	-	-	-	51.00	-
Next Link Pvt. Ltd.	2004-2005	-	-	-	-	50.00	-	-	-	-	-	50.00	-
Time Design Pvt. Ltd.	2002-2003	-	-	-	-	10.00	-	-	-	-	-	10.00	-
<u>Loans & Advances</u>													
Pan African paper Mills (EA) Ltd.	2006-2007	-	-	-	1,979.94	-	-	-	-	-	-	-	1,979.94
	2005-2006	-	-	-	2026.27	-	-	-	-	-	-	-	2026.27
	2004-2005	-	-	1018.41	1981.76	-	-	-	-	-	-	1018.41	1981.76
	2003-2004	-	-	-	968.43	-	-	-	-	-	-	-	968.43
	2002-2003	-	-	-	1045.93	-	-	-	-	-	-	-	1045.93
Air Conditioning Corpn. Ltd.	2003-2004	-	10.00	-	-	-	-	-	-	-	-	-	10.00

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
OPI Export Ltd.	2006-2007	2.50	37.49	-	-	-	-	-	-	-	-	2.50	37.49
	2005-2006	-	34.99	-	-	-	-	-	-	-	-	-	34.99
	2004-2005	-	34.99	-	-	-	-	-	-	-	-	-	34.99
	2003-2004	-	34.99	-	-	-	-	-	-	-	-	-	34.99
	2002-2003	-	34.99	-	-	-	-	-	-	-	-	-	34.99
<u>Outstanding Guarantees</u>													
Air conditioning Corpn. Ltd.	2006-2007	-	5.46	-	-	-	-	-	-	-	-	-	5.46
	2005-2006	-	8.62	-	-	-	-	-	-	-	-	-	8.62
	2004-2005	-	8.62	-	-	-	-	-	-	-	-	-	8.62
	2003-2004	-	127.43	-	-	-	-	-	-	-	-	-	127.43
	2002-2003	-	269.92	-	-	-	-	-	-	-	-	-	269.92
<u>Remuneration</u>													
Mr. M.L Pachisia	2006-2007	-	-	-	-	-	-	54.26	-	-	-	54.26	-
	2005-2006	-	-	-	-	-	-	35.67	-	-	-	35.67	-
	2004-2005	-	-	-	-	-	-	34.88	-	-	-	34.88	-
	2003-2004	-	-	-	-	-	-	28.74	-	-	-	28.74	-
	2002-2003	-	-	-	-	-	-	25.56	-	-	-	25.56	-

Particulars	Time Period	Subsidiaries		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Mr.C.L. Mohta	2006-2007	-	-	-	-	-	-	26.27	-	-	-	26.27	-
	2005-2006	-	-	-	-	-	-	29.76	-	-	-	29.76	-
	2004-2005	-	-	-	-	-	-	27.53	-	-	-	27.53	-
	2003-2004	-	-	-	-	-	-	23.50	-	-	-	23.50	-
	2002-2003	-	-	-	-	-	-	20.54	-	-	-	20.54	-
Mr. B. Pandey	2006-2007	-	-	-	-	-	-	21.21	-	-	-	21.21	-
	2005-2006	-	-	-	-	-	-	18.31	-	-	-	18.31	-
	2004-2005	-	-	-	-	-	-	15.39	-	-	-	15.39	-
	2003-2004	-	-	-	-	-	-	14.38	-	-	-	14.38	-
	2002-2003	-	-	-	-	-	-	12.72	-	-	-	12.72	-
Mr. N. K. Thusu	2006-2007	-	-	-	-	-	-	27.93	-	-	-	27.93	-
	2005-2006	-	-	-	-	-	-	22.38	-	-	-	22.38	-
	2004-2005	-	-	-	-	-	-	18.29	-	-	-	18.29	-
	2003-2004	-	-	-	-	-	-	17.34	-	-	-	17.34	-
	2002-2003	-	-	-	-	-	-	15.45	-	-	-	15.45	-
Mr. S. B. Bhaiya												-	
	2006-2007	-	-	-	-	-	-	5.01	-	-	-	5.01	-

ORIENT PAPER & INDUSTRIES LIMITED

Annexure 8

**RESTATED STATEMENT OF SEGMENT INFORMATION AS PER ACCOUNTING STANDARD-17 FOR THE
REPORTING PERIODS**

(Rs. lacs)

			Paper	Cement	Fans	Knowhow & Services	Total
(a)	Revenue (net of excise Duty and Sales Tax)						
	External Sales (Includes Export Incentive)	2006-2007	26,258.37	59,171.07	24,251.16	543.06	110,223.66
		2005-2006	26,332.11	39,507.35	19,190.92	731.18	85,761.56
		2004-2005	23,303.78	32,090.78	16,478.61	540.68	72,413.85
		2003-2004	22,793.75	24,024.16	15,661.17	585.33	63,064.41
		2002-2003	22,740.07	20,698.18	13,825.00	833.25	58,096.50
(b)	Results						
	Segment Results	2006-2007	1,553.09	22,623.00	781.71	452.98	25,410.78
		2005-2006	1,633.14	5,440.44	1,194.79	731.91	9,000.28
		2004-2005	649.74	3,575.76	979.38	630.76	5,835.64
		2003-2004	1,460.00	610.12	1,517.69	520.87	4,108.68
		2002-2003	1,902.33	152.32	1,562.01	790.34	4,407.00
	Unallocated Income / (Expenses) (Net of unallocated expenses / income)	2006-2007					(1,113.38)
		2005-2006					61.24
		2004-2005					(151.38)
		2003-2004					558.11
		2002-2003					(346.35)
	Operating Profit	2006-2007					24,297.40
		2005-2006					9,061.52
		2004-2005					5,684.26
		2003-2004					4,666.79
		2002-2003					4,060.65

		Paper	Cement	Fans	Knowhow & Services	Total
Interest Expenses (net)	2006-2007					3,270.24
	2005-2006					4,190.32
	2004-2005					4,941.34
	2003-2004					6,066.62
	2002-2003					7,114.00
Provision for Current Tax, Fringe Benefits Tax & Wealth Tax (net)	2006-2007					2,280.43
	2005-2006					333.44
	2004-2005					12.03
	2003-2004					1.30
	2002-2003					(7.54)
Mat Credit Entitlement	2006-2007					2,173.20
	2005-2006					176.20
	2004-2005					-
	2003-2004					-
	2002-2003					-
Deferred Tax Liability/(Asset) (net)	2006-2007					7,082.70
	2005-2006					1,472.96
	2004-2005					312.44
	2003-2004					(448.62)
	2002-2003					(1,005.18)
Net Profit / (Loss)	2006-2007					13,837.23
	2005-2006					3,241.00
	2004-2005					418.45
	2003-2004					(952.51)
	2002-2003					(2,040.63)

			Paper	Cement	Fans	Knowhow & Services	Total
(c)	Total Assets						
	Segment Assets	2006-2007	18,913.18	30,457.25	11,986.37	2,050.23	63,407.03
		2005-2006	18,065.14	26,241.76	10,009.88	1,560.19	55,876.97
		2004-2005	18,851.59	25,432.89	8,965.98	955.59	54,206.05
		2003-2004	20,029.13	26,757.22	8,281.86	1,243.15	56,311.36
		2002-2003	20,034.05	28,157.59	7,605.25	914.87	56,711.76
	Unallocated Corporate / Other Assets	2006-2007					7,222.18
		2005-2006					8,185.64
		2004-2005					10,557.22
		2003-2004					9,442.28
		2002-2003					7,879.27
	Total	2006-2007					70,629.21
		2005-2006					64,062.61
		2004-2005					64,763.27
		2003-2004					65,753.64
		2002-2003					64,591.03
(d)	Total Liabilities						
	Segment Liabilities	2006-2007	6,854.41	6,459.79	5,824.91	-	19,139.11
		2005-2006	6,238.26	5,168.81	5,016.53	-	16,423.60
		2004-2005	6,861.74	3,735.19	5,061.08	-	15,658.01
		2003-2004	8,285.36	3,353.23	4,626.82	-	16,265.41
		2002-2003	9,314.22	3,034.97	3,741.11	6.52	16,096.82
	Unallocated Corporate / Other Liabilities	2006-2007					35,305.14
		2005-2006					43,225.41
		2004-2005					47,623.02
		2003-2004					48,935.90
		2002-2003					48,167.51

		Paper	Cement	Fans	Knowhow & Services	Total
Total	2006-2007					54,444.25
	2005-2006					59,649.01
	2004-2005					63,281.03
	2003-2004					65,201.31
	2002-2003					64,264.33
(e) Other Information						
(i) Non cash expenses other than depreciation included in segment expenses for arriving at Segment Results	2006-2007	597.02	-	32.41	-	629.43
	2005-2006	511.83	-	32.41	-	544.24
	2004-2005	500.23	-	32.41	-	532.64
	2003-2004	495.35	14.40	-	-	509.75
	2002-2003	494.44	14.40	47.28	-	556.12
(ii) Capital Expenditure	2006-2007	2,574.75	4,346.12	479.27		7,400.14
	2005-2006	730.37	467.66	215.23	-	1,413.26
	2004-2005	562.75	187.74	182.19	-	932.68
	2003-2004	344.36	177.43	154.91	-	676.70
	2002-2003	421.38	128.45	88.28	-	638.11
(iii) Depreciation *	2006-2007	1,104.93	1,382.91	106.68		2,594.52
	2005-2006	1,016.86	1,532.44	82.38	-	2,631.68
	2004-2005	986.58	1,610.33	76.33	-	2,673.24
	2003-2004	890.39	1,974.98	69.08	-	2,934.45
	2002-2003	622.47	738.56	63.95	-	1,424.98
*	2006-2007					27.65
	2005-2006					29.21
	2004-2005					34.02
	2003-2004					19.06
	2002-2003					17.64

		Paper	Cement	Fans	Knowhow & Services	Total
(f)	Geographical Segments					
(i)	Revenue (Net of Excise Duty & Sales Tax)					
Domestic	2006-2007					104,041.50
	2005-2006					80,884.47
	2004-2005					68,198.44
	2003-2004					58,653.49
	2002-2003					54,177.19
Overseas	2006-2007					6,182.16
	2005-2006					4,877.09
	2004-2005					4,215.41
	2003-2004					4,410.92
	2002-2003					3,919.31
Total	2006-2007					110,223.66
	2005-2006					85,761.56
	2004-2005					72,413.85
	2003-2004					63,064.41
	2002-2003					58,096.50
(ii)	Carrying Amount of Segment Assets					
Domestic	2006-2007					60,594.95
	2005-2006					53,530.77
	2004-2005					52,709.04
	2003-2004					54,275.67
	2002-2003					55,399.35
Overseas	2006-2007					2,812.08
	2005-2006					2,346.20

		Paper	Cement	Fans	Knowhow & Services	Total
Overseas	2004-2005					1,497.01
	2003-2004					2,035.69
	2002-2003					1,312.41
Total	2006-2007					63,407.03
	2005-2006					55,876.97
	2004-2005					54,206.05
	2003-2004					56,311.36
	2002-2003					56,711.76

Notes :

- (i) **Business Segment:** The business segments have been identified on the basis of the products of the company. Accordingly the company has identified “Paper”, “Cement”, “Fans” and “Knowhow & Services” as the business segments:
- Paper – Consists of manufacture and sale of pulp, paper and board.
- Cement – Consists of manufacture and sale of cement.
- Fans – Consists of manufacture and sale of Electric Fans – ceiling, portable and airflow, along with Components and accessories thereof.
- Knowhow & Services - Consists of rendering of technical knowhow and services.
- (ii) **Geographical Segment:** The company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

ORIENT PAPER & INDUSTRIES LIMITED
STATEMENT OF DIVIDEND PAID

Annexure 9

EQUITY CAPITAL	For the year ended 31st March				
	2003	2004	2005	2006	2007
No. of Equity Shares of Rs. 10 each	14837290	14837290	14837290	14837290	14837290
Rate of Dividend (including interim dividend)	-	-	-	-	100%
Dividend Paid (Rs. lacs)					
Amount of Dividend	-	-	-	-	1,483.73
Corporate Tax on Dividend	-	-	-	-	234.53
Total	-	-	-	-	1,718.26

PREFERENCE CAPITAL	For the year ended 31st March				
	2003	2004	2005	2006	2007
No. of Preference Shares of Rs. 100 each	1,300,000	2,000,000	2,000,000	2,000,000	2,000,000
Rate of Dividend	12.00%	12.00%	12.00%	12.00%	12.00%
Dividend Paid (Rs. lacs)					
Amount of Dividend	-	-	-	689.79*	240.00
Corporate Tax on Dividend	-	-	-	96.74	35.42
Total	-	-	-	786.53	275.42

* Represents Dividend for the following years :

	Rs. lacs
2002-03	0.43
2003-04	209.36
2004-05	240.00
2005-06	240.00
	<u>689.79</u>

ORIENT PAPER & INDUSTRIES LTD
STATEMENT OF TAX SHELTER BASED ON ADJUSTED PROFITS / (LOSSES)

Annexure – 10

(Rs. lacs)

Sr. No.	Particulars	For the year ended 31st March				
		2003	2004	2005	2006	2007
A	Profit/(Loss) before Tax & Adjustments	(2,874.06)	(2,063.04)	420.87	3503.97	19602.42
B	Tax Rate	36.75%	35.875%	36.59%	33.66%	33.66%
C	Tax thereon at the above rate	-	-	154.00	1179.44	6598.17
D	Timing Differences:					
	Difference in Book Depreciation & Depreciation under Income Tax Act 1961 ("I. T. Act")	(1,599.86)	166.77	2457.58	895.19	883.70
	Net Disallowable sum under section 43B of the I. T. Act	(931.93)	(26.98)	(69.70)	1,443.29	2,109.71
	Carry Forward Losses	4,651.21	1,949.66	(2,789.13)	(4,721.75)	(23,360.75)
	Others	590.94	(175.72)	-	(625.49)	940.63
E	Total Timing Differences	2,710.36	1,913.73	(401.25)	(3,008.76)	(19,426.71)
F	Tax (Expenses) / Saving Thereon	972.34	686.55	(135.06)	(1,012.75)	(6,603.14)
G	Tax Liability under MAT	-	-	-	(190.00)	(2,173.20)
H	Mat Credit Entitlement	-	-	-	176.20	2,173.20
I	Fringe Benefit Tax	-	-	-	(151.41)	(105.00)
J	Other Tax (Expenses) / Refunds (including provision for wealth tax)	7.54	(1.30)	(12.03)	7.97	(2.23)
K	Net Tax (Expenses) / Saving	979.88	685.25	(147.09)	(1,169.99)	(6,710.37)
L	Impact of material adjustments for restatement in corresponding years net of Deferred Tax and excluding MAT Credit entitlement	(146.45)	425.28	144.67	907.02	945.18
M	Tax (charge) /savings of material adjustments for restatement in corresponding years	32.84	(237.93)	(177.38)	(460.21)	(479.56)
N	Taxable Profit /(Loss) before Tax and after adjustments as restated (A +L-M)	(3,053.35)	(1,399.83)	742.92	4,871.20	21,027.16
O	Total Tax (liability) / asset after tax impact of adjustments (K+M)	1,012.72	447.32	(324.47)	(1,630.20)	(7,189.93)

ORIENT PAPER & INDUSTRIES LIMITED

CAPITALISATION STATEMENT AS ON 31ST MARCH, 2007

Annexure 11
(Rs. lacs)

	Pre-issue	As adjusted for Right Issue
Borrowings		
Short-Term	14,018.02*	14,018.02
Long-Term	18,450.30	18,450.30
Total	32,468.32	32,468.32
Shareholders' Funds		
Equity capital	1,483.75	1,928.87
Preference Capital	2,000.00	2,000.00
Reserves & Surplus**	12,849.10	28,228.25
	16,332.85	32,157.12
Less : Deferred Revenue Expenditure	1,214.15	1,214.15
Total	15,118.70	30,942.97
Long-term Debt/Equity ratio	1.22	0.60

* Includes Long term debts repayable within one year.

** Adjusted Reserves

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED STATEMENT OF EARNING PER SHARE

Annexure 12A

(Rs. lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Adjusted Profit / (Loss) after Tax	(2,040.63)	(952.51)	418.45	3,241.00	13,837.23
Less/(Add) : Preference dividend for the year	(0.43)	(209.56)	240.00	273.66	275.42
	(2,041.06)	(1,162.07)	178.45	2,967.34	13,561.81
Basic / Weighted average number of outstanding equity Shares during the year	14,837,290	14,837,290	14,837,290	14,837,290	14,837,290
Nominal Value of Equity shares (Rs.)	10.00	10.00	10.00	10.00	10.00
Basic / diluted Earning per share (Rs.)	(13.76)	(7.83)	1.20	20.00	91.40

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED STATEMENT OF BALANCE OF DEBTORS

Annexure 12B

(Rs. lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
More than 6 Months					
Secured, Considered Good	3.41	2.40	8.66	9.50	2.63
Unsecured, Considered Good	652.29	1,099.55	1,552.33	1,379.94	1,820.31
Considered Doubtful	483.80	488.11	470.21	13.25	20.10
	1,139.50	1,590.06	2,031.20	1,402.69	1,843.04
Less than 6 Months	9,020.95	10,729.55	8,632.99	9,639.50	10,535.82
Total Debtors	10,160.45	12,319.61	10,664.19	11,042.19	12,378.86
Less: Provision	483.80	488.11	470.21	13.25	20.10
Net Balance	9,676.65	11,831.50	10,193.98	11,028.94	12,358.76

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED STATEMENT OF BALANCE OF LOANS AND ADVANCES

Annexure - 12C

(Rs. lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
LOANS (Considered Good, except stated otherwise)					
To Subsidiary Companies	34.99	34.99	34.99	34.99	37.49
To Others	1,052.00	975.24	1,988.56	2,031.22	1,986.82
ADVANCES :					
Advances recoverable in cash or in kind or for value to be received or pending adjustments	529.10	956.81	1,163.60	1,291.20	1,496.59
Advance payment of Income -tax, tax deducted at source and refunds receivable etc.(after adjusting provisions)	22.37	14.98	-	148.91	160.88
Balance with Excise, Customs, PortTrust and other Government Authorities	162.35	182.23	417.34	885.71	765.47
Deposits against Demands under disputes	300.53	340.20	282.92	436.28	431.05
Trade & Other Deposits	996.05	1,037.07	1,237.38	1,416.86	1,550.97
MAT Credit Entitlement	-	-	-	176.20	2,349.40
Export benefits Receivable	114.11	178.93	157.58	139.38	113.91
Claims and Refunds receivable	66.34	98.18	175.00	235.70	337.35
Advances considered doubtful	103.62	104.98	104.50	-	-
Total Loans and Advances	3,381.46	3,923.61	5,561.87	6,796.45	9,229.93
Less: Provisions	103.62	104.98	104.50	-	-
Net Loans and Advances	3,277.84	3,818.63	5,457.37	6,796.45	9,229.93
Details of Loans to Subsidiary Companies:					
OPI Exports Ltd.	34.99	34.99	34.99	34.99	37.49

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED STATEMENT OF OTHER INCOME

Annexure 12D

(Rs.in Lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Income from long term Investments :					
Interest On Government Securities (Trade)	0.12	0.06	0.04	0.03	0.02
Dividends (Other than Trade)	43.05	42.95	49.06	66.94	150.36
Rental Income (Gross)	-	-	-	123.07	208.16
Insurance & Other Claims	25.46	98.32	24.09	103.99	44.68
Rent & Hire charges	21.58	16.43	18.50	16.98	18.70
Certified Emission Reduction Credit	-	-	-	-	642.34
Unspent liabilities, excess provisions and unclaimed balances written back (net)	152.88	207.07	170.74	107.92	188.28
Sales tax, Excise duty / Cenvat refunds in respect of earlier Years	15.53	23.77	6.48	43.87	35.09
Miscellaneous Receipts	52.92	86.25	80.13	95.85	141.78
Surplus on sale of long term Investments	208.50	-	1227.21	661.53	-
Surplus on sale of land	-	1004.06	-	-	-
Recovery of debts written off in earlier years	-	-	-	-	6.23
Surplus on sale of Current Investments	-	-	-	-	3.00
Total	520.04	1478.91	1576.25	1220.18	1438.64

Note: - All the items of Other Income as given above except for Surplus on sale of Investments (both long term & current) and Land are generally recurring in nature and are related to the business activity carried out by the Company.

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED STATEMENT OF SECURED LOANS

Annexure 12E

(Rs. lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Debentures					
8% Non-Convertible Debentures Of Rs. 100 each	1,576.00	748.00	-	-	-
12.5% Partly Convertible Debentures Of Rs.90 each	825.81	-	-	-	-
19.5% Non-Convertible Debentures Of Rs.10000 each	1,500.00	-	-	-	-
10% Non-Convertible Debentures Of Rs.100 each (Residual value Rs. 34/-each)	1,500.00	1,500.00	1,500.00	1,005.00	510.00
11% Non-Convertible Debentures Of Rs.1000 each (Residual value Rs. 250/-each)	1,400.00	1,400.00	1,400.00	816.70	350.06
Term Loans					
From Financial Institutions :					
Foreign Currency Loans	-	-	14,784.49	17,810.12	14,991.31
Rupee Loans	26,298.07	26,991.57	11,440.22	4,550.39	1,546.92
DEFERRED PAYMENTS CREDITS	-	-	22.65	82.61	47.89
SHORT TERM					
8.65% Non-Convertible Debentures Of Rs.1000000 each	-	-	-	-	5,000.00
Inter Corporate Deposits	1,449.00	2,045.00	2,700.00	5,100.00	1,500.00
Other Loans					
From Scheduled Banks on Cash Credit Account (including working Capital Demand Loan and Foreign Currency Demand Loan)	5,215.76	5,122.85	4,264.09	4,474.25	1,670.16
Total	39,764.64	37,807.42	36,111.45	33,839.07	25,616.34

ORIENT PAPER & INDUSTRIES LIMITED
BREAK-UP OF SECURED LOANS AS ON 31st March, 2007

Annexure - 12 E (cont.)

(Rs. lacs)

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
	TERM LOANS:					
(A)	LONG TERM					
	DEBENTURES (Privately Placed)					
(a)	1500000 Non-Convertible debentures of Rs. 100/- each (Residule value Rs. 34/- each)	1500.00	10.00%	510.00	Secured by a mortgage/charge on the Company's freehold land at Mehsana, Gujarat and by subservient charges on the immovable/movable properties of the Company's Paper plants at Amlai & Brajrajnagar and Cement plant at Devapur.	Jan,08 Rs.510 lacs
(b)	140000 Non-Convertible debentures of Rs. 1000/- each (Residule value Rs. 250/- each)	1400.00	11.00%	350.06	Secured by a mortgage/charges ranking pari-passu with existing charges on immovable properties pertaining to Paper Plants at Amlai and Brajrajnagar and Cement Plants at Devapur and Jalgaon, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units subject to prior charges created/to be created in favour of the Company's bankers for working capital requirements. The debentures are further secured by a charge on the Company's land at Lonavala, Maharastra.	Repayable in Quarterly Installment of Rs. 116.66 lacs each.
		2900.00		860.06		

	FROM FINANCIAL INSTITUTIONS / BANKS					
Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
	Foreign Currency Loans					
a.	ICICI BANK LTD. (ICICI)	25100.00	6% + LIBOR	14991.31	Secured by a mortgage/charges ranking pari-passu with existing charges on immovable properties pertaining to Paper Plants at Amlai and Brajrajnagar and Cement Plants at Devapur and Jalgaon, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units subject to prior charges created/to be created in favour of the Company's bankers for working capital requirements. The aforesaid loan is further secured by exclusive mortgage/charges on property held by the Company at Birla Buildings, Kolkata, Comfort Letters by certain bodies corporate and pledge of certain investments held by the Company and by third parties.	Repayable in monthly Installments of Rs. 242.24 lacs each

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
b.	Industrial Development Bank of India (IDBI)	3000.00	11.00%	1546.92	Secured by a mortgage/charge ranking pari-passu with each other on the immovable properties pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units, subject to prior charges created / to be created in favour of the Company's bankers for working capital requirements.	Repayable in Quarterly Installment of Rs. 103.12 lacs each.
		28100.00		16538.23		
	DEFERRED PAYMENT CREDITS			47.89	Deferred Payment Credits are secured by assets acquired thereagainst.	Repayable in monthly installments (EMI)
(B)	SHORT TERM					
(a)	500 Non-Convertible debentures of Rs. 1000000/- each	5000.00	8.65%	5000.00	To be secured by mortgage/charge on Company's freehold land in Mehsana, Gujarat.	Repayable in three monthly installments commencing from June 2007.
(b)	From Bodies Corporate					
	SICOM Ltd.	1500.00	9.25%	1500.00	Secured against investments held by the Company and by third parties.	Repayable in May, 07
		6500.00		6500.00		
(C)	OTHER LOANS					
	From Scheduled Banks on Cash Credit Accounts (including Foreign Currency Loan)	6366.00		1670.16	Secured against hypothecation of stock in trade, stock in process, raw materials, stores and chemicals, book debts and other current assets of the Company. Besides, loans of Rs.1094.63 Lacs are further secured by an equitable mortgage of the fixed assets of the company's Faridabad unit.	On Demand
	TOTAL	43866.00		25616.34		

ORIENT PAPER & INDUSTRIES LIMITED
DETAILS OF UNSECURED LOANS

Annexure 12 F

(Rs.in Lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Intercompany Deposits from					
Promoters' Companies	264.76	151.57	310.95	127.21	-
Promoters' Group Companies	4,556.95	5,958.90	5,481.20	4,447.39	1,198.16
Others	1,429.00	2,534.00	2,749.00	795.00	55.00
Under Sales Tax Deferment Scheme	931.08	1,077.92	1,362.68	1,784.35	2,660.90
Trade & Other Deposits	1,558.07	1,822.52	2,137.29	2,582.66	2,937.92
Total	8,739.86	11,544.91	12,041.12	9,736.61	6,851.98

BREAK-UP OF INTERCOMPANY DEPOSITS AS ON 31st March, 2007

(Rs.in lacs)

Sl No.	Particulars	Interest Payment Schedule	Rate of Interest	Amount
1	<u>From Promoters' Group Companies:</u>			
		Quarterly / Annually	8.5 - 9.0%	1,198.16
2	<u>From others</u>	Quarterly	8.00%	55.00
	Total			1,253.16

ORIENT PAPER & INDUSTRIES LIMITED
RESTATED STATEMENT OF CURRENT LIABILITIES

Annexure 12G

(Rs. lacs)

Particulars	As at 31st March,				
	2003	2004	2005	2006	2007
A. CURRENT LIABILITIES					
Acceptances	427.75	505.73	1029.28	672.54	326.42
Sundry Creditors for Goods, Services, Expenses etc.					
Due to small scale industrial units	1003.91	1054.57	1395.28	1350.97	1275.62
Due to others	9695.71	10769.15	9493.46	10529.63	12157.02
Advances against Sales	1056.45	493.90	532.80	384.96	457.62
Other Finance	1133.38	938.46	852.79	1027.21	1251.34
Interest accrued but not due on loans	191.58	303.57	266.92	100.31	53.27
Preference Shares Redemption Account	5.88	5.88	5.88	5.87	5.87
Investor Education and Protection Fund					
Unpaid Dividends	7.64	4.12	1.36	-	9.15
Unpaid Application Money against Partly Convertible Debentures	0.04	-	-	-	-
Unpaid Matured Deposits	0.11	-	-	-	-
Unpaid Matured Debentures	3.71	0.06	0.06	5.33	3.19
Interest accrued & due	9.17	9.31	8.63	2.13	1.14
	20.67	13.49	10.05	7.46	13.48
Sub -Total	13535.33	14084.75	13586.46	14078.95	15540.64
B. DEFERRED PAYMENT LIABILITIES	1784.48	1350.66	979.69	719.68	873.89
C. PROVISIONS					
Taxation (Net)	-	-	4.62	-	-
Customs & Excise duty	189.11	169.46	208.83	102.03	137.94
Leave Encashment	250.91	244.11	261.07	271.77	419.72
Warranty Claims	-	-	71.79	76.17	87.06
Mining Restoration Costs	-	-	16.00	38.20	38.20
Proposed Dividends	-	-	-	689.79	949.42
Tax on Proposed Dividends	-	-	-	96.74	161.35
Sub -Total	440.02	413.57	562.31	1274.70	1793.69
Total	15759.83	15848.98	15128.46	16073.33	18208.22

ORIENT PAPER & INDUSTRIES LIMITED
DETAILS OF INVESTMENTS

Annexure - 12H
(Rs. lacs)

Particulars	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Quoted Investments					
In Promoters' Group Companies	127.12	127.12	127.12	127.12	127.12
Others	11.40	11.40	8.44	7.56	7.56
Total	138.52	138.52	135.56	134.68	134.68
Unquoted Investments					
In subsidiaries	220.90	220.90	220.90	220.90	220.90
Others	471.92	471.80	471.55	471.55	471.48
Total	692.82	692.70	692.45	692.45	692.38
Investment Property	-	-	793.90	784.23	772.41
Grand Total	831.34	831.22	1,621.91	1,611.36	1,599.47
Less: Provision for diminution in value of Investments	329.17	264.39	264.39	263.66	259.33
Net Investments	502.17	566.83	1,357.52	1,347.70	1,340.14
Market Value of Quoted Investments	1,091.89	2,508.25	5,504.96	10,697.32	9,741.51

AUDITOR'S REPORT

To,
The Board of Directors
Orient Paper & Industries Limited
9/1 R N Mukherjee Road
Kolkata 700 001

Dear Sirs,

1. We have examined the attached consolidated financial information of ORIENT PAPER & INDUSTRIES LIMITED, its subsidiaries and Joint Venture, as approved by the Committee of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 8th November, 2006 in connection with the proposed Rights Issue of Equity shares of the Company.
2. These information have been prepared by the Management from the Consolidated financial statements for the years ended on 31st March 2003, 2004, 2005, 2006 and 2007.

We have not audited the financial statements of subsidiaries and joint venture of the Company for the financial years ended on 31st March 2003, 2004, 2005, 2006 and 2007, whose financial statements reflect total assets of Rs.39778.22 lacs, Rs.34576.30 lacs, Rs.34637.85 lacs, Rs.35136.32 lacs, Rs.33301.71 lacs and total revenues of Rs.7289.57 lacs, Rs.8054.72 lacs, Rs.9730.17 lacs, Rs.10087.28 lacs, Rs.9067.43 lacs respectively. The financial statements of the subsidiaries and joint venture have been audited and reviewed respectively by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in these Consolidated Restated Summary Statement of Assets & Liabilities, Consolidated Restated Summary Statement of Profit & Loss and Consolidated Restated Summary Statement of Cash Flow are based solely on the reports of other auditors. The financial statement of the joint venture have been drawn up based on the International Financial Reporting Standards and the differences with Indian GAAP, although stated to be not material, have not been identified and quantified.

3. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and in terms of our engagement agreed with you, we further report that:
 - a) The 'Consolidated Restated Summary Statement of Assets and Liabilities' of the Company, its subsidiaries and Joint Venture as at 31st March 2003, 2004, 2005, 2006 and 2007 examined by us, as set out in Annexure-1 to this report are after making such adjustments and regrouping as in our opinion were appropriate and as is more fully described in Significant Accounting Policies & Notes and Statement of Adjustments (Refer Annexures 4 & 5).
 - b) The 'Consolidated Restated Summary Statement of Profits and Losses' of the Company, its subsidiaries and Joint Venture for each of the years ended on 31st March 2003, 2004, 2005, 2006 and 2007 examined by us, as set out in Annexure-2 to this report are after making such adjustments and regrouping as in our opinion were appropriate and as is more fully described in Significant Accounting Policies &

Notes and Statement of Adjustments (Refer Annexures 4 & 5).

- c) The 'Consolidated Restated Statement of Cash Flows' of the Company, its subsidiaries and Joint Venture in respect of each of the years ended on 31st March 2003, 2004, 2005, 2006 and 2007 examined by us, as set out in Annexure-3 to this report, in our opinion, has been prepared by the Company in accordance with the requirement of Accounting Standard 3 (Cash Flow Statements) issued by the Institute of Chartered Accountants of India.
- d) Without qualifying our opinion, we draw attention to the fact that for the purpose of these summary statements, due to practical difficulties in retrospective application of various Accounting Standards as detailed vide Note No.22 on Annexure-5, such standards have been applied from the dates they became applicable to the Company or from an earlier date if actually applied and not for all the periods restated.
- e) Based on above and also as per the reliance placed on the audit/review reports submitted by other auditors for subsidiaries and Joint venture for the respective years, we confirm that
 - i. the restated financial information have been made after incorporating:
 - a. Adjustments for the changes in accounting policies retrospectively in the respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
 - b. Adjustments for the material amounts in the respective financial years to which they relate *except to the extent mentioned in clause iii(a) below*;
 - ii. There are no extra-ordinary items that need to be disclosed separately in the Summary Statements; and
 - iii. All qualifications in the auditors' reports, which require any adjustments to the summary statements, have been adjusted *except for the following matters where the impact of the qualification on the Company's profit is not presently ascertainable*;
 - a. *Note No.5(a) on Annexure-5 regarding non-provision of current & deferred taxation, non transfer of excess depreciation from Capital Reserve for the nine months period ended 31st March in respective years and non-adjustment of exchange differences from translation of foreign currency balances as at 31st March in respective years in respect of Joint Venture company, the impact whereof on the company's profit is not presently ascertainable;*
 - b. *Note No. 5(b) on Annexure-5 regarding the joint venture company's current liabilities having exceeded its current assets by Rs.17438.40 lacs, while its accumulated revenue deficit amounted to Rs.6085.80 lacs as on 31st March, 2007. The financial statements of the Joint venture Company have been prepared on a going concern basis under the assumption of continued support from its shareholders/lenders.*

- c. *Note No.5 (c) on Annexure-5 regarding the Joint venture company's trade receivables being inclusive of dues of Rs.4441.50 lacs from a customer, with respect to which its risk of bad debt exposure is increased, since it represents a significant proportion (approximately 51%) of its total trade receivables. The proportionate amount attributable to the Company on this account comes to Rs.1303.14 lacs as on 31st March, 2007.*
- f) At your request, we have also examined the following Consolidated other financial information prepared by the management and approved by the Committee of Directors relating to the Company, its Subsidiaries and Joint venture for the year ended on 31st March 2003, 2004, 2005, 2006 and 2007:
- i. Statement of Accounting Ratios based on the adjusted profits relating to earning per share, net asset value, return on net worth, enclosed as Annexure-6.
 - ii. Statement of Related Party Transactions enclosed as Annexure-7.
 - iii. Statement of Segment Reporting enclosed as Annexure-8.
 - iv. Statement of Earning Per Share enclosed as Annexure-9 A.
 - v. Statement of Balance of Debtors enclosed as Annexure-9 B.
 - vi. Statement of Loans & Advances enclosed as Annexure-9 C.
 - vii. Statement of Other Income enclosed as Annexure-9 D.
 - viii. Statement of Secured and Unsecured Loans enclosed as Annexure-9 E & 9F.
 - ix. Statement of Current Liabilities enclosed as Annexure-9 G.
 - x. Statement of Investments enclosed as Annexure-9 H.

In our opinion the financial information contained in Annexures 6 to 9 H of this report read along with the Significant Accounting Policies & Notes (Refer Annexure 5) prepared after making such adjustments and regrouping as were considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines.

4. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed Right Issue of Equity Shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

22 Camac Street Block 'C', 3 rd Floor Kolkata 700 016 Dated : June 8, 2007	S. R. BATLIBOI & CO. Chartered Accountants Per R K AGRAWAL a Partner Membership No. 16667
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ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Annexure - 1

(Rs. lacs)

	Particulars	As at 31st March,				
	Application of Funds	2003	2004	2005	2006	2007
A	Fixed Assets					
	Gross Block	104995.09	102203.12	103683.34	106594.99	108677.67
	Less: Accumulated Depreciation / Amortisation	35936.51	39167.65	43542.35	47985.06	52129.78
	Net Block	69058.58	63035.47	60140.99	58609.93	56547.89
	Capital Work In Progress	1096.05	188.71	469.71	770.07	6488.74
	Capital Expenditure on Expansion/New Projects	60.67	61.54	61.54	61.54	75.75
	Less : Revaluation Reserve	14911.96	12822.85	12770.93	12706.87	12224.65
	Total	55303.34	50462.87	47901.31	46734.67	50887.73
B	Investments	83.66	148.31	939.00	929.17	921.62
C	Current assets, loans and advances					
	Inventories	10494.64	10523.53	11416.95	11431.78	11677.13
	Sundry Debtors	13079.39	14169.33	13111.25	13506.99	14433.90
	Cash & Bank Balances	1510.24	1764.99	1817.45	1799.75	1777.69
	Loans and advances	3155.20	3755.52	4948.61	6487.23	8769.59
	Other Current Assets	206.26	417.80	358.64	642.41	1338.71
	Total	28445.73	30631.17	31652.90	33868.16	37997.02
D	Liabilities & Provisions					
	Secured Loans	51240.76	48415.76	47228.61	44697.29	35884.41
	Unsecured Loans	9077.11	11915.43	12505.88	10257.58	7358.03
	Deferred Tax Liability (Net)	2406.22	879.76	1044.70	2328.04	9170.57
	Current Liabilities & Provisions					
	Current Liabilities	17833.06	17289.94	16871.75	17999.25	19957.91
	Deferred Payment Liabilities	1784.48	1350.66	979.69	719.68	873.89
	Provisions	457.67	431.29	582.54	1291.18	1810.12
	Total	82799.30	80282.84	79213.17	77293.02	75054.93
E	Net Worth (A+B+C-D)	1033.43	959.51	1280.04	4238.98	14751.44
F	Represented by :					
	Shareholder's Funds					
	a. Equity Share Capital	1483.75	1483.75	1483.75	1483.75	1483.75
	b. Preference Share Capital	1300.00	2000.00	2000.00	2000.00	2000.00
	c. Reserves and Surplus (excluding Revaluation Reserve)	6933.46	5033.01	4795.64	4369.45	12631.73
	Total	9717.21	8516.76	8279.39	7853.20	16115.48
G	Less:(a) Miscellaneous expenditure (to the extent not written off or adjusted) : Deferred Revenue Expenditure	3065.12	2524.68	1944.23	1406.76	1214.15

	Particulars	As at 31st March,				
		2003	2004	2005	2006	2007
	(b) Profit and Loss Account Debit Balance	5618.66	5032.57	5055.12	2,207.46	149.89
H	Total (F-G)	1033.43	959.51	1280.04	4238.98	14751.44

Notes:

(1) The above figures should be read along with the Statement of Significant Accounting Policies and Statement of Notes on Restated Summary Statements, as appearing in Annexure 5.

(2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

Annexure - 2

(Rs. lacs)

Particulars	For the year ended 31st March				
	2003	2004	2005	2006	2007
Income					
Sales:					
Of Products manufactured by the company (Net of excise duty)	64181.53	70283.93	81390.92	94687.02	118029.40
Of Products traded in by the company	36.92	198.43	184.72	314.69	717.96
Total	64218.45	70482.36	81575.64	95001.71	118747.36
Know-How & Service fees	703.32	413.59	382.04	516.65	383.73
Other Income	604.76	1527.11	1601.00	1334.27	1509.39
Increase / (Decrease) in Inventories	(215.42)	489.78	(121.59)	(398.19)	348.97
Total	65311.11	72912.84	83437.09	96454.44	120989.45
Expenditure					
Raw Materials Consumed	19467.80	22183.66	25718.42	28798.88	34381.23
Purchase of Trading Goods	378.76	418.04	187.54	230.57	594.37
Staff Cost	6416.23	6726.10	6883.27	7439.29	8135.63
Other Manufacturing Expenses	22034.33	23754.28	26852.27	29958.93	29180.64
Administrative and Other Expenses	3631.05	3445.83	4775.23	3711.42	5051.94
Selling and Distribution Expenses	7043.11	7449.57	9835.64	12926.76	16097.74
Interest (Net)	8138.48	7069.15	6276.01	5540.63	4523.41
Depreciation / Amortisation	1903.31	3501.46	3236.29	3317.16	3290.24
Total	69013.07	74548.09	83764.67	91923.64	101255.20
Net Profit / (Loss) Before Tax	(3701.96)	(1635.25)	(327.58)	4530.80	19734.25
Taxation:					
Current Tax (Net of Refunds)	(7.54)	5.31	16.19	190.09	2175.72
Mat Credit Entitlement	-	-	-	176.20	2173.20
Fringe Benefit Tax	-	-	-	152.94	105.71
Deferred Tax Asset / (Liability)	1005.18	618.65	134.22	(999.78)	(6860.11)
Net Profit / (Loss) after tax	(2689.24)	(1021.91)	(209.55)	3364.19	12765.91
Balance brought forward	(2929.42)	(5618.66)	(5032.57)	(5055.12)	(2207.46)
Debenture Redemption Reserve written back	-	1608.00	187.00	270.00	239.00
Less : Impact of Revised AS-15 as on 1st April 2006 (Refer Note No. 15 in Annexure - 5)					203.66
	(2929.42)	(4010.66)	(4845.57)	(4785.12)	(2172.12)
Profit available for Appropriation	(5618.66)	(5032.57)	(5055.12)	(1420.93)	10593.79
Appropriations					
Debenture Redemption Reserve	-	-	-	-	(1250.00)
General Reserve	-	-	-	-	(7500.00)

Particulars	For the year ended 31st March				
	2003	2004	2005	2006	2007
Proposed Dividend	-	-	-	(689.79)	(1723.73)
Provision for tax on proposed dividends	-	-	-	(96.74)	(269.95)
Surplus/(Deficit) carried to Balance Sheet	(5618.66)	(5032.57)	(5055.12)	(2207.46)	(149.89)

Notes:

(1) The above figures should be read along with the Statement of Significant Accounting Policies and Statement of Notes on Restated Summary Statements, as appearing in Annexure 5.

(2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

(3) Profit & Loss Account Debit balance brought forward as on 1st April, 2002 is inclusive of Rs. 2373.20 lacs being the impact of adjustments pertaining to the period prior to 1st April, 2002 as indicated in Annexure - 4.

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED SUMMARY STATEMENT OF CASH FLOWS

Annexure - 3
(Rs. lacs)

	For the year ended 31st March				
	2003	2004	2005	2006	2007
CASH FLOW FROM OPERATING					
(A) ACTIVITIES					
Net Profit/ (Loss) before Tax	(3,701.96)	(1,635.25)	(327.58)	4530.80	19734.25
Adjustments for :					
Depreciation/Amortisation	1,903.31	3,501.46	3,236.29	3,317.16	3,290.24
Interest Expenses (Net of Capitalisation)	8,277.74	7,396.33	6,533.73	5,903.33	4,708.10
Finance Lease Rentals	17.13	17.13	-	-	-
Loss/(Profit) on Fixed Assets sold/discarded	22.41	(999.33)	(29.11)	9.11	14.95
Profit on sale of Investments	(208.50)	-	(1,227.21)	(661.53)	(3.00)
Bad debts written off	97.72	55.59	37.23	15.89	8.96
Provision for Doubtful Debts & Advances	20.27	25.06	1.72	14.69	13.97
Provision for Warranty Claims /Mining					
Restoration Expenses	-	-	87.79	26.58	10.89
Provision for diminution in value of investments	12.06	(64.78)	-	(0.73)	(4.34)
Provision for leave liability	44.44	(6.72)	13.24	10.98	147.90
Deferred Revenue Expenditure written off	645.29	629.73	619.55	630.24	734.17
Foreign Exchange Loss / (Gain) (Net)	23.48	443.92	520.14	(599.59)	490.89
Interest & Dividend Income	(182.43)	(370.19)	(306.82)	(429.67)	(335.07)
Operating Profit before Working Capital					
Changes :	6,970.96	8,992.95	9,158.97	12,767.26	28,811.91
Increase / (Decrease) in Trade Payables	1,125.98	(60.00)	(935.57)	827.42	634.81
Decrease / (Increase) in Trade & Other					
Receivables	(879.85)	(2,205.10)	(995.47)	(1,612.61)	(1,755.40)
Decrease / (Increase) in Inventories	528.78	(28.89)	(893.42)	(14.83)	(245.35)
CASH GENERATED FROM OPERATIONS	7,745.87	6,698.96	6,334.51	11,967.24	27,445.97
Direct Taxes (Paid)/ Refund / Written Back	(11.89)	5.25	5.59	(498.21)	(2,295.62)
NET CASH FROM OPERATING ACTIVITIES	7,733.98	6,704.21	6,340.10	11,469.03	25,150.35
CASH FLOW FROM INVESTING					
(B) ACTIVITIES					
Sale of Fixed Assets	50.52	1,236.45	280.85	48.23	44.63
Sale/Redemption of Investments (Net)	210.48	0.12	1,230.42	662.42	803.07
Interest Received	143.96	115.70	60.11	78.93	114.16
Dividend Received	43.06	42.95	49.06	66.94	150.36
Purchase of Investments	(0.38)	-	-	-	(800.00)
Purchase of Fixed Assets	(911.87)	(1,059.22)	(930.07)	(1,582.18)	(6,632.52)
Loans (given)/Repaid	0.73	-	-	1.85	(1.94)
NET CASH FROM/(USED IN) INVESTING					
ACTIVITIES	(463.50)	336.00	690.37	(723.81)	(6,322.24)

	For the year ended 31st March				
	2003	2004	2005	2006	2007
(C) CASH FLOW FROM FINANCING ACTIVITIES :					
Proceeds from Issue of Preferane Shares	1,300.00	700.00	-	-	-
Proceeds from Borrowings	4,944.62	13,036.64	3,454.03	8,885.27	6,231.81
Repayment of Loans	(5,142.83)	(12,379.50)	(3,799.37)	(13,488.04)	(18,368.10)
Interest Paid	(8,990.09)	(8,139.08)	(6,629.91)	(6,158.72)	(5,051.45)
Redemption of Preference Shares	(0.12)	-	-	(0.01)	-
Repayment of matured debentures	-	-	-	(0.06)	(2.14)
Interim Dividend Paid	-	-	-	-	(765.16)
Preference Dividend Paid for earlier years	(2.99)	(3.52)	(2.76)	(1.36)	(689.79)
Dividend Tax Paid	-	-	-	-	(205.34)
NET CASH USED IN FINANCING ACTIVITIES	(7,891.41)	(6,785.46)	(6,978.01)	(10,762.92)	(18,850.17)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(620.93)	254.75	52.46	(17.70)	(22.06)
Cash & Cash Equivalents - Opening Balance	2,131.17	1,510.24	1,764.99	1,817.45	1,799.75
Cash & Cash Equivalents - Closing Balance	1,510.24	1,764.99	1,817.45	1,799.75	1,777.69

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
Statement of adjustments made to the Audited Financial Statements

Annexure - 4
(Rs. Lacs)

Statement of adjustments in profit and loss account carried out in accordance with Part II of Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000					
Particulars	For the year ended 31st March				
	2003	2004	2005	2006	2007
Net Profit/(Loss) after tax as per Audited Profit and Loss Account	(2,542.49)	(1,444.11)	(352.98)	2,258.12	11,917.66
Adjustments on account of :					
Provision for Gratuity Liability	180.06	(16.53)	88.20	1,773.43	-
Provision for Leave liability	(44.44)	250.83	3.72	-	-
Provision for Dimunition in value of Investments	(12.06)	112.08	-	-	-
Provision for Doubtful debts & Advances	(5.61)	(1.97)	512.66	-	-
Reversal of Cenvat elements on inputs included in purchase, inventories, consumption etc. which was not in conformity with Accounting Standard - 2.	(4.10)	347.51	-	-	-
Prior Period Income/Expenditure :					
Staff Costs	(184.63)	190.88	(11.62)	(127.32)	240.21
Other Manufacturing Expenses	(12.73)	32.18	-	(15.53)	15.53
Administrative & Other Expenses	-	-	-	(3.22)	3.22
Energy Development Cess	(253.90)	(246.57)	(263.09)	(227.57)	1,168.55
Interest	75.73	(8.28)	(9.06)	(9.71)	76.51
Depreciation	82.09	-	-	-	-
Taxation					
Impact of above adjustments on Deferred Tax Asset / (Liability)	32.84	(237.93)	(177.38)	(460.21)	(479.57)
Mat Cerdit Entitlement				176.20	(176.20)
Net adjustments	(146.75)	422.20	143.43	1,106.07	848.25
Restated Net Profit/(Loss) after tax	(2,689.24)	(1,021.91)	(209.55)	3,364.19	12,765.91

ORIENT PAPER & INDUSTRIES LIMITED AND ITS SUBSIDIARIES

Annexure - 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED SUMMARY STATEMENT OF ORIENT PAPER AND INDUSTRIES LTD AND ITS SUBSIDIARIES

1. Principles of consolidation

- (i) The Consolidated Financial Statements which relate to Orient Paper & Industries Ltd. and its Subsidiaries and Joint Venture, have been prepared on the following basis :
- (a) The financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealised profit / loss included therein.
- (b) The excess/shortfall of cost to the company of its investments in the subsidiary companies as on the date of investment is recognized in the financial statements as goodwill/capital reserve as the case may be. Any such difference arising subsequently is adjusted against Profit and Loss Account .
- (c) The subsidiary companies considered in the financial statements are as follows:

<i>Name</i>	<i>Country of Incorporation</i>	<i>% of Voting power as on 31.03.2007</i>
Air Conditioning Corporation Ltd. (ACCL)	India	100
OPI Export Ltd.	India	100
Orient Dealers & Traders Ltd. (ceased to be a subsidiary w.e.f. 26.03.2004)	India	-

- (ii) (a) In terms of Accounting Standard 27- 'Financial Reporting of Interests in Joint Venture' issued by the Institute of Chartered Accountants of India, the Company has prepared these Consolidated Financial Statements by including the Company's proportionate interest in the Joint Venture's assets, liabilities, income, expenses etc in the consolidated financial statements as separate line items.

(b) The joint venture company considered in the financial statement is as follows:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Company's Share of Interest</i>
Pan African Paper Mills (E.A) Limited	Kenya	29.34%

- (c) The difference of Rs. 1778.68 lacs between the cost of company's investment in the joint venture and the proportionate share of equity capital of the joint venture is credited to Revenue Reserve in the financial statements, since such difference arising on various dates of acquisition is presently not available.
- (d) On proportionate consolidation, the assets and liabilities of the joint venture

company due to non-integral foreign operations are translated into Indian rupees at the year end rates, while income and expense items are translated into Indian rupees at the average rate of exchange for the year. Exchange fluctuations on conversion of the accounts of the joint venture have been taken to “Foreign Currency Translation Reserve”.

- (iii) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented, to the extent possible, in the same manner as the company’s separate financial statements. Further, the financial statements of the joint venture have been drawn up based on the International Financial Reporting Standards and the differences with Indian GAAP, although not material, have not been identified and quantified.

2. ACCOUNTING POLICIES

(i) *Basis of Accounting*

- (a) The company prepares its accounts on accrual basis, except otherwise stated, in accordance with the normally accepted accounting principles.
- (b) Income from certified emission reduction (CER) is recognized at estimated realisable value on confirmation of CERs by the concerned authorities.
- (c) Insurance & other claims/ refunds, due to uncertainty in realisation, are accounted for on acceptance/actual receipt basis.

(ii) *Revenue Recognition*

Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services to the customers.

(iii) *Fixed Assets*

Fixed Assets are stated at cost or revalued amounts, as the case may be, less accumulated depreciation/amortisation and impairment if any. Cost comprises the purchase price inclusive of duties (net of cenvat / VAT), taxes, incidental expenses and erection / commissioning expenses etc. upto the date, the asset is ready for its intended use. In case of revaluation of fixed assets, the original cost as written-up by the valuer, is considered in the accounts and the differential amount is transferred to revaluation reserve.

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

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and ‘Value in use’ of the assets. The estimated future cash flows considered for determining the value in use are discounted to their present value at the weighted average cost of capital.

Assets awaiting disposal are valued at the lower of written down value and net realisable value and disclosed separately.

(iv) **Foreign Currency Transactions**

(a) **Initial Recognition**

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

(b) **Conversion**

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

(c) **Exchange Differences**

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalised.

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

However, with respect to the joint venture company, exchange difference fluctuations are included in the Profit and Loss Account for the said year, except during the period of construction when the differences relating to the project are included in plant, property and equipment.

(v) **Depreciation**

- (a) The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (b) Depreciation on fixed assets is provided under Straight Line Method (except for furniture, fixtures, conveyance and locomotives valuing Rs.1173.19 lacs where Written Down Value method is followed) at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- (c) In respect of the joint venture company; Depreciation is calculated to write off the cost or valuation of the assets over their estimate useful lives on a straight line basis at the following annual rates :

Buildings	2.5% or over life of lease if less than 25 years
Plant and machinery	2.5% - 10%

Heavy Duty Equipment	20%
Vehicles	25%
Office equipment, fixtures and fittings	10%
Computer and allied equipment	25%

- (d) Depreciation on the amounts capitalized during the year on account of foreign exchange fluctuations and insurance spares, is provided prospectively over the residual life of the respective assets.
- (e) Depreciation on revalued assets is provided at the rates specified under section 205 (2) (b) of the Companies Act, 1956.
- (f) The differential depreciation between the revalued amount and the original value of fixed assets, are transferred from Revaluation/Capital Reserve to the depreciation account each year.
- (g) Depreciation on fixed assets added / disposed off during the period is provided on pro-rata basis with reference to the date of addition/ disposal.
- (h) Depreciation includes amount written off in respect of leasehold properties over the respective lease period.
- (i) The value of assets not owned by the company is depreciated over a period of 5 years.
- (j) Intangible assets (specialized software) are amortized over a period of 3 years.
- (k) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(vi) Investments

- (a) Current Investments are stated at lower of cost and market rate on individual investment basis. Long term investments are considered "at cost", unless there is a decline in the value other than temporary, in which case adequate provision is made against the diminution in the value of investments. Investments in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.
- (b) Investment property being long term investment is considered at cost less depreciation, unless there is a decline in the value other than temporary, in which case adequate provision is made against the diminution. Depreciation is provided under Straight Line Method (except for furniture & fixtures Rs. 30.01 lacs) where Written Down Value method is followed at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(vii) Inventories

Inventories are valued at lower of Cost, (computed on annual / weighted average basis) and net realisable value. However, saleable scraps, whose cost is not identifiable, are valued at estimated realisable value.

(viii) Research and Development

Research and development cost are expensed as and when they are incurred, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(ix) ***Retirement and other employee benefits***

Defined Contribution plans

Company's contributions to Provident Fund and Superannuation Schemes are charged to the Profit & Loss Accounts of the year when the contributions to the respective funds are due. The Company has no other obligations other than the contributions payable to the respective trusts.

Defined Benefit plans

Gratuity liability and compensated leave encashment are provided for based on actuarial valuation made at the end of each financial year. Actuarial gain and losses are recognized immediately in the statement of Profit & Loss Account as income or expenses.

With respect to joint venture company in Kenya:-

Retirement benefit obligations

The joint venture company operates a defined benefit scheme for eligible non-unionisable employees. The assets of this scheme are held in a separate trustee administered fund, which is funded by contributions from both the company and employees. The scheme funds are managed by Aon Minet Insurance Brokers Limited, Kenya. The cost of providing retirement benefits is assessed using the attained age method by qualified actuaries.

The joint venture company also contributes to the statutory National Social Security Fund (NSSF), Kenya. This is a defined contribution scheme registered under the National Social Security Act. The obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of K. Sh. 200 per month per employee. The contributions are charged to the income statement in the year to which they relate.

Employee benefits

Employee entitlements to annual leave and other contractual benefits are charged to the income statement as they accrue to the employees.

The joint venture company's unionisable employees who retire or resign or whose services are terminated for reasons other than gross misconduct are entitled to gratuity payments in accordance with the prevailing trade union agreement.

(x) ***Deferred Revenue Expenditure***

- a) Restructuring fees to financial institutions incurred upto 31st March, 2003 are considered as deferred revenue expenditure and written off in ten equal annual installments and / or in such equal annual installments that expenditure so deferred are not carried forward to accounting period, commencing on or after 1st April, 2010.
- b) Compensation to the employees / contract workers under Voluntary Early

Retirement Schemes are written off in five / eight equal installments and / or in such equal annual installments, that expenditure so deferred are not carried forward to accounting periods, commencing on or after 1st April, 2010.

(xi) *Earning per share*

Basic earning per share is calculated by dividing the net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

(xii) *Excise Duty & Custom duty*

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

(xiii) *Shares/ Debentures Issue Expenses (including redemption premium)*

Shares/Debenture issue expenses including redemption premium are adjusted against Share Premium Account. Premium on redemption of debentures is accounted for in the year of issue.

(xiv) *Borrowing Costs*

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

(xv) *Hedging*

The Company has adopted a policy to minimize risks associated with foreign exchange fluctuations with respect to its borrowings.

The above option contracts are accounted for on the date of their settlement and the realized gain/loss thereof is recognized in the Profit & Loss account. In respect of 'Open' contracts as on the Balance Sheet date, the difference the spot rates (as on the respective contract dates) and the settlement rate, if resulting in a loss, are charged off pro-rata over the contract period, whereas the net unrealized gains are recognized on settlement of the respective contracts as a matter of prudence.

(xvi) *Taxation*

Tax expenses comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Income taxes reflects the

impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

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

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

(xvii) Segment Reporting

a) Identification of segments:

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

b) Allocation of Common Costs:

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

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

(xviii) Assets Acquired Under Lease

For assets acquired under operating lease, rentals payable are charged to the Profit & Loss Account

For assets acquired under finance lease:

- i) In respect of assets acquired prior to 01.04.2001, rentals payable are charged to the Profit and Loss Account and future rentals are disclosed as commitments.

- ii) Assets acquired on or after 01.04.2001 are capitalized at lower of their respective fair value and present value of minimum lease payments after discounting them at an appropriate discount rate.

(xix) Provision

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

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

(xx) Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES

(Rs. lacs)

		As at 31st March,				
		2003	2004	2005	2006	2007
1	The quantum of estimated amount of contracts remaining to be excuted on Capital Account and not provided for (net of advances)					
	Amount in respect of Pan African Paper Mills (EA) Limited (joint venture) included in above	1511.16	932.11	376.57	1893.62	35795.98
		982.14	391.27	5.54	-	19.78
	(Rs. lacs)					
2	The position of Contingent liabilities is as under :					
	a. Arrear Dividend on Redeemable Cumulative Preference Shares	-	209.56	449.79	-	-
	b. (I) Guarantees in favour of Banks/Institutions/ Bodies Corporate against facilities granted to :					
	(i) a Body Corporate	1121.00	621.00	-	-	-
	(ii) Others (Share in Joint venture)	4.54	4.93	-	-	-
	Sub-Total (i to ii) *	1125.54	625.93	-	-	-
	c. Outstanding bank guarantees	301.09	298.29	390.85	464.34	501.52
	d. Proportionate amount in respect of Pan African Paper Mills (EA) Limited, a joint venture	621.29	119.09	277.75	342.69	592.77
	e. Bills and Cheques discounted with scheduled Banks **	1423.19	1040.42	475.27	430.79	133.74
	f. Demands/claims by various Government Authorities and others not acknowledged as debts and contested by the Company:					
	(i) Excise Duty	2600.68	2337.78	1293.74	1030.72	1262.63
	(ii) Sales Tax	698.82	679.92	785.77	801.23	736.00
	(iii) Water Tax	1010.38	2607.94	3570.80	4768.74	6309.96
	(iv) Others	647.49	785.17	1145.07	1570.82	1825.05
	Sub-Total (i to iv)***	4957.37	6410.81	6795.38	8171.51	10133.64
	Total (a to f)	8428.48	8704.10	8389.04	9409.33	11361.67
	* Credit facilities availed against the above	174.62	44.84	-	-	-
	** Includes proportionate share in joint venture company	616.75	114.16	-	-	-
	*** Against the above, payments have been made under protest and/ or debts have been withheld by respective parties	217.47	108.08	252.84	361.74	365.21
	g. Outstanding claims from employees not acknowledged as debts , including Bonus claims under adjudication and wages for the suspension period at Brajrajnagar unit	----- Amount unascertainable -----				
	h. Sales tax on works contract	----- Amount unascertainable -----				

5. As required by paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Statement of Restated Profits and Losses for the year ended 31st March, 2003, 2004, 2005, 2006 and 2007 as well as Statement of Restated Assets and Liabilities as at 31st March 2003, 2004, 2005, 2006 and 2007 have been restated for the audit qualifications. However, the following audit qualifications whose impact is not presently ascertainable, for the reasons mentioned therein have not been adjusted :
 - a) In respect of Joint venture company, the financial statements, which are considered in these consolidated financial statements do not incorporate provision for current taxation/deferred taxation and transfer of excess depreciation for the nine months ended 31st March in respective years and exchange differences from translation of foreign currency balances as at 31st March in respective years, the quantum whereof is presently unascertainable. The movements reflected in the financial statements are those made at 30th June in each year since the financial year of Joint Venture company closes on 30th June.
 - b) The current liabilities of Joint Venture Company have exceeded its current assets by Rs. 17438.40 lacs, while its accumulated revenue deficit amounted to Rs. 6085.80 lacs as at 31st March, 2007. Nevertheless, the financial statements of Joint venture company have been prepared on a going concern basis under the assumptions of continued support from its shareholders / lenders.
 - c) In respect of Joint venture company,
 - (i.) total trade receivable amounts to Rs. 8722.93 lacs as on 31st March, 2007,
 - (ii.) the above amount includes dues of Rs. 4441.50 lacs from a customer, with respect to which, the joint venture Company's risk of bad debt exposure is increased,
 - (iii.) the dues from said customer represents a significant proportion (approximately 51%) of its total receivables. Additionally all of this receivable has been outstanding for more than one year and
 - (iv.) the proportionate amount attributable to the Company on the above account comes to Rs. 1303.14 lacs as on 31st March, 2007.
6. Pursuant to discussions between the Company and the Government of Kenya, its JV partner in Pan African Paper Mills (EA) Ltd. (PPM), including the in principle decision taken at the meeting dated 2nd December, 2006 and pending further detailing of restructuring scheme for PPM, the company is of the view that its contractual dues of Rs. 4917.16 lacs from PPM are fully recoverable. Further, outstanding dues from the said Joint Venture company towards loans and accrued management fees up to 30th June, 2006 are to be capitalized into equity as per the said discussions and hence interest on the above outstanding has not been recognized from 1st July, 2006 onwards.

However, in case the capitalization, as stated above, does not materialize, then the repayment of loan of Rs. 1979.94 lacs will commence after payment of six quarterly installments to the senior lenders of the Company and Know-how fees & interest thereon aggregating to Rs. 1705.66 lacs would be received after repayment of the loans of other senior lenders by the Joint Venture Company.
7. Current Tax provision for the year ended 31st March, 2006 & 31st March, 2007 includes Rs. 184.26 lacs & Rs. 2173.49 lacs respectively being Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961, out of which Rs. 176.20 lacs and Rs. 2173.20 lacs for the respective years being available as tax credit for set off in the future

years, as per Section 115JAA of the Income Tax Act, 1961, has been carried forward as recoverable under “MAT Credit Entitlement”.

8. Fixed Assets include certain Plant & Machinery, Vehicles and intangible software obtained on finance lease. The lease term is for 3 years after which the company has the option to purchase the asset. There is no escalation clause in the lease agreement.

The year wise breakup of the outstanding obligation in respect of the leased asset is as under:

(Rs. lacs)							
<i>Particulars</i>	<i>Assets taken on lease</i>		<i>Not later than 1 year</i>		<i>Later than 1 year but not later than 5 years</i>		<i>Later than 5 years</i>
	Total Minimum lease payments outstanding at the year end	Present value of minimum lease payments	Minimum lease payments	Present value as on 31.03.07	Minimum lease payments	Present value as on 31-03-07	
Finance Lease	52.86	47.89	33.23	29.12	19.63	18.77	Nil

9. Share of operating lease commitments in the joint venture company is as follows :

(Rs. lacs)	
	<i>31st March, 2007</i>
Within one year	12.55
Within two to five years	46.15

10. The movement in Provisions for ‘Warranty Claims’ and ‘Mining Restroration Costs’ during the year ended 31st March, 2007 are as follows:

(Rs. lacs)				
	<i>Balance as at 01.04.2006</i>	<i>Additions during the year</i>	<i>Amounts used during the year</i>	<i>Balance as at 31-03-2007</i>
Provision for warranties	76.17	112.99	102.10	87.06
Mining Restoration costs	38.20	--	--	38.20
Total	114.37	112.99	102.10	125.26

Provision for Warranty

A provision is recognized for expected warranty claim on products based on managements estimate of future liability to be incurred in this regard during the warranty period computed on the basis of past experience of the levels of repairs and returns. It is expected that most of the cost will be incurred in the next financial year and the entire provision will be utilized within two years of the balance sheet date, since the warranty period is generally for two years.

Provision for Mining Restoration costs

The activities at the cement unit involve mining of land taken under lease. In terms of relevant statutes, the mining areas would require restoration at the end of the mining lease.

The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard – 29, the management has estimated such future expenses on best judgment basis and due provision thereof has been made in the accounts.

- 11.(a) The break-up of net deferred tax liability pertaining to the Company as on 31st March 2007 is as under :

	(Rs. lacs)
A. Deferred tax liability :	
i) Timing difference in depreciable assets	5812.43
ii) Expenses claimed as deduction as per Income Tax Act but not booked in accounts	168.00
	5980.43
B. Deferred tax asset :	
Expenses allowable against taxable income in future years	2212.72
	2212.72
Net Deferred tax Liability/ (Asset) (A-B)	3767.71

- (b) In case of Air Conditioning Corporation Limited, a subsidiary company, Deferred Tax Asset of Rs. 181.47 lacs (after adjusting deferred tax liability of Rs.47.41 lacs for the year) has not been recognised, since the management feels that there may not be sufficient taxable income in future, to claim the above amount.
- (c) The proportionate share as on 30th June 2006 of deferred tax liability in case of the joint venture amounted to Rs. 5402.86 lacs which has been incorporated in these financial statements. The quantum of deferred tax liability has not been updated to take into account the incremental impact for the nine months' period ended 31st March 2007.
12. Deferred Payment Liabilities represent future monthly installments of Rs.873.89 lacs payable as on 31st March, 2007 against Voluntary Early Retirement Scheme at Brajrajnagar Unit, which includes Rs.288.25 lacs falling due for payment within one year.
13. Sundry creditors include Rs. 1276.01 lacs due to Small Scale Industrial undertakings (SSI) to the extent such parties have been identified from the available documents / information.
14. Derivative instrument outstanding as on the Balance Sheet date (31st March,2007) :
- (i.) Forward contract in respect of foreign currency loan of USD 33.00 million.
- (ii.) Currency Swap of USD 33.00 million into Japanese Yen 3861 million, hedged under an option contract.

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

- (i.) Foreign currency loan of USD 0.15 million.
- (ii.) Foreign debtors (including loans) and creditors aggregating to Rs.5679.01 lacs and Rs.281.51 lacs respectively.

15. The Company has decided to early adopt Accounting Standard 15 (revised) - Employee Benefits, and has accordingly changed its accounting policies for gratuity and compensated absence liability. This change does not have material impact on the profit for the current year. Further, in accordance with the transitional provisions allowed in AS-15 (revised), a sum of Rs. 203.66 lacs (net of deferred tax asset of Rs. 103.33 lacs) being the impact of such change on the respective liabilities upto 31st March, 2006, has been adjusted against the opening credit balance of Profit & Loss Account.

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

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

	(Rs. lacs)
	<u>Gratuity</u>
(i) Net Employee Expense /(benefit)	
Current service cost	174.29
Interest cost on benefit obligation	212.97
Expected return on plan assets	(30.37)
Net Actuarial gain /loss recognized in the year.	403.08
Total employer expense recognized in Profit and Loss Account	759.97
(ii) Actual return on plan assets	8.5%
(iii) Benefit Asset/(Liability)	
Defined benefit obligation	(3056.24)
Fair value of Plan Assets	580.86
Benefit Asset/(Liability)	(2475.38)
(iv) Movement in benefit liability	
Opening defined benefit obligation	2623.12
Interest cost	212.97
Current service cost	174.29
Benefits paid	(357.22)
Actuarial (gains)/losses on obligation	403.08
Closing benefit obligation	3056.24
(v) Movement in fair value of plan assets	
Opening fair value of plan assets	259.68
Return on plan assets(actual)	30.37
Contribution by employer	648.03
Benefits paid	(357.22)
Closing fair value of plan assets	580.86
(vi) The principal actuarial assumptions are as follows	
Discount rate	7.5%
Salary increase	5%
Withdrawal Rates	Varying between 2% per annum and 1% per annum depending upon duration and age of the employees.

(vii) Amount incurred as expense for defined contribution plans

Contribution to Provident / Pension fund	451.17
Contribution to Superannuation fund	144.84

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

(ix) The Company expects to contribute Rs 250 lacs to Gratuity fund in 2007-2008.

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

(Rs. lacs)

	2006-2007
(i) Principal amount remaining unpaid to any supplier at the end of accounting year.	1242.69
	<u>33.32</u>
(ii) Interest due on above.	1276.01
Total of (i) & (ii)	
(iii) Amount of interest paid / payable by the Company to the suppliers.	66.68
(iv) Amounts paid to the suppliers beyond the respective due date	1919.35
(v) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act.	—

17. As approved by the Central Government under section 205(2) (c) of the Companies Act, 1956 the Company had not provided depreciation amounting to Rs. 1036.27 lacs, Rs. 1254.32 lacs and Rs. 1419.14 lacs on fixed assets of its Brajrajnagar, Jalgaon and Devapur (expansion projects) units during the years 2000-01, 2001-02 and 2002-03 respectively. As required by the order, incremental depreciation has been provided in subsequent years as stipulated in the above order of the Central Government to ensure the write off the value of the respective assets over the remaining life.
18. In order to comply with Accounting Standard-2 issued by the Institute of Chartered Accountants of India, the Company has discontinued the inclusive method of Cenvat accounting in respect of purchase, inventories, consumption, etc. and have adopted the exclusive method for this purpose with effect from 1st April, 2003. The effect of the compliance of Accounting Standard – 2 with regard to above cenvat accounting, for the periods prior to 1st April 2003, has now been adjusted in the respective financial years and duly disclosed in Annexure 4.
19. In order to comply with Accounting Standard 15 issued by the Institute of Chartered Accountants of India, the company and its subsidiary (ACCL) had accounted for leave liability on the basis of actuarial valuation in the audited accounts in the year 2003-04 and 2004-05 respectively as against the past practice of accounting such liability on cash basis. The effect of compliance with regard to above has now been adjusted in the respective financial year and duly disclosed in Annexure – 4.

20. In order to comply with Accounting Standard –15 issued by the Institute of Chartered Accountants of India, the Company and its subsidiary (ACCL) had accounted for unprovided liability of Rs. 1847.53 lacs and Rs. 7.78 lacs towards gratuity to employees based on actuarial valuation in the audited accounts in the year 2005-06. The effect of the compliance with regard to above has now been adjusted in the respective financial years and duly disclosed in Annexure 4.
21. Liability at the company's Amlai unit , towards energy development cess on consumption of captive power w.e.f. 29th June,2001 aggregates to Rs. 1168.55 lacs for the period upto January,2006. Although the above liability is being contested by the company, yet as a matter of prudence, the company has provided the same in the audited accounts in the year 2006-2007. The above has now been adjusted in the respective financial years and their impact have been duly disclosed in Annexure-4.
22. Accounts are not restated for the periods prior to the dates when the Accounting Standards, as stated hereunder , became effective / have been applied :

<i>Accounting Standard</i>	<i>Effective / Applied Date</i>
Accounting Standard 15 (Revised) – Employee Benefits	Period commencing on or after 01-04-2006
Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets	Period commencing on or after 01-04-2004

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
STATEMENT OF ADJUSTED ACCOUNTING RATIOS

Annexure - 6

Accounting Ratios	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Earning per Share (Rs.) (Nominal Value Rs.10 Per Share)	(18.13)	(8.30)	(3.03)	20.83	84.18
Net Asset Value per Share (Rs.)	(1.80)	(8.43)	(6.47)	15.09	85.94
Return on Net Worth (%)	-Ve	-Ve	-Ve	138.03	97.95

NOTES:

Definition of ratios:

- | | |
|------------------------------|--|
| a) Earning per share (EPS) | Adjusted Profit/(Loss) after tax as per statement of Restated Profit /(Loss), as reduced/(increased) by preference dividend for the year, divided by the weighted average number of outstanding equity shares during the year. |
| b) Net Asset Value per share | Net worth as per statement of Restated Assets and Liabilities, as reduced by Preference Share Capital and arrear dividend thereon, divided by the weighted average number of outstanding equity shares during the year. |
| c) Return on net worth | Profit/(Loss) after tax as per statement of Restated Profit and Loss as reduced/(increased) by preference dividend for for the year, divided by net worth, as reduced by Preference shares and arrear dividend thereon. |

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES

Related Party Disclosures

Annexure - 7

Name of the related Parties

Joint Venture Company	: Pan African Paper Mills (E.A) Ltd.
Key Management Personnel	: Mr. M.L. Pachisia Mr. C. L. Mohta (*) Mr. S. B. Bhैया (From 1st January ,2007) Mr. N. K. Thusu Mr. B. Pandey Mr. V.D. Saboo Mr. M.J.S. Chhatwal (Upto 30th June,2003)
Relatives of Key Management Personnel	Mrs. Indu Mohta (Wife of Mr. C.L. Mohta) (*)
Enterprises Owned or Significantly influenced by Key Management Personnel and their relatives	: Origami Products Origami Tissues Origami Enterprise Time Design Private Limited Next Link Pvt. Ltd. Sagun Enterprises Private Limited (Upto 31st March,2004) Suraj General Engg. Pvt. Ltd (*) Shine Makers (*) Suraj Industrial Corporation (*)

(*) Up to 31st December, 2006

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES

Related Party Disclosure :

STATEMENT OF AGGREGATE RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD - 18 FOR THE REPORTING YEARS

Annexure - 7 (Contd.) (Rs. lacs)

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
<u>Sale of Goods & services</u>											
Pan African Paper Mills (EA) Ltd.	2006-2007	383.73	1448.69	-	-	-	-	-	-	383.73	1,448.69
	2005-2006	516.65	1102.43	-	-	-	-	-	-	516.65	1,102.43
	2004-2005	382.04	675.22	-	-	-	-	-	-	382.04	675.22
	2003-2004	413.59	878.41	-	-	-	-	-	-	413.59	878.41
	2002-2003	417.23	577.84	-	-	-	-	-	-	417.23	577.84
Origami Tissues	2006-2007	-	-	151.16	0.44	-	-	-	-	151.16	0.44
	2005-2006	-	-	114.54	17.36	-	-	-	-	114.54	17.36
	2004-2005	-	-	127.72	5.92	-	-	-	-	127.72	5.92
	2003-2004	-	-	74.77	5.15	-	-	-	-	74.77	5.15
	2002-2003	-	-	59.52	-	-	-	-	-	59.52	-
Origami Products	2006-2007	-	-	62.37	3.11	-	-	-	-	62.37	3.11
	2005-2006	-	-	47.34	2.60	-	-	-	-	47.34	2.60
	2004-2005	-	-	48.97	2.87	-	-	-	-	48.97	2.87
	2003-2004	-	-	20.28	1.63	-	-	-	-	20.28	1.63
	2002-2003	-	-	13.34	-	-	-	-	-	13.34	-

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Others	2006-2007	-	-	21.09	-	-	-	-	-	21.09	-
	2005-2006	-	-	5.20	-	-	-	-	-	5.20	-
	2004-2005	-	-	15.21	-	-	-	-	-	15.21	-
	2003-2004	-	-	5.36	-	-	-	-	-	5.36	-
<u>Rent Paid</u>											
Mr. C. L Mohta	2004-2005	-	-	-	-	0.45	-	-	-	0.45	-
	2003-2004	-	-	-	-	0.75	-	-	-	0.75	-
	2002-2003	-	-	-	-	0.69	-	-	-	0.69	-
Mrs. Indu Mohta	2004-2005	-	-	-	-	-	-	0.46	-	0.46	-
	2003-2004	-	-	-	-	-	-	0.75	-	0.75	-
	2002-2003	-	-	-	-	-	-	0.69	-	0.69	-
<u>Interest Paid</u>											
Time Design Pvt. Ltd.	2006-2007	-	-	4.52	0.18	-	-	-	-	4.52	0.18
	2005-2006	-	-	3.03	-	-	-	-	-	3.03	-
	2004-2005	-	-	2.72	-	-	-	-	-	2.72	-
	2003-2004	-	-	3.56	-	-	-	-	-	3.56	-
	2002-2003	-	-	4.33	-	-	-	-	-	4.33	-
Next Link Pvt. Ltd.	2004-2005	-	-	4.73	-	-	-	-	-	4.73	-

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
	2003-2004	-	-	4.35	-	-	-	-	-	4.35	-
<u>Dividend Paid</u> Mr. M. L. Pachisia	2006-2007	-	-	-	-	0.02	-	-	-	0.02	-
<u>Purchase of Goods & Services</u> Shine Makers	2006-2007	-	-	2.58	-	-	-	-	-	2.58	-
	2005-2006	-	-	6.35	4.46	-	-	-	-	6.35	4.46
	2004-2005	-	-	21.74	1.76	-	-	-	-	21.74	1.76
	2003-2004	-	-	20.11	14.90	-	-	-	-	20.11	14.90
	2002-2003	-	-	3.03	1.57	-	-	-	-	3.03	1.57
Suraj Industrial Corpn.	2006-2007	-	-	44.14	-	-	-	-	-	44.14	-
	2005-2006	-	-	21.10	14.52	-	-	-	-	21.10	14.52
	2004-2005	-	-	16.67	16.67	-	-	-	-	16.67	16.67
	2003-2004	-	-	9.30	1.24	-	-	-	-	9.30	1.24
	2002-2003	-	-	3.94	0.28	-	-	-	-	3.94	0.28
Suraj General Engg. Pvt. Ltd.	2006-2007	-	-	25.25	-	-	-	-	-	25.25	-
	2005-2006	-	-	53.85	8.66	-	-	-	-	53.85	8.66
	2004-2005	-	-	41.45	9.15	-	-	-	-	41.45	9.15
	2003-2004	-	-	30.24	5.94	-	-	-	-	30.24	5.94

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Sagun Enterprises Pvt. Ltd.	2002-2003	-	-	11.41	4.65	-	-	-	-	11.41	4.65
	2003-2004	-	-	91.08	42.91	-	-	-	-	91.08	42.91
<u>Interest income</u>											
Pan African Paper Mills (EA) Ltd.	2006-2007	67.33	626.75	-	-	-	-	-	-	67.33	626.75
	2005-2006	239.11	575.99	-	-	-	-	-	-	239.11	575.99
	2004-2005	200.38	327.39	-	-	-	-	-	-	200.38	327.39
	2003-2004	231.16	391.08	-	-	-	-	-	-	231.16	391.08
	2002-2003	82.57	179.96	-	-	-	-	-	-	82.57	179.96
Others	2006-2007	-	-	0.22	-	-	-	-	-	0.22	-
<u>Intercompany Loans Taken</u>											
Time Design Pvt. Ltd.	2006-2007	-	-	-	55.00	-	-	-	-	-	55.00
	2005-2006	-	-	30.00	55.00	-	-	-	-	30.00	55.00
	2004-2005	-	-		25.00	-	-	-	-	-	25.00
	2003-2004	-	-		25.00	-	-	-	-	-	25.00
	2002-2003	-	-		25.00	-	-	-	-	-	25.00
Next Link Pvt. Ltd.	2003-2004	-	-	50.00	50.00	-	-	-	-	50.00	50.00

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
<u>Loans Repaid</u>											
Next Link Pvt. Ltd.	2004-2005	-	-	50.00	-	-	-	-	-	-	-
Time Design Pvt. Ltd.	2002-2003			10.00						10.00	-
<u>Loans & Advances Given</u>											
Pan African paper Mills (EA) Ltd.	2006-2007	-	1399.03	-	-	-	-	-	-	-	1,399.03
	2005-2006	-	1431.76	-	-	-	-	-	-	-	1,431.76
	2004-2005	719.61	1400.31	-	-	-	-	-	-	719.61	1,400.31
	2003-2004	-	684.29	-	-	-	-	-	-	-	684.29
	2002-2003	-	739.05	-	-	-	-	-	-	-	739.05
<u>Remuneration</u>											
Mr. M.L Pachisia	2006-2007	-	-	-	-	54.26	-	-	-	54.26	-
	2005-2006	-	-	-	-	35.67	-	-	-	35.67	-
	2004-2005	-	-	-	-	34.88	-	-	-	34.88	-
	2003-2004	-	-	-	-	28.74	-	-	-	28.74	-
	2002-2003	-	-	-	-	25.56	-	-	-	25.56	-
Mr.C.L. Mohta	2006-2007	-	-	-	-	26.27	-	-	-	26.27	-
	2005-2006	-	-	-	-	29.76	-	-	-	29.76	-

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Mr. B. Pandey	2004-2005	-	-	-	-	27.53	-	-	-	27.53	-
	2003-2004	-	-	-	-	23.50	-	-	-	23.50	-
	2002-2003	-	-	-	-	20.54	-	-	-	20.54	-
	2006-2007	-	-	-	-	21.21	-	-	-	21.21	-
	2005-2006	-	-	-	-	18.31	-	-	-	18.31	-
	2004-2005	-	-	-	-	15.39	-	-	-	15.39	-
	2003-2004	-	-	-	-	14.38	-	-	-	14.38	-
	2002-2003	-	-	-	-	12.72	-	-	-	12.72	-
	2006-2007	-	-	-	-	5.01	-	-	-	5.01	-
	2006-2007	-	-	-	-	27.93	-	-	-	27.93	-
Mr. S. B. Bhaiya	2005-2006	-	-	-	-	22.38	-	-	-	22.38	-
	2004-2005	-	-	-	-	18.29	-	-	-	18.29	-
	2003-2004	-	-	-	-	17.34	-	-	-	17.34	-
	2002-2003	-	-	-	-	15.45	-	-	-	15.45	-
	2006-2007	-	-	-	-	44.83	-	-	-	44.83	-
Mr. N. K. Thusu	2005-2006	-	-	-	-	41.29	-	-	-	41.29	-
	2004-2005	-	-	-	-	36.91	-	-	-	36.91	-
	2006-2007	-	-	-	-	44.83	-	-	-	44.83	-
	2005-2006	-	-	-	-	41.29	-	-	-	41.29	-
Mr. V.D. Saboo	2004-2005	-	-	-	-	36.91	-	-	-	36.91	-
	2006-2007	-	-	-	-	44.83	-	-	-	44.83	-

		Joint Venture Company		Enterprises owned by Key Management Personnel or their relatives		Key Management Personnel		Relatives of Key Management Personnel		Total	
		Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
Mr. M . J . S. Chhatwal	2003-2004					8.20				8.20	-
	2002-2003					6.89				6.89	-
	2003-2004					4.13				4.13	-
	2002-2003					8.70				8.70	-

ORIENT PAPER & INDUSTRIES LIMITED AND ITS SUBSIDIARIES
STATEMENT OF ADJUSTED SEGMENT INFORMATION AS PER ACCOUNTING STANDARD-17
FOR THE REPORTING PERIOD

Annexure 8
(Rs. lacs)

			Paper	Cement	Fans	Knowhow & Services	Others	Total
(a)	Revenue (net of excise Duty and Sales Tax)							
	External Sales (Includes Export Incentive)	2006-2007	34,871.60	59,171.07	24,251.16	383.73	453.53	119,131.09
		2005-2006	35,921.96	39,507.35	19,190.92	516.65	381.48	95,518.36
		2004-2005	32,559.52	32,090.78	16,478.61	382.04	446.73	81,957.68
		2003-2004	30,225.67	24,024.16	15,661.17	413.59	571.36	70,895.95
		2002-2003	29,485.52	20,698.18	13,819.90	703.32	214.85	64,921.77
	Inter Segment Sales	2006-2007	-	-	-	159.33	0.67	160.00
		2005-2006	-	-	-	214.53	0.99	215.52
		2004-2005	-	-	-	158.64	2.62	161.26
		2003-2004	-	-	-	171.74	2.17	173.91
		2002-2003	243.77	-	-	129.94	5.10	378.81
(b)	Results							
	Segment Results	2006-2007	1,407.97	22,623.00	781.71	452.98	77.45	25,343.11
		2005-2006	2,717.11	5,440.44	1,194.79	517.38	140.97	10,010.69
		2004-2005	997.29	3,576.15	979.81	338.98	74.49	5,966.72
		2003-2004	2,317.16	610.98	1,518.06	349.13	81.26	4,876.59
		2002-2003	2,406.85	153.13	1,562.10	660.40	(0.61)	4,781.87
	Unallocated Income / (Expenses) (Net of unallocated expenses / income)	2006-2007						(1,085.45)
		2005-2006						60.74
		2004-2005						(18.29)
		2003-2004						557.31
		2002-2003						(345.35)

			Paper	Cement	Fans	Knowhow & Services	Others	Total
	Operating Profit	2006-2007						24,257.66
		2005-2006						10,071.43
		2004-2005						5,948.43
		2003-2004						5,433.90
		2002-2003						4,436.52
	Interest Expenses (net)	2006-2007						4,523.41
		2005-2006						5,540.63
		2004-2005						6,276.01
		2003-2004						7,069.15
	Provision for Taxation, Fringe Benefit Tax & Wealth Tax (net)	2002-2003						8,138.48
		2006-2007						2,281.43
		2005-2006						343.03
		2004-2005						16.19
		2003-2004						5.31
	Mat Credit Entitlement	2002-2003						(7.54)
		2006-2007						2,173.20
		2005-2006						176.20
		2004-2005						-
	Deferred Tax(Assets) / Liability	2003-2004						-
		2002-2003						-
		2006-2007						6,860.11
		2005-2006						999.78
	Deferred Tax(Assets) / Liability	2004-2005						(134.22)
		2003-2004						(618.65)
		2002-2003						(1,005.18)
		2006-2007						
		2005-2006						

			Paper	Cement	Fans	Knowhow & Services	Others	Total
	Net Profit / (Loss)	2006-2007						12,765.91
		2005-2006						3,364.19
		2004-2005						(209.55)
		2003-2004						(1,021.91)
		2002-2003						(2,689.24)
(c)	Total Assets							
	Segment Assets	2006-2007	51,954.36	30,457.25	11,986.37	1,448.69	213.74	96,060.41
		2005-2006	52,915.99	26,241.76	10,009.88	1,102.43	217.82	90,487.88
		2004-2005	53,225.19	25,432.89	8,965.97	675.22	221.50	88,520.77
		2003-2004	54,303.26	26,757.22	8,281.86	878.41	258.37	90,479.12
		2002-2003	59,376.48	28,157.59	7,605.25	674.94	319.00	96,133.26
	Unallocated Corporate / Other Assets	2006-2007						5,970.61
		2005-2006						3,750.99
		2004-2005						4,743.37
		2003-2004						3,586.08
		2002-2003						2,611.43
	Total	2006-2007						102,031.02
		2005-2006						94,238.87
		2004-2005						93,264.14
		2003-2004						94,065.20
		2002-2003						98,744.69
(d)	Total Liabilities							
	Segment Liabilities	2006-2007	10,974.91	6,459.79	5,824.91	-	313.31	23,572.92
		2005-2006	9,769.23	5,168.81	5,016.53	-	405.73	20,360.30
		2004-2005	9,617.92	3,735.19	5,061.08	-	545.13	18,959.32
		2003-2004	10,934.17	3,353.23	4,626.82	-	574.04	19,488.26
		2002-2003	13,102.81	3,034.97	3,741.11	6.52	526.79	20,412.20

			Paper	Cement	Fans	Knowhow & Services	Others	Total
	Unallocated Corporate / Other Liabilities	2006- 2007						51,482.01
		2005- 2006						56,932.72
		2004- 2005						60,253.85
		2003- 2004						60,794.58
		2002- 2003						62,387.10
	Total	2006- 2007						75,054.93
		2005- 2006						77,293.02
		2004- 2005						79,213.17
		2003- 2004						80,282.84
		2002- 2003						82,799.30
(e)	Other Information							
	(i) Non cash expenses other than depreciation included in segment expenses for arriving at Segment Results	2006- 2007	597.02	-	32.41	-	-	629.43
		2005- 2006	511.83	-	32.41	-	-	544.24
		2004- 2005	500.23	-	32.41	-	-	532.64
		2003- 2004	495.35	14.40	-	-	-	509.75
		2002- 2003	494.44	14.40	47.28	-	-	556.12
	(ii) Capital Expenditure	2006- 2007	2,645.61	4,346.12	479.27	-	1.03	7,472.03
		2005- 2006	887.71	467.66	215.23	-	3.57	1,574.17
		2004- 2005	734.65	187.74	182.19	-	1.08	1,105.66
		2003- 2004	714.94	177.43	154.91	-	0.68	1,047.96
		2002- 2003	669.93	128.45	88.28	-	-	886.66
	(iii) Depreciation *	2006- 2007	1,771.51	1,382.91	106.68	-	1.05	3,262.15
		2005- 2006	1,672.28	1,532.44	82.38	-	0.85	3,287.95
		2004- 2005	1,514.79	1,610.33	76.33	-	0.82	3,202.27
		2003- 2004	1,437.45	1,974.98	69.08	-	0.89	3,482.40
		2002- 2003	1,068.92	738.56	63.95	-	1.00	1,872.43

			Paper	Cement	Fans	Knowhow & Services	Others	Total
* Excluding Depreciation on unallocated corporate and other assets		2006-2007						28.09
		2005-2006						29.21
		2004-2005						34.02
		2003-2004						19.06
		2002-2003						30.88
(f)	Geographical Segments							Amount
	Revenue (Net of Excise Duty & Sales Tax)							
	Domestic	2006-2007						104,492.15
		2005-2006						81,265.95
		2004-2005						68,581.57
		2003-2004						59,184.43
		2002-2003						54,638.75
	Overseas	2006-2007						14,638.94
		2005-2006						14,252.41
		2004-2005						13,376.11
		2003-2004						11,711.52
		2002-2003						10,283.02
Total	2006-2007						119,131.09	
	2005-2006						95,518.36	
	2004-2005						81,957.68	
	2003-2004						70,895.95	
	2002-2003						64,921.77	

			Paper	Cement	Fans	Knowhow & Services	Others	Total
	Segment Assets							
	Domestic	2006-2007						60,808.69
		2005-2006						53,748.59
		2004-2005						54,147.17
		2003-2004						56,204.99
		2002-2003						56,790.83
	Overseas	2006-2007						35,251.72
		2005-2006						36,739.29
		2004-2005						34,373.60
		2003-2004						34,274.13
		2002-2003						39,342.43
	Total	2006-2007						96,060.41
		2005-2006						90,487.88
		2004-2005						88,520.77
		2003-2004						90,479.12
		2002-2003						96,133.26
	Capital Expenditure							
	Domestic	2006-2007						7,401.17
		2005-2006						1,416.83
		2004-2005						933.76
		2003-2004						677.38
		2002-2003						638.11
	Overseas	2006-2007						70.86
		2005-2006						157.34
		2004-2005						171.90
		2003-2004						370.58
		2002-2003						248.55

			Paper	Cement	Fans	Knowhow & Services	Others	Total
	Total	2006-2007						7,472.03
		2005-2006						1,574.17
		2004-2005						1,105.66
		2003-2004						1,047.96
		2002-2003						886.66

Notes :

(i) **Business Segment :** The business segments have been identified on the basis of the products of the company. Accordingly the company has identified “Paper”, “Cement”, “Fans” and “Knowhow & Services” as the business segments:

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

Cement – Consists of manufacture and sale of cement.

Fans – Consists of manufacture and sale of Electric Fans – ceiling, portable and airflow, along with Components and Accessories thereof.

Knowhow & Services - Consists of rendering of technical knowhow and services.

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

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED STATEMENT OF EARNING PER SHARE

Annexure 9A
(Rs. lacs)

	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Adjusted Profit / (Loss) after Tax	(2,689.24)	(1,021.91)	(209.55)	3,364.19	12,765.91
Less/(Add) : Preference dividend for the year	(0.43)	(209.56)	(240.00)	273.66	275.42
	(2,689.67)	(1,231.47)	(449.55)	3,090.53	12,490.49
Basic / Weighted average number of outstanding equity Shares during the year	14,837,290	14,837,290	14,837,290	14,837,290	14,837,290
Nominal Value of Equity shares (Rs.)	10.00	10.00	10.00	10.00	10.00
Basic / diluted Earning per share (Rs.)	(18.13)	(8.30)	(3.03)	20.83	84.18

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED STATEMENT OF BALANCE OF DEBTORS

Annexure 9B
(Rs. lacs)

	As at 31st March				
	2003	2004	2005	2006	2007
More than 6 Months					
Secured, Considered Good	3.41	2.40	8.66	9.50	2.63
Unsecured, Considered Good	574.82	879.74	1,402.85	1,111.65	1,345.26
Considered Doubtful	484.81	489.11	471.21	14.25	21.10
	1,063.04	1,371.25	1,882.72	1,135.40	1,368.99
Less than 6 Months	9,060.79	10,770.15	8,633.70	9,595.20	10,526.70
Total Debtors	10,123.83	12,141.40	10,516.42	10,730.60	11,895.69
Less: Provision	484.81	489.11	471.21	14.25	21.10
Net Balance	9,639.02	11,652.29	10,045.21	10,716.35	11,874.59
Add : Proportionate Share in Joint Venture	3,440.37	2,517.04	3,066.04	2,790.64	2,559.31
Total	13,079.39	14,169.33	13,111.25	13,506.99	14,433.90

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED STATEMENT OF BALANCE OF LOANS AND ADVANCES

Annexure - 9C

(Rs.in Lacs)

	As at 31st March				
	2003	2004	2005	2006	2007
LOANS (Considered Good, except stated otherwise)	745.13	691.10	1,407.11	1,436.71	1,405.91
ADVANCES :					
Advances recoverable in cash or in kind or for value to be received or pending adjustments	530.41	956.95	1,163.79	1,291.44	1,497.19
Advance payment of Income -tax, tax deducted at source and refunds receivable etc.(after adjusting provisions)	23.69	13.13	-	146.53	160.72
Mat Credit Entitlement	-	-	-	176.20	2,349.40
Balance with Excise, Customs, PortTrust and other Government Authorities	162.53	182.56	417.54	886.88	766.35
Deposits against Demands under disputes	300.53	340.20	282.92	436.28	431.05
Trade & Other Deposits	1,000.30	1,038.67	1,238.80	1,418.83	1,553.42
Export benefits Receivable	114.11	178.93	157.58	139.38	113.91
Claims and Refunds receivable	66.34	98.18	175.00	235.70	337.35
Advances considered doubtful	103.62	104.98	104.50	-	-
	3,046.66	3,604.70	4,947.24	6,167.95	8,615.30
Less : Provisions	103.62	104.98	104.50	-	-
Net Loans and Advances	2,943.04	3,499.72	4,842.74	6,167.95	8,615.30
Add : Proportionate Share in Joint Venture	212.16	255.80	105.87	319.28	154.29
Total Loans and Advances	3,155.20	3,755.52	4,948.61	6,487.23	8,769.59

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED STATEMENT OF OTHER INCOME

Annexure 9D

(Rs.in Lacs)

	For the year ended 31st March,				
	2003	2004	2005	2006	2007
Income from long term Investments :					
Interest On Government Securities (Trade)	0.12	0.06	0.04	0.03	0.02
Dividends (Other than Trade)	43.05	42.95	49.06	66.94	150.36
Rental Income (Gross)	-	-	-	123.07	208.16
Insurance & Other Claims	25.46	98.32	24.09	103.99	44.68
Rent & Hire charges	21.58	16.43	18.50	16.98	18.70
Certified Emission Reduction Credit	-	-	-	-	642.34
Unspent liabilities,Provisions no longer required and unclaimed balances adjusted	153.87	207.51	170.74	205.36	195.96
Sales tax,Excise duty / Cenvat refunds in respect of earlier years	15.53	23.77	6.48	43.87	35.09
Commission received	46.97	23.94	11.19	-	18.55
Miscellaneous Receipts	87.52	95.66	91.35	108.43	154.79
Surplus on sale of long term Investments	208.50	-	1227.21	661.53	-
Surplus on sale of Current Investments	-	-	-	-	3.00
Surplus on sale of land	-	1004.06	-	-	-
Consideration for Transfer of Tenancy Rights	-	-	-	-	24.00
Recovery of debts written off in earlier years	-	-	-	-	6.23
	602.60	1,512.70	1,598.66	1,330.20	1,501.88
Add : Proportionate Share in Joint Venture	2.16	14.41	2.34	4.07	7.51
Total	604.76	1527.11	1601.00	1334.27	1509.39

Note: - All the items of Other Income as given above except for Surplus on sale of Investments & Land and consideration for transfer of tenancy rights are generally recurring in nature and are related to the business activity carried out by the Company.

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES

RESTATED STATEMENT OF SECURED LOANS

Annexure 9E
(Rs.in Lacs)

Particulars	As at 31st March				
	2003	2004	2005	2006	2007
Debentures					
8% Non-Convertible Debentures Of Rs. 100 each	1,576.00	748.00	-	-	-
12.5% Partly Convertible Debentures Of Rs.90 each	825.80	-	-	-	-
19.5% Non-Convertible Debentures Of Rs.10000 each	1,500.00	-	-	-	-
10% Non-Convertible Debentures Of Rs.100 each (Residual value Rs. 34/-each)	1,500.00	1,500.00	1,500.00	1,005.00	510.00
11% Non-Convertible Debentures Of Rs.1000 each (Residual value Rs. 250/-each)	1,400.00	1,400.00	1,400.00	816.70	350.06
	6,801.80	3,648.00	2,900.00	1,821.70	860.06
Term Loans					
From Financial Institutions :					
Foreign Currency Loans	-	-	14,784.49	17,810.12	14,991.31
Rupee Loans	26,298.07	26,991.57	11,440.22	4,550.39	1,546.92
DEFERRED PAYMENTS CREDITS	-	-	22.65	82.61	47.89
SHORT TERM					
8.65% Non-Convertible Debentures Of Rs.1000000 each	-	-	-	-	5,000.00
Inter Corporate Deposits	1,449.00	2,045.00	2,700.00	5,100.00	1,500.00
Other Loans					
From Scheduled Banks on Cash Credit Account (including working Capital Demand Loan and Foreign Currency Demand Loan)	5,465.07	5,241.66	4,264.09	4,474.25	1,670.16
	40,013.94	37,926.23	36,111.45	33,839.07	25,616.34
Add : Proportionate Share in Joint Venture	11,226.82	10,489.53	11,117.16	10,858.22	10,268.07
Total	51,240.76	48,415.76	47,228.61	44,697.29	35,884.41

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES**BREAK-UP OF SECURED LOANS AS ON 31st March, 2007****Annexure - 9 E (cont.)****(Rs. lacs)**

Sl. No.		NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
		TERM LOANS:					
(A)		LONG TERM					
		DEBENTURES (Privately Placed)					
	(a)	1500000 Non-Convertible debentures of Rs. 100/- each (Residual value Rs. 34/- each)	1500.00	10.00%	510.00	Secured by a mortgage/charge on the Company's freehold land at Mehsana, Gujarat and by subservient charges on the immovable/movable properties of the Company's Paper plants at Amlai & Brajrajnagar and Cement plant at Devapur.	Jan'08 Rs.510 lacs
	(b)	140000 Non-Convertible debentures of Rs. 1000/- each (Residual value Rs. 250/- each)	1400.00	11.00%	350.06	Secured by a mortgage/charges ranking pari-passu with existing charges on immovable properties pertaining to Paper Plants at Amlai and Brajrajnagar and Cement Plants at Devapur and Jalgaon, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units subject to prior charges created/to be created in favour of the Company's bankers for working capital requirements. The debentures are further secured by a charge on the Company's land at Lonavala, Maharastra.	Repayable in Quarterly Instalment of Rs. 116.66 lacs each.
			2900.00		860.06		

		FROM FINANCIAL INSTITUTIONS / BANKS					
Sl. No.		NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
		Foreign Currency Loans					
	a.	ICICI BANK LTD. (ICICI)	25100.00	6% + LIBOR	14991.31	Secured by a mortgage/charges ranking pari-passu with existing charges on immovable properties pertaining to Paper Plants at Amlai and Brajrajnagar and Cement Plants at Devapur and Jalgaon, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units subject to prior charges created/to be created in favour of the Company's bankers for working capital requirements. The aforesaid loan is further secured by exclusive mortgage/charges on property held by the Company at Birla Buildings, Kolkata, Comfort Letters by certain bodies corporate and pledge of certain investments held by the Company and by third parties.	Repayable in monthly Installments of Rs. 242.24 lacs each

Sl. No.		NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
	b.	Industrial Development Bank of India (IDBI)	3000.00	11.00%	1546.92	Secured by a mortgage/charge ranking pari-passu with each other on the immovable properties pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units, subject to prior charges created / to be created in favour of the Company's bankers for working capital requirements.	Repayable in Quartely Installment of Rs. 103.12 lacs each.
			28100.00		16538.23		
		DEFERRED PAYMENT CREDITS			47.89	Deferred Payment Credits are secured by cars acquired thereagainst.	Repayable in monthly installments (EMI)
(B)		SHORT TERM					
	(a)	500 Non-Convertible debentures	5000.00	8.65%	5000.00	To be secured by mortgage / charge on Company's freehold land in Mehsana, Gujarat.	Repayable in three monthly installments commencing from June 2007.
	(b)	From Bodies Corporate					
		SICOM Ltd.	1500.00	9.25%	1500.00	Secured against investments held by the Company.	Repayable in May 07
			6500.00		6500.00		

Sl. No.		NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
(C)		OTHER LOANS					
		From Scheduled Banks on Cash Credit Accounts (including Foreign Currency Loan)	6366.00		1670.16	Secured against hypothecation of stock in trade, stock in process, raw materials, stores and chemicals, book debts and other current assets of the Company. Besides, loans of Rs. 1094.63 Lacs are further secured by an equitable mortgage of the fixed assets of the company's Faridabad unit.	On Demand
		TOTAL	43866.00		25616.34		
		Add : Proportionate Share in joint venture			10268.07	Secured by fixed and floating charges over the assets of the joint venture company, except inventories and receivables, in favour of trustees for the lenders.	
					35884.41		

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES

DETAILS OF UNSECURED LOANS

Annexure 9 F

(Rs. lacs)

Particulars	As at 31st March				
	2003	2004	2005	2006	2007
Intercompany Deposits from					
Promoters' Companies	264.76	151.57	310.95	127.21	-
Promoters' Group Companies	4,641.95	6,080.05	5,675.96	4,696.44	1,198.16
Others	1,457.62	2,544.36	2,749.00	795.00	293.18
Under Sales Tax Deferment Scheme	931.08	1,077.92	1,362.68	1,784.35	2,660.90
Trade & Other Deposits	1,558.07	1,822.52	2,137.29	2,582.66	2,937.92
	8,853.48	11,676.42	12,235.88	9,985.66	7,090.16
Add : Proportionate Share in Joint Venture	223.63	239.01	270.00	271.92	267.87
Total	9,077.11	11,915.43	12,505.88	10,257.58	7,358.03

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES

BREAK-UP OF INTERCOMPANY DEPOSITS AS ON 31st March, 2007

(Rs.in lacs)

Sl No.	Particulars	Interest Payment Schedule	Rate of Interest	Amount
1	<u>From Promoters' Group Companies:</u>			
		Quarterly / Annually	8.5% - 9.00%	1,198.16
2	<u>From others</u>	Quarterly	8.00-10.00%	293.18
	Total			1,491.34

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
RESTATED STATEMENT OF CURRENT LIABILITIES

Annexure 9G

(Rs. lacs)

Particulars	As at 31st March				
	2003	2004	2005	2006	2007
A. CURRENT LIABILITIES					
Acceptances	427.75	505.73	1029.28	672.54	326.42
Sundry Creditors for Goods, Services, Expenses etc.					
Due to small scale industrial units	1012.56	1055.61	1396.32	1351.94	1276.01
Due to others	10071.65	11191.43	9907.89	10897.19	12428.02
Advances against Sales	1167.83	613.85	636.97	396.73	471.47
Other Finance	1146.55	951.57	862.15	1036.24	1262.87
Interest accrued but not due on loans	191.59	303.57	266.92	100.31	53.27
Preference Shares Redemption Account	5.88	5.88	5.88	5.87	5.87
Investor Education and Protection Fund					
Unpaid Dividends	7.64	4.12	1.36	-	9.15
Unpaid Application Money against Partly Convertible Debentures	0.04	-	-	-	-
Unpaid Matured Deposits	0.11	-	-	-	-
Unpaid Matured Debentures	3.71	0.06	0.06	5.33	3.19
Interest accrued & due	9.17	9.31	8.63	2.13	1.14
	20.67	13.49	10.05	7.46	13.48
	14044.48	14641.13	14115.46	14468.28	15837.41
Add : Proportionate Share in Joint Venture	3788.58	2648.81	2756.29	3530.97	4120.50
	17,833.06	17,289.94	16,871.75	17,999.25	19,957.91
B. DEFERRED PAYMENT LIABILITIES	1784.48	1350.66	979.69	719.68	873.89
C. PROVISIONS					
Taxation (Net)	-	-	8.65	-	-
Customs & Excise duty	203.12	183.46	222.83	116.03	151.94
Leave Encashment	254.55	247.83	263.27	274.25	422.15
Warranty Claims	-	-	71.79	76.17	87.06
Mining Restoration Costs	-	-	16.00	38.20	38.20
Proposed Dividends	-	-	-	689.79	949.42
Tax on Proposed Dividends	-	-	-	96.74	161.35
Sub –Total	457.67	431.29	582.54	1291.18	1810.12
Total	20075.21	19071.89	18433.98	20010.11	22641.92

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
DETAILS OF INVESTMENTS

Annexure - 9H
(Rs in lacs)

Particulars	As at 31st March				
	2003	2004	2005	2006	2007
Quoted Investments					
In Promoters' Group Companies	127.12	127.12	127.12	127.12	127.12
Others	11.41	11.40	8.44	7.56	7.56
Total	138.53	138.52	135.56	134.68	134.68
Unquoted Investments					
In Other Companies	58.00	57.88	57.63	57.63	57.56
Total	58.00	57.88	57.63	57.63	57.56
Investment Property	-	-	793.90	784.23	772.41
Grand Total	196.53	196.40	987.09	976.54	964.65
Less: Provison for diminution in value of Investments	112.87	48.09	48.09	47.37	43.03
Net Investments	83.66	148.31	939.00	929.17	921.62
Market Value of Quoted Investments	1,091.89	2,508.25	5,504.96	10,697.32	9,741.51

ORIENT PAPER & INDUSTRIES LIMITED & ITS SUBSIDIARIES
DIVIDEND POLICY

The declaration and payment of dividend is recommended by our Company's Board of Directors and is subject to approval of the shareholders of our Company and on a number of factors, including but not limited to our Company's profits, capital requirements and overall financial performance. The dividend proposed / declared by our Company during the last five financial years is provided below;

EQUITY CAPITAL	For the year ended 31st March				
	2003	2004	2005	2006	2007
No. of Equity Shares of Rs. 10 each	14837290	14837290	14837290	14837290	14837290
Rate of Dividend	-	-	-	-	100%
Dividend Paid (Rs. lacs)					
Amount of Dividend	-	-	-	-	1,483.73
Corporate Tax on Dividend	-	-	-	-	234.53
Total	-	-	-	-	1,718.26

PREFERENCE CAPITAL	For the year ended 31st March				
	2003	2004	2005	2006	2007
No. of Preference Shares of Rs. 100 each	1,300,000	2,000,000	2,000,000	2,000,000	2,000,000
Rate of Dividend	12.00%	12.00%	12.00%	12.00%	12.00%
Dividend Paid (Rs. lacs)					
Amount of Dividend	-	-	-	689.79*	240.00
Dividend Tax	-	-	-	96.74	35.42
Total	-	-	-	786.53	275.42

* Represents Dividend for the following years :

	Rs. lacs
2002-03	0.43
2003-04	209.36
2004-05	240.00
2005-06	240.00
	689.79

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of the Company's financial condition and result of operations together with its financial statements included in this Letter of Offer. You should also read the section titled 'Risk Factors' beginning on page 'v' of this Letter of Offer, which discusses the factors which could have an impact on the financial condition of the Company.

You should read the following discussion on financial conditions and results of operations together with audited financial statements (as restated) for the years ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006 and 31st March 2007, including schedules, annexure and notes thereto and reports thereon which appear in Section V – Financial Information, beginning on page 102 of this Letter of Offer. Our fiscal year ends on March 31 of each year, hence all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this section, any reference to “we”, “us” or “our” refers only to Orient Paper & Industries Limited.

Certain industry, technical and financial terms with initial capitals used in this discussion shall have the meanings ascribed to them in the section entitled 'Definitions, Abbreviations and Technical terms' beginning on page 'i' of this Letter of Offer'.

Overview

During the five years beginning with the year ended 31st March 2003, the Company made profits during the years 2005, 2006 and 2007 but incurred losses during years 2003 and 2004.

We are one of India's diversified industrial conglomerates belonging to the C.K. Birla Group. We manufacture paper and electric fans and produce cement in central India. The diversified nature of our business helps reduce the cyclicity of cash flows.

Factors affecting our results of operations

Our financial condition and results of operations are affected by numerous factors, including the following:

Rate of growth in consumption in key consuming markets

The demand for cement and electric fans is driven by the construction activity in the key consuming markets. As cement is a logistics driven business, the main markets for our Company are the states of Maharashtra and Andhra Pradesh since our production facilities are also located there. Our results of operations of the cement division are dependent on the demand and supply equilibrium in these main markets.

Market price of key inputs and fuel

Our results of operations are subject to the availability, cost and quality of a number of key inputs we use in our production of paper, cement and fans. Our principal inputs include limestone, laterite, gypsum, silicon sheets for our cement division, wood, wood pulp, bamboo for our paper division and aluminium alloy sheets, regulators and ball bearings and other ancillary metal products for our fans division. Further, we use coal and gas as key fuel for our manufacturing process. The prices and supply of these inputs and fuel depend on factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties.

Wage agreements with workers

Ours is a labour intensive business and we currently employ over 3200 workers in 6 factories across India. The fixed cost nature of the employee cost increases the operating leverage of the business and

hence wage agreements with workers' unions are critical. Any significant increases in workers' compensation could increase the wage bill and impact our profitability.

Taxation

The Government of India may from time to time implement new policies using economic or administrative means to regulate the cement industry. Examples of such measures include imposing import restrictions and customs duties on imported cement, granting tax concessions for setting up new manufacturing plants. In particular, policies related to tax rates and incentives have had a material impact on the cement industry in the past. Cement in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end user price. The key levies on cement are excise duty and sales tax or value added tax.

Seasonality

Demand for cement and fans is seasonal on account of climatic condition resulting in affecting the level of sales in these segments.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to the result of operation for the period indicated:

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES (Rs. lacs)

Particulars	For the year ended 31st March				
	2003	2004	2005	2006	2007
Income					
Sales:					
Of Products manufactured by the company (Net of excise duty)	57226.33	62280.65	71688.45	84715.69	108962.64
Of Products traded in by the company	36.92	198.43	184.72	314.69	717.96
Total	57263.25	62479.08	71873.17	85030.38	109680.60
Know-How & Service fees	833.25	585.33	540.68	731.18	543.06
Other Income	520.04	1478.91	1576.25	1220.18	1438.64
Increase / (Decrease) in Inventories	(149.80)	164.19	523.60	(680.55)	614.62
Grand Total	58466.74	64707.51	74513.70	86301.19	112276.92
Expenditure					
Raw Materials Consumed	18224.85	20455.58	23664.69	26371.39	32212.69
Purchase of Trading Goods	151.64	183.90	125.12	230.57	594.37
Staff Cost	5741.92	5938.56	6115.75	6548.72	7173.87
Other Manufacturing Expenses	18754.52	20019.67	22987.57	25002.97	24648.29
Administrative and Other Expenses	3077.47	3074.78	3974.80	3545.76	4713.69
Selling and Distribution Expenses	7013.07	7414.72	9254.25	12879.37	16014.44
Interest (Net)	7114.00	6066.62	4941.34	4190.32	3270.24
Depreciation/Amortization	1442.62	2953.51	2707.26	2660.89	2622.17
Total	61520.09	66107.34	73770.78	81429.99	91249.76
Net Profit / (Loss) Before Tax	(3053.35)	(1399.83)	742.92	4871.20	21027.16

Particulars	For the year ended 31st March				
	2003	2004	2005	2006	2007
Taxation:					
Current Tax (Net of Refunds)	(7.54)	1.30	12.03	182.03	2175.43
MAT Credit Entitlement	-	-	-	(176.20)	(2173.20)
Fringe Benefit Tax	-	-	-	151.41	105.00
Deferred Tax Asset/(Liability)	1005.18	448.62	(312.44)	(1472.96)	(7082.70)
Net Profit / (Loss) after tax	(2040.63)	(952.51)	418.45	3241.00	13837.23
Balance brought forward	(2277.42)	(4318.05)	(3662.56)	(3057.11)	(332.64)
Debenture Redemption Reserve written back	-	1608.00	187.00	270.00	239.00
Impact of Revised AS-15 as on 1st April 2006 (Refer Note No. 11 in Annexure - 5)					(203.66)
	(2277.42)	(2710.05)	(3475.56)	(2787.11)	(297.30)
Profit available for Appropriation	(4318.05)	(3662.56)	(3057.11)	453.89	13539.93
Appropriations					
Debenture Redemption Reserve	-	-	-	-	1,250.00
General Reserve	-	-	-	-	7,500.00
Dividends	-	-	-	689.79	1,723.73
Provision for tax on Dividends	-	-	-	96.74	269.95
Surplus/(Deficit) carried to Balance Sheet	(4318.05)	(3662.56)	(3057.11)	(332.64)	2796.25

ANALYSIS OF FINANCIAL PERFORMANCE

Comparison of FY2007 over FY2006

Revenue

During FY07, the total income of our Company improved by 30.27% to Rs. 110,838.28 lacs, including income from know-how and service fees of Rs 543.06 lacs and increase/ (decrease) in inventories of Rs 614.62 lacs, as against Rs. 85,081.01 lacs in FY06, including income from know-how and service fees of Rs 731.18 lacs and increase/(decrease) in inventories of Rs (680.55) lacs. Consequently, our Company was able to increase its market share in the midst of the reviving cement industry successfully. The operations of the cement division recorded growth in production and sales.

The division-wise revenue break-up during FY07 vis-à-vis FY06 is as below:

Division – Wise Performance Analysis

SL	Segment	Total Income		% share in Total Income	
		FY06	FY07	FY06	FY07
1	Paper	26,332.11	26,258.37	30.97	23.94
2	Cement	39,507.35	59,171.07	46.46	53.95
3	Fans	19,190.92	24,251.16	22.57	22.11
Total		85,030.38*	109,680.60*	100.00*	100.00*

* excluding income from Know-How & Service Fees and increase in inventories

Cement

The aggregate installed capacity of our Company remained at 2.4 MnT in FY07. Our Company produced 2.2 MnT of cement in FY07 as against 2.1 MnT in FY06 and achieved sales of 2.4 MnT in FY07 as against 2.2 MnT in FY06. Our Company thereby achieved a capacity utilization of 91.67% through capacity de-bottlenecking and process modifications. Further, the average net price realization increased in FY07 to Rs. 2,513 per ton as compared to Rs. 1,779 per ton in the previous year (FY06), showing an increase of 41.29% year on year.

Paper

During the year under review, our Company produced 77,192 MT (82,851 MT in FY06) of paper and board. Our Company has been able to maintain steady levels of capacity utilization, above 80% over the last three years and 81.25% in FY07. The total sales made by our Company have reduced to 77,192 MT in FY07 from 82,944 MT in FY06. The average realization of paper improved in FY07 to Rs. 34,017 per MT in comparison to Rs. 31,747 per MT in FY06 as a result of general uptrend in the paper industry thereby recording a growth of around 7.15% year on year.

Fans

Our Company is a large player in the domestic market for electric fans. The capacity utilization has been around 100% over the last four years. Both the production and sale of electric fans increased from 2.6mn units and 2.7mn units, respectively, in FY06 to 3.1mn units in FY07 due to higher demand. The average realization per fan increased from Rs. 722 in FY06 to Rs. 788 per fan in FY07, an increase of 9.18% year on year.

Know-how and service fees and Other Income

The income from Know-how and service fees during FY07 was Rs 543.06 lacs, as compared to Rs 731.18 lacs earned in FY06. The other income in FY07 increased to Rs 1,438.64 lacs from Rs 1,220.18 lacs in FY06, an increase of 17.90%. It was mainly due to higher dividends (other than trade), higher rental income and earnings from the sale of Certified Emission Reduction (CER) credits. The cement unit of our Company has registered and received approval for its Carbon Emission Reduction project by United Nations Framework Convention of Climatic Change (UNFCCC). During FY07, our Company earned an income of Rs. 642 lacs through sale of 96,310 units of CERs approved for activities undertaken up to 31st March, 2006.

Raw material and manufacturing expenses

The total raw material and manufacturing costs increased in absolute terms from Rs. 51,374.36 lacs in FY06 to Rs. 56,860.98 lacs in FY07, but actually decreased from 60.38% of the total income in FY06 to 51.30% in FY07 due to increased cost efficiencies and better expense management.

Personnel expenses/ Staff Cost

The personnel expenses/ staff cost increased in absolute terms from Rs. 6,548.72 lacs in FY06 to Rs. 7,173.87 lacs in FY07, but again reduced as a percentage of the total income from 7.70% in FY06 to 6.47% in FY07 due to improved cost management.

Administration, selling and distribution expenses

Administration, selling and distribution expenses increased in absolute terms to Rs. 20,728.13 lacs in FY07 as compared to Rs. 16,425.13 lacs in FY06, but registered a marginal drop from 19.31% of the total income in FY06 to 18.70% of the total income in FY07.

Interest expenses

The interest cost of our Company reduced during the current financial year mainly on account of better management of working capital and reduction in interest rates. The interest cost declined from Rs. 4,190.32 lacs in FY06 to Rs. 3,270.24 lacs in FY07, a reduction of 21.96% year on year.

Profitability

Our Company's EBIDTA improved by around 129.64% to reach Rs. 26,919.57 lacs in FY07 as compared to Rs. 11,722.41 lacs in FY06. During FY07, our Company's net profit after tax was Rs. 13,837.23 lacs as compared to a net profit of Rs. 3,241.00 lacs in FY06, an increase of 326.94% year on year.

Comparison of FY2006 over FY2005

Revenue

During the year ended March 31, 2006, the total income of our Company improved by 16.65% to Rs.85,081.01 lacs, including income from know-how & service fees of Rs. 731.18 lacs and increase/(decrease) in inventories of Rs (680.55) lacs, as against Rs.72,937.45 lacs in FY05, including income from know-how and service fees of Rs 540.68 lacs and increase/(decrease) in inventories of Rs 523.60 lacs. The total income of our Company increased on account of increased volumes contributed by the cement segment. The total income also increased because of improved realisations from the paper division (from a gross realization of Rs.30,109 per ton in FY05 to Rs.31,747 per ton in FY06) and the cement division (from a gross realization of Rs.1,521 per ton in FY05 to Rs.1,779 per ton in FY06).

The division-wise revenue break-up during FY06 vis-à-vis FY05 is as below:

Division – Wise Performance Analysis

	Segment	Total Income		% share in Total Income	
	Rs. lacs	FY05	FY06	FY05	FY06
1	Paper	23,303.78	26,332.11	32.42	30.97
2	Cement	32,090.78	39,507.35	44.65	46.46
3	Fans	16,478.61	19,190.92	22.93	22.57
Total		71,873.17*	85,030.38*	100.00*	100.00*

* excluding income from Know-How & Service Fees and increase/ (decrease) in inventories

Cement

Our Company produced 2.1 MnT of cement in FY06 as against 2.0 MnT in FY05. Our Company achieved a capacity utilisation of 87.50%. The average net price realisation of our Company improved during FY06 to Rs. 1,779 per ton as compared to Rs. 1,521 per ton in FY05 thereby registering a year on year growth of about 16.90%.

Our Company's main markets are Maharashtra (around 55.0% of its dispatches) and Andhra Pradesh (around 30.0% of its dispatches) that grew at a fairly strong pace during FY06. As a result, the cement division of our Company was able to supply material closer to its markets. This allowed the average distance traveled to reach the markets to stay below 100 kms and hence bring down the freight costs.

Paper

For the year ended FY06, our Company produced 82,851 MT (76,161 MT in FY05) of paper and board. Our Company was able to maintain steady levels of capacity utilisation of Pulp, Paper & Board at above 80% (87.21% in FY06), on an average basis, over the last two years. The total sales made by our Company increased to Rs. 26,332.11lacs in FY06 from Rs. 23,303.78lacs in FY05. The average realization of paper improved in FY06 to Rs. 31,747 per MT in comparison to Rs. 30,109 per MT in FY05, a year on year growth of 5.44%.

Fans

In FY06 our Company completed its first major shipment of fans to USA. During FY06 we enhanced our installed capacity from 1.7mn units to 2.6mn units. In FY06, our Company achieved a capacity utilisation of 98.88% in comparison to capacity utilisation levels of 140.97% in FY05. The production and sale of electric fans increased from 2.4mn units and 2.2mn units, respectively, in FY05 to 2.6mn units and 2.7mn units in FY06, respectively. The realizations, however, decreased to Rs. 722 per fan in FY06 as against Rs. 737 per fan in FY05, indicating a year on year drop of 2.05%.

Know-how and service fees and Other Income

The income from Know-how and service fees during FY06 was Rs 731.18 lacs, as compared to Rs 540.68 lacs earned in FY05. The other income in FY06 dropped to Rs 1,220.18 lacs from Rs 1,576.25 lacs in FY05, a year on year reduction of 22.59%. This was mainly due to lower realizations from sale of long term investments in FY06 (Rs 661.53 lacs) as compared to that in FY05 (Rs 1,227.21 lacs), although our Company realized a rental income of Rs 123.07 lacs in FY06 that was not received in FY05.

Raw material and manufacturing expenses

The total raw material and manufacturing costs increased in absolute terms from Rs. 46,652.26 lacs in FY05 to Rs. 51,374.36 lacs in FY06; however, as a percentage of the total income, it reduced from 63.96% in FY05 to 60.38% in FY06.

Personnel expenses/ Staff Cost

The personnel expenses/ staff costs increased in absolute terms from Rs. 6,115.75 lacs in FY05 to Rs. 6,548.72 lacs in FY06, but it reduced as a percentage of the total income from 8.38% in FY05 to 7.70% in FY06..

Administration, selling and distribution expenses

Because of the successful implementation of cost-cutting measures across the different divisions, administrative and other expenses reduced from Rs. 3,974.80 lacs in FY05 (5.45% of total income) to Rs. 3,545.76 lacs in FY06 (4.17% of total income). However, the total of administration, selling and distribution expenses increased and stood at Rs. 16,425.13 lacs in FY06 (19.31% of total income) as compared to Rs. 13,229.05 lacs in FY05 (18.14% of total income).

Interest expenses

The interest cost of our Company reduced during the current financial year mainly on account of switching of Rupee Loans to low cost foreign currency borrowing. It declined from Rs. 4941.34 lacs in FY05 to Rs. 4190.32 lacs in FY06, a reduction of 15.20% year on year.

Profitability

During FY06, our Company's EBIDTA improved by around 39.69% to reach Rs. 11,722.41 lacs as compared to Rs. 8,391.52 lacs in FY05. As a result of the increased turnover and better realizations, resulting from higher market demand, our Company achieved a profit after tax (PAT) of Rs. 3,241.00 lacs in FY06 as against Rs. 418.45 lacs in FY05, a year-on-year increase of 674.53%.

Comparison of FY2005 over FY2004**Revenue**

During FY05, the total income of our Company improved by 15.36% to Rs.72,937.45 lacs, including income from know-how and service fees of Rs 540.68 lacs and increase/ (decrease) in inventories of Rs 523.60 lacs, as against Rs. 63,228.60 lacs in FY04, including income from know-how and service fees of Rs 585.33 lacs and increase/(decrease) in inventories of Rs 164.19 lacs. The total income of our Company increased on account of increased volumes contributed by the cement division due to increase in capacity. The total income also increased because of improved realizations in the cement division (Rs. 1,521 per ton in FY05 as compared to Rs. 1,405 per ton in FY04) and fans divisions (from Rs 726 per fan in FY04 to Rs 737 per fan in FY05). The operations of the paper & fan divisions also recorded marginal growth in production and sales.

The division-wise revenue break-up during FY05 vis-à-vis FY04 is as below:

Division – Wise Performance Analysis

S.No	Segment	Total Income		% share in Total Income	
		FY04	FY05	FY04	FY05
1	Paper	22,793.75	23,303.78	36.48	32.42
2	Cement	24,024.16	32,090.78	38.45	44.65
3	Fans	15,661.17	16,478.61	25.07	22.93
Total		62,479.08*	71,873.17*	100.00*	100.00*

* excluding income from Know-How & Service Fees and increase/ (decrease) in inventories

Cement

The aggregate installed capacity of our Company increased to 2.4 MnT in FY05 from 2.0 MnT in FY04. With increase in capacity, our Company produced 2.0 MnT of cement as against 1.7 MnT in FY04. Our Company achieved a capacity utilisation of 83.33%. The average net price realisation of our Company improved during FY05 to Rs. 1,521 per ton as compared to Rs. 1,405 per ton in the previous year thereby increasing at a rate of about 8.25% year on year.

Paper

During the year under review, our Company produced 76,161 MT (76,336 MT in FY04) of paper and board. The total sales made by our Company increased to 77,399 MT in FY05 from 75,676 MT in FY04.

The average realisation of paper remained almost steady in FY05 at Rs. 30,109 per MT in comparison to Rs. 30,120 per MT in FY04, thereby recording a marginal drop of 0.04% year on year

Fans

In FY05, our Company achieved a capacity utilisation of 140.97% in comparison to capacity utilisation levels of 127.67% % in FY04. The production and sale of electric fans increased from 2.1mn units and 2.2mn units, respectively, in FY04 to 2.4mn and 2.2mn units, respectively, in FY05 due to higher demand. The average realization per fan increased from Rs 726 in FY04 to Rs 737 per fan in FY05, a marginal increase 1.50% year on year.

Other Income

The income from Know-how and service fees during FY05 was Rs 540.68 lacs, as compared to Rs 585.33 lacs earned in FY04. The other income increased to Rs 1,576.25 lacs in FY05 from Rs 1,478.91 lacs in FY04, an increase of 6.58% year on year. This was mainly on account of realization of Rs 1,227.21 lacs from sale of long term investments in FY05, whereas there was an income of Rs 1,004.06 lacs from sale of surplus land in FY04.

Raw material and manufacturing expenses

The total raw material and manufacturing costs increased in absolute terms from Rs. 40,475.25 lacs in FY04 to Rs. 46,652.26 lacs in FY05. . However, in terms of total income it remained almost stable, i.e. 63.96% of total income in FY05 and 64.01% of total income in FY04.

Personnel expenses/ Staff Cost

The personnel expenses/ staff cost increased in absolute terms from Rs. 5938.56 lacs in FY04 to Rs. 6115.75 lacs in FY05; however in terms of total income it showed a decrease from 9.39% of total income in FY04 to 8.38% of total income in FY05.

Administration, selling and distribution expenses

Administration, selling and distribution expenses increased to Rs. 13,229.05 lacs in FY05 (18.14% of total income) as compared to Rs. 10,489.50 lacs in FY04 (16.59% of total income).

Interest expenses

The interest cost of our Company reduced during the current financial year mainly on account of switching of Rupee Loans to low cost foreign currency borrowing. The interest cost declined from Rs. 6,066.62 lacs in FY04 to Rs. 4,941.34 lacs in FY05, a reduction of 18.55% year on year.

Profitability

During FY05, our Company's EBIDTA improved by 10.12% to reach Rs. 8,391.52 lacs as compared to Rs. 7,620.30 lacs in FY04. The increase in EBIDTA was primarily due to increased turnover and better realisations from cement and fans. As a result of the increased turnover, our Company achieved a profit after tax (PAT) of Rs. 418.45 lacs in FY05 as against a loss of Rs. 952.51 lacs in FY04.

Unusual or Infrequent Events or Transactions

Except as described in this Letter of Offer, there have been no events or transactions to the knowledge which may be described as "unusual" or "infrequent".

Significant economic changes

Other than as described in the sections entitled 'Risk Factors', 'Industry Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations', on page 209 of this Letter of Offer respectively, there are no significant economic changes that have or had or are expected to have a material adverse impact on revenues or income of the Company from continuing operations.

Known trends or uncertainties

Other than as described in the sections entitled 'Risk Factors', 'Industry Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations', on page 209 of this Letter of Offer respectively, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of the Company from continuing operations.

Future relationship between costs and income

Other than as described in the sections entitled "Risk Factors", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", there are no known factors which will have a material adverse impact on the operation and finances of the Company.

Business Segments

Our Company mainly operates in three industry segments i.e. Cement, Paper and Fans. In addition the Company also earns income from providing Knowhow and Services, which is separately categorized in the segment Knowhow and Service fees.

The following table shows the proportion of each of these segments in the total revenue of our Company for FY 2007:

	Business	Total Income (Rs. lacs)	% share in Total Income
1	Paper	26,258.37	23.39
2	Cement	59,171.07	52.70
3	Fans	24,251.16	21.60
4	Others*	2,596.32	2.31
Total		1,12,276.92	100.00

** represents income from Know-How & Service Fees, Other Income and increase/ (decrease) in inventories*

Seasonality of business

The production of cement and paper is generally spread out over the year. The sale of cement tends to be lower during monsoon due to climatic conditions which restrict construction activities. The sale of paper for notebooks and books tends to be higher in the months before the start of the schooling season. Production of electric fans is at higher levels during the pre-summer months to cater to the higher sale of electric fans during monsoon.

Competitive conditions

For details please refer to the discussions of the competition in the sections entitled 'Risk Factors' and 'Our Business' beginning on page 'v' and 53 respectively in this Letter of Offer.

Significant dependence on a single or few suppliers or customers

The Company sources limestone from APMDC as per the agreement entered into with them. The Company sources other raw materials from a number of suppliers and is not over-dependent on any single supplier. The Company sells its products to a number of customers and is not over-dependent on any single customer for its sale.

Significant developments after September 30, 2006 that may affect the future results of operations

Except as stated in this Letter of Offer on page 297 under 'Material Developments', to the knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Letter which materially and adversely affects or is likely to affect, the operations or profitability of the Company, or the value of the assets or the ability to pay the material liabilities within the next twelve months.

Except as stated in this Letter of Offer, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company.

MANAGEMENT COMMENTS TO AUDIT OBSERVATION

Below are the management comments to audit qualifications which have not been adjusted in the consolidated financial statements of Orient Paper & Industries Limited and its Subsidiaries (refer Point 5 of Annexure 5 of the Auditor's report for the consolidated financial statements) :

- 1) **Audit Qualification (a)** – In respect of Joint Venture Company, the financial statements, which are considered in these consolidated financial statements do not incorporate provision for current taxation/deferred taxation and transfer of excess depreciation for the nine months ended 31st March in respective years and exchange differences from translation of foreign currency balances as at 31st March in respective years, the quantum whereof is presently unascertainable. The movements reflected in the financial statements are those made at 30th June in each year since the financial year of Joint Venture Company closes on 30th June.

Management Comment – The JV Company's annual accounts are prepared for the year ended 30th June each year, since inception. As required under Accounting Standard 27, JV Company prepares accounts for 12 month starting 1st April & ending 31st March each year for consolidation of accounts by OPIL. Since this is an interim account for JV Company, adjustment for current taxation / deferred taxation and transfer of excess depreciation as well as foreign currency translation reserve for nine months ended 31st March each year is not being carried out.

- 2) **Audit Qualification (b)** – The Joint Venture Company current liabilities exceeded its current assets by Rs. 17438.40 Lacs while its accumulated revenue deficit amounted to Rs. 6085.80 Lacs as at 31st March, 2007. Nevertheless financial statements of Joint Venture Company have been prepared on a going concern basis under the assumptions of continued support from its shareholders / lenders.

Management Comment – The Financial Statements of JV Company have been prepared on going concern basis since the principal stake holders are keen to achieve suitable financial restructuring of the company at an early date. Accordingly, it is expected that the "Net Current Liability" position as on date would be taken care of in due course of time.

- 3) **Audit Qualification** – In respect of Joint Venture Company,
 - a. total trade receivable amounts to Rs. 8722.93 Lacs as on 31st March, 2007,

- b. the above amount includes dues of Rs. 4441.50 Lacs from a customer, with respect to which, the Joint Venture Company's risk of bad debt exposure is increased,
- c. the dues from said customer represents a significant proportion (approximately 51%) of its total trade receivables. Additionally all of this receivable has been outstanding for more than one year and
- d. The proportionate amount attributable to the Company on the above account comes to Rs. 1303.14 Lacs as on 31st March, 2007.

Management Comment – Quantum of Bad debts amount that may actually occur is still not ascertainable, since the same depends upon the future course of action by the JV Company as well as the said customer, including negotiation of the JV Company with said customer and taking other necessary legal / other action to recover the said amount.

FINANCIAL INDEBTEDNESS

Details of Secured Loans as on March 31, 2007

BREAK-UP OF SECURED LOANS AS ON 31st March, 2007

(Rs. lacs)

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
	TERM LOANS:					
(A)	LONG TERM					
	DEBENTURES (Privately Placed)					
(a)	1500000 Non-Convertible debentures of Rs. 100/- each (Residue value Rs. 34/- each)	1500.00	10.00%	510.00	Secured by a mortgage/charge on the Company's freehold land at Mehsana, Gujarat and by subservient charges on the immovable/movable properties of the Company's Paper plants at Amlai & Brajrajnagar and Cement plant at Devapur.	Jan,08 Rs.510 lacs

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
(b)	140000 Non-Convertible debentures of Rs. 1000/- each (Residue value Rs. 250/- each)	1400.00	11.00%	350.06	Secured by a mortgage/charges ranking pari-passu with existing charges on immovable properties pertaining to Paper Plants at Amlai and Brajrajnagar and Cement Plants at Devapur and Jalgaon, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units subject to prior charges created/to be created in favour of the Company's bankers for working capital requirements. The debentures are further secured by a charge on the Company's land at Lonavala, Maharastra.	Repayable in Quarterly Installment of Rs. 116.66 lacs each.
		2900.00		860.06		
	FROM FINANCIAL INSTITUTIONS / BANKS					
	Foreign Currency Loans					

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
a.	ICICI BANK LTD. (ICICI)	25100.00	6% + LIBOR	14991.31	Secured by a mortgage/charges ranking pari-passu with existing charges on immovable properties pertaining to Paper Plants at Amlai and Brajrajnagar and Cement Plants at Devapur and Jalgaon, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units subject to prior charges created/to be created in favour of the Company's bankers for working capital requirements. The aforesaid loan is further secured by exclusive mortgage/charges on property held by the Company at Birla Buildings, Kolkata, Comfort Letters by certain bodies corporate and pledge of certain investments held by the Company and by third parties.	Repayable in monthly Installments of Rs. 242.24 lacs each

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
b.	Industrial Development Bank of India (IDBI)	3000.00	11.00%	1546.92	Secured by a mortgage/charge ranking pari-passu with each other on the immovable properties pertaining to the Paper plants at Amlai and Brajrajnagar and Cement plant at Devapur, both present and future, save and except such assets as are excluded by the financial institutions / banks and the agents/trustees for the debenture holders and a charge on the movable assets of the Company's said units, subject to prior charges created / to be created in favour of the Company's bankers for working capital requirements.	Repayable in Quarterly Installment of Rs. 103.12 lacs each.
		28100.00		16538.23		
	DEFERRED PAYMENT CREDITS			47.89	Deferred Payment Credits are secured by assets acquired thereagainst.	Repayable in monthly installments (EMI)
(B)	SHORT TERM					
(a)	500 Non-Convertible debentures of Rs. 1000000/- each	5000.00	8.65%	5000.00	To be secured by mortgage/charge on Company's freehold land in Mehsana, Gujarat.	Repayable in three monthly installments commencing from June 2007.

Sl. No.	NAME OF BANK / INSTITUTION / OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st March, 2007	NATURE OF SECURITY	REPAYMENT SCHEDULE
(b)	From Bodies Corporate					
	SICOM Ltd.	1500.00	9.25%	1500.00	Secured against investments held by the Company and by third parties.	Repayable in May, 07
		6500.00		6500.00		
(C)	OTHER LOANS					
	From Scheduled Banks on Cash Credit Accounts (including Foreign Currency Loan)	6366.00		1670.16	Secured against hypothecation of stock in trade, stock in process, raw materials, stores and chemicals, book debts and other current assets of the Company. Besides, loans of Rs.1094.63 Lacs are further secured by an equitable mortgage of the fixed assets of the company's Faridabad unit.	On Demand
	TOTAL	43866.00		25616.34		

OUTSTANDING LITIGATIONS

Save as stated herein under, there are no outstanding/pending litigations, suits, criminal/civil prosecutions, proceedings initiated for offence (including past cases, economic offences, etc.) irrespective of whether specified in Schedule XIII of the Act and litigations for tax liabilities against the Company, directors of the Company, Promoters, companies promoted by the promoters and group companies. No disciplinary action has been taken by the SEBI/ Stock exchanges against the Company, Directors of the Company, promoters, companies promoted by the promoters and group companies.

I. CRIMINAL

A. Criminal cases against our Company:

There are no criminal cases against our Company save and except the following which are in relation to the Company's Paper Unit at Amlai:

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
18.06.1998	Court of District Magistrate, Shahdol	Cr. Case No.15/98 – State vs. OPM	Proceeding U/s 133 Cr.P.C., instituted in connection with discharge of effluent in river Sone.	Not ascertainable	Fixed on 25.06.07 for argument.
28.08.1993	Court of District Magistrate, Shahdol	Cr. Case No.10/93 – State vs. OPM	Proceeding u/s 133 Cr.P.C. instituted in connection with discharge of effluent in river Sone.	Not ascertainable	Fixed for 25.06.07 for argument.
05.02.2002	Court of Chief Judicial Magistrate, Shahdol	Cr. Case No.643/2002 – MPPCB Rewa Vs. N.K. Thusu	Cr. Case filed U/s. 43, 44 & 47 of Water (Pollution) Control Act, 1974.	Not ascertainable	Fixed on 14.06.07 for evidence of MPPCB

B. Criminal Matters in which Directors of Company is involved:

The criminal proceedings in which the Directors of the Company are involved are as follows:

1. Mr. Amitabha Ghosh

Criminal complaints (788/1 of 2004, 842/1 of 2004, 2828/1 of 2004, 2861/1 of 2004 and 2873/1 of 2004) were filed by G. Sagar Suri Estate and Finance Limited, G. Sagar Suri Estates and Finance Limited, Brig. (Retd) H. S. Nanda, Major (Retd) R. P. Singh and Deepika Lamba respectively versus Premium Vinyl Floorings Limited ("PVFL") and Others (including Mr. Amitabha Ghosh) before Metropolitan Magistrate, Patiala House Courts, New Delhi in relation to bouncing of cheques issued by PVFL. Further, Mr. Amitabha Ghosh has filed a petition before Delhi High Court under Sec 482 of the Code of Criminal Procedure, 1973 for quashing of criminal proceedings against him and the Hon'ble High Court at Delhi has quashed the said complaints against him. 3 corresponding cases before the Metropolitan Magistrate, Patiala House Courts, New Delhi has accordingly been dismissed and for the remaining 2, which are similar to previous cases, date for hearing has been fixed on August 30, 2007.

2. Mr. B.K. Jhawar

Case No. Special 30/89 has been instituted by Vigilance Department of Bihar State Electricity Board (BSEB) before Special Judge Vigilance Mr. S.K. Singh in Civil Court at Ranchi on 16th June, 1989 under Sec. 409/420/467/468/471/120(b)/201 – Indian Penal Code, 13(2) Prevention of Corruption Act, 1988 and Sec 39/39(a) of Electricity Act, against M/s Usha Alloys & Steel Ltd., Gamharia in which BSEB alleged the charges of a) power theft by the company and b) misuse of official capacity for theft of electricity in connivance with the consumer resulting in loss to the electricity board. The principal parties accused are: Mr. Anandi Ray – Electrical Superintending Engineer, Jamshedpur, Mr. Bijay Bhusan Prasad – Electrical Executive Engineer, Jamshedpur, Mr. Subodh Narayan – Assistant Electrical Engineer, Adityapur II. Jamshedpur, Mr. Brij Kishore Jhawar – Owner M/s Usha Alloys & Steel Ltd., Gamharia and Mr. O.P. Kapila – Chief Executive officer – Usha Alloys & Steel Ltd., Gamharia. Mr. B. K. Jhawar's name was included in this case only in the year 1996 as an “Aprathamiki Abhiyukt”. Charges have already been framed which has been challenged by Mr. B. K. Jhawar in the High court of Jharkhand at Ranchi. The case is presently under the stage of witness/ examination.

3. Mr. V. Nachiappan

(i) Central Bureau of Investigation (“CBI”) investigated into the allegations of criminal conspiracy, cheating etc. against erstwhile Bank of Madura (“BOM”) and Officials (Mr. V. Nachiappan and Others) also against M/s Sundaram Finance Limited and its Officials, and also against ORJ Electronics and Oxide Limited and the importer (IPTE Inc. USA). Chargesheet has been filed by CBI before the Chief Metropolitan Magistrate, Egmore against all the persons concerned in Crl. O.P.No. 22976 of 2004 before the High Court, Madras and sought for quashing of the above criminal proceedings. An interim stay was granted by the High Court on the criminal proceedings pending on the file of the Chief Metropolitan Magistrate, Chennai. However, all the cases are being reposted.

(ii) A complaint was filed by the erstwhile Bank of Madura (“BOM”) against Mr. Jayesh Mirani, Mrs. Varsha J. Mirani and one K. Subramanian for alleged offences relating to the loan scheme of BOM's “Fast Track Finance” for Doctors. The prosecution thereafter filed charge sheet wherein Mr. V. Nachiappan was also added as a party to the offence as he was a higher officer of the Bank and was accused of entering into a conspiracy with other accused in sanctioning the loan to said Mr. Jayesh Mirani. Criminal Case No. 69/PW/2005 (State of Maharashtra v/s Jayesh Mirani and Others) is now pending hearing before the 19th Court of the Metropolitan Magistrate, Mumbai. Matter is pending.

C. Criminal matters against our Promoter Group companies are as follows:

1. Hyderabad Industries Limited

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
1.	1997	Court of Sessions Judge, Deoghar	State of Bihar	Criminal case for causing death of truck driver in company's Jasidih Unit.	---	A Criminal Case has been filed against Mr. Indra Kumar for causing death of truck driver in Company's premises at Jasidih Unit due to the accident occurred in loading area.

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
2.	2002	Court of Metropolitan Magistrate, (Rajasthan)	State of Rajasthan	Criminal case for causing death of minor girl.	---	A Criminal Case has been filed against the Driver of Company's Car No.DL2-CH-2913, for causing death of a minor girl in an accident on 24.04.2002. The case is posted to 2.8.2007 for recording of evidence of the Driver.
3.	1994	High Court of Punjab&Haryana at Chandigarh	B.D.Sharma	Criminal Case against 65 workmen for acts of attempts to murder and inflicting grievous injuries on officers of the Company.	----	The workmen filed an appeal before the High Court against the punishment given by the Sessions Court, Faridabad. The High Court has passed an order to hear the case only against those workmen who have been punished by the Sessions Court and not against all 65 workmen. The case will come-up for hearing as per roster of the court.

2. GMMCO Limited

Eight cases are pending before the Judicial Magistrate, 1st Class, Burhar, ADJ Court, Shahdol and Chief Judicial Magistrate, Kolkata pertaining to leakage of chlorine, vacation of company quarter, false affidavit filed by workers of Fusion plant to join duty in HJI, dishonour of cheques (two) amounting to Rs.10,00,000/- and Rs.21,499/-, vacation of company's quarter and under air-pollution and water pollution laws.

3. Birla GTM-Entrepose Limited (and Birla Technetegas Exploration Limited which is now merged with Birla GTM).

Case Type	Date of Filing	Pending before	Case No.	Amount Involved (Rs/)	Status
CBI Case, Jaipur	23.06.2003	ACJM, CBI Cases, Jaipur	Case No. RC JAI 2003/A 0012 State V/s S. Ray & Others	Not ascertainable	Misc. petition No. S. B. Criminal Misc. Petition No. 296/2006 is filed in High Court of Rajasthan at Jaipur by the company. Hon'ble Court directed and called for record from Lower Court. Matter is pending.

II. SECURITIES RELATED

There are certain Securities related matters and cases involving our directors as given below:

Mr. Amitabha Ghosh

- i. Case No. 3273 of 1998 and Case No. 1198 of 1999 were filed by Registrar of Companies against Premier Vinyl Flooring Limited and its directors (including Mr. Amitabha Ghosh) for non-payment of conditional dividend. The case has been withdrawn against Mr. Ghosh by Government of India, Ministry of Company Affairs. The formal legal clearance is awaited.
- ii. SEBI had initiated adjudication proceeding under the section 15D (b) of section 15E of SEBI Act, 1992 against the then First India Sahara Asset Management P. Limited and Sahara Mutual Fund for contravention of Regulations 44(1) read with clause 1 of 7th Schedule of SEBI (Mutual Funds) Regulations 1996 by the Sahara Asset Management P. Ltd. The main issue was that in Sahara Income Fund its investments in debentures of HDFC Ltd was beyond the permissible limits as stipulated under Regulations 44(1) read with clause 1 of 7th schedule of SEBI (Mutual Funds) Regulations, 1996 during the period from February 14, 2002 to April 7, 2002. Based on the adjudication proceedings and vide the order dated October 4, 2002 a penalty of Rupees Three lacs was imposed on the then First India Asset Management Pvt. Ltd and a penalty of Rs. One Lakh on Sahara Mutual Fund which penalties have been paid to SEBI. The First India Asset Management Pvt. Ltd has paid the aggregate amount of Rs. 4 lakhs to SEBI. The above violation had since been rectified. SEBI vide its letter dated April 1, 2004 approved the change in name from First India Asset Management Pvt. Ltd. to Sahara Mutual Fund. Mr. Amitabha Ghosh was appointed as a Trustee of Sahara Mutual Fund with effect from June 30, 2004, subject to the approval of SEBI. SEBI vide its letter dated July 9, 2004 approved Mr. Amitabha Ghosh's appointment as a Trustee of Sahara Mutual Fund.

III. STATUTORY

Proceedings by Enforcement Directorate

Mr. V Nachiappan

The erstwhile Bank of Madura ("BOM") (since merged with ICICI Bank) granted lease finance of US \$ 7200000 (INR Rs. 2578.00 lacs) to O.R.J. Ekelectronics Oxide Limited ("ORJ" or "the company") on May 22, 1997 for import of capital goods from IPTE, Inc. USA. The Enforcement Directorate initiated proceedings against BOM and its officials (Mr. V. Nachiappan and Others) for the alleged aiding and abetting the importer and the company in acquiring foreign exchange to the tune of US \$ 72 lacs and imposed a fine of Rs. 10.00 lacs on BOM and Rs. 1 lac on each official. BOM filed an Appeal No. 496 of 2004 against this order, before the Appeal Tribunal of FERA, Delhi and obtained interim stay on condition of deposit of 50% of the fine imposed,. Against this order of conditional stay BOM filed a writ petition in High court, Madras and obtained interim stay . The appeal before FERA Appellate Tribunal, Delhi was posted on February 27, 2006 was argued that since interim stay has been granted by the High Court, Madras the Appellate Tribunal should not proceed further in the matter. Considering these arguments the Appellate Tribunal adjourned the appeal sine die and advised us to inform the outcome of the Writ Petition.

IV. CIVIL CASES AND CLAIMS:

A.Civil cases and matters against our Company

The civil matters which have been further segregated into (i) Civil matters pending before several Courts/ forums (ii) Taxation and revenue matters (iii) Labour matters (iv) Employees State Insurance matters (v) Winding Up Petitions (vi) Arbitration (vii) Environment matters.

Cement Division

Devapur:

Sales Tax

There are a total of 28 matters in respect of sales tax which are pending before several forums. The total amount of claim against the Company is Rs. 379.89 lacs. The details of these cases are as under:

1. Various cases aggregating to Rs. 280.73 lacs have been filed by the Commercial Tax Department, Mancherial/Adilabad, in respect of cement dispatched by the company by rail in respect whereof freight was paid by the company and debited by them to respective customers account by raising separate debit advices. Such cases are pending before the Assistant Commissioner (CT), LTU, Adilabad, Sales Tax Appellate Tribunal, Hyderabad and Appellate Deputy Commissioner, Warangal. In certain cases hearing is awaited from the Tribunal while in certain cases the Appellate Deputy Commissioner, Warangal, has remanded the matter back to the Assessing Authority for disposal of the cases.
2. Various cases aggregating to Rs.9.94 lacs have been filed by Commercial Tax Department levying tax on cement, iron and steel used by the company for their own consumption through various sub-contractors. Such cases have been pending before the Assistant Commissioner, LTU, Adilabad.
3. Commissioner of Commercial Taxes, Hyderabad levied Tax amounting to Rs.34.44 lacs on second Sale of Packing Material for the year 1994-95. Matter is pending before Hon. High Court of A.P.
4. Asst. Commissioner, Adilabad disallowed input tax credit of Rs. 53.25 lacs on coal for the year 2005-06. Matter is pending before Hon. High Court of A.P.
5. Dy. Commissioner (ST), Latur disallowed Credit Notes issued for rate difference for the year 2004-05. Disputed tax is Rs. 1.53 lacs.

Excise Duty

- a. The Excise Department has filed an appeal against waiver of interest of Rs. 0.52 lacs on availment of CENVAT credit on explosive by Commissioners (Appeal). The matter is pending before the Customs, Excise and Service Tax (Appellate) Tribunal.
- b. Excise Department has issued a Show Cause Notice bearing no.OR No. 07/2007/HYD/1ADJN dated 8/2/2007 on availment of CENVAT Credit of Rs. 16,65,557/- on Iron and Steel. Reply has been sent to the Joint Commissioner, Central Excise

Labour Cases

There are eleven labour cases pending in various courts pertaining to employment in the company, absenteeism from work etc. In certain cases, the Company has filed writs/ appeals in High Court at Hyderabad.

Arbitration Matters

There are two arbitration cases against us. In arbitration case at Devapur, the Andhra Pradesh Electricity Department has demanded duty of 25 paise per unit for the power generated through company's captive power unit from 2003 onwards. Total amount involved in the matter is Rs.52.92 lacs. At Jalgaon, the Block Development Officer, Panchayat Samiti, Jalgaon has demanded house tax amounting to Rs.29 lacs for the year 2006-07, which is being disputed by the company.

Jalgaon:**Civil Cases filed against Orient Cement:**

S. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
1	2006	Civil Judge, Junior Division, Bhusawal	R.C.S. No. 50/2006 Mr. Mangilal Bhikchand Jain –vs- MSEB, Deepnagar and Orient Cement	Orient Cement has entered into an Agreement dated January 13, 2005 with BTPS, Bhusawal for collection and utilisation / disposal of entire fly ash generated by BTPS for a period of 11 years and 11 months on Build, Operate and Transfer i.e. BOT basis. The contention of Mr. Mangilal Bhikchand Jain is that the said Agreement be declared as illegal, ultra vires and causing loss to public in general.	Not Ascertainable	Matter is pending. Date fixed for framing issues in the matter is June 30, 2007.
2	2006	Civil Judge, Junior Division, Bhusawal	R.C.S. No. 86/2006 Mr. Mangilal Bhikchand Jain –vs- MSDC, Mumbai, BTPS, Deepnagar and Orient Cement	The contention of the Plaintiff, Mr. Mangilal Bhikchand Jain is that the Company is taking away coal ash free of cost without any gate pass and without any account in conspiracy with MSEB and BTPS, Bhusawal.	Not ascertainable	Matter is pending. Date fixed for framing issues in the matter is June 30, 2007.
3	2006	Hon'ble High Court of Mumbai, Bench, Aurangabad	Case no. WP no. 2708 of 2006 Smt. Trishila Ramesh Jain, Director, Adarsh Mahila Aadyogik Sahakari Sanstha, Bhusawal –vs- Union of India and Orient Cement	The contention of the Petitioner, Smt. Jain is that the award of contract and agreement dated January 13, 2005 between MSEB and Orient Cement is unconstitutional, unlawful, improper and unfair and that it is in total violation of the mandatory provisions of the Environment Protection Act and hence its implementation be restrained	Not Ascertainable	Matter is pending.

Labour Case:

A Case (No. 1469/ 2005) filed under the Contract Labour (Regulation & Abolition) Act filed before the Chief Industrial Magistrate, Jalgaon against Orient Cement by Labour Enforcement Officer, Bhusawal for non observance of provision of the said Act. Penalty upto Rs. 5000/- could be imposed if order is passed against Orient Cement

Fans Division

Excise Cases

Six excise cases aggregating to Rs.37,57,090.76 relating to refund of the duty paid by the Assessing Authority claiming that the same should be passed on to the Wholesale Dealer; withdrawal of permission for availing Proforma Credit on Electrical Stamping and Lamination; classification of Wiper Motor Assembly, treatment of percentage of mixture of silicon and copper for conversion into LM 24; classification on clearance of Electrical Fans and Regulator and review appeal on differential duty on regulators are pending before the Commissioner of Central Excise, Kolkata Commissionerate, Commissioner (Appeals) of Central Excise, Kolkata Commissionerate, The Joint Commissioner of Central Excise, Kolkata Commissionerate and The Commissioner (Appeals) of Central Excise, New Delhi.

Sales tax Cases

- (i) Thirteen Sales tax cases aggregating to Rs. 33,74,517.00 relating to sales to Canteen Stores Department (Government of India, Ministry of Defenses) at the rate applicable to sales to Government Department for the period 1.4.1992 to 31.3. 1993, 1.4.1994 to 31.3. 1995 and 1.4.1996 to 31.3.1997; treatment of stock transfer and disallowance of Special Discount; lowering of opening stock, submission of incomplete A form; non submission of proper document regarding stock transfer; treatment of sales in Nepal as domestic sales and disallowance of Sales Return, Discount etc.; charging of Entry tax @ 2% on Stock Transfer against 1.5%; disallowance of Sales Return, disallowance of rebate under Section 6(10); enforcement of GTO and disallowance of Accounts. The matters are pending before The West Bengal Commercial Taxes Appellate & Revisional Board, Commissioner of Sales Tax, Jt. Commissioner of Commercial Taxes (Appeal), Assessing Authorities and Tribunal.
- (ii) Two cases pending in Supreme Court relating to dispute in LADT Act, 2000 in respect whereof appeal has been filed for refund of tax deposited during the year 2001-02 and 2002-03. The total claims aggregate to Rs.1,45,68,242/-.

Civil Cases

A civil case relating to land eviction held as sub lease from the lessee is pending before the Assistant District Judge Sealdah.

Employee State Insurance Cases

An ESI demand of Rs. 433,892 is pending before the Civil Judge, Sr. Branch, Faridabad.

Paper Division - Brajrajnagar

Sales Tax Matters:

There are 21 Sales Tax matters filed by Orient Paper Mills Brajrajnagar ("OPMB") which are pending before several forums including the Hon'ble High Court at Orissa. The total amount which is disputed is approximately Rs. 111.19 lacs.

Excise Matters:

There are 20 Excise matters filed by OPMB which are pending before several forums. The total amount which is disputed is approximately Rs. 463.28 lacs.

The Government of Orissa has filed a matter against OPMB pertaining to demand by Suppdt. Of Central Excise, Brajrajnagar towards penalty imposed in various adjudicational order passed by Asst. Collector, Central Excise & Customs, Rourkela on MODVAT matter which are pending before the Hon'ble High Court at Orissa. The disputed amount in this matter is approximately Rs. 0.36 lacs.

Electricity Matters:

S.No.	Year of suit filing	Court	Matter	Amount involved (Rs in lacs)	Status
1.	1995	High Court of Orissa	Imposition of levy of Central Excise duty on electricity.	17.49	Paid Rs. 15.00 Lacs as per Court order and hearing is in progress.
2.	1995	High Court of Orissa	Petition filed on minimum charges for the period July, 1991 to September, 1991.	35.60	Paid Rs. 17.80 Lacs as per Court order and balance amount stayed.
3.	1995	High Court of Orissa	Delayed payment surcharge on late payment on electricity.	13.87	Stay granted. Bank Guarantee furnished.

Forest Compensation and other related Matters:

- There are several Appeals filed by OPMB pending before the Principal Chief Conservator of Forest, Bhubaneswar against the compensation imposed by the Forest Department of the Govt. of Orissa in respect of alleged irregularities of the working of the Forest Coups relating certain years when there was lease to OPMB. The total disputed amount is approximately Rs.10.55 lacs.
- The various demands raised by Orissa Forest Development Corporation (OFDC) towards ground rent and other demands for the year 1992-93 to 1994-95 amounting to about 72 lacs and OPMB's counter claims of Rs.53 lacs are subjudice before the High Court, by way of writ petition.
- There are 2 Arbitration proceedings pending before the Arbitration Tribunal, Bhubaneswar regarding Forest Compensation and there is a Special Leave Petition pending against OPMB before the same Court in which the State Government of Orissa has challenged the order of the High Court of Orissa remanding the refund of Royalty of nine divisions of OFDC to the Tribunal for arbitration. The total disputed amount is approximately Rs. 66.44 lacs.
- The reinstatement of 28 employees of Forest Organisation is pending before the High Court and their back wages etc. would come to around Rs.80.77 lacs.

ESI Matters

There are several ESI matters, details whereof are as follows:

S.No.	Year of suit filing	Court	Matter	Amount involved (Rs. lacs)	Status
1.	2005	District Judge, Sambalpur	Contribution on Over Time wages for the period April, 1996 to July, 1998	14.12 11.18 interest	Stay granted by the Court. Rs.3.53 Lacs paid as per Court order.
2.	2005	District Judge, Sambalpur	Contribution on Over Time wages for the period August,	58.52 14.48	Stay granted, pending

S.No.	Year of suit filing	Court	Matter	Amount involved (Rs. lacs)	Status
			1992 to March, 1993.	interest	further orders.
3.	1994	High Court of Orissa	Claim of ESI Corporation towards contribution of Forest Centre's Employees from 1.4.79 to February, 1985.	7.19	Part heard.
4.	2006	High Court of Orissa	Alleged short payment of ESI contribution for the period April, 1992 to April, 1994.	1.99 0.49 interest	To be listed for admission.
5.	2006	High Court of Orissa	Claim of contribution by ESI Corporation on Salary, Wages and Over Time for the period April, 1996 to June, 1999.	15.48	Pending for admission and issue of notice. Deposited Rs.7.74 Lacs in the ESI Court, Sambalpur.
6.	2005	District Judge, Sambalpur	Contribution on Over Time wages for the period April, 1993 to January, 1997.	51.14 54.08 interest	Deposited Rs.6.47 Lacs in the Court. Hearing is in process.
7.	2002	High Court of Orissa	Interest and damages on the contribution on the ESI payment.	48.62	Paid Rs.22.50 Lacs to ESI Corporation as per Court order. Stay granted. Pending for hearing.
8.	1998	Director, ESI Corporation, Bhubaneswar	Contribution on Over Time wages for the period October, 1977 to July, 1990 of Security Guards.	3.58	Matter is pending with ESI Director, Bhubaneswar.
9.	2001	Director, ESI Corporation, Bhubaneswar	Short payment of ESI contribution for the period September, 2000 to October, 2000.	0.21	Matter is pending with ESI Director, Bhubaneswar.
10.	2000	District Judge, Sambalpur	Interest and damages on the contribution on the ESI payment.	0.42	Matter is pending with the Court.

Water Tax matters

There are several matters filed by OPMB relating to Water Tax rate and interest thereon pending before several forums including the High Court of Orissa. The total disputed claim amount is approximately Rs.1288.85 lacs.

Miscellaneous Matters:

S.No.	Year of suit filing	Court	Title	Matter	Amount involved (Rs. lacs)	Status
1.	2002	High Court of Orissa	Holding Tax	Enhancement of holding tax of Brajrajnagar area.	12.82	Paid Rs. 3.00 Lacs as per Court order. Balance amount stayed.
2.	2003	High Court of Orissa	Holding Tax	Enhancement of holding tax of Atithi Bhawan	1.27	Paid Rs.0.40 Lacs as per Court order.

S.No.	Year of suit filing	Court	Title	Matter	Amount involved (Rs. lacs)	Status
						Balance amount stayed.
3.	1994	High Court of Orissa	Land Revenue	Reclassifications of Land Rent.	38.45	Stayed by the High Court.
4.	2001	High Court of Orissa	Bonus Case	Exemption from payment of Bonus u/s 36 of payment of Bonus Act, 1965.	Not ascertainable	Pending for hearing.
5.	2005	High Court of Orissa	Interest Case	Winding up petition under Co.'s Act (For late payment of material supply bills.	74.67	Order for interest is under stay. Appeal is pending for hearing.
6.	2003	Calcutta High Court	Wharfage charges	Demand dt. 6.5.2002 of Kolkata Port Trust towards wharfage charges against import of 233 Bales of Waste Paper.	12.79	Pending for hearing in the Court.
7.	2001	Arbitration Tribunal, Bhubaneswar	BHEL matter.	Non-payment of bills of BHEL due to late supply of materials and erection of the Recovery Boiler.	398.35	We have also filed counter claim Rs.1035.07 Lacs on BHEL towards loss for late supply and erection of Recovery Boiler. Arguments by the parties are over and Award is reserved.
8.	1995-96	Tahsildar, Jharsuguda	Land Case	Demand by Tahsildar, Jharsuguda towards land revenue for alleged encroachment of land.	0.43	Matter has been remanded to Tahsildar, Jharsuguda by Sub-Collector, Jharsuguda.
9.		High Court of Chhattisgarh	Khairagarh lease case	Demand of Chhattisgarh Government in increase rate of royalty on bamboo	71.00	Judgment given. It is now open to Chhattisgarh to stick their earlier letter demanding about 70 lacs for Arbitrations
10.	1999-2004	High Court of Orissa(21 cases)	Winding up petition under Company Act for recovery of interest and dues in our case.		98.12	Pending for order
11.	1998	High Court of Orissa(21 cases)	Challenging the notification of Service Tax		Not ascertainable	Matured for hearing
12.	1999-2000	Civil Court, Kolkata (4	Recovery of dues		3.61	Ready for hearing

S.No.	Year of suit filing	Court	Title	Matter	Amount involved (Rs. lacs)	Status
		cases)				
13.	1999-2004	Civil Suits other states/ Jharsuguda(9 cases)	Recovery of dues		69.60	Ready for hearing
14.	2000	ADJ, Sundargarh	Accident claim		1.20	Trial not started
15.	2000	Dy. Registrar, Sundargarh	Realization of dues		8.00+Int.	Proceeding started
16.	2004	High Court of Orissa	Alleged for not following the High Court		12.00	Pending
17.	2005	High Court of Orissa	Challenging the order of Labour Commissioner for payment of Arrear wages.		Not ascertainable	Stay
18.	2001-2004	Industrial Tridbunal Rourkela (6 matters)	Reference on closure, Leave, VDA, Increment etc.		Not ascertainable	Proceeding from time to time
19.	2000	Labour court, Sambalpur	Illegal termination		2.09	Pending
20.	1992	High Court, Orissa	Coal Cess & Tax		395.00	Stay
21.	2003	High Court of Orissa	Pollution		Not ascertainable	Pending
22.	The Factory License for the year 2004, 2005 and 2006 has not been renewed by the Govt. on the ground that the manufacturing process is not being carried over since last 7 years despite payment of renewal fees by OPMB. OPMB has thus filed an appeal before Govt. under the provision of Factories Act which is pending for disposal.					
23.	About 26 prosecutions cases have been initiated against OPMB for alleged violation of several statutes at the time when the Mill was functioning. The cases are ready for hearing. The amount involved is not ascertainable.					
24.	3 cases (Dispute Case no. 243 of 2006, Dispute Case no. 244 of 2006 and Dispute Case no. 245 of 2006) have been filed before the Registrar, Co-operative Societies, Bhubaneshwar by one Adarsh Co-operative Society Limited, Rourkela for not recovering the loan amount and interest from salary/ wages of employees. The financial involvement in all the said cases are about Rs. 29.09 lacs. The allegations in the said cases are being contested. Presently all the proceedings are in initial stage.					
25.	Besides above cases there are small cases/ matters of different nature pending before different forums/ consumer court, The disputed amount is not ascertainable					

Paper Division - Amlai

Civil Matters

1. 6 Cases (including Appeals) have been filed by OPM regarding correction of land records before the relevant collector/commissioner which are pending. The amount involved are not ascertainable.
2. An old case (Rev. No. 231/01-02: State –vs- OPM) has been reopened for encroachment of government land in connection with construction of some temporary sand bund which is pending before the Collector, Shahdol. The amount involved is not ascertainable.
3. There are 3 execution cases filed by OPM to obtain possession of encroached land area which are pending for hearing before the relevant Forums. The amount involved is not ascertainable.

4. There are 11 cases (including Appeals) of land encroachment filed by OPM which are pending before the relevant Forums against the encroachers. The amount involved is not ascertainable.
5. 2 Appeals have been filed by the State against OPM before the Collectors, Shahdol, against orders of S.D.O. Sohagpur which are pending. The amount involved is not ascertainable.
6. 2 Cases have been filed by the Mining Officer before the Collector, Shahdol against OPM regarding royalty on sand used in temporary lands which are pending. The total amount involved is Rs. 31,28,080/-.
7. 2 Show Cause Notices have been issued to OPM by the State regarding construction of sand bund which are pending. The amount involved is not ascertainable.
8. 3 Writ Petitions regarding Water Tax and interest thereon have been filed by OPM against the State and before the High Court of Madhya Pradesh, Jabalpur and the same are pending. The total amount involved is Rs. Rs. 615123750/-/-.

Apart from the above the following cases are also pending:

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
Civil Matter					
14.10.2005	Civil Judge-I, Burhar	Exe.CaseNo.3A/20 01-05- OPM Vs. Srikant Mishra	Possession of the quarter obtained and recovery of money as per decree passed in Co.'s favour.	Amount of Rs. 89,698/- to be recovered by OPM towards licence Fee & energy charges.	Pending
10.04.2006	Addl.C.J.II, Burhar	Civil Suit No.21A/06 – OPM Vs. Jagdish Pathak & Baleshwari Singh.	Case for eviction from Co.'s quarter No.B-195 and recovery of rent and electricity charges.	Amount of Rs. 11,897/- to be recovered by OPM towards rent and energy charges.	Pending
20.04.2000	High Court of M.P.	Second Appeal No.261.00 Ramlal Vs. OPM.	Appeal against order and decree passed in Company's favour.	Not ascertainable	Pending
ED CESS					
13.03.2002	High Court of M.P., Jabalpur	WP No.1545/02 OPM V/s State MPSEB	Writ petition challenging the validity of Notification dt. 05.11.01 imposing 9 paise addl. Cess per unit on purchased power.	-	Hearing awaited.
16.07.2004	High Court of M.P., Jabalpur	WP No.2727/04 OPM V/s State MPSEB	Writ Petition challenging the validity of Notification dt. 15.04.04 imposing 20 paise Cess per unit on consumption of energy generated by Captive Power Plant.	Rs. 139555702.05	Hearing awaited. Final argument heard on 16.04.2007 and reserved for order.
16.05.2006	High Court of M.P., Jabalpur	Misc. Civil Case No.1296/06 OPM	Latter Patent Appeal against		

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
		V/s State MPSEB	order dt. 29.03.02 passed by Justice Arun Mishra holding that M.P. Electrical dues undertaking Act is applicable in the recovery of E.D. Cess which was dismissed on 02.09.05 as LPA was not maintainable. Application for restoration filed by OPM.		
TERMINAL COAL					
30.11.2006	High Court of M.P.	W.P.No.433/03 OP Mills –vs- Municipal Council, Dhanpuri	Writ Petition filed against order of Municipal Council, Dhanpuri for enhancing rate Rs.10/- per tonne to Rs.20/- per tonne.	Rs.14602983.61	Hearing awaited.
KRISHI UPAJ MANDI					
18.05.2007	Director, Marketing Federation, Bhopal. High Court of M.P., Jabalpur	Application No. /06 OPM Vs. Secretary, Mandi Samiti Burhar. WP No. 6757/07	Application against order of Secretary dated 17.08.06 demanding Rs.4.36 Crores. Writ petition filed against order dated 28.03.2007 passed by Director Marketing Federation, Bhopal.	Rs. 2.63 Crores	Matter pending.
Provident Fund					
07.11.2005	High Court of M.P.	W.P. No.12317 of 2005 RPFC Jabalpur vs. OP Mills Amlai.	A writ petition against the order passed by EPF Tribunal Delhi was filed on 30.09.2005.	Total amount involved Rs. 2247063/-.	Hearing awaited.
22.11.2005	High Court of M.P.	W.P. No.14774 of 2005 – OP Mills Amlai vs. RPFC Jabalpur	A writ petition against the order passed by EPF Tribunal Delhi was filed on 22.11.2005 by OPM challenging the coverage of contract employees engaged in construction of sand bund.		Hearing awaited.
03.01.2006	High Court of M.P.	W.P.No.625 of 2006 – OP Mills Amlai vs. RPFC	A writ petition against the order dated 20.02.06 by	Rs.6997230/-	Hearing awaited.

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
		Jabalpur.	RPFC, Jabalpur imposing damages in Rs.70 lacs.		
02.01.2006	High Court of M.P. at Jabalpur	W.P.No.121/06 Orient Paper Mills vs. Regional Provident Fund Commissioner & Presiding Office, Employees Provident Fund Appellate, Tribunal, New Delhi.	This writ petition is filed on 02.01.06 against the proceeding initiated for recovery of claims by the Asstt. P.F. Commissioner, Jabalpur u/s 14-B of P.F. Act in relation to order passed by RPFC on 18.7.02 in 7A proceeding for extending P.F. benefit to the persons engaged for bamboo rebundling stacking, cutting & trainees against which our appeal is also pending in Employees P.F. Appellate Tribunal, New Delhi.	The financial implication of this matter is not ascertainable and is related to the matter in Appeal No.538(8)/2 Orient Paper Mill vs. Asstt. Provident Fund Commissioner, Jabalpur mentioned in the next row.	Hearing awaited.
13.11.2002	The Employees P.F. Appellate Tribunal, New Delhi.	Appeal No.538(8)/2 Orient Paper Mill vs. Asstt. Provident Fund Commissioner, Jabalpur.	For extending Provident Fund Benefits to:(1) The labour engaged for bamboo rebuilding, stacking at various Forest Depots and (2) The trainees.	Rs.570776.00	Hearing awaited. Fixed on 28.07.2007 for reply of the RPFC Jabalpur.
20.05.2006	High Court of M.P. at Jabalpur	W.A.No.195 of 2006 Orient Paper Mills vs. Regional Provident Fund Commissioner, Jabalpur & Ors.	Against the order dt. 17.8.2005 of High Court of M.P. in W.P.No.2341/91 wherein it was held that P.F. benefit be extended to the employees of Public Transport Carriers. SLP was filed before the Supreme Court of India, which was dismissed on 11.5.2006 with the observation to file LPA within 3 weeks in the High Court of	Rs. 47181.00	Hearing awaited.

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
			M.P.		
ESI Matters					
18.08.2005	Labour Court, Satna/ Shahdol	L.C.No.2/06 ESI – OPM vs. ESI Corporation Indore & Ors.	Case against letter dt. 24.5.2004 & show cause notices dt. 6.12.04 issued for Rs.1,10,43,551/- and Rs.64,22,046/- by ESIC Indore.	Rs.1,10,43,551/- and interest demand of Rs. 2249256/-.	Matter pending.
14.11.2005	Labour Court Satna/ Shahdol	L.C.No.E 113/05 ESI – OPM vs. ESI Corporation (ESIC) Indore & Ors.	Case against order passed u/s 45 45(A) dt. 30.8.2004 received by OPM on 4.10.05 assessing liability of Rs.1,10,43,551/-.		Vide order dt. 14.11.05 the Court exempted OPM to deposit Rs.1,10,43,551/- and also stayed recovery. Matter pending.
12.03.2007	High Court of M.P.	Misc. Appeal No.1276/07	Appeal against order of ESI court dt.08.03.07 rejecting our application for stay against recovery of Rs.1.10 crores	Not ascertainable	On 09.04.2007 the High Court ordered to deposit 40% of the demand and application for extension of time is being filed.
06.12.2004	Asstt. Director, ESIC Indore	Show cause Rs.64.22 lacs dt. 6.12.04.	Proceedings u/s 45(A) started in the matter of show cause of Rs.64.22 lacs demanded for the period 01.04.2000 to 31.3.2002.	Rs.6422046.95	On 13.2.06 OPM submitted its final reply along with annexures. The Asstt. Director ESIC closed the case for verification of records and orders. Verification of records completed.
06.12.2004	Asstt. Director, ESIC Indore.	Show cause Rs.28.57 lacs dt. 6.12.2004	Show cause notice for the period 1999-2000.	Rs.2857163.00	Hearing awaited
6.12.2004	Asstt. Director, ESIC Indore	Show cause Rs.5.85 lacs dt. 6.12.04.	Show cause notice for the period 2000 to 2002.	Rs. 585852.15	A case was filed on 17.01.07 before ESI

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
					Court and obtained stay against recovery on depositing 50% amount. Matter pending.
Labour Matters					
07.11.2001	High Court of M.P.	WP No.5460/01 – Ravindra Sharma & Ors.	Writ Petition against Award dt. 29.3.2001 passed by Sri R.G. Pandey, Arbitrator & Dy.LC., Bhopal.	Not ascertainable	Hearing awaited.
11.02.2002	High Court of M.P.	W.P.No.6572/01 Baleshwar Singh & Ors. Vs. Dy.L.C. Bhopal & OPM.	Writ petition against Award dt. 29.3.2001 passed by Sri R.G. Pandey, Arbitrator & Dy. LC., Bhopal.	Not ascertainable	Hearing awaited.
17.05.2002	High Court of M.P.	W.P.No.2999/02 OPM vs. Arbitrator & 10 Ors.	Writ petition against the cClause 28 of Award dt. 29.3.2001 passed by Sri R.G. Pandey, Arbitrator & Dy. Labour Commissioner, Bhopal.	Not ascertainable	Hearing awaited.
26.08.1996	Labour Court, Shahdol	67/96 – BMP Mishra vs. OPM	Case for promotion from 1.4.96 (remanded by High Court of MP).	Not ascertainable	Matter pending.
18.10.2005	Labour Court, Shahdol	127/MPIR/05 Chandra Shekhar Sharma (Trans. From Brj) vs. OPM.	Case for reinstatement as his services was terminated due to long absence.	Not ascertainable	Fixed on 06.06.07 for reply and argument.
29.11.1999	High Court of MP	W.P.No.5279/99 O.P.Mills vs. Dinesh Sharma, an Employee of Orient Club.	Writ petition against order dt. 13.10.99 passed by Industrial Court of MP, Jabalpur holding Sri Dinesh Sharma an employee of Mills.	Not ascertainable	Hearing awaited.
15.11.1990	High Court of M.P. at Jabalpur	W.P.No.3086/90 Orient Paper Mill Vs. Presiding Officer, Labour Court Shahdol and O.P. Mills Forest Kamgar Employees Union Shahdol.	Writ against some observation passed in Ref. Case No.42/84 against promotions effected from 1.4.1998 by the Presiding Officer,	Nil	Hearing awaited.

Date of Suit Filing	Court/Authority	Title	Matter	Amount	Status
			Labour Court, Shahdol.		
29.9.2001	Civil Judge II Class Rajnandgaon, Chhatisgarh	22/B/2001, Santosh Kumar Lohia Vs. Orient Paper Mills.	This civil suit is filed by a transporter for difference payment of increased transport rate.	Rs.10500.00	Hearing awaited.
OTHER CASES (POLLUTION, etc.)					
26.02.2002	High Court of M.P.	WP(PIL)2698/01 Sukhlal Kol vs. State of MP, OPM & Ors.	Writ petition filed regarding pollution on the basis of Newspaper cuttings of Dainik Bhaskar dt. 27 th & 2 nd May, 2001.	Not ascertainable	Hearing awaited.
04.02.2004	Commissioner, Rewa	275/Appeal/03-04 – OPM vs. Collector & Public Health Engg Deptt., Shahdol.	Representation filed on 4.2.04 as per High Court order dt. 17.11.03 in the matter of Rs.3 lacs damages of Tube well.	Rs. 3,00,000/-	Fixed for final argument on 11.06.07..
09.10.1998	SDO, Anuppur	Misc. Case No. State vs. OPM	Case for recovery of compensation damages of land of villagers of Bakahi.	The financial implication of this matter is related to W.P. No. 5025 / 2000 as mentioned in the next row.	Stayed by the High Court of MP.
21.08.2000	High Court of MP	W.P.No.5025/00 O.P. Mills –vs- State	Being the damages of land of 24 agriculturist of Bakahi Village.	Rs. 75,290/-	Hearing awaited.
21.03.2003	High Court of M.P.	Misc. Appeal No.149/03 – Smt. Manbahor vs. OPM	Appeal against order dt. 7.10.2002 passed by MACT Satna adjusting Rs.2 lacs paid as per settlement in Award of Compensation.	Not ascertainable	Hearing awaited.
Excise Duty Matters					
There are 21 excise and service tax matters pending in relation to OPMA in several forums including High Court of Madhya Pradesh, CESTAT, Commissioner and Asst. Commissioner, CEX, Bhopal and Jabalpur. The disputes, inter alia, relate to transfer of credit balance, disallowed credit in Excise Duty, refund claim appeal, MODVAT credits, demand for differential duty, demand on Tour Operator Service, disallowance of credit on Input Service etc. The total disputed amount is Rs. 761.42 Lacs.					
Sales Tax					
There are 7 Sales Tax matters pending in relation to OPMA, which include show cause notices, assessment orders, appeals etc. before several forums. The disputes relate, inter alia, to Entry Tax, M.P. Commercial Tax, CST etc. and the total disputed amount is Rs. 205.43 Lacs.					

B. CIVIL CLAIMS/WILFUL DEFAULT IN WHICH DIRECTORS OF THE COMPANY ARE INVOLVED:

1. Mr. C.K. Birla:

There is a Suit for payment of 'Superannuation Fund' being no. 899 of 1997 wherein, Mr. C.K. Birlas has been made a party pending before the Principal Sub-Ordinate Judge, R R District, Saroornagar, Hyderabad. The disputed amount is approximately Rs.5.07 lac alongwith interest."

2. Mr. Amitabha Ghosh

Mr. Amitabha Ghosh was a Non Executive Independent Director of Assambrook Limited since November 5, 1992. Subsequently, Assambrook Limited has been categorized as a 'Wilful Defaulter' by the Reserve Bank of India in relation to its borrowing from IDBI Bank Ltd. Mr. Amitabha Ghosh has resigned from the Board of Assambrook Limited with effect from August 1, 2005 which was accepted at its Board Meeting held on August 26, 2005.

3. Mr. D.N. Patodia

A Miscellaneous Case being No. 2841 of 2006 has been filed before the City Civil Court at Calcutta, Vth Bench by Rani Birla Girls' College against Smt. Labyana Kolay and others which include Hindustan Charity Trust and Mr. D.N. Patodia as defendants and the same is pending. The amount involved in not ascertainable.

C. CASES AGAINST OUR SUBSIDIARIES

Air Conditioning Corporation Ltd

Date of Suit filling	Court	Title	Matter	Amount involved	Status
2003, Feb	1st Additional Labour Court, Chennai	C.P. No.42 of 2003	Reimbursement/ arrear payment	78904/-	Pending adjudication

Sales Tax

Sales Tax demand by Sales Tax Authorities for various years against which Air Conditioning Corporation Ltd. has filed Appeals before relevant Appellate Authorities amounted to about Rs. 68.14 Lacs. The Sales Tax demand has however now got reduced to Rs. 66.94 lacs as on 31st March, 2007 due to decision of the Appellate Authorities in favour of Air Conditioning Corporation Ltd. to that extent.

OPI Export Limited

There are no litigations against our subsidiary, OPI Export Limited

D. CIVIL CLAIMS IN WHICH PROMOTER GROUP COMPANIES INVOLVED:

The civil matters which have been further segregated into (i) Civil matters pending before several Courts/ forums (ii) Taxation and revenue matters (iii) Labour matters (iv) Employees State Insurance matters (v) Winding Up Petitions (vi) Arbitration (vii) Environment matters.

1. Hindusthan Motors Limited ('HML')

CIVIL MATTERS

S.No	Date of Case/ Suit filing	Court	Title & Case No.	MATTER	Amount Involved (Rs. lacs)
1.	Year 1998	High Court New Delhi	1096/98 Seven Seas Leasing Ltd. Vs. HML & ors	Mesne profit towards excess period stayed over in the tenanted property	114.18
2.	277/03/01	High Court, Kolkata	E.C.No. 23/01 DR Motors & another Vs. HML & ors.	Plaintiff claimed compensation for loss and damages due to cancellation of dealership	13.5
3.	6/06/03	State Commission Chandigarh	664/06 Sanjoy Pahwa Vs. • Premier Motor Garage • HML. & Others	Defect in Lancer car. Complainant Demanded Replacement/co st of Lancer car	10.41
4.	1/02/05	State Commission, New Delhi	AP/05 Ravindra Pal Singh Brar Vs. Asian Motors & Others	Defect in Lancer car, demanded cost of the car & compensation	17.17
5.	22/02/05	District Forum	30/05 Mrs. Sarojini Arya Vs. • Metro Motors Pvt. Ltd. & • HML	Defect in Lancer car	13.09
6.	12/04/05	District Forum, Chandigarh	185/05 Gurdeep Singh Vs. 1) HML 2) Premier Motor Garage	Defect in Amb. Grand, demanded replacement of car & claimed compensation	10.08
7.	8/07/05	District Forum, Jalandhar	36/06 Bahadur Singh Vs. • Northern Motor Pvt Ltd. • HML & Others	Defect in Lancer car, demanded the cost of the car	18.5
8.	03.09.20 05	District Forum, Khurda	229/05 M Series Pvt. Ltd. Vs. HML & others	Defect in Lancer Car as well as service problem	18.5
9.	14/10/05	District Forum	701/05	Defect in	12.00

S.No	Date of Case/ Suit filing	Court	Title & Case No.	MATTER	Amount Involved (Rs. lacs)
		Chanigarh	Jagdish Singh Vs. HML	Lancer car. Complainant demanded replacement of car and compensation	
10.	1/12/05	High Court, New Delhi	1700/05 Mrs. Jatinder Wirk Vs. M/S Mitsubishi Motors Ltd. & Ors.	Defect in Lancer car. Complainant demanded replacement of car and compensation	70.00
11.	26/12/05	State Commission, New Delhi	182/05 Amardeep Singh Wirk Vs. • MMC Ltd. • HML & Others	Accident of Pajero car. The complainant demanded cost of the car, compensation etc.	32.38
12.	27/09/06	District Forum, Panipat	399/06 MASD Public School Vs. Ms. Harit Motor Pvt. Ltd & HML	Defect in RTV Cosmo Bus. Complainant claim replacement of vehicle, cost of repair and compensation	14.71
13.	01.08.05	The District Consumer Disputes Redressal Forum, Erode	C.O.P. No. 310/05 Dr. S. Chandrasekaran Vs. HML & Ors.	Defect in Amb. car. The complainant demanded replacement of the car along with compensation etc.	14

Apart from the aforesaid matters there are about 238 matters pending before different forums/courts involving total amount of Rs. 538.53 lacs. For each of these matters the claim amount is approximately less than Rs. 10 Lacs and such matters, inter alia, pertain to Consumer Forum, Excise Refund, Recovery of Dues, Accident Claim, Dispute Over Delivery of Used Cars and Defect in Vehicle etc.

Sales Tax Matters

There are certain matters pending against Hindusthan Motors Limited before several forums, Government administrative bodies, tribunals and Courts regarding Central Sales Tax and State Sales Tax. In relation to HML's Chennai Car Plant, a matter was pending before the High Court at Chennai in which the disputed amount was approximately Rs. 8583 lacs. The said matter has been recently disposed off in favour of HML wherein the Court has held that the Department should waive the claim of the entire amount.

The total disputed amount in relation to the pending sales tax matters including show cause notices is Rs. 560.39 lacs.

Customs Matter

There are certain customs matters pending against HML which includes litigations before several forums and show cause notices issued by relevant authorities. The total disputed / claim amount is approximately Rs. 8.97 lacs.

Excise Tax matters (including Service Tax and Value Added Tax)

There are certain excise matters pending against HML which includes excise litigations before several forums and show cause notices issued by relevant authorities. The total disputed / claim amount is approximately Rs. 2777.38 lacs.

Apart from the above, there is a disputed claim of approximately Rs. 115.43 in respect of which HML has obtained a stay order from the concerned authority.

Labour Matters

The following cases are pending against Hindusthan Motors Limited. The amounts involved in these matters are not ascertainable:-

S.No.	In Court of	Initiated by
1.	High Court, Calcutta W.P. No. 8975 of 2002	Janardan Singh, Security Personnel –vs- HML
2.	High Court of Calcutta	Mr. Kallol Mondal –vs- HML
3.	High Court, Calcutta	Pensioner's Welfare Association–vs- HML
4.	Second Industrial Tribunal	Nim Chand Das –vs- HML
5.	Fifth Industrial Tribunal	HM & HI SSKU and HM & HIWU (Freezing of DA).
6.	Fourth Industrial Tribunal	HM & HIWU (Bonus Case)
7.	Third Industrial Tribunal	Mr. Udayan Sengupta –vs- HML
8.	-do-	Mr. Ananda Chatterjee –vs- HML
9.	-do-	Mr. Goutam De –vs- HML
10.	Fourth Industrial Tribunal, Kolkata and High Court.	T.K. Bhattacharyya –vs- HML
11.	First Industrial Tribunal Court, Kolkata	Mr. P.P. Singh –vs- HML
12.	First Industrial Tribunal	Karunakar Mohanty –vs- HML
13.	Labour Court, New Delhi & High Court, New Delhi.	Chandarpaul Singh –vs- HML
14.	Labour Court, Delhi (Karkadoma)	Manoj Kumar –vs- HML
15.	Labour Court, Delhi (Karkadoma)	Rajesh –vs- HML
16.	Serampore Court	Chandra Mohan Chowdhury (of TWL) –vs- HML
17.	Metropolitan Court	Hare Street Police Station, Kolkata (Security Gun Case) –vs- HML
18.	Workmen's Compensation Court	Kalpana Choudhury (Compensation Case) –vs- HML
19.	District Court, Chinsurah	S.K. Sharma (Compensation Case) –vs- HML
20.	Howrah Dist. Court	Sonali alias Sundari Devi –vs- HML
21.	Alipore Court	Sumitra Devi, W/o. Narayan Rajak –vs- HML
22.	Munsif Court, Sreerampur & Criminal Court Serampore	Debabrata Chatterjee –vs- HML
23.	Munsiff Court Case No. I.T. S 97/06	Bijali Ghosh, W/o Late Bimal Kumar Ghosh –vs- HML
24.	Consumer Forum, Chinsurah	-do-
25.	Tribunal, Kolkata	Bindeshwar Jha –vs- HML
26.	Munsif Court, Serampore	Himangsu Singha –vs- HML
27.		TBK Chandrasekaran & Ravishankar –vs- HML.

S.No.	In Court of	Initiated by
28.	District Munsif Court, Thiruvallur	V Varadappa Reddy & V. Subramani vs. HM.
29.	5 th Motor Accidents Claim Tribunal, Chennai.	B. Aravind (Minor) represented by mother – Mrs. Kanchana Vs. HML.
30.	Principal Labour Court, Chennai	T. Soundararajan vs. HML.
31.	II Addl. Labour Court, Chennai	E. Munuswamy vs. HML.

Pursuant to a Business Transfer Agreement dated 19-02-2005 between Hindustan Motor Limited ('HML') and AVTEC Limited ('AVTEC') as amended on 14-06-2005, the Pithampur (M.P.) and Hosur (Tamilnadu) divisions of HML has been transferred to AVTEC on a going concern basis. According to the said Business Transfer Agreement (as amended on 14-06-2005), certain liabilities including those arising from legal proceedings, the cause of action whereof arose prior to 28-06-2005 shall be borne by HML even if the claims are crystallized at a later date. Those liabilities which shall arise from events subsequent to 28-06-2005 shall be borne by AVTEC and liabilities from event which have partly occurred prior to 28-06-2005 and partly subsequent to 28-06-2005 shall be proportionately borne by both HML and AVTEC.

In the event, such liabilities are crystallized against HML, HML may be liable for the following:

Matter	Amount (Rs. lacs)
Excise	646.18
Sales Tax	24.50
Customs	465.14
Foreign Trade	8.78

2. Hyderabad Industries Limited

(A) Civil Cases

S. No.	Date of Filing	Court / Forum /Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
1.	1985	Court of Sub-Ordinate Judge, Chaibasa	Bihar Electricity Board	Suit filed for recovery of dues for electricity charges under minimum guarantee charges for the period 1982-83 and 1983-84 concerning roro mines.	17.94	The Electricity Board filed Kolhan Money Suit for recovery of dues relating to Roro Mines, Chaibasa for the period 1982-83 and 1983-84. BSEB was not able to produce original documents. The Company is seeking dismissal of the suit on the ground that BSEB has not been able to produce original documents in the suit. In view of the division of states, case could not be listed for long time. The final hearing in the matter is yet to be fixed. The Company, however, received a demand on 17.07.1991 for Rs.17,94,293.91 towards electricity

S. No.	Date of Filing	Court / Forum /Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
						<p>charges payable to BSEB in respect of the period 1974-75 to 1984. In raising the bill, the Department did not consider the AMG charges for 1982-83 and 1983-84 constituting major part of the claim being Rs.13,98,089.20, as directed by the High Court. The Company in its reply dated 05.08.1991, brought to the notice of the Department, the aforesaid facts. Pending consideration of the company's letter dated 05.08.1991, the demand was not paid. No reply from the Department is received even as on date.</p> <p>Towards this, Rs.3 lacs is provided for in the accounts of the Company, whereas balance Rs.15 lacs is treated as contingent liability.</p>
2.	2000	Supreme Court of India, New Delhi	Bihar State Elec. Board	Levy of Fuel Surcharge.	---	<p>Against the Order of High Court of Patna constituting a committee to determine fuel surcharge payable and the rates determined by the said committee which were directed to be implemented by the High Court of Patna, the BSEB filed a Special Leave Petition before the Hon'ble Supreme Court of India and the same is likely to be listed for pending. The suit filed by the Company decreed in its favour. Pursuant to the transfer of decree to High Court of Bombay, the Company filed an execution petition seeking attachment of properties belonging to the party. The attachment warrants</p>

S. No.	Date of Filing	Court / Forum /Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
						have been served on the party and further proceedings are to be initiated by the Court Commissioner.
3.	2004	Dist. Consumer Disputes Redressal Forum, Rohatak.	Satish Kumar, Rohatak	Complaint under Consumer Protection Act, claiming compensation against alleged damage/loss suffered due to alleged poor quality of A.C.Sheets.	5.00	The party filed a consumer complaint against the Company under Consumer Protection Act alleging about the poor quality of Asbestos Cement Sheets supplied by the Company due to which the said sheets were broken and caused damage to his shed. The party has demanded for inspection of our sheets by an authorised laboratory. The matter is fixed for arguments to 18.07.2007 on this issue.
4.	2005	V Junior Civil Judge, City Civil Court,Hyderabad	Himayathunnisa Begum and nine others	Eviction of a portion of land belonging to them situated at Erragadda R&D Unit.	----	<p>Mrs.Himayathunnisa Begum and nine others being the legal heirs of Late Nawab Md.Miftahuddin Khan filed an eviction petition against the Company claiming delivery of vacant possession of Ac.4.03 Guntas of land forming part of the Company's R&D Unit situated at Erragadda, Hyderabad. The matter is listed to 07.06.2007 for recording of evidence on behalf of the Petitioners.</p> <p>The Company filed a separate suit bearing O.S.No.776/2006 against the above Petitioners before the Ind Addl.Chief Judge, City Civil Court, Hyderabad, seeking a specific direction to sell the subject property to the Company in terms of the lease deed executed by Late Nawab Md.Miftahuddin</p>

S. No.	Date of Filing	Court / Forum /Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
						Khan. The said suit is posted to 15.06.2007 for framing of issues.
5.	2005	V Junior Civil Judge, City Civil Court, Hyderabad	Tahirunnisa Begum and two others	Eviction of a portion of land belonging to them situated at Erragadda R&D Unit.	----	<p>Mrs.Tahirunnisa Begum and two others being the legal heirs of Late Nawab Md.Sirajuddin Khan filed an eviction petition against the Company claiming delivery of vacant possession of Ac.1.02 Guntas of land forming part of the Company's R&D Unit situated at Erragadda, Hyderabad. The matter is listed to 05.06.2007 for recording of evidence on behalf of the Petitioners.</p> <p>The Company in the above suit filed a counter claim against the above Petitioners, inter alia, seeking a specific direction to sell the subject property to the Company in terms of the lease deed executed by Late Nawab Md.Sirajuddin Khan.</p>
6.	2002	Ind Addl. Chief Judge, City Civil Court, Hyderabad	Karim Nawaz Alladin	Family Partition Suit between members of Alladin Family.	----	Mr.Karim Nawaz Alladin one of the member of Alladin Family filed a partition suit against all members of Alladin Family including the Company, as the Company is holding some of the properties belonging to Alladin Family under various lease deeds. The Company has filed its written statement and the matter is yet to be posted for evidence.
7.	2006	High Court of Uttar Pradesh at Allahabad	Commissioner of Trade Tax, Lucknow, U.P.	Demand of Rs.1.68 lacs towards UP Trade Tax.	1.68	The Assessing Authority in respect of Company's five depots at Ghaziabad, raised a demand of Rs.1,81,677/- towards Trade Tax. The Company filed an appeal before the Joint

S. No.	Date of Filing	Court / Forum /Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
						Commissioner (Appeals) and the same was dismissed. The Company filed a further appeal before the Tribunal and got relief to the extent of Rs.1,68,000/-. Aggrieved by the Orders of the Tribunal, the Department filed a Trade Tax Revision case before the High Court of U.P., at Allahabad and the same is to be listed for hearing as per roaster of the court.
8.	2006	Arbitral Tribunal, The Indian Chamber of Commerce, Kolkata	Key Electricals Pvt.Ltd.	Claim before the Arbitrator towards outstanding dues payable.	15.17	In respect of various purchase orders placed by the Company for supply of various electrical items, the party has invoked arbitration proceedings against the Company before the Arbitral Tribunal, ICC, Kolkata. The Company filed a counter claim in the above arbitration proceedings for a sum of Rs.1,18,11,524/- alongwith interest and damages of Rs.50,00,000/-. The date for final arguments is yet to be fixed.
9.	2007	District Consumer Disputes Redressal Forum, Kurukshetra	Chaman Farm House	Complaint under Consumer Protection Act, claiming compensation against damages suffered due to alleged poor quality of A.C.Sheets	0.84	The party filed a consumer complaint against the Company under Consumer Protection Act alleging about the poor quality of Asbestos Cement Sheets supplied by the Company due to which the said sheets were broken and caused damage to its Marriage Palace. The Company filed its Written Statement on 27.02.2007 and the case is posted to 05.06.2007 for recording evidence of the Complainant.

S. No.	Date of Filing	Court / Forum /Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
10.	2007	District Consumer Disputes Redressal Forum, Belgaum	Miss.Anuradha & Another.	Complaint under Consumer Protection Act, claiming compensation against damages suffered due to alleged poor quality of A.C.Sheets	1.57	The party filed a consumer complaint against the Company under Consumer Protection Act alleging about the poor quality of Asbestos Cement Sheets supplied by the Company due to which the said sheets were broken and caused damage to their newly constructed shed. The Company filed its Written Statement and the case is posted to 05.06.2007 for framing of issues in the matter.

(B) Tax Matters

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	S t a t u s
1.	1994	High Court of Andhra Pradesh, Hyderabad	Union of India and others	Tax payable on initial contribution to Superannuation Fund and 1/7 th of premium payable at the time of redemption of debenture.	4.00	<p>The Department filed a case before the High Court of Andhra Pradesh challenging the Order allowing the deductions claimed by the Company being the contributions made by the Company on behalf of the members at the time of admission to Superannuation Fund and as also on the 1/7th of the premium payable at the time of redemption of the debentures in the year 1990 in respect of its issue in the Assessment Year 1984-85. Case is to be listed for hearing as per roaster of the court.</p> <p>The matter is now settled in favour of the Company in view of the Judgement of the Hon'ble Supreme Court</p>

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
						of India in the case of M/s.Sirpur Paper Mills Limited reported in 237 ITR Page-41 (SC).
2.	1995	High Court of Andhra Pradesh, Hyderabad	Union of India and others	Technical know-how fee U/s 80-O of the Incometax Act..	4.25	The Department filed a Reference Application before the High Court of Andhra Pradesh challenging the Order allowing the contention of the Company that the tax is payable on gross amount and not on the net amount of Technical Know-how Fee U/s 80-O of the Incometax Act for the assessment years 1983-84 and 1984-85. The matter is covered against the Company by a judgement rendered in Company's own case i.e., R.C.No.93/91. Arguments concluded on 02.02.2006 and pronouncement of judgement is reserved.
3.	1995	High Court of Andhra Pradesh, Hyderabad	Union of India and others	Expenditure incurred by the Company on investigation – Assessment Years – 1988-89 and 1990-91.	----	The Department filed a Reference Application before the High Court of Andhra Pradesh challenging the Order of the Tribunal allowing the contention of the Company that the expenditure of Rs.22.52 lacs incurred by it in earlier years on investigation into the feasibility, viability and profitability etc., of a cement plant at Sathna to diversify its activities and also holding that the deduction U/s 32AB to be allowed on income from dividends (UTI & Inter-Corporate Sectors). No notice is received from the High Court of Andhra Pradesh.
4.	2002	Incometax Appellate Tribunal, Hyderabad	Union of India and others	Deduction U/s 80HHC – Excise Duty forms part of total turnover-Assessment Years 1996-97 to 1998-99.	----	The Department filed Incometax Appeals before ITAT, Hyderabad, challenging the Order passed by CIT (A)-II, Hyderabad, allowing the contention of the Company that the excise duty should be excluded from the total turnover for the purpose

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
						of computation of special deduction U/s 80HHC. The matter is covered by the order of ITAT in our own case. The matter is yet to be listed for hearing.
5.	2002	Incometax Appellate Tribunal, Hyderabad	Union of India and others	TDS on commission paid to Agents on export sales.	----	The Department filed Incometax Appeals before ITAT, Hyderabad, challenging the Order passed by CIT (A-V), Hyderabad, allowing the contention of the Company that the commission payments made to the Agents on export sales were not liable for deduction of tax at source U/s 195(1) of I.T.Act.
6.	2004	Supreme Court of India, New Delhi	State of Uttar Pradesh	Challenging Notification issued by the State Govt. of U.P., granting benefit only to one unit.	----	The State of Uttar Pradesh filed a Special Leave Petition before the Supreme Court of India challenging the Judgement of High Court of Allahabad (Lucknow Bench) quashing the Condition No.2 of the Notification by which the state had granted the benefit of concessional rate of salestax for use of fly-ash only to units situated within the state of U.P. The Court has directed to issued notice and tag the said matter with Civil Appeal No.3025/04 (State of U.P., Vs. Jaiprakash Industries Limited) and others batch. The matter will be listed for final hearing as per roaster of the court.
7.	2005	Allahabad High Court, Allahabad.	State of Uttar Pradesh	Levy of salestax on depot stock transfers in respect of 5 depots at Ghaziabad.	2.04	In respect of salestax assessment of 5 depots at Ghaziabad was finalised in March 2003 with a demand of Rs.1,80,000 + interest of Rs.24,000/- disallowing depot to depot stock transfer and loss due to breakage. We went in appeal against order of Assessing Authority and the case has been decided in our favour. The Department has

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
						filed a further appeal before the High Court and the same will be heard as per roster of the court.

(C) Labour Cases

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
1.	1997	Labour Court, Faridabad	Master Babloo	Workmen were dismissed in January 1972 for assault on Company's Officers.	---	Mr.Lal Singh worked for 10 years and expired on 08.08.1997. Dues were paid to his wife as he was childless. Claim filed by the adopted son and daughter (minors). The Company has been impleaded as a party to the said case. The case is posted to 26.07.2007 for hearing.
2.	2006	Sessions Court, Faridabad	S.K.Jain	To accept his VRS (2000-SA) application by the Company.	---	Mr.S.K.Jain filed a case before the lower court to accept his VRS (2000 SA) application by the Company. After hearing the arguments of both sides, the court has dismissed the said case. Aggrieved by the orders of the lower court, an appeal was filed by Mr.S.K.Jain. Upon hearing the arguments of both sides, the Court was pleased to dismiss the appeal filed by Mr.S.K.Jain.
3.	1997	Labour Court, Gurgaon	Babu Lal	Claim for reinstatement.	---	Mr.Babu Lal was dismissed on 29.05.1997 on the charge of instigating workmen and resorting to strike on centenary of Netaji Subhash Chander Bose in 1997. Written Statement filed on 19.02.1999. The matter is posted to 08.06.2007 for recording of evidence on behalf of the Company and Enquiry Officer.
4.	1998	Labour Court, Faridabad	A.K.Garg	Demand for reinstatement with back wages.	---	Mr.A.K.Garg (Civil Engineer) was terminated on 08.11.1996. Government of Haryana has made reference to the Labour Court, Faridabad for adjudication on 04.01.1999. The recording of evidence on behalf of the management completed and the next date is posted to 15.06.2007 for further hearing in the matter.
5.	2001	Labour	Mukesh	Demand Notice	---	All cases are posted to

Sl. No.	Date of Filing	Court / Forum / Authority	Title	Subject Matter	Amount (Rs.in lacs)	Status
		Court, Faridabad	Kumar and six others	dated 12.02.2001 of ID Act for reinstatement with full back wages.		27.06.2007 for recording of evidence on behalf of the workmen.
6.	2002	Labour Court, Faridabad	Pratap Singh & six others	Demand Notice dated 12.02.2001 of ID Act for reinstatement with full back wages.	---	All cases are posted to 25.07.2007 for recording of evidence on behalf of the workmen.
7.	2001	Labour Court, Faridabad	Omprakash and three others	Demand Notice dated 12.02.2001 of ID Act for reinstatement with full back wages.	---	All cases are posted to 27.07.2007 for filing Rejoinder Affidavit on behalf of the workmen.
8.	2001	Labour Court, Faridabad	Gurpal	Demand Notice dated 12.02.2001 of ID Act for reinstatement with full back wages.	---	The case is posted to 05.06.2007 for settlement.
9.	2003	Labour Court, Gurgaon	Abhay Singh	Claim for reinstatement.	---	The workman was dismissed on 16.12.2002 on the charges of abusing and attempt to assault on superiors. The workman challenged the said dismissal order before the Labour Court and filed claim statement. The matter is posted to 13.07.2007 for filing Rejoinder.
10.	2003	Labour Court, Gurgaon	Abhay Singh	Claim U/s 10A of Industrial Employment (Standing Order) Act, 1946.	---	The workman was suspended on 11.07.2002 upto his dismissal on 16.12.2002. He was paid Subsistence Allowance as per certified standing orders of the Company. He filed a claim for payment of 100% Subsistence Allowance. Notice in the sad claim was received by the Company in December 2005. The matter is posted to 13.07.2007 for filing Rejoinder by the workman.
11	2005	City Civil Court, Faridabad	Tek Chand	Demanding benefit of enhanced salary.	----	Mr.Tek Chand retired on 28.02.2004. He filed a case against the Company demanding enhanced salary in view of salary review dated 02.03.2005 made by the Company to the workmen staff category. The matter is posted to 24.07.2007 for recording of workman evidence.

3. Pilani Investment & Industries Corporation Ltd

A suit has been filed by the State Bank of India, Bombay in the High Court at Bombay against the Company for recovery of a sum of Rs.15,44,486/- plus interest from 1st November, 1973 on the basis of guarantee given in respect of advances made to Hind Cycles Limited against their cash credit account by the State Bank of India. Pursuant to the Order of the High Court at Bombay, the Company has deposited a sum of Rs.69.27 lacs against the above claim with Debts Recovery Appellate Tribunal while admitting the writ petition filed by the Company.

4. National Engineering Industries Ltd (NEI)

Date of suit filing	Court	Title	Amount	Matter	Status
Land Matters					
18.09.79	Sub-Division Officer, Jaipur	Shakuntala Rai Vs. NEI		For ejectment of NEI from Kh No.99- Vill. Hasanpura	Party's evidence
	Com. Auth.	State Vs. Narain Katta & Ors.		Gopalpura land acquisition kh no 331	NEI's reply
	ADM-Newai	Jamuna Bai Vs. Ramkishor & Ors.		Reg. Newai factory land which has been transferred to NEI by Rameshwara.	NEI's evidence
02.11.93	SDO	Dalpat Singh Vs. State & Ors.		Alleged 'Unauthorised possession on kh 138/280 138/282 by NEI.	Other party's reply/R.B appeal.
May, 1998	H.C.	State of Raj. Vs. NEI-23/2000		Against High Court Order dated 2.5.98 regarding demolition of steel foundry	D/C
	H.C.	Laloo Pd. Vs. Jaipur Dev. Authority & Ors.6157/98		Ag. JDA TRU. Order reg. Gopalpura land.	NEI's reply
	S.C	R.C. Bhandari Vs. NEI		Eviction of tenant	for admission
22.08.96	Consumer Forum	Shazad Dawadi Vs. Narang Agra Machinery & NEI	371840.00	Complaint U/S 17 of CPA.	
1999	H.C.	UOI Vs. NEI-358/99	223000.00	Appl. Ag. Order dt. 11.12.97 in respect of coal claim.	Arguments
1999	H.C.	The Employer Association of Raj. & Ors. V/s ESI	1730000.00	Demand ag. ESI contribution on over time.	H.C. stay

Date of suit filing	Court	Title	Amount	Matter	Status
2003	H.C.	Raghuveer Singh Vs. NEI	140556.00	Claim ag. Dismissal of contractorship	for hearing
15.01.04	Arbitration Bokaro	SAIL vs. NEI	5258200.00	Large D. Bearing could not sustained the guaranteed tonnage.	Reserve for award
Sales Tax matters					
01.04.2006	H.C.	UOI Vs. NEI	4246795.80	Recovery of State S. Tax from Railways (Appl ag. Order 23.11.05)	Hearing
LBT/ House Tax Matters					
05.07.95	H.C.	State Vs. NEI		LBT ag. Div. Commissioner order dt.6.5.95.	Arguments
	Asst. DIR.	Asstt. Director Vs. BSMR		Notice U/S 22 of LBT - Gopalpura Land	H.C. Stay dt. 16.01.02
28.09.99	H.C.	BSMR Vs. State of Raj. & Ors. 2858/01	3.01 Crores	Appl. Ag. Assessment order dt. 17.9.99 reg. LBT demand for Hospital land.	H.C. Stay dt.16.01.02
ACCIDENTAL CASES					
There are certain cases pending before the Motor Accident Claims Tribunal against NEI for Motor accident compensation claim. The total claim amount is approximately Rs. 116.90 Lacs.					
ELECTRICITY MATTER					
There are certain electricity matters against NEI pending before the Hon'ble Supreme Court of India and the Hon'ble High Courts, inter alia, opertaining to, interest on security deposit, inspection and testing fee, new service line etc. at Newai, Jaipur, Durgapur. The total claim amount of such matters are not ascertainable.					
EXCISE MATTERS					
There are certain Excise Matters pending against NEI before the Hon'ble Supreme Court of India, Hon'ble High Courts inter alia, regarding duty on CST, MODVAT reversal etc. The total claim amount is approximately Rs. 1,82,06,067.68					
COMMISSIONER APPEALS					
There are certain cases pending against NEI with the Commissioner Appeals regarding Service Tax. The total claim amount is approximately Rs. 16,45,466.81					
REMAND CASES					
There are certain Remand Cases pending against NEI, inter alia, regarding disputes on MODVAT Credit taken by the company. The total claim amount is approximately Rs.28,74,239.75					
DETAILS OF PENDING SHOW CAUSE NOTICE					
There are certain show cause notices pending against NEI, inter alia, regarding MODVAT on capital goods, credit on returned goods, service tax on technical know-how fee, GTA services etc.Cenvat on capital goods. The total claim amount is approximately Rs. 1,63,84,049.00					

LIST OF CASES PENDING CASES IN HIGH COURTS : The amounts involved are not ascertainable.				
S.NO.	COURT	TITLE	MATTER	STATUS
1	S.B.No.3922/97	Rakesh Bhatnagar Vs NEI	Writ filed by Sh. Rakesh Bhatnagar on 8.7.97 against the order of Labour Court U/s 33(c)(2)	Pending for final arguments.
2	SBCW No.1949/98	Shambhudayal Vs Industrial Tribunal & Others	Writ filed by Sh. Shambhudayal against the order of Industrial Tribunal - vide this order approval was granted U/s 33(2)(b)	Pending for arguments.
3	High Court, Calcutta	J.P.Yadav Vs IIIrd Industrial Tribunal & Others	Writ filed by Sh.J.P.Yadav against the order of IIIrd I.T. Calcutta - vide this order interim relief was refused.	Pending for admission.
4	SBCW No. 5293/98 Rajasthan High Court, Jaipur Bench	Chhotu Ram Vs NEI	Writ filed by Sh.Chhotu Ram, for taking him on duty as his approval was refused by I.T. U/s 33(2)(b)	Pending for arguments.
5	SBCW No.8163/2002	A.K.Soni Vs NEI & Others	Writ filed by Mr. A.K.Soni on 29.11.2002 against the order of Labour Court.	Pending for arguments.
6	SBCW No.4732/03	Shamshudin & Others Vs State of Rajasthan & Others.	Contractor and Contractor's Labour filed Writ against the company for staying the Order of the company dated 5.8.2003 vide which services of the Contractor Labour were terminated as per Notification of the Govt. dated 9.7.2003.	Pending for arguments.

7	SBCWP No.5673/05	Bhanwar Singh Vs JIT Others	Mr.Bhanwar Singh challenging the order of I.T. Jaipur. Notice received on 5.9.05	Pending for admission.
LIST OF CASES PENDING BEFORE INDUSTRIAL TRIBUNAL, JAIPUR: The amounts involved are not ascertainable.				
INDUSTRIAL TRIBUNAL, JAIPUR:				
S.NO.	COURT	TITLE	MATTER	STATUS
1	ITR 41/98	NEI (W) Union Ajeet Singh Vs NEI	Case for appointment of Legal Heir of Gopal Singh referred in Industrial Tribunal.	Pending for final arguments.
2	ITR (Misc.) 1/05	NEI (W) Union Vs NEI	Restoration Application filed by the N.E.I.(W) Union to restore the reference case No.ITR 24/01 which has already been decided by the Industrial Tribunal as 'No Dispute Award' on 1-2-2002.	Pending for arguments.
LIST OF CASES PENDING BEFORE LABOUR COURT : The amounts involved are not ascertainable.				
S.NO.	COURT	TITLE	MATTER	STATUS
1	LCR 417/89	A.K.Soni Vs NEI Ltd.	Dismissal	Pending for final argument.
2	LCR 211/93	Kishan Lal Vs NEI Ltd.	Superannuation	Pending for arguments.
3	LCR 234/95	BMS Vs NEI Ltd.	Dismissal of Madan Lal	Pending for arguments on fairness.
4	LCR 45/94	Ghisa Singh Vs NEI Ltd.	Dismissal	Pending for arguments on fairness.
5	LCC-1 184/99	Bhanwar Singh & Others Vs NEI Ltd.	U/s 33(c)(2) for attendance allowance & production bonus.	Pending for final arguments.
6	LCR 112/00	R.K.Nair Vs NEI Gunsî.	Termination	Pending for arguments.
7	LCR 227/2004	Syer Singh Vs NEI	Termination	Pending for evidence.
8	LCR 90/2003	Jitendra Singh Vs NEI	Dismissal	Pending for rejoinder.
9	LCR 91/2003	Dilip Singh Vs NEI	Dismissal	Pending for rejoinder.
10	LCR 92/2003	Bhanwar Singh Vs NEI	Dismissal	Pending for rejoinder.

ADDL. LABOUR COURT, CHENNAI. : The amounts involved are not ascertainable.				
S.NO.	COURT	TITLE	MATTER	STATUS
1.	Addl. Labour Officer, Chennai. CP No. 25/2000	S.Krishnan Vs. NEI Ltd. at Chennai court.	Mr.S.Krishnan (Driver) filed U/s 33(c)(2) wherein he has made claim of Rs. 330995/- as the back wages were not paid as per award of the Labour Court, Chennai.	Pending for enquiry.
2	Principal Labour Court, Chennai ID No.464/2000	S. Krishnan Vs. NEI Ltd.	Mr.S.Krishnan (Driver) filed a case U/s 33(c)(2) of the I.D.Act 1947 claiming alleged back wages which become due after his reinstatement. He was reinstated and transferred to Jaipur but he did not join. Notice received on 14.9.2000.	Pending for enquiry.
LIST OF CASES PENDING IN CIVIL & CRIMINAL COURT : The amounts involved are not ascertainable.				
DISTRICT COURT :				
S.NO.	COURT	TITLE	MATTER	STATUS
1	CS 519/99	K.P.Mathur Vs. NEI	Mr.K.P.Mathur filed a Civil Suit against the company and Trust of Superannuation Fund for payment of his superannuation amount. Notice received for 7.7.2000.	Pending for argument on application.

5. GMMCO LIMITED

Chemicals Division

1. Cases relating to non-acknowledgement of liability as debts

One case seeking quashing Order of Commissioner of Commercial Tax on determination of rate of tax on Furnace Oil is pending before the High Court under the Madhya Pradesh General Sales Tax Act, 1994.

2. Civil cases:

Five cases relating to claims of Mr. A.K. Singh for back-wages, retrenchment of contractual labour of Fusion plant, civil suits against six unions for permanent and interim injunction against illegal strike etc. by the union, outstanding payments amounting to Rs.30,67,630/- and refusal of bank to repay dues through LIC amounting to Rs.71,167/- are pending in the High Court, Jabalpur, High Court, Indore, ADJ Court, Shahdol, High Court at Allahabad, Lucknow and High Court, Raipur.

Certain other cases filed against GMMCO are as follows:

Year of filing	Court	Title	Matter	Amount involved (Rs Lakhs)	Status
2002	Civil Judge, (SD), Mysore	Suit No 333/02 Friendly Transport Vs KS Oils & GMMCO	Claim for non payment of “to pay basis” transport charges.	1.36	Matter Pending
2002	Civil Judge (SD), Mysore	Suit No 343/02 Friendly Transport Vs Ramu Electric	Claim for non payment of “to pay basis” transport charges.	0.87	Matter Pending
2002	Civil Judge (SD), Mysore	Suit No 370/02 Friendly Transport Vs Girijapathy Reddy & GMMCO	Claim for non payment of “to pay basis” transport charges.	1.58	Matter Pending
2002	Small Causes, Mysore	Suit No 396/02 Friendly Transport Vs NVR Cotton & GMMCO	Claim for non payment of “to pay basis” transport charges.	0.20	Matter Pending
2007	Court of Civil Judge, Surat	Summary Suit 4/2007 Gujarat JHM Hotels	Claim for compensation for delay and defective supply of gas fired generator set	20.30	Matter Pending

3. Labour cases:

Eighteen cases relating to labour matters are pending in High Court, Jabalpur, Labour Court, Shahdol and Industrial Court. The total amount involved in all the litigations aggregate to Rs.19.29 lacs.

4. Excise and cess cases:

Five cases are pending before CESTAT, CEGAT and High Court, Jabalpur. The total amount involved aggregates to Rs.489.60 lacs.

Earthmoving Equipment Division (Main Division)

1. Cases relating to non-acknowledgement of liability as debts

A number of cases are pending before the Commercial Tax Officer, Sales Tax Tribunal, Appellate Tribunal, Assistant Commissioner, Assistant Deputy Commissioner and other authorities on account of disputes relating to filing of ‘C’/‘D’ Forms, rejection of ‘C’ Forms, waiver of interest and penalty, higher rate of taxation, surcharge, tax on enhanced turn-over, dispute in turn over and other similar disputes under Central Sales Tax Act, 1956, Delhi Sales

Tax Act, 1975, Bihar Finance Act, 1981, KST Act, 1957, Madhya Pradesh General Sales Tax Act, 1994, Goa Sales Tax Act, 1964, Kerala General Sales Tax Act, 1963, Andhra Pradesh General Sales Tax Act, 1957, Pondicherry General Sales Tax Act, 1967, UP Trade Tax Act, 1948 and Bengal Finance Sales Tax Act, 1941.

2. Labour cases

Two labour cases are pending before the Labour Court, Bangalore, Addl.City Civil Court, Hyderabad and City Civil Court, Secunderabad involving an aggregate sum of Rs.24.02 lacs, involving claims for wages, bonus and allowance of a worker and dismissal of an employee of the company.

3. Civil cases

Ten cases have been filed by various customers in the State Consumer Disputes Redressal Commission, Chennai claiming, interalia, refund of full amount of machine and, parts and compensation for mental agony. The amount of claim is unascertainable. All the cases are pending inquiry before the Forum.

6. AVTEC Limited (see note 1 below)

Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
A. Civil Cases							
1			Trackon Couriers Pvt. Ltd. Vs. AVTEC Limited & Another	Suit under order XXXVIII of the Code of Civil Procedure for recovery of a sum of Rs.1,12,956/- with interest and cost.	Rs.1.13 lacs	The other party did not appear before the court on 02/05/2007 and the Honbl'e Court has ordered to serve them Notice again. The next date of hearing has been fixed on 03/08/2007.	

B. EXCISE & SERVICE TAX MATTERS							
Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
1		Assistant Commissioner of Central Excise & Service Tax, Hosur II Division.		Demand of Differential Service tax payment ; Valuation of taxable services received under Goods Transport Agency; Eligibility of abatement availed has been questioned. [Period from Jan 05 to Sep 05]	Rs.2.45 lacs	Show Cause Notice Received in Aug'06 and reply was filed on 19.09.2006. The Central Board has issued an order dated 12 th March, 2007 u/s 37B stating that abatement is available for any person liable to pay the service tax. Consequently, the Department is expected to drop the proceedings.	Since the matter relates to prior to & after the Business Transfer, it shall have financial effects on both HML and AVTEC.

B. EXCISE & SERVICE TAX MATTERS

Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
2		The Additional Commissioner - Excise, Indore, (M.P.)	SCN (16) 30-365/C-III/Pith/d dated 28.11.05 issued under section 73 and Interest under section 75 and penalty u/s 77&78 of the Finance Act, 1994	Service tax on payment made to JIPM and SV Tech. Incorporation and Picco Angelo. [01.12.2004 to 30.06.2005]	Rs.0.58 lacs	Demand of Rs.0.25 lacs is dropped and Rs.33 lacs is confirmed by Addl. Commissioner, Indore vide OIO No.31/ADC/ST/IND/06-07/ dated 30.11.2006 received on 12.02.2007. An appeal before the Commissioner Appeals, Bhopal has been filed on 12 th April, 2007	This matter relates to the period prior to the Business transfer & shall have no financial effects on AVTEC.
3		The Additional Commissioner - Excise, Indore, (M.P.)	SCN (16) 30-367/C-III/Pith/d dated 28.11.05 issued under section 73 and Interest under section 75 and penalty u/s 77&78 of the Finance Act, 1994	Service tax on amount payable to MMC [01.12.2004 to 30.06.2005]	Rs. 4.46 lacs.	Demand is confirmed by Addl. Commissioner, Indore vide OIO no. 31/ADC/ST/IND/06-07/ dated 30.11.2006 received on 12.02.2007. An appeal before the Commissioner Appeals, Bhopal has been filed on 12 th April, 2007	This matter relates to the period prior to the Business transfer & shall have no financial effects on AVTEC.

B. EXCISE & SERVICE TAX MATTERS

Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
4		Deputy Commissioner, Excise, Pithampur	SCN No. IV (16)30-213/06/R/7616/dated 07/10/2006 received on 09/12/2006.	Wrong availment of CENVAT Credit on Out ward Transportation.	Rs.3.70 Lacs	Reply submitted before the Dy. Commissioner -Excise, Indore on 20/02/2007.	
5		The Commissioner of Central Excise, Indore.	SCN C.No. v(84) 15-01/2006/Adj. I/36665 dated 27.01.06 under rule 3 of CENVAT Credit Rules,2004	Wrong availment of CENVAT credit of CVD paid through DEPb by FORD. [29.01.2005 to 30.09.2005]	Rs. 500.04 lacs.	Reply of show-cause notice has been submitted on 24-03-2006.	Since the matter relates to prior to & after the Business Transfer, it should have had financial effects on both HML and AVTEC. However, FORD has issued a letter to HML dated 27-02-2003, inter alia, stating that it shall bear all excise duty and all commercial taxes pertaining and related to imported materials supplied by FORD to AVTEC and supply of engines and transmissions by AVTEC to FORD pursuant to job work agreement dated 27-02-2003.
6	14.10.2003	The Assistant Commissioner of Central Excise, Hosur II Division.	Commissioner of Central Excise, Chennai III Vs. Hindustan Motors Limited, Hosur.	Finalisation of Provisional Assessment towards the valuation of goods cleared to EED, during the year 1999-2000.	Rs.17.22 lacs.	The case yet to be heard at CESTAT, Chennai	This matter relates to the period prior to the Business transfer & shall have no financial effects on AVTEC.
7		The Joint Commissioner of Central Excise & Service Tax, Chennai III Commissionerate.		Service tax liability on payment of Royalty payment made to Allison, during the period from 1999-2002	Rs.14.20 lacs.	The case yet to be heard by JC, Chennai	This matter relates to the period prior to the Business transfer & shall have no financial effects on AVTEC.

B. EXCISE & SERVICE TAX MATTERS							
Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
8		The Joint Commissioner of Central Excise & Service Tax, Chennai III Commissionerate.		Service tax liability on payment of Royalty payment made to Allison, during the period from 2003-2004	Rs.13.20 lacs.	The case yet to be heard by JC, Chennai	This matter relates to the period prior to the Business transfer & shall have no financial effects on AVTEC.
9		The Assistant Commissioner of Central Excise, Hosur II Division, Hosur, Tamilnadu		Finalisation of provisional assessment under Central Excise Valuation Rules, towards the valuation of goods cleared to EED. [Period from April 2000 to January 2001]	Rs.31.87 lacs.	The Dy. Commissioner has adjudicated the case in favour of the Assessee dropping the demand of the Department.	
10		Assistant Commissioner of Central Excise & Service Tax, Hosur II Division, Tamilnadu.		Demand of Differential Service tax payment ; Valuation of taxable services received under Goods Transport Agency; Eligibility of abatement availed has been questioned. [Period from October '05 to March ' 06].	Rs.2.42 Lacs	Show Cause Notice Received on 6 Nov. '06 and reply was filed on 06.12.2006. The Central Board has issued an order dated 12 th March, 2007 u/s 37B stating that abatement is available for any person liable to pay the service tax.	
11		Joint Commissioner of Central Excise, Chennai.		Demand of Service Tax for payment of Royalty to GM, under Intellectual Property Rights [IPR].	Rs.11.11 Lacs	Show Cause Notice Received on 6 Nov. '06 and reply was filed on 03.12.2006.	

B. EXCISE & SERVICE TAX MATTERS							
Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
12		Deputy Commissioner of Central Excise & Service Tax, Hosur II Division, Tamilnadu.		Input Service Tax Credit availment has been questioned on the Input Services viz., Air Travel Agents, Rent-a-Cab & Outdoor Caterers. [Period from February 2006 to November 2006].	Rs.4.80 Lacs	Show Cause Notice Received on 29 th January 2007 and reply has been filed on 1 st March 2007.	

C. LABOUR RELATED CASES							
Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
1		Magistrate Labour Court, Dhar (M.P.)		Re-instatement of 31 temporary operators	Rs.140.56 lacs	The matter is still pending with the Magistrate Court for final disposition. The Company has reinstated 14 workers till 30-06-2006.	However, the liability towards back wages may arise at the time of final disposition of the case. Matter pending.
2		Labour Court, Indore (M.P.)	Labour Court, Indore (M.P.)	Case related to Mr. S.N. Kokate.	Not confirmed	Appel proceedins are on before the Industrial Court. Next date – 21.06.2007	

C. LABOUR RELATED CASES							
Sl. No.	Date of Suit filing	Name of the Authority/ Department/Court	Title of the Case	Subject matter / Nature of the Case	Amount Involved	Status	Remarks
3	31-07-2001; 09-08-2001; 07-02-2002; 25-05-2002	Labour Court, Salem. Four Ex-Trainees viz., A. Lawrance ; M.Krishnan ; N.Subramani ; K.Rajkumar	A. Lawrance & Others vs. AVTEC Limited	Seeking permanent employment after having been engaged as trainees under the Standing Orders & subsequently disengaged as per the rules	Not Ascertainable	Final Orders received from the Trial Courts – Petitions dismissed relating to Three Trainees viz., Lawrance, Krishnan & Rajkumar. Relating to the Case of Mr. N. Subramani, the Company is considering the option of filing an appeal before HC, Chennai, as the Trial Court Order went against the company.	
4	05/02/2003	Labour Court, Salem. One Ex-Employee viz., M.Kesavan	M. Kesavan - vs- AVTEC Limited	Reinstatement with back-salary for alleged wrongful dismissal from the employment	Not Ascertainable	Case filed during May 2003 & Trial yet to commence.	
5	June -05	Labour Court, Salem. One Ex-Temporary Trainee viz., K.Basavaraj	K. Basavaraj -vs.- AVTEC Limited	Seeking permanent employment after having been originally engaged as temporary trainee and subsequently disengaged	Not Ascertainable	Case filed during June 2005 & Trial yet to commence.	
6	Oct - 05	Labour Court, Salem. One Ex-Trainee viz., S.Saravanan	S. Saravanan -vs.- AVTEC Limited	Claim towards injury sustained while in employment	Not Ascertainable	Case filed during October, 2005 & Trial yet to commence.	

D. OTHERS				
	Incorrect fulfilment of Export Obligation against Advance Licence	Rs.8.78 lacs	Show Cause Notice Received in July'06. Reply and personal hearing attended on 07-08-2006.	This matter relates to the period prior to the Business transfer & shall have no financial effects on AVTEC.

Note 1 : Pursuant to a Business Transfer Agreement dated 19-02-2005 between Hindustan Motor Limited ('HML') and Avtec Limited ('Avtec'), as amended on 14-06-2005 the Pithampur (M.P.) and Hosur (Tamilnadu) divisions of HML has been transferred to Avtec. According to the said Business Transfer Agreement (as amended on 14-06-2005),, certain liabilities including those arising from legal proceedings, the cause of action whereof arose prior to the transfer date shall be borne by HML even if the claims are crystallized at a later date. Those liabilities which shall arise from events subsequent to the transfer date shall be borne by Avtec and liabilities from event which have partly occurred prior to transfer date and partly subsequent to transfer date shall be proportionately borne by both HML and Avtec.

7. Panafrican Paper Mills (E.A.) Limited ('Panaf')

Civil Claims

There are certain civil claims cases against Panaf including winding up proceedings pending in the Courts of Kenya. The total disputed claim amount is approximately Rs. 24,800,573/-.

Accident Cases

There are certain claims against Panaf being due to traffic and industrial accidents pending before several forums like Eldoret RMCC, Eldoret HCCC, Bungoma SPMCC, Bungoma HCCC and Kakamega HCCC (all being Courts of Kenya). The total disputed claim amount is approximately Rs. 2,42,82,780/-.

Labour Matters

There are certain labour related matters pending against Panaf, inter alia, for unlawful dismissal of employees pending before several forums like Nairobi HCC, Butali RMCC, Eldoret HCCC, Eldoret CMCC and Webuye SRMCC (all being Courts of Kenya). The total disputed claim amount is approximately Rs. 21,50,908/-.

Tax Matter

Sl.No.	Court	Title	Matter	Approx. Amount (Rs.)	Status
1.	Court of Appeal-Nairobi	NAIROBI No.299 of 2003	The Commissioner of Income Tax VS Panafrican Paper Mills (E.A) Ltd.	16,75,69,362	Judgement was delivered in favour of Panaf on 1 st October,2003 by Hon.High, Court,Nairobi. The Commissioner of Income Tax appealed to the Court of Appeal,Nairobi against the judgement which is pending for hearing.This matter relates to Duty Set-off on Machinery imported.

Miscellaneous Matters

S No	Date of filing suit	Court	Title	Matter	Approx. Amount (for some cases amount is not ascertainable)	Status
1.	08.07. 2003	Webuye SRMCC	RSMCC No. 112 of 2003	Robert S. Simiyu Vs. Isaac Kagunda for PPM.	Rs. 55,800	The matter is due for hearing.
2.	26.06. 2001	Eldoret CMCC	CMCC No.871of 2001	Silvester S. Okumu Vs PPM	Rs. 52,700	The matter is due for hearing.
3.	14.11. 2005	HCC-Nairobi	HCCC no.628 of 2005	Isaac N. Barasa & 2 others sued KUPRIPUPA, PPM(EA) LTD & FKE seeking an injunction to refrain PPM from deducting the plaintiffs' union dues and	Not ascertainable	The plaintiff is seeking to amend the plaint to seek unquantified sum in relation to inter-alia housing allowance.

S No	Date of filing suit	Court	Title	Matter	Approx. Amount (for some cases amount is not ascertainable)	Status
				negotiating the Collective Bargaining Agreement (C.P.A.). The plaintiffs were also seeking an order that they should be paid some unquantified dues for the period 1995-1999.		

Pollution Matter

S. No	Date of filing suit	Court	Title	Matter	Approx. Amount	Status
1.	2003	BUNGOMA	HCCC No. 334 of 2003	Masinde Yutso & 187 others sued PPM seeking an injunction to stop PPM from polluting the environment and general damages for damage to health, property and to the environment.	The claim has not been quantified as yet.	Pending

8. The Rameshwara Jute Mills Limited

M/s. Birla Corporation Ltd & others (Plaintiffs) have filed a suit for permanent and mandatory injunction against Rameshwara Jute Mills Ltd & Another (Defendants) before the High Court at Delhi. The matter is pending. The amount involved is not ascertainable.

9. Madhusudan Holdings Limited

The Government of India, Ministry of Company Affairs, has on scrutiny of the Balance Sheet of the MHL as on March 31, 2005, have issued a Notice alleging purported violation of certain provisions of the Companies Act, 1956 ('the Act') as mentioned therein. MHL has moved a compounding application under Section 621A of the Act and the same is pending. The amount involved is not ascertainable.

10. Basant Properties Limited

One Title Suit being no. 1832 of 2005 has been filed by one Mr. Tuhin Das against Basant Properties Limited and others (Defendants) for Declaration and Permanent Injunction which is pending before the Ld. City Civil Court at Calcutta VIth Bench.

In the said Suit, Mr. Tuhin Das has inter alia, prayed for a decree for declaration that Defendants have no right to interfere with Mr. Das's right of peaceful possession in respect of premises no. 4, Lord Sinha Road, Kolkata 700 071.

11. Ranchi Enterprises & Properties Ltd.

Date of suit filing	Court	Title	Matter	Amount Involved*	Status
1973 (Civil)	D.C.Lohardaga	L.C 240/73-74	Agricultural Land Ceiling	-	Proceedings going on
1976(Civil)	D.C.Ranchi	U.L.C.232/76 /240/76	Urban Land Ceiling	-	Proceedings going on
1976 (Civil)	C.J.M. V, Ranchi	E X 3/76	Eviction matter	-	Proceedings going on
1994 (Civil)	Sub Judge IX	E X 16/94	Registration case	-	Proceedings going on
2006 (Civil)	S.A.R. Court	SA R 608/06	Tribal Land case	-	Proceedings going on

*The amounts involved are not ascertainable

12. Special Engineering Services Ltd.

Date of suit filing	Court	Title	Matter	Amt.involved (Rs.)	Status
04.11.2003	High Court at Calcutta	Writ Petition	Determination of Annual Valuation by Kolkata Municipality Corporation	39,34,513/-	Pending for Hearing
For the period 2000-06	CESTAT Delhi	Central Excise Act, 1944	Disallowance on account of Cenvat Credit	5,13,044/-	Pending
14.09.2005	Dy.Commissioner of Commercial Taxes	Appeal & Stay Petition	Dispute on determination of sales tax	7,47,970/-	Pending

13. Birla GTM-Entrepose Limited (and Birla Techneftegas Exploration Limited which is now merged with Birla GTM)

Particulars	Date of Suit Filing	Court	Title	Amount involved (Rs.)	Status
Civil cases	21.11.2002	Ravinder Singh, Learned Additional Judge, Senior Division, Jalandhar	Octroi Case at Jalandhar (Municipal Corporation of Jalandhar Vs. BGEL)	2,00,00,000	Next date of hearing 31.07.2007
	08.03.2004	High Court of Delhi	Civil Writ Petition No. 3377-80 of 2004 - Birla GTM-Entrepose Limited (Petitioners) & Others Vs. Union of India- Show Cause notice on black listing.		Next date of hearing is 06.08.2007

Particulars	Date of Suit Filing	Court	Title	Amount involved (Rs.)	Status
	23.01.2007	District & Sessions Judge, Jaipur City, Jaipur , Rajasthan	Objection Application under Section-34 filed by PWD, Govt. of Rajasthan against Award dated 26.10.2006 in favour of the Company	Rs. 7,75,77,185/- plus interest @ 18% on Rs. 3,23,54,670/- from 26.10.2006 till the date of actual payment.	Company has filed its reply in the Court on 30.03.2007 against the Objection Application of PWD. Matter pending.
Tax matters:					
Sales Tax - Punjab					Appeal is pending for the assessment year 1999-2000 before the Assessing Authority . Subsequent assesment cases are still pending as the question of law involved in the appeal case has not been decided so far. The Company is filing Sales-tax Return regularly.
Sales Tax -Haryana					CST demand for Assesment Year 2003-04 for Rs. 86539/- was paid on 31.07.2006. Assessments are pending from Financial Year 2002-2003. The Company has applied for cacellation of Sales-tax registration number.

Particulars	Date of Suit Filing	Court	Title	Amount involved (Rs.)	Status
Sales Tax - Gujrat					Sales-tax Returns filed upto 31.03.2006. However assessments are pending from Financial Year 2000-2001.

Particulars	Date of Suit Filing	Court	Title	Amount involved (Rs.)	Status
Excise matter	30.11.2006	Office of the Customs Excise and Service Tax Appellate Tribunal. West Block No. 2, R. K. Puram, New Delhi-110066	Appeal No. E/337/2007 filed against Order No. 337/CE/Apl/Jal/2006 dated 23.11.06 passed by the Commissioner (Appeals), Central Excise, Jalandhar (Hqrs at Chandigarh), dropping the demand & penalty.	Rs. 91,52,046/- (i.e. Exise Duty - Rs. 45,76,023/-, plus Penalty Rs. 45,76,023/-)	Company has filed Cross Objections on 25th April, 2007 before the Appellate Tribunal
Other fines, penalties	23.11.2005	District Judge, Shimoga, Karnataka	R.A. No. 222/2005-The Managing Director Birla GTM-Entrepose Limited, New Delhi Vs. B. Siddeshappa	Rs. 42,300+ Interest	Appeal filed against Court's order dated 05.09.2005 which is pending
	21.08.2006	Hon'ble Ms. Justice Reva Khetrapal (Court No. 19)-Delhi High Court	M/s Uppal Engineering Co. Pvt. Ltd. Vs. BGEL	Rs. 20, 51, 507/- + Interest	M/s Uppal Engineering Co. Pvt. Ltd. has filed appeal against the Arbitral Tribunal's Award dated 09.07.2004. Next date of hearing is 16.08.2007.
	2004	Patiala Court, Delhi	Bhagwati Prasad Agawala Vs. BGEL- dishonour of cheque	11,00,000/-	Matter pending

Particulars	Date of Suit Filing	Court	Title	Amount involved (Rs.)	Status
	31.07.2003	High Court of Gujrat at Ahemedabad	Civil Application No. 7827 of 2001 in First Appeal No. 3256 of 2001 (Oil & Natural Gas Corporation Vs. Birla Techneftegas Exploration Limited - Increase in cost of Diesel and wrong deduction from invoices)	Rs. 2,34,74,783/-	Appeal was partly heard on September, 2005. Next date of hearing not known as yet.
Labour related case					
Labour related case	19.11.2004	Justice Nisha Saxena, Karkardoma District Court, Delhi	Birla Techneftegas Exploration Limited Vs. Sada Ram Girdhari Lal Kadian (Termination of employee)	Amount not known	Matter Pending

GOVERNMENT / STATUTORY AND BUSINESS APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business from Government authorities/ RBI.

Approvals for the Issue

1. In-principle approval from the National Stock Exchange of India Limited dated February 1, 2007; and
2. In-principle approval from the Bombay Stock Exchange Limited dated January 29, 2007.

Factory/ Unit approvals

ORIENT PAPER MILLS ; AMLAI

SI No	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Description of Licence / consent / approval /Regn.	Issuing Authority	Licence/ consent / approval/ Regn. Number	Date of Issue	Valid Upto
1	Factory Licence (State-wise)	M.P. Factories Rules, 1962	Permit to work of a Factory	Chief Inspector of Factories, MP Indore	1/1125/SDL/2m(i)	08.12.2006	31.12.07
2	Certificate of Stability under State-wise Factories Rules	The M.P. Factories Rules, 1962	Certificate of Stability	Competent person authorized by Chief Inspector of Factories.	Taken as and when required for new machinery installed till production starts, which however no such machinery installed requiring registration	-	-
3	Registration under the Indian Boilers Act, 1923	Boiler Act 1923	Certificate for the use of Boiler Regulation 389	Director of Boiler, Indore	Blr.No.1-MP-3171 Blr.No.2-MP-3172 Blr. No.3-MP-3173 Blr.No.4-MP-4214	01.06.06 25.01.06 26.07.06 26.07.06	20.05.07 24.01.08 25.07.07 25.07.07
4	Contract Labour (Regulation and Act), 1970	Contract Labour (R & A) Act	Registration	Labour Officer, Govt. of MP Shahdol	503/21.3.74/ Satna/SDL /09/04	10.12.04	On going
5	Employees Provident Fund	Employees Provident Funds & Misc. Provisions Acts.1952	Code No. allotted	R.P.F.C-Indore	Mills :MP/1224	19-11-68 Coverage from 1-10-1966	Forever
		Employees Provident Funds Scheme Act	Code No. allotted	R.P.F.C-Indore	Forest Center : MP/2083	02.12.75	Forever
6	Employees State Insurance	ESI Act.1948	Statutory order given	Regional Director, ESI Corpn	MP-18-6625-81	14-7-71 Coverage from 24.4.71	Forever
7	Registration under the	Industrial (Development &	Industrial Licence	Govt. of India, Ministry of	No.L/24(1)/COB/59/72-Paper Cell	05.10.72	Forever

Sl No	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Description of Licence / consent / approval /Regn.	Issuing Authority	Licence/ consent / approval/ Regn. Number	Date of Issue	Valid Upto
	Industries (Development & Regulation) Act, 1951 (as existing industrial undertaking)	Regulation) Act,1951		Industry, New Delhi			
8	Registration under the Bureau of Indian Standards Act, 1986	Bureau of Indian Standards Act,1986	Eco Mark Licence for our product (Writing and Printing Paper) of Pilot Plant.	Bureau of Indian Standards	8551986	15.07.06	14.08.08
9	Registration under the Atomic Energy Act, 1962 (in case atomic substances are being used or handled) – Authorization under the Radiation Protection Rules 1971	The Radiation Protections Rules 1971	NOC	Automic Energy Regulatory Board	DRP/ADV/NG-WR/209-15633-92 DRP/ADV-NG-WR/209-11616-92	27.03.92 27.02.92	Forever Forever
10	Permission under Indian Electricity & Act Rules, 1956	US 44 of the Electricity (Supply Act.1948	Permission for installing own generation set 20,000 KW TG Set	MP Electricity Board, Jabalpur	No.5 4613-A dated 4 th Feb.1963	4 th Feb.1963	No time limit

Sl No	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Description of Licence / consent / approval /Regn.	Issuing Authority	Licence/ consent / approval/ Regn. Number	Date of Issue	Valid Upto
		H.T. Tariff VII A of Notification No.5/GA/189/B-1,B-2/CIC 2C-3/DID2 D3/E/102 dated 18.02.94	H.T. Agreement for 3000 KVA Power Supply to Factory	M.P. Electricity Board Jabalpur(MP)	No.05-01/JBP/1/86-B/2641	02.05.95	-
11	Permissions for storage, import of petroleum under the Petroleum Act, 1934	Petroleum Rules 1976	Furnace Oil Storage	Dy. Chief Controller of Explosive Bhopal	P/HQ/MP/15/35(P 13001)	30.06.77	31.12.09
			Furnace Oil	Collector Shahdol	P-12(8)303/MP-1699	30.06.1977	31.12.2007
		Purchase, Sale & Storage of Petrol & Diesel, under MP Motor Spirit & High speed Diesel oil	Motor Spirit & High Speed Spirit	Collector, Shahdol	20/88 Petrol, Diesel	23.09.88	31.12.08
		The Petroleum Rules 1976	Petrol & Diesel storage	Dy. Chief Controller of Explosive Bhopal	MP-1308	23.10.73	31.12.09
		Business Commodity 1969	Storage of Kerosin Oil	Collector Shahdol	NTT-273/88	13.12.85	31.12.09
		The Static & Mobile Vessels (Unfired) Rules 1981	Chlorine Storage Tank	Dy. Chief Controller of Explosive Bhopal	PV(NC)S 25/40/PVC	24.02.86	31.03.07 Applied for renewal on 12.02.07 for 3 years upto 31.03.2010
		The Gas Cylinder Rules 1981	Chlorine Cylinders storage Compressed	Dy. Chief Controller of Explosive Bhopal	G/CC/MP/06/234(G 9937)	07.09.87	30.0.08
		The Gas Cylinder Rules 1981	Gas Cylinders storage	Dy. Chief Controller of Explosive Bhopal	G/CC/MP/06/906(G 19981)	12.11.87	30.09.09

Sl No	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Description of Licence / consent / approval /Regn.	Issuing Authority	Licence/ consent / approval/ Regn. Number	Date of Issue	Valid Upto
		Arms Act 1959, Rules 1962	Storage of Sodium Chlorate	Collector, Shahdol	1/94	01.03.94	01.03.09
12	Permissions under the Weights and Measures Act, 1985	Weight & Measurement 1985	Various weigh scales	Inspector, Weight & Measurement, Shahdol	Periodical stamping	1985	Mar-Oct.07
13	Environment Law						
14	Grant of Authorization for Occupier or Operator handling hazardous wastes under the Hazardous Wastes (management & handling) Rules, 1989	The Hazardous waste (Management & Handling) Rules, 1989 and Amendment Rules, 2003	Authorization for storage and Handling of Hazardous waste	MP Pollution Board, Bhopal	8920/HOPCB/HSMD /2004	03.06.04	01.03.06 Applied for Renewal
15	Grant of Authorization for Occupier for authorization for generating, collecting, handling etc. bio medical wastes under the Bio-Medical (Management & Handling) Rules, 1998.	Bio-Medical waste (Mngt. & Handling Rules 1998)	Authorization for generating c, collecting, handling etc. of Bio Medical Waste	Regional Officer, M.P. Pollution Control Board, Rewa	3249/RO/MPPCB/2006	27.10.06	01.07.06 to 30.06.08

Sl No	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Description of Licence / consent / approval /Regn.	Issuing Authority	Licence/ consent / approval/ Regn. Number	Date of Issue	Valid Upto
16	Consent to establish / operate industrial plant under the Air (Prevention and Control of Pollution) Act, 1981	The Air (Prevention & Control of Pollution)Act,1981	Consent for emission / continuation of emission under section 21 of the acts.	MP Pollution Board, Bhopal	For Main Machine 17816/TS/MPPCB /2005 For Tissue Plant & 6 MW TG Set.9651/TS/MPPCB /2005	3.1.2007 23.2.2007	01.09.06 to 31.08.07 01.03.07 to 29.07.08
17	Consent for discharging sewage and trade effluent under the Water (Prevention and Control of Pollution) Act, 1974	The Water (Prevention & Control of Pollution)Act,1974	Consent for establishing or taking any steps for establishment of industry / operation/process or any treatment/disposal for discharge, continuation of discharge under section 25 or section 26 of the water	MP Pollution Board, Bhopal	For Main Machine 17814/TS/MPPCB /2005 For Tissue Plant & 6 MW TG Set.9649/TS/MPPCB /2005	3.1.2007 13.02.05	01.09.06 to 31.08.07 01.03.07 to 29. 07. 08
18	Tax						
19	Excise Registration	Rule 9 of Central Excise Rules 2002	For manufacture of Paper and Board	The Supdt.of Custom and C.Excise, Service Tax	AAACO3279 JXM003	25.01.02	Till Surrender
20	Sales Tax Registrations both Central and States	Commercial Tax	CST/VAT	Commissioner Commercial Tax, MP	Main:23277200612 Tissue 23717202698	01.07.03 01.07.03	Forever
21	Service Tax Registrations for all kinds of	Section 69 of Finance Act 1994 (32 of 1994)	Transport of goods by Road Services	The Supdt.of Custom and Central Excise, Service Tax	GTA/AML/08/OPM/ 2004-05	22.02.05	Till Surrender

SI No	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Description of Licence / consent / approval /Regn.	Issuing Authority	Licence/ consent / approval/ Regn. Number	Date of Issue	Valid Upto
	services as rendered by it.	Section 69 of Finance Act 1994 (32 of 1994)	i. Maintenance or repairing Services. ii. Technical Testing & Analysis Service	The Supdt.of Custom and Central Excise, Service Tax	MRS-TTA/AML/03/OPM/2006-07	25.04.06	Till Surrender
		Section 69 of Finance Act 1994 (32 of 1994)	Cable Operator Service	Supdt. Of Custom and C. Ex. JBP	CAB/JBP/280/OPM/2002-03	30.01.03	Till Surrender
22	Income Tax Registration (PAN and TAN)	Income Tax Act,1961	Tax Deduction Account No. (TAN)	Income Tax Office, TDS, JBP	Mills: JBPO00009C F.C.: JBPO00022B	27.10.90	Forever
23	VAT registrations	Commercial Tax	CST/VAT	Commissioner Commercial Tax, MP	Main:23277200612 Pilot:23717202698	01.07.03 01.07.03	Forever
24	Importer-Exporter Code (IEC)	Foreign Trade Policy 2004-09	IEC - code	Asst. Director Gen. Of Foreign Trade Ministry of Commerce, Office of the Jt.Dir.Gen. of Foreign Trade, Cuttack	2388000076	01.04.88	-
25	Any other miscellaneous licenses, consents and/or approvals may please also be disclosed including any SIA/ FIPB approvals etc.	M.P. Shops and Commercial Establishment Act.1958 (Forest Center)	Registration	Municipal Council	4/SDL/CE/65	19.12.05	21.12.10
		Motor Transport Workers Act,1961	Registered	Labour Officer	478/SDL/3/1974	28.10.06	31.12.07

ORIENT PAPER MILLS: BRAJRAJNAGAR

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
I. INDUSTRIAL /LABOUR LAW/MINING LAW :-						
1	Factories Act 1948 & Orissa Factories Rules 1950	License Approval	Director of Factories Orissa, BBSR.	JH2, SL-00964	Since Inceptions	31.12.2004.For the year 2005,2006 & 2007 the License is pending for renewal with State Government.
2	Registrations under Indian Boiler Act-1923	Registrations	Director of Factories Orissa, BBSR	Regd No-OR-145, 141, 261, 415, 574,	04.11.1998, 03.09.1998, 11.12.1998, 20.11.1998, 24.09.1998	04.11.1999, 03.09.1999, 11.12.1999, 20.11.1999, 24.09.1999 (No application has been made for renewal due to suspension of works.
3	Contract labour Act-1970	License	Dy.labour Commissioner, Sambalpur	License	1975	31.12.1998 (After suspension of works No applications has been made for renewal
4	Employees Povident Fund	Approval	P.F. Commissionr,Bhubaneswar	OR-2	1952	Valid till further orders or Revocations
5	Employees State Insurance	Approval	Director of ESI.,Bhubaneswar.	44-1063-81	1948	Valid till further orders or Revocations

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
6	License Under Explosive Act-1884	License	Dy. Controller of Explosives, East Circle, Kolkata	----	1974	31.12.1998 (After suspension of works No applications has been made for renewal)
7	Permission under Indian Electricity & Act Rules-1988	License	Chief Electrical Inspector of Orissa, Bhubaneswar	License	----	Valid till further orders or Revocations
8	Permissin for Storage ,Import of Petroleum under the petroleum Act-1934	License	Dy. Controller of Explosives East Circle, Kolkata	OR/506	28-11-73	31.12.1998 (After suspension of works No applications has been made for renewal)
9	Permission under the weight & measure Act-1985	Registrations	Controller Weight & Measures, Bhubaneswar	---	22-10-83	31.12.1998 (After suspension of works No applications has been made for renewal)
<u>II. ENVIRONMENT LAW:-</u>						
1	Consent to establish /Operate Industrial Plants under the Air Act-1981	Consent	----	--	1981	After suspension of works No applications has been made for renewal
2	Consent for discharging sewage and trade effluent under the water Act-1974	Consent	----	--	1981	After suspension of works No applications has been made for renewal
<u>III TAX :-</u>						
1	Excise Registrations Rules-2001	Registrations	Superintendent of Central Excise & Custom ,Jharsuguda	AAACO3279 JXM 001	12.08.2002	Valid till further orders or Revocations
2	Sale tax Registrations both central & States,	Registrations	Sales Tax Officer , Jharsuguda	SA-III –81 SA –III-C6	01.07.1957 02.04.1948	Valid till further orders or Revocations

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
3	Service Tax Rules-1994 for all type of Service rendered.	Registrations	Superintendent of Central Excise & Custom ,Jharsuguda	RC No 1/BRJN / MFR / 1992	04.08.1992	Valid till further orders or Revocations
4	Income Tax Act-1961	Registrations	Income Tax Authorities,	PAN-AAACO3279J TAN-BB00236F		Valid till further orders or Revocations
5	Value Added Tax-2004,VAT	Registrations	Sales Tax Officer, Jharsuguda	21281700109	22-03-05	Valid till further orders or Revocations

Orient Cement

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
1	Factories Act, 1948, Factory License, Devapur	Approval	Ins.Factories	27788	25.05.2000	OPEN
	Factories Act, 1948, Factory License, Jalgaon	Approval	Ins.Factories	71968	4.2001	OPEN
2	Factories Act, 1948 - Certificate of Stability under Statewise factories rules Devapur,	Approval		SCPI/75/ AUG-ORI/ LEC(2)	16.08.2006	OPEN
	Jalgaon,	Approval		ES/OC/JAL/ May-51	01.10.2005	01.10.2010
3	Contract labour (Regulation & Abolition) Act, 1970 DEVAPUR	Approval	ALC, Mancheria	58/2/2003/	04.04.03	OPEN

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
	CL(R&A)Act,1971, JALGAON	Approval	ALC, Nagpur	Jan-06	08.05.2006	30.4.2008
4	Employees Provident Fund,1952	Approval	PFC	AP/13433	14.8.85	OPEN
5	Employees State Insurance	Approval	Reg.Director	52-4873-101		OPEN
6	Registration under the Industries (Development & Regulation)' Act, 1951 (as existing industrial undertaking)	Approval	US to GOI	CIL S.NO.312-80	15.10.80	OPEN
7	Licence under the Explosives Act, 1884			G/SC/AP/06		
	Storage of Gas Cylinders	Permission	Jt CCE	G/SC/AP/06/398	03.11.06	30.09.08
	Explosives Van	Permission	Jt.CCE	EX-TP/AP/409	11.08.06	31.03.08
	Magazine House	Permission	Jt.CCE	EHQ AP/22/249	29.08.05	31.03.07 (Application for renewal has been made)
	Mixingshed	Permission	Jt.CCE	ESC/AP38/	29.08.05	31.03.07 (Application for renewal has been made)
8	Registration under the Bureau of Indian Standards Act, 1986					
	43 Grade Ordinary Portland cement DEVAPUR	Approval	BIS	CM-L-2217338	13.04.06	31.03.08
	53 Grade Ordinary Portland Cement	Approval	BIS	CM-L-2217540	13.04.06	31.03.08
	Fly ash based Portland Pozzolana Cement	Approval	BIS	CM-L-6181161	12.06.06	15.06.08

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
	53 Grade Ordinary Portland cement JALGAON	Approval	BIS	CM-L-7310151	20.03.2007	15.02.2009
	43 Grade Ordinary Portland Cement	Approval	BIS	CM-L-7317670	20.04.2005	19.4.2007 (Application for renewal has been made)
	Fly ash based Portland Pozzolana Cement	Approval	BIS	CM-L-7398292	12.12.2006	27.11.2008
9	Licences (prospecting & /or mining & /or reconnaissance) under the Mines and Minerals (Development & Regulation) Act, 1957					
	Mining Lease	Approval	Ind & Com Department	GOMS No 222, 18.3.00	18.03.2000	16.01.2011
10	Permission under the Metalliferous Mines Regulations, 1961 (for limestone mining, etc)	Permission	DIR.OF MINES safety	Dir.M-ii-1324	02.05.2002	OPEN
11	Approval under the Mineral Conservation and Development Rules, 1988	Approval	IBM	MS/AP/ADB/ Lst-102-SZ	26.08.2005	2009-2010
12	Permission under Indian Electricity & Act Rules, 1956- Devapur	Permission	CEIG	Adm.L-Dis T1 820/80-1	05.01.81	NA
	Permission under Indian Electricity & Act Rules, 1956 - Jalgaon	Approval	Electrical Inspector – Nasik	BP 1553	12.01.2007	12.01.2008
13	Permission for storage, import of petroleum under the Petroleum Act, 1934					

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
	Storage of 85 KL HSD & 20KL Ms	Permission	Jt. CCE	P/SC/AP/14/293 (P 299834)		31.12.2007
	Storage of Petroleum Class 3 30KL and Class B 15KL	Permission	Jt.CCE	P/HQ/AP/15/1242	08.06.06	31.12.08
A	Storage of Petroleum Class C in Bulk 392KL	Permission	Jt.CCE	P/HQ/AP/15/1182	12.05.06	31.12.08
B	Storage of Petroleum Class B 240KL	Permission	Jt.CCE	P/HQ/AP/15/459	20.04.06	31.12.07
C	Storage of HSD Oil	Permission	Dt.Collector	24/89	-04-05	31.12.08,
D	Storage of HSD Oil	Permission	Dt.Collector	13/87	-04-05	31.12.08,
14	Permission under the Weights & Measures Act, 1985 DEVAPUR					
	Persmissions- Tulaman platform - Avery Dial type Scale	Permission	DILM	1948449	11.03.07	11.03.08
	Permissions- Lorry weigh bridge	Permission	DILM	1948447	10.03.07	11.03.08
	Permission - Clinker Weight Bridge	Permission	DILM	1948448	11.03.07	10.03.08
	Permission - Cast Iron Weights - Measuring Canes	Permission	DILM	1745638	18.06.07	17.06.08
	Permission - Petrol Dispensing Pump, HSD Dispensing pump	Permission	DILM	1745531	19.04.07	29.03.08
	L&T Packer-1	Permission	DILM	1948353	12.03.07	11.03.08
	L&T Packer-2	Permission	DILM	1948352	12.03.07	11.03.08
	Packer -3	Permission	DILM	1948354	12.03.07	11.03.08
	Packer -4	Permission	DILM	1948351	12.03.07	11.03.08
	L&T Packer -5	Permission	DILM	1948450	12.03.07	11.03.08
	Tulaman Table Type Scale	Permission	DILM	1948449	11.03.07	11.03.08

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
	Ivery - Lorry weigh machine JALGAON	Permission	Ins.of ILM	32395	20.09.2006	19.09.2007
	Ivery - EEL - 50KG, 120KG, 50KG	Permission	Ins.of ILM	32396	20.09.2006	19.09.2007
	50/100KG Weighing Machine	Permission	Ins.of ILM	32397	20.09.2006	19.09.2007
15	E. P. Act, 1989 Grant of authorisation for Occupier or Operator handling hazardous wastes management and handling rules 1989, Devapur	Authorisation	Member Secretary	APPCB/HYD/HYD/76/HWM	11.01.2007	30.06.2008
	Jalgaon	Authorisation	Member Secretary	BO/PC1-I/II/RONK/R/EIC NO. NK 0807 -07/310-07/CC-344	21.03.2007	30.9.2011
				NZB/19/HWM		
16	Grant of authorisation for Occupier for authorisation for generating, collecting handling, etc bio medical waste under the Bio-medical (management and handling rules), 1998	Authorisation	Jt.Chief Environmental engineer	APPCB/BMWM /ZO/RCP/2006- 165	23.05.2006	31.12.2006, applied for renewal
17	Consent to establish/operate industrial plant under the Air(Prevention and Control of Pollution) Act, 1981- Plant	Consent	Member Secretary	APPCB/HYD/HYD/76/HO/ 2006-2070	11.01.07	30.06.2008

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
	Consent to establish/operate industrial plant under the Air(Prevention and Control of Pollution) Act, 1981 – Mines	Consent	Member Secretary	APPCB/PTN/NZB/19/HO/2007-2125	17.01.2007	30.06.2008
				NZB/19/HO/2004/A/150		
	Consent to establish/operate industrial plant under the Water(Prevention and Control of Pollution)Act, 1974 and Sec.21 of Air(P&C of P)Act, 1981	Consent	Jt.Chief Environmental Engineer	7008/PCB/ZO/RCP/CFE/2001-454	12.01.2001	01.07.2011
	Consent to establish/operate industrial plant under the Water(Prevention and Control of Pollution)Act, 1974 and Sec.21 of Air(P&C of P)Act, 1981 – Plant	Consent	Member Secretary	APPCB/HYD/HYD/76/HO/2006-537	01.07.2006	01.07.2011
	JALGAON	Consent	Member Secretary	BO/PC1-II/RONK/R/EIC NO. NK -0807-07/310-07/CC-344	21.03.2007	30.09.2011
18	Consent for discharging sewage and trade effluent under the Water(Prevention and Control of Pollution) Act, 1974	Consent	Member Secretary	APPCB/PTN/NZB/19 HO/W/2007/2125	17.01.2007	30.06.2008,
	Consent for discharging sewage and trade effluent under the Water(Prevention and Control of Pollution) Act, 1974 - Plant	Consent	Member Secretary	APPCB/HYD/HYD/76/HO/W/2006/2070	11.01.2007	30.06.2008,

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
19	Clearance under Environment(Protection)Act, 1986 (for Cement Plant), Devapur	E.C.	MOEF	J-11015/27/2001-1A II(M)	10.01.2002	10.01.2012
	Jalgaon	Approval	MOEF	110125/27/972001-1A. II(IM)	30.09.1997	Exempted
20	Excise Registration DEVAPUR, Central Excise Rules, 2002	Excise Reg. Certificate	Asst.Com., CE Nizamabad	AAACO 3279 /JXM004	20.1.2003	Till Cancellation
21	Sales Tax Registration both Central and State, CST Act, 1956	CST Reg.	ACTO Mancherial	ADB/03/1/1614/79-80	15.05.79	Till Cancellation
22	Service Tax Registration for all kinds of services as rendered by it	Service Tax Regn.	Asst.Comm., Central excise, Nizamabad	AAACO3279 /JST004	01.04.2005	Till Cancellation
23	Income Tax Registration (PAN and TAN), Income Tax Act, 1961	I.T.Registration	Chief Comm. Of Income Tax, Kolkata			
		PAN		AAACO3279J	22.03.2000	Till
		TAN		HYD000346D	06.01.2004	cancellation
24	Registration under the Research & Development Cess Act, 1986	Reg. under the R&D Cess Act	Not applicable	Not applicable	Not applicable	Not applicable
25	VAT Registrations, APVAT Act, 2005	VAT Regis. Certificate	Asst.Comm. Large Tax Unit, Adilabad (AP)	28590197990	16.07.2003	Not applicble
	JALGAON UNIT					
	Excise Registration, Central Excise Rules, 2002	Excise Reg. Certificate	Supdt.of Cen.Ex Jalgaon	AAACO 3279/ JXM002	27.05.2002	Till Cancellation
	Service Tax Registration for all kinds of services as rendered by it, Service Tax Rules	Service Tax Registration	Supdt.Serv.Tax, Jalgaon	GTA/NSK/JD/07/OC/J-07/2004	14.01.2005	Till Cancellation

S. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
	Income Tax Registration (PAN and TAN), Income Tax Act, 1961	I.T.Registration	Chief Comm. Of Income Tax, Kolkata			
		PAN		AAACO3279J	22.03.2000	Till
		TAN		NSKO156C	04.09.1998	cancellation
	Registration under the Research & Development Cess Act, 1986	Reg. under the R&D Cess Act	Not applicable	Not applicable	Not applicable	Not applicable
	VAT Registrations, MVAT Act, 2005	Local Sales Tax Registration	ACTO (Assmt) Jalgaoin	27770246923V	01.04. 05	Till Cancellation
		CST Regis.	ACTO , (Assmt) Jalgaon	27770246923C	12.02. 05	Till Cancellation
26	AP Mineral Dealer rules, 2000	Permission	Director of Mines & Geology	520/MDR/2001	15.05.2001	15.05.2011

STATUS OF STATUTORY APPROVALS FOR POWER PLANT AND CEMENT PLANT EXPANSION

Sl.No.	Particulars	Issuing Authority	Application Reference	Status/Progress
DEVAPUR				
1	Clearance Under Environmental (Protection) Act 1986 for Water and Air	MOEF	Applied on 24/3/2007 vide letter No. ORCEM/ENV/9606	Public hearing completed on 4 th May 2007. Additional information sought by MOEF, which is under preparation. After getting clearance from MOEF, application shall be submitted to AP Pollution control Board for Approval
2	Civil Aviation Clearance for Chimney Height	The Exe. Director (APN) Airport Authority of India, New Delhi	Applied on 28/10/2006 vide letter No. ORCEM/ENV/5412	Airport authority has asked us to provide site elevation certificate from Government Agencies duly authenticating the location plan and layout plan etc.

Sl.No.	Particulars	Issuing Authority	Application Reference	Status/Progress
3	Site Elevation certificate for Chimney Height	The Exe. Engineer, R & B Dept, Mancheriyal, AP	Applied on 23/5/2007 vide letter No. ORCEM/ENV/1393	
4	Consent for drawal of ground water	Dy Director, Ground Water Dept. Nirmal	Applied on 21/5/2007 vide letter No. ORCEM/ENV/1309	Request for Survey of Ground Water has been made and a team is visiting our plant on 28/5/2007
5	Forest Clearance under Forest Conservation Act 1980	Captive Power Plant is being established with in the existing premises. Hence, Forest Clearance is not envisaged.		
6	Clearance for Captive Power Generation	No clearance is required for Captive Power Generation.		
JALGAON				
1	Clearance Under Environmental (Protection) Act 1986 for Water and Air	MOEF	Application is being made for Exemption	

ORIENT FANS

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
1	Assam VAT Act	For Selling of Fans	Superintendent of Taxes, Unit-C, Guwahati	18230034793	02-05-2006	Untill cancelled
2	Orissa VAT Act	For Selling of Fans	Sales Tax Officer, Cuttack I Central Circle	21661200932		Untill cancelled
3	APVAT Act	For Selling of Fans	CTO, VAT Registering Authority, Abids Circle, Abids Divn.	28680102733	01-04-2005	Untill cancelled
4	Karnataka VAT Act	For Selling of Fans	Commercial Tax Deptt-Bangalore	29150145090	01-04-2005	Untill cancelled

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
5	TNGST Act	For Selling of Fans	Assessment Circle : Egmore-1, Chennai	0441065	07-04-1995	Untill cancelled
6	Pondicherry General Sales Tax Act	For Selling of Fans	Commercial Tax Officer(Registration), Pondicherry	103888	04-05-1995	Untill cancelled
7	Kerala VAT Act	For Selling of Fans	Deptt. Of Commercial Tax,Special Circle-II,Ernakulam	32070388915	01-10-2005	Untill cancelled
8	Maharashtra VAT Act	For Selling of Fans	Dept of Sales Tax, Nariman Point Division, Mumbai	2760030124	01-04-2006	Untill cancelled
9	Gujarat VAT Act	For Selling of Fans	Assessing Authority-Ahmedabad	24075500110	01-07-2002	Untill cancelled
10	MP VAT Act	For Selling of Fans	Commercial Tax Officer,Circle II, Bhopal	23803702064	01-07-2003	Untill cancelled
11	Chattishgarh VAT Act	For Selling of Fans	Commercial Tax Officer, Raipur Circle, Raipur	22121500215	01-11-2003	Untill cancelled
12	Rajasthan VAT Act	For Selling of Fans	Assessing Authority, Deptt. Of Commercial Tax,Jaipur	08162101727	01-04-2005	Untill cancelled
13	Delhi VAT Act	For Selling of Fans	Sales Tax officer,Key Dealer Unit,Sales Tax Deptt.,Delhi	07980144075	01-04-2005	Untill cancelled
14	Punjab VAT Act	For Selling of Fans	Excise & Taxation Officer cum Assessing Authority, Ward-6, Amritsar	03621132187	01-04-2005	Untill cancelled
15	UP Trade Tax	For Selling of Fans	Assessing Authority-Kanpur	KR1015084	01-04-1998	Untill cancelled

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
16	Uttaranchal Commercial Tax	For Selling of Fans	Department of Commercial Tax- Rishikesh, Uttaranchal	RS0115994	04-01-2001	Untill cancelled
17	Bihar VAT Ordinance	For Selling of Fans	Office of Dy.Comm. Of Commercial Taxes, Spl. Circle, Patna	10010094063	01-04-2005	Untill cancelled
18	Jharkhand VAT Act	For Selling of Fans	Commercial Tax Deptt.,Special Circle, Ranchi	20740400412	01-02-2006	Untill cancelled
19	Goa Value Added Tax Act	For Selling of Fans	Commercial Tax Officer, Margao Ward,Goa	30591106829	02-07-2005	Untill cancelled
20	Assam VAT Act	For Selling of Fans	Superintendent of Taxes,Unit- C,Guwahati	GWC/CST-1026	02-05-2006	Untill cancelled
21	Central Sales Tax Act	For Selling of Fans	Assessing Authority- Cuttack	CUCIC-2404	10-06-2003	Untill cancelled
22	Central Sales Tax Act	For Selling of Fans	Commercial Tax Officer, Abids Circle,Hyderabad	ABS/01/01/2206/92-93	11-05-1992	Untill cancelled
23	Central Sales Tax Act	For Selling of Fans	Commercial Tax Deptt-Bangalore	00561630	12-05-1992	Untill cancelled
24	Under CST Act	For Selling of Fans	Assessment Circle : Egmore-1, Chennai	615497	07-04-1995	Untill cancelled
25	Central Sales Tax Act	For Selling of Fans	Commercial Tax Officer(Registration), Pondicherry	10548	04-05-1995	Untill cancelled
26	Central Sales Tax Act	For Selling of Fans	Agriculture Income Tax & Sales Tax Deptt.Spl.Circle II,Ernakulam	23045476	23-06-1992	Untill cancelled

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
27	Maharashtra VAT Act	For Selling of Fans	Dept of Sales Tax, Nariman Point Division, Mumbai	27600300124	01-04-2006	Untill cancelled
28	Gujarat VAT Act	For Selling of Fans	Assessing Authority- Ahmedabad	24075500110	01-07-2002	Untill cancelled
29	MP VAT Act	For Selling of Fans	Commercial Tax Officer,Circle II, Bhopal	23803702064	01-07-2003	Untill cancelled
30	Chattishgarh VAT Act	For Selling of Fans	Commercial Tax Officer, Raipur Circle, Raipur	22121500215	01-11-2003	Untill cancelled
31	Rajasthan VAT Act	For Selling of Fans	Assessing Authority, Deptt. Of Commercial Tax,Jaipur	08162101727	01-04-2005	Untill cancelled
32	Delhi VAT Act	For Selling of Fans	Sales Tax officer,Key Dealer Unit,Sales Tax Deptt.,Delhi	07980144075	01-04-2005	Untill cancelled
33	Central Sales Tax Act	For Selling of Fans	Excise & Taxation Officer cum Assessing Authority, Ward-6, Amritsar	15796511	15-05-1992	Untill cancelled
34	Central Sales Tax Act	For Selling of Fans	Assessing Authority- Kanpur	KR5555965	01-04-1998	Untill cancelled
35	Central Sales Tax Act	For Selling of Fans	Department of Commercial Tax- Rishikesh, Uttaranchal	RS5022885	04-01-2001	Untill cancelled
36	Bihar VAT Ordinance	For Selling of Fans	Office of Dy.Comm. Of Commercial Taxes, Spl. Circle, Patna	10010094160	01-04-2005	Untill cancelled
37	Jharkhand VAT Act	For Selling of Fans	Commercial Tax Deptt.,Special Circle, Ranchi	20740400412	01-02-2006	Untill cancelled

SL. NO	Acts/ Rules/ Notification	Description of Licence/ consent/ Approval	Issuing Authority	Licence/consent/approval number	Date/Year of Issue	Valid Upto
38	Central Sales Tax Act	For Selling of Fans	Commercial Tax officer, Margao Ward,Goa	M/CST/8921	02-07-2005	Untill cancelled
39	Engineering Export Promotion Council	RCMC	EEPC	EEPC:K:REC:37:2005-2007	18.04.2005	31.03.2009
40	Foreign Trade	IEC	DGFT	2388000076	01.04.1988	NA
41	Income Tax Act	Income Tax Registration (PAN)	IT Authorities	PAN : AAACO3279J		
42	Income Tax Act	For Tax Deduction and collection	Nastional Securities Depository Ltd.	DELO02758A	12-05-2006	Untill cancelled
43	Service Tax Act	Service Tax Registration no.	Central Board of Excise & Custom	AAACO3279JST009	31-05-2006	Untill cancelled

MATERIAL DEVELOPMENTS

There are no material changes and commitments, which are likely to affect the financial position of the Company since March 31, 2007 (i.e. last date up to which audited information is incorporated in this Letter of Offer).

OTHER REGULATORY AND STATUTORY DISCLOSURES

The Equity Shares now being offered are subject to the provisions of the Act and the terms and conditions of this Letter of Offer, the CAF, the Memorandum and Articles of Association of our Company, the approvals from the Government of India, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, Listing Agreements entered into by our Company with Stock Exchanges, terms and conditions as stipulated in the allotment advise or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time, the FEMA and the Letters of Allotment/Equity Shares to be issued. Over and above such terms and conditions, the Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to issue of capital and listing of securities issued from time to time by SEBI, the Government of India, RBI and or other authorities.

Prohibition by SEBI / RBI

Our Company, its Directors, the Promoters, the Directors or the person(s) in control of the Promoter, firms and companies with which our Company's Directors are associated as directors or promoter have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Neither our Company, its Promoter, its Directors (except for Mr. Amitabha Ghosh, as director of Assambrook Limited, as mentioned in the Risk Factors), nor the companies promoted by the Promoters, have been declared as willful defaulter by RBI or any other government authority and there have been no violations of securities laws committed by them in the past or no such proceedings are pending against us or them.

Eligibility for the Issue

Orient Paper & Industries Limited is an existing Company under the Act, whose equity shares are listed on BSE and NSE. It is eligible to offer this Rights Issue in terms of Clause 2.4.1 (iv) of the SEBI Guidelines. Our Company, its Promoters, its Directors or any of our Company's associates or group companies and companies with which the Directors of our Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, have not been prohibited from accessing the capital market under any order or direction passed by SEBI. Further, the Promoters, our Company, group companies, associate companies are not detained as willful defaulters by RBI / governmental authorities.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGERS ICICI SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY

DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER ICICI SECURITIES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 10, 2007, IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- “1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY OUR COMPANY;**

WE CONFIRM THAT:

- a. THE LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- c. THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE;**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID; AND**
- 4. IF UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER(S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.”

Disclaimer Clause from Our Company and the Lead Manager

Our Company accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports, etc. after filing of the Letter of Offer with SEBI. The Lead Manager and our Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

Disclaimer With Respect To Jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations hereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

Disclaimer Clause of the Stock Exchanges

Bombay Stock Exchange Limited and The National Stock Exchange of India Limited (hereinafter referred to as the "Stock Exchanges") have given their permission to our Company to use their respective names in the Letter of Offer as the Stock Exchanges on which our Company's shares issued in terms of this Issue are proposed to be listed. The Stock Exchanges have scrutinized this Letter of Offer for their limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The Stock Exchanges, who have given their Disclaimer clauses are mentioned below:

The Bombay Stock Exchange Limited, and The National Stock Exchange of India Limited (Stock Exchanges) have vide their letters dated January 29, 2007 and February 1, 2007, respectively, given their permission to our Company to use their respective names in the Letter of Offer as the stock exchanges on which our Company's securities are proposed to be listed.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to The Bombay Stock Exchange Limited, (hereinafter referred to as "BSE" or the "Exchange"). BSE has given vide its letter dated January 29, 2007 permission to our Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE"). NSE has given vide its letter dated February 01, 2007, permission to the Issuer to use its name in this Letter of Offer as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. NSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission, given by NSE, should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify, or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange;

nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management, or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

The Draft Letter of Offer has been filed with SEBI, SEBI Bhawan, Bandra-Kurla Complex, Bandra(E), Mumbai – 400 051, for its observations. The final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Act.

All the legal requirements applicable till the date of filing the Letter of Offer with the stock exchanges and SEBI has been complied with.

Listing

The existing equity shares of our Company are listed on the BSE and NSE. The equity shares of our Company were delisted from the Bhubhaneshwar Stock Exchange and Calcutta Stock Exchange w.e.f September 28, 2006 and December 19, 2006 respectively. However, the equity shares continue to remain available for trading under permitted to trade on the Calcutta Stock Exchange.

Our Company has made applications to BSE and NSE for permission to deal in and for an official quotation in respect of the securities being offered in terms of this Letter of Offer. Our Company has received in principle approval from BSE and NSE vide letters dated January 29, 2007 and February 1, 2007 respectively.

If the permission to deal in and for an official quotation of the securities is not granted by BSE or NSE, within six weeks from the Issue Closing Date, Our Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within eight days after Our Company becomes liable to repay it, then Our Company and every Director of Our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum as prescribed under Section 73 of the Act.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

“Any person who- makes in a fictitious name an application to a Company for acquiring, or subscribing for, any Equity Shares therein, or otherwise induces a Company to allot, or register any transfer of Equity Shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

Government Approvals

No consent of the Government of India is required by our Company for this Issue. Neither the Central Government of India nor RBI accepts any responsibility for financial soundness of our Company or the correctness of statements made in this Letter of Offer.

Our Company has complied with all the applicable guidelines / directions issued by RBI from time to time.

Our Company does not propose to enter new activities through this Rights Issue of Equity Shares for which any further approvals are required to be obtained.

Our Company has the necessary approvals from the Government authorities/ RBI as required to carry on the present business. However, certain approvals have expired in respect of which, our Company has applied or is yet to apply for renewals, as indicated corresponding to the relevant licenses.

Consents

Consents in writing of: (a) Directors, our Company Secretary, Compliance Officer, the Statutory Auditors, Bankers to our Company and Bankers to the Issue, and (b) Lead Manager to the Issue, Registrar to the Issue and Legal Advisors to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Letter of Offer with the stock exchanges.

Expert Opinion

Save and otherwise stated in this Letter of Offer, our Company has not obtained any expert opinion.

Underwriting

The present Issue is not underwritten.

Expenses of the Offer

The Issue related expenses including lead management fees, printing and distribution expenses, legal fees, advertisement and publicity expenses, registrar and depository fees and other miscellaneous expenses. The estimated Issue expenses are as follows:

Activity	Estimated Expenditure (Rs. Lacs)	As % of Issue Expenses	As % of Issue Size
Lead management fees	150.00	75.00	0.94
Advertising and publicity expenses	8.00	4.00	0.05
Printing and stationery	11.70	5.85	0.07
Registrar's fees, legal fees, depository charges	20.00	10.00	0.13
Other expenses and contingencies	10.30	5.15	0.06
Total estimated Issue expenses	200.00	100.00	1.25

Promise versus Performance

Details of equity capital issues by our Company

Our Company has not made any rights or public issues in the last five years. The details of last two capital issues made by our Company are as under:

In the year 1991 we made a rights issue of 2875000 – 12.5% Secured Redeemable Partly Convertible Debentures of Rs. 130 (“PCD”) for cash at par aggregating Rs. 3737.50 lacs on rights basis (One PCD for every Four equity shares held) to the shareholders of the Company and 143750 PCD aggregating Rs. 186.875 lacs to the existing employees of the Company. The Issue opening date was September 20, 1991 and Issue Closing date was October 26, 1991. The object of the issue was to fund the modernization scheme and normal capital expenditure. There was no forecast of performance or profit in the letter of offer. The proceeds of the issue were used for the purpose for which the rights issue was made.

In the year 1961, we made a rights issue of 440475 equity shares of Rs. 10/- each at a price pf Rs.22/- per share aggregating Rs.96.90 lacs in the ratio of three equity shares for every ten equity shares held.

Details of last one issue made by our group companies

In the year 1992, Hyderabad Industries Limited made a rights issue of 1246766 15% Secured Redeemable Partly Convertible Debentures of Rs. 160/- each for cash aggregating Rs.1994.82 lacs on rights basis to the equity shareholder and offer of 62338 15% Secured Redeemable Partly Convertible Debentures of Rs.160/- each aggregating Rs.99.74 lacs to Employees . The object of the issue was to meet Company's requirement of capital expenditure including replacement, modernization, balancing and expenditure of capital nature to be incurred in the normal course of business. The proceeds of the issue were used for the purpose for which the rights issue was made.

As per the Letter of Offer, the profitability indicators as estimated by the Company were as follows:

(Rs. lacs)

Particulars	1992-93	1993-94	1994-95
Sales	21088	22971	25016
Profit before tax	1189	1296	1492
Profit after tax	759	836	910

As against the above, the actual performance recorded by Hyderabad Industries Limited was as follows:

(Rs. lacs)

Particulars	1992-93	1993-94	1994-95
Sales	18212	20707	24176
Profit before tax	667	1009	1276
Profit after tax	565	659	839

In the year 1998, Hindustan Motors Limited made a rights issue of 5374621 16% FCD's of Rs.100/- each to the existing shareholders in the ratio of 1 FCD for every 20 equity shares held or rights issue of 53746210 equity shares of Rs.10/- each to the existing shareholders in the ratio of 1 equity shar for every two equity shares held at the option of the shareholder. The object of the issue was to partly finance the project expenditure on new products and modernization and capacity expansion in the existing divisions of the company. The proceeds of the issue were used for the purpose for which the rights issue was made. The projects of the company and the expansion and modernization were completed in the year ended March 2000.

As per the Letter of Offer, the profitability indicators as estimated by the Company for the year ending March 31, 1999 were as follows:

Particulars	Amount (Rs. lacs)
Income	193739
Total Income	194458
Total Expenditure	178785
Profit Before Interest, Depreciation & Taxation	15672
Profit before taxation	3730
Profit after taxation	3425

As against the above, the actual performance recorded by Hindustan Motors Limited was as follows:

Particulars	Amount (Rs. lacs)
Income	147446
Total Income	149206
Total Expenditure	140472

Particulars	Amount (Rs. lacs)
Profit Before Interest, Depreciation & Taxation	8733
Profit before taxation	(2817)
Profit after taxation	(2825)

The profit projection given in the letter of offer could not be realized because of recession in the automobile sector accompanied by acute competition.

The other listed companies in the group i.e. CIIL, Pilani Investments and NEIL have not made any public or rights issue during the past 15 years.

Outstanding Debentures, Bonds, Reedemable Preference Shares Issued by our Company

As on date, there are no Outstanding Debentures or Bonds. However, there are 20,00,000 numbers of 12% Reedemable Preference Shares of Rs. 100/- each, issued by our Company, which are to be redeemed at par as per following schedule:

Reedemable on	Amount in Rs. Lacs
March 30, 2008	1,300
April 21, 2008	200
September 25, 2008	500

Investor Grievances and Redressal System

In accordance with Clause 49 of the Listing Agreement, our Company has duly constituted a Shareholders/ Investors Relation Committee comprising of two non-executive directors and one executive director besides secretary of our Company as the secretary to the Committee for speedy redressal of the investor grievances. This Committee meets at regular intervals in order to give effect to share transfers and also for redressal of investor grievances, if any. All investor complaints are normally attended to steps are taken to resolve the same within three days of receipt.

For details of composition, roles and responsibilities of the committee, please refer to the details of 'Corporate Governance' in the section on 'Our Management' at page 74 of this document.

Details of investor grievances

The details of investor grievances during the last two years are as under:

Particulars	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Investor grievances outstanding at beginning of the year/ period	Nil	Nil	Nil
Received during the year/ period	14	28	42
Resolved during the year/ period	14	28	42
Investor grievances outstanding at end of the year/ period	Nil	Nil	Nil

There are no unresolved complaints as on date.

Changes in the auditors in the last three years

There has been no change in the statutory auditors of our Company for the last three financial years.

Capitalisation of Reserves or profits (during the last five years)

Our Company has not capitalized its reserves or profits during the last five years.

Revaluation of assets, if any (during the last five years)

Our Company has not revalued any of its assets during the last five years.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Company's shares are listed on BSE and NSE. The high and low closing prices recorded on NSE and BSE for the preceding three years and the number of shares traded on the days the high and low prices were recorded are stated below:

• NSE

Year ending March 31	High Price			Low Price			Average price for the year (Rs.)	Volume for the Year
	Price (Rs.)	Date	Volume	Price (Rs.)	Date	Volume		
FY05	161.90	March 8, 2005	341815	29.10	April 7, 2004	5027	74.24	46995294
FY06	300.10	March 27, 2006	125576	119.55	May 4, 2005	259205	193.16	18844619
FY07	642.85	September 18, 2006	136059	259.25	June 14, 2006	11255	480.72	9333259

Source: www.nseindia.com

• BSE

Year ending March 31	High Price			Low Price			Average price for the year (Rs.)	Volume for the Year
	Price (Rs.)	Date	Volume	Price (Rs.)	Date	Volume		
FY05	161.95	March 8, 2005	99323	28.75	April 7, 2004	3455	74.17	15307113
FY06	301.25	March 27, 2006	81194	119.25	May 4, 2005	84114	193.00	8587371
FY07	643.10	September 18, 2006	74256	260.45	June 14, 2006	7116	480.75	5195185

Source: www.bseindia.com

Monthly high and low prices for the preceding six months and volume of transactions on the respective dates of high and low:

• NSE

Months	High Price			Low Price			Volume for the Month
	Price (Rs.)	Date	Volume	Price (Rs.)	Date	Volume	
December 06	613.55	December 5, 2006	72095	526.55	December 12, 2006	32815	567,910
January 07	622.25	January 3, 2007	91830	569.00	January 31, 2007	23340	745,838
February 07	578.30	February 2, 2007	18651	438.85	February 28, 2007	34252	609,143
March 07	424.95	March 30, 2007	3665	379.55	March 9, 2007	18446	266,159
April 07	476.70	April 30, 2007	8270	383.00	April 4, 2007	5424	257,130
May 07	491.50	May 4, 2007	12124	422.75	May 25, 2007	116699	494,086

Source: www.nseindia.com

• BSE

Months	High Price			Low Price			Volume for the Month
	Price (Rs.)	Date	Volume	Price (Rs.)	Date	Volume	
December 06	615.55	December 5, 2006	59383	528.35	December 13, 2006	5505	215,426
January 07	622.05	January 3, 2007	39979	568.90	January 31, 2007	14071	250,767
February 07	577.15	February 2, 2007	4764	437.90	February 28, 2007	11372	324,223
March 07	428.05	March 30, 2007	2263	377.50	March 9, 2007	17877	367,143
April 07	476.05	April 30, 2007	2703	382.10	April 4, 2007	4602	126,930
May 07	490.05	May 4, 2007	4377	422.50	May 25, 2007	80412	199,405

Source: www.bseindia.com

The market price on October 6, 2006, the trading day immediately following the day on which Board Meeting was held approving the Rights Issue, i.e. October 5, 2006, is as under:

- BSE: Opening Price: Rs. 621.70, Closing Price: Rs. 595.20
- NSE: Opening Price: Rs. 628.70, Closing Price: Rs. 596.75

ISSUE INFORMATION

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Letter of Offer, the enclosed Composite Application Form (“CAF”), the Memorandum and Articles of Association of the Company, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

The present Rights Issue has been authorized by the Board of Directors at its meeting held on October 5, 2006. The Board of Directors of our Company has in its meeting held on May 25, 2007 determined the Rights Issue price at Rs. 360/- per equity share and a rights entitlement of 3 Equity Shares for every 10 Equity Shares held on Record Date.

Consent of Lenders

The agreements in respect of some of the debt taken by us contain certain covenants *inter-alia* for altering our share capital and for our expansions and diversifications plans, including the expansion proposed to be funded out of the proceeds of this Issue. We have obtained these consents from our lenders, where required.

Basis of the Offer

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date. Our Company has in consultation with the Designated Stock Exchange fixed the Record Date for determining the shareholders who are entitled to receive this offer for Equity shares on a rights basis.

The Equity Shares are being offered for subscription in the ratio of 3 Equity Share for every 10 Equity Shares held by the Equity Shareholders.

The shareholders whose names appear as beneficial owners as per the list furnished by the depositories in respect of the Equity Shares held in electronic form and on the register of members of our Company in respect of the shares held in physical form on the Record Date i.e. June 15, 2007 at the close of business hours shall be entitled to the equity shares on the Rights basis in the ratio of 3 equity shares for every 10 equity shares held by them.

Principal Terms and Conditions of the Issue

Face value

Each Equity Share shall have the face value of Rs. 10/-

Issue Price

Each Equity Share is being offered at a price of Rs. 360/- (including a premium of Rs. 350/-).

Terms of payment

On application, Rs. 180/-, which constitutes 50% of the full amount of the Issue Price of Rs. 360/- shall be payable (“Application Money”). The remaining 50% of the full amount of the Issue Price shall become payable, at the option of our Company, anytime between 3 and 12 months after the Allotment Date.

The payment on application and on calls would be applied as under

	Towards Share Capital	Towards Share Premium Account
On Application – Rs. 180/-	Rs. 5 per Equity Share	Rs. 175/- per Equity Share
On first and final call – Rs.180/-	Rs. 5 per Equity Share	Rs. 175/- per Equity Share

If there is a failure to pay any call or installment of a call on or before the day appointed for the payment of the same, in accordance with the provisions of the articles of association of our Company, the Board may, at any time during which any part of the call or installment remains unpaid, serve a notice on such member of our Company requiring him to pay the same together with any interest that may have accrued. The present Articles of Association of our Company provide for a rate of interest at 12%. The notice shall fix a date and a place or places on and at which such call or installment and such interest as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time and at the place or places appointed, the shares in respect of which such call was made or installment is payable and to which the notice relates will be liable to be forfeited. If the requisites of such notice are not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by our Company of a portion of any money which shall from time to time be due from any Member to our Company in respect of his shares, either by way of principle or interest, nor any indulgence granted by our Company in respect of the payment of any such money, shall preclude our Company from thereafter proceeding to enforce a forfeiture of such shares. Any share so forfeited shall be deemed to be the property of our Company, and the Board may sell, re-issue or otherwise dispose of the same in such manner as they think fit.

Rights Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of our Company in the ratio of 3 Equity Shares for every 10 Equity Shares held as on the Record Date. Rights entitlement on shares held in the pool account of the clearing members on the Record Date shall be considered, and such claimants are requested to –

1. Approach the concerned depository through the clearing member of the Stock Exchange with requisite details; and
2. Depository in turn should furnish details of the transaction to the Registrar.

Only upon receipt of the aforesaid details, rights entitlement of the claimants shall be determined.

Fractional Entitlement

Fractional entitlement will be ignored. Equity shareholders whose fractional entitlement are being ignored would be given preferential allotment of One additional equity share, if they apply for additional Equity shares.

Those Equity shareholders having / holding less than 4 Equity Shares and therefore are entitled to zero Equity Shares under the Rights Issue, shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity shares; however they cannot renunciate the same to third parties. CAF with zero entitlement shall be non-negotiable/ non-renunciable.

Joint-holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of our Company

Ranking of the Equity Shares

The Equity Shares shall be subject to the memorandum and articles of association of our Company. The dividend payable on Equity Shares allotted in this Issue, until fully paid up shall rank for dividend in proportion to the amount paid up. The Equity Shares allotted in this Issue, once fully paid up shall be pari passu with the existing Equity Shares in all respects including dividend. The voting rights in a call, whether present in person or by representative or by proxy shall be in proportion to the paid up value of the Equity Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance until the moneys have become payable. For more details see 'Main Provisions of Our Memorandum and Articles of Association' on page 330 of this Letter of Offer.

Procedure for Calls

The schedule set out below for listing and trading of the partly paid and fully paid shares is based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would accordingly affect the schedule.

Calls

Our Company would convene meetings of the Board from time to time to pass the required resolution(s) for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be issued in one English national daily with wide circulation, one Hindi national daily with wide circulation and one Bhubaneswar edition of an Oriya daily.

Record date for Calls and suspension of trading

Our Company would fix a record date giving at least 15 days prior notice to the Stock Exchanges for the purpose of determining the list of shareholders to whom the notice for call money ("**Call Money Notice**") would be sent. Once the record date has been fixed, trading in the partly paid Equity Shares for which calls have been made would be suspended 5 days prior to each record date that has been fixed for the call concerned.

Separate ISINs on application and call

In addition to the present ISIN for the existing fully paid up Equity Shares, Our Company would obtain separate ISIN Nos. for its 50% paid up Equity Shares. The 50% paid up Equity Shares offered under the Issue will be traded under a separate ISIN No. for the period from the date of listing of these Equity Shares and up to five days prior to the record date for the first and final call. The ISIN No. representing 50% paid up Equity Shares will be terminated after the record date for the first and final call.

On payment of the first and final call in respect of the 50% paid up Equity Shares, such shares on which final call has been duly paid would be converted into fully paid up Equity Shares and merged with the existing ISIN for fully paid Equity Shares of Our Company.

Listing of partly paid shares

The 50% paid up shares would be listed on the Stock Exchanges. Once, the Call Money Notice for respective calls has been sent, the listing of then existing partly paid up Equity Shares would be terminated. Our Company will make necessary application to BSE and NSE for listing of partly paid up shares. The 50% paid up shares will be issued in accordance with the Letter of Offer and would be listed for the period as per the following details.

_ The allotment of 50% paid up shares will be made within 30 days from the closure of Issue and the same will be listed within 10 days thereafter.

_ The fully paid up shares will be listed within approximately 15 days from the last date fixed for payment of first and final call money.

The process of corporate action for crediting 50% paid up and fully paid up shares to the Demat Account may take about two weeks time from the last date of payment of the account under the call money notice. During this period the partly paid up shares would not be tradeable.

Payment Period for each call

As per the article fifteen of Articles of Association of our Company, the shareholders would be given not less than fourteen days time for the payment of the call money for each call.

Indicative Activities

Indicative Schedule of activities for making the partly paid up shares fully paid up:

Sr. No.	Event	Indicative time period (on or around)
1	Allotment is finalized with Stock Exchange	Day X
2	Listing of Equity shares 50% paid up	Day X+2 working days
3	Board to make first and final call for balance 50%	X + (3 to 12) months time
4	Record date for making first and final call	Y
5	Suspension of trading of 50% paid up shares	Y - 5 trading days
6	Send the call notice to the shareholders holding shares on the record date	Y+2 days
7	Last date for payment of call money	Y+ 23 days
8	Corporate action for credit of fully paid up shares to the demat account of shareholders who have paid the call money	Y + 35 days
9	Listing of shares fully paid up within	Y+ 40 days

Printing of Bank Particulars on refund orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders / refund warrants, which can then be deposited only in the account specified. our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily newspaper with wide circulation, one Hindi national daily newspaper and one Regional newspaper with wide circulation and/or, will be sent by ordinary post to the registered holders of the Equity Share(s) from time to time.

Market lot

The market lot for the equity shares in dematerialized mode is one. In case of physical certificates, our Company would issue one certificate for the equity shares allotted to one folio ("Consolidated Certificate").

In respect of the Consolidated Certificate, our Company will upon receipt of a request from the Equity Shareholder, be returning the share certificate issued for the entire holding, duly split as desired by the shareholders within a week's time from the request of the Equity Shareholder. No fee would be charged by our Company for splitting the Consolidated Certificate.

Nomination Facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

The sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders (being individual(s)) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. Person(s), being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same rights to which he would be entitled if he/she were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale/disposal of the Equity Share by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When two or more persons hold the Equity Share(s), the nominee shall become entitled to receive the shares only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Corporate Office of our Company located at 9/1, R. N. Mukherjee Road, Kolkata - 700 001, India or such other place at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion in the CAF.

Only one nomination would be applicable for one folio. Hence, in case the shareholder(s) has (have) already registered the nomination with our Company, no further nomination need to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, the entire subscription shall be refunded to the applicants within forty-two days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to repay the subscription amount, (i.e. forty two days after closure of the Issue), our Company will pay interest for the delayed period, at prescribed rates in sub-section (2) and (2 A) of Section 73 of the Act.

This Rights Issue will become undersubscribed after considering the number of Equity Shares applied as per entitlement plus additional Equity Shares.

The above is subject to the terms mentioned under the 'Basis of Allotment'.

Arrangement for Odd Lot Equity Shares

Our Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. Our Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Issue of Duplicate Equity Share Certificate

If any Equity Share Certificate(s) is/are mutilated or defaced or the pages for recording transfers of Equity Shares are fully utilized, our Company against the surrender of such Certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the Certificate numbers and the Distinctive numbers are legible.

If any Equity Share Certificate(s) is/are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of our Company and upon furnishing such indemnity/ surety and/or such other documents as our Company may deem adequate, duplicate Equity Share Certificate(s) shall be issued.

Offer to Non-Resident Equity Shareholders/ Applicants

Applications received from NRIs and other NR shareholders for allotment of Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Equity Shares, issue of Letter of Allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to apply shares offered on rights basis by an Indian Company in terms of FEMA and the rules and regulations thereunder.

Vide notification dated June 18, 2003, bearing number FEMA 94/2003, RBI has granted general permission to Indian companies to issue rights/bonus shares to existing non-resident shareholders. The existing non-resident shareholders may apply for issue of additional shares and our Company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional shares over and above shares offered on rights basis by our Company and renounce the shares offered in full or part thereof in favour of a person named by them. Residents may subscribe for additional shares over and above the shares offered on rights basis by our Company and also renounce the shares offered either in full or part thereof in favour of a person named by them.

The Equity Shares issued under the Rights Issue and purchased by NR shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the previously held Equity Shares against which Equity Shares under the Rights Issue are issued. By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Further, the RBI in its Master Circular dated July 1, 2005 has stated that OCBs are not permitted to subscribe to equity shares of Indian companies on rights basis under the automatic route. OCBs shall not be eligible to subscribe to the Equity Shares pursuant to this Letter of Offer unless the Company has received specific permission from RBI for issue of shares on rights basis to erstwhile OCBs.

The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the Equity Shareholders who are NR.

No Offer in the United States

The rights and the shares of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India but not in the United States of America. The offering to which this Letter of Offer

relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States of America, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer should not be forwarded to or transmitted in or into the United States of America at any time. The Company will not accept subscriptions from any person, or his agent, who appears to be, or who the Company has reason to believe is, a resident of the United States of America and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission. The Company is informed that there is no objection to a United States shareholder selling its rights in India.

Acceptance of the Rights Issue

You may accept the Offer and apply for Equity Shares offered, either in full or in part by filling Block III of Part “A” of the enclosed CAF and submit the same along with the application money payable to the “Bankers to the Issue” or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Mumbai /demand draft payable at Mumbai (after deducting demand draft charges and postal charges) to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Option Available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his entitlement in part
- Apply for his entitlement in part and renounce the other part
- Apply for his entitlement in full
- Apply for his entitlement in full and also apply for additional Equity Shares
- Renounce the entire entitlement (or part of entitlement).

Renouncees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made in the manner prescribed in the under the paragraph titled ‘Basis of Allotment’ on page 321 of this Letter of Offer. The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of application for additional Equity Shares by non-resident Equity Shareholders, the allotment of additional securities will be subject to the permission of the Reserve Bank of India.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

You may exercise any of the following options with regard to the Equity Shares offered to you, using the enclosed CAF.

S.No.	Options available	Action required
1	Accept your entitlement to all the Equity Shares offered to you.	Fill in and sign 'Part A' of the CAF (All joint holders must sign)
2	Accept your entitlement to all the Equity Shares offered to you and apply for additional Shares	Fill in and sign 'Part A' of the CAF after indicating in Block IV the number of additional Equity Shares applied for. (All joint holders must sign)
3	Accept only a part of your entitlement of the Equity Shares offered to you (without renouncing the balance).	Fill in and sign 'Part A' of the CAF Mention in column no. III the number of shares applied for. (All joint holders must sign)
4	Renounce all the Equity Shares offered to you to one person (Renouncee) (Joint Renouncees are considered as one renouncee) (Joint renouncee cannot exceed more than three) without applying for any equity shares offered to you.	Fill in and sign 'Part B' (All joint holders must sign) of the CAF indicating the number of Equity Shares renounced and hand over the entire CAF to the renouncee. The renouncee must fill in and sign 'Part C' (All joint renouncees must sign) of the CAF.
5	Accept a part of the Equity Shares offered to you and then renounce the balance to one Renouncee or renounce all the Equity Shares offered to you to more than one renouncee.	Fill in and sign 'Part D' (All joint holders must sign) of the CAF for Split Forms after indicating the required number of Split Application Forms and send the entire CAF to the Registrars to the Issue so as to reach them on or before the last date for receiving requests for Split Forms indicated in the CAF. Splitting will be permitted only once. On receipt of the Split Forms take action as indicated below: i) For the Equity Shares, if any, which you want to accept, fill in and sign 'Part A' of one Split Composite Application Form. ii) For the Equity Shares you want to renounce, fill in and sign 'Part B' in the required number of Split Composite Application Forms indicating the number of Equity Shares renounced to each renouncee. iii) Each of the renouncee should then fill in and sign 'Part C' of the respective Split Composite Application Form for the Equity Shares accepted by the renouncee.
6	Accept a part of the Equity Shares offered to you and renounce the balance to more than one renouncee. (Joint renounces are considered as one)	Follow the procedures stated in (5) above for obtaining the required number of Split Composite Application Forms and on receipt of Split Composite Application Forms follow the procedure as stated in (5) (ii) and (iii) above.
7	Introduce a joint holder or change the sequence of joint holders.	This will be treated as a renunciation. Fill in and sign Part B and the renouncees must fill in and sign Part C.

Applications for Equity Shares should be made only on the CAF, which are provided by Our Company. The CAF should be completed in all respects as explained under the head "INSTRUCTIONS" indicated on the reverse of the CAF before submission to the Banker to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the closure of the subscription list. Non resident shareholders/ Renouncee should forward their applications to Banker to the Issue as mentioned in the

CAF for Non Resident Equity Shareholders. No part of the CAF should be detached under any circumstances.

Renunciation

As an equity shareholder on the Record Date, you have the right to renounce your entitlement of the Equity Shares in full or in part in favour of any other person(s) including individuals non resident Indians, limited companies, statutory corporations/ institutions, Trusts (registered under the Indian Trust Act, 1882) and societies (registered under the Societies Registration Act, 1860 or other applicable laws) minors (through their legal guardians) provided that such Trusts, Societies or legal entities are authorized under their constitution/ rules/ bye-laws to hold Equity Shares in our Company. Renouncee(s) need not be existing members of our Company. However, renunciation in favour partnership firms, and HUFs, foreign nationals (unless approved by RBI or other relevant authorities) or any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board will not be accepted. Joint renunciation in favour of more than three individuals will not be accepted.

As per notification no. FEMA 20/2000-RB dated May 3, 2000 and notification no. FEMA 94/2003-RB dated June 18, 2003, issued by RBI, RBI has granted general permission to Indian companies to issue rights/ bonus equity shares to existing non resident Indians and non-residents may apply for issue of additional shares and the investee company may allot the same subject to the condition that the overall issue of shares to non residents in the total paid up capital does not exceed the sectoral cap. In other words, non residents may subscribe for additional shares over and above shares offered on rights basis by our Company and renounce the shares offered in full or part thereof in favour of a person named by them. Residents may subscribe for additional shares over and above, the shares offered on rights basis by our Company and also renounce the shares offered either in full or part thereof in favour of person named by them. However, this facility would not be available to investors who have been allotted such shares as OCBs.

The Board reserves the right to reject the request for allotment to renouncees in its sole and absolute discretion without assigning any reasons therefor.

Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the Form of Renunciation (Part B of the CAF) duly filled in shall be conclusive evidence in favour of our Company of the person(s) applying for Equity Shares in Part C to receive allotment of such Equity Shares. The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' must not be used by the renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any shares in favour of any other person.

Procedure for Renunciation

To renounce the whole offer in favour of one renouncee

If you wish to renounce this offer in whole, please complete Part B of the CAF. In case of joint holders, all joint holders must sign this part of the CAF in the same order as per the specimen signatures recorded with our Company. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split by applying to the Registrars to the Issue.

Please indicate your requirement for Split Forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrars to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrars, the procedure as mentioned in para (a) above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has/have renounced the Equity Shares, does not match with the specimen signature(s) as per the records of our Company, the application is liable to be rejected.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person, or persons, not more than three, who is/are not already joint holders with you, it shall amount to renunciation and the procedure as stated above shall have to be followed. Even a change in the sequence of the joint holders shall amount to renunciation and the procedure for renunciation, as stated above shall have to be followed.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money. However, any right of renunciation is subject to the express condition that the Board/Committee of Directors of our Company shall be entitled in its absolute discretion to reject the request for allotment from the renouncees without assigning any reasons therefor.

Please note that:

- (a) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.
- (b) Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- (c) Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

How to Apply

Resident Equity Shareholders

Application should be made only on the enclosed CAF provided by our Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by our Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer.

Payment should be made in cash (not more than Rs.20,000) or by cheque/bank draft/ drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques/money orders/postal orders will not be accepted and CAFs accompanied by such cheques/money orders/postal orders are liable to be rejected.

All cheques/bank drafts accompanying the CAFs should be crossed "A/c Payee Only" and made payable to "OPIL-Rights Issue". The CAF duly completed together with the amount payable on application must be deposited with the collecting bank/collection centres indicated on the reverse of the CAF, on or before the close of banking hours on or before the Issue closing date. A separate cheque or bank draft must accompany each CAF. Reference number of CAF should be mentioned on the reverse of the Cheque/Draft.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares
Part B: Form for renunciation
Part C: Form for application for renouncees
Part D: Form for request for split application forms

Non-Resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the Reserve Bank of India, in the matter of Refund of application moneys, allotment of Equity Shares, issue of Letters of Allotment/ certificates/ payment of dividends etc.

For NRIs holding shares on non-repatriation basis, payment may also be made by way of cheque drawn on Non-Resident Ordinary (NRO) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of shares will be on non-repatriation basis. If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

All cheques/bank drafts accompanying the CAFs should be crossed “A/c Payee Only” and made payable to “**OPIL-Rights Issue - NR**”. The CAF duly completed together with the amount payable on application must be deposited with the collecting bank/collection centres indicated on the reverse of the CAF, on or before the close of banking hours on or before the Issue closing date. A separate cheque or bank draft must accompany each CAF. Reference number of CAF should be mentioned on the reverse of the Cheque/Draft. New Demat account shall be opened for holders who have had a change of status from Resident Indian to NRI.

For applicants residing at places other than designated Bank Collecting branches.

Applicants residing at places other than the cities where the bank collection centers have been opened should send their completed CAF by registered post to the Registrars to the Issue, Sharepro Services (India) Pvt. Ltd, alongwith bank drafts after deducting demand draft and postal charges payable at Mumbai in favour of “**OPIL - Rights Issue**” crossed “A/c Payee only” so that the same are received on or before Closure of the Issue.

Our Company will not be liable for any postal delays and applications received through mail after the closure of the Issue, are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned above:

All application forms duly completed together with cash/cheque/demand draft for the application money must be submitted before the close of the Subscription List to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to our Company or the Lead Managers to the Issue or the Registrars to the Issue except as mentioned above.

The applicants are requested to strictly adhere to these instructions. Failure to do so could result in the applications being liable to be rejected with our Company, the Lead Managers and the Registrar not having any liability to such applicants.

In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, Sharepro Services (India) Pvt. Ltd, for issue of a duplicate CAF,

by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address.

In case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID no. and his / her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently.

Applications under Power Of Attorney

In case of applications made under a Power of Attorney or by limited companies or bodies corporate or registered societies or mutual funds or trusts, the certified true copy of the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a copy of the Memorandum and Articles of Association and/or Bye-Laws must be Lodged with the Registrar giving reference of the serial number of the CAF after submission of the CAF to the Bankers to the Issue or any of their collection centres, failing which the applications are liable to be rejected.

In case the above-referred documents are already registered with Our Company, the same need not be furnished again. However, the serial number of registration or reference of the letter, vide which these papers were lodged with Our Company/R&T Agents must be mentioned just below the signature(s) on the CAF. In no case should these papers be attached to the application submitted to the Bankers to the Issue or at its collection centres.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with an Account Payee Cheque drawn on a local bank at Mumbai/ Demand Draft payable at Mumbai which should be drawn in favour of our Company and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Date of Closure of the Issue and should contain the following particulars:

- Name of Issuer
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of Equity Shares held as on Record Date
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid @ Rs. 180/- per Equity Share
- Particulars of Cheque/ Draft
- Savings/ Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order

- PAN, photocopy of the PAN card / PAN communication / Form 60 / Form 61 declaration, where the application is for Equity Shares of a total value of Rs. 50,000/- or more for the applicant and for each applicant in case of joint names, and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company

Payments in such cases, should be through a cheque/ demand draft payable at Mumbai be drawn in favour of the Bankers to the Issue marked “A/c Payee” and marked **“OPIL - Rights Issue”** in case of resident applicants and **“OPIL - Rights Issue-NR”** in case of Non-Resident applicants.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their Rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Last Date of Application

The last date for submission of CAF is July 31, 2007. The Board/ Committee of Directors will have the right to extend the said date for such period as it may determine from time to time but not exceeding sixty days from the date the Issue opens.

If the CAF together with the amount payable is not received by the Bankers to the Issue/ Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the heading Basis of Allotment.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

(a) Mode of payment for Resident Equity Shareholders/ Applicants

All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed “A/c Payee only” and marked **“OPIL - Rights Issue”**. Applicants residing at places other than places where the bank collection centres have been opened by Our Company for collecting applications, are requested to send their applications together with Demand Draft, net of demand draft and postal charges, for the full application amount favouring the Bankers to the Issue, crossed “A/c Payee only” and marked **“OPIL - Rights Issue”** payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

(b) Mode of payment for Non-Resident Equity Shareholders/ Applicants

As regards the application by non-resident Equity Shareholders, the following further conditions shall apply:

Payment by Non-Residents must be made by demand draft / cheque payable at Mumbai (after deducting demand draft charges and postal charges) or funds remitted from abroad in any of the following ways:

1. Application with repatriation benefits

- (a) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- (b) By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- (c) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable at Mumbai; or
- (d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

2. Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents should be drawn in favour of the Bankers to the Issue and marked “**OPIL Rights Issue-NR**” payable at Mumbai and must be crossed “A/c Payee only” for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

Applicants may note that where payment is made by drafts purchased from NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Note: In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.

In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the aforesaid Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

In case application received from Non-Residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue.

Basis of Allotment

1. Subject to provisions contained in this Letter of Offer, the Articles of Association of our Company and approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

- a. Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
 - b. Allotment of one additional share each to shareholders whose fractional entitlements have been ignored and have applied for additional shares.
 - c. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as rights and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the rights Issue and not preferential allotment.
 - d. Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a), (b) and (c) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/ Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the rights Issue and not preferential allotment.
2. Our Company shall retain no over subscription.
 3. The issue will become undersubscribed after considering the number of shares applied as per entitlement plus additional shares.
 4. After taking into account the allotments made under 1(a), 1(b), 1(c) and 1(d) above, if there is still any under subscription, the unsubscribed portion shall be disposed off by the Board or Committee of Directors authorised in this behalf by the Board upon such terms and conditions, and to such person / persons and in such manner as the Board/ Committee of Directors may in its absolute discretion deem fit, as a part of the rights Issue and not preferential allotment.

Allotment Letters / Refund Orders

Our Company will issue and dispatch letters of allotment/ share certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 30 days from the date of closure of the Issue. If such money is not repaid within 8 days from the day Our Company becomes liable to pay it, Our Company shall pay that money with interest at the rate of 15% per annum as stipulated under Section 73 of the Act.

Our Company shall ensure despatch of the Letters of allotment/ share certificates by Registered Post/ Speed Post to the sole/ first applicant's registered address. Adequate funds would be made available to the Registrar to the Issue for dispatch of the Letters of allotment/ security certificates.

In case our Company issues Letters of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by our Company Law Board under Section 113 of the Act or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the share certificates.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

(a) ECS - Payment of refund would be done through ECS for applicants having an account at one of the 15 centers, where clearing houses for ECS are managed by Reserve Bank of India namely Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This would be subject to availability of complete Bank Account Details including MICR code from the depositories. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centres named herein above, except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit or RTGS or NEFT. Shareholders holding shares in physical form and who are desirous of receiving refund through ECS are advised to lodge their ECS mandate (if not already done) with Registrar to the issue to facilitate such refund through ECS.

(b) NEFT (National Electronic Fund Transfer) - Payment of refund shall be undertaken through NEFT wherever the applicant's bank has been assigned the Indian Financial System Code (IFSC) which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC code of that particular bank branch and the payment of refund will be made to the applicants through this method.

(c) Direct Credit – Investors having their Bank Account with the Bankers to the Issue i.e. UTI Bank Limited, shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their Bank Account with the Bankers to the Issue. Charges, if any, levied by the refund Bank for the same would be borne by the Company.

(d) RTGS – Applicants having a bank account at any of the 15 centres detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the CAF. In the event of failure to provide the IFSC code in the CAF, the refund shall be made through the ECS or Direct Credit, if eligibility is disclosed. Charges, if any levied by the refund bank for the same would be borne by the Company. Charges, if any levied by the applicant's bank receiving the credit would be borne by the applicant.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b), (c) and (d) hereinabove. For all the other applicants, including applicants who have not mentioned their bank particulars alongwith the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

For all the other applicants excepts for whom payment of refund is possible through (a), (b) and (c) the refund orders would be despatched "Under Certificate of Posting" for refund orders less than Rs. 1500 and through Speed Post/ Registered Post for refund orders exceeding Rs. 1500.

Allotment / Refund Orders

Where an applicant has applied for additional shares and is allotted lesser number of equity shares than applied for, the excess application money paid shall be adjusted first towards allotment money and balance, if any will be refunded to the applicant.

Our Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret or credit the allotted securities to the respective beneficiary accounts, if any within a period of 30 days from the Date of Closure of the Offer. If such money is not repaid within 8 days from the day our Company becomes liable to pay it, our Company shall pay that money with interest at the rate of 15% per annum as stipulated under Section 73 of the Act.

Equity Share certificates / Letters of Allotment or Letter(s) of Regret together with refund orders exceeding Rs. 1,500, if any, will be despatched by registered post/ speed post at the sole/first named applicant's address within 30 days from the date of the closing of the subscription list. Such cheques or pay orders will be payable at par at all the centres where the applications were originally accepted and will be marked "A/c payee" and would be drawn in the name of the sole/ first applicant. Refund orders upto Rs 1,500/- will be despatched under the Certificate of Posting. Adequate funds will be made available to the Registrars for the purpose.

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately.

As regards allotment/ refund to Non-Residents, the following further conditions shall apply

In case of Non-Residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The Equity Share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

Letters of Allotment / Equity Share Certificates/Demat Credit

Letter(s) of Allotment/ Equity Share certificates/demat credit or Letters of Regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 30 days from the date of closure of the subscription list. In case our Company issues Letters of Allotment, the relative Equity Share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such Letters of allotment (if any) to be exchanged later for Equity Share certificates. Export of Letters of Allotment (if any)/ Equity Share certificates to non-resident allottees will be subject to the approval of RBI.

For non resident applicants, refunds, if any, will be made as under:

Where applications are accompanied by Indian Rupee Drafts purchased abroad and payable at Mumbai, India, refunds will be made in convertible foreign exchange equivalent to Indian Rupees to be refunded. Indian Rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and Our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/ FCNR/ NRO cheques, refunds will be credited to NRE/ FCNR/ NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Equity Shares in Dematerialised Form

Applicants to the Equity Shares of our Company issued through this Rights Issue shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. Our Company and Registrar to our Company, have signed a tripartite agreement with CDSL on March 23, 2000 and with NSDL on March 31, 2000, which enables the investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Rights Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and dematerialised form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in DEMAT option for the shares sought in DEMAT and balance, if any, will be allotted in physical shares.

Procedure for availing this facility for allotment of Equity Shares in this Issue in the electronic form is as under:

1. Open a Beneficiary Account with any Depository Participant (care should be taken that the Beneficiary Account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In case of joint holding, the Beneficiary Account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in Our Company with different joint holders, the investors will have to open separate accounts for such holdings. **Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.**
2. For Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Issue may be made in dematerialized form even if the original equity shares of our Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.
3. Responsibility for correctness of applicant's age and other details given in the CAF vis-à-vis those with the applicant's Depository Participant would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be same as registered with the applicant's Depository Participant.
4. If incomplete / incorrect Beneficiary Account details are given in the CAF the applicant will get Equity Shares in physical form.
5. The Rights Equity Shares allotted to investors opting for dematerialized form, would be directly credited to the Beneficiary Account as given in the CAF after verification. Allotment advice, Refund Order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's Depository Participant will provide to him the confirmation of the credit of the Rights Equity Shares to the applicant's Depository Account.
6. Renouncees will also have to provide the necessary details about their Beneficiary Account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the applicant will get the Equity Shares in physical form.

Last Date for Submission of Composite Application Form

The last date for receipt of the CAF, by the Banker to the Issue and its Collecting Branches, together with the amount payable, is on or before the close of banking hours, on July 31, 2007. The Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding sixty days from the date the Issue opens. If the CAF together with the amount payable is not received by the banker to the Issue at its Collection Branches on or before the close of banking hours on or before July 31, 2007, the offer contained in this Letter of Offer shall be deemed to have been declined, and the Board

shall be at liberty to utilise this entitlement for allotting the Equity Shares as mentioned under the heading “Basis of Allotment”.

Option to subscribe

The Equity Shareholders are given the option to receive the share certificates or hold securities in dematerialised form with a depository. (Refer the ‘Issue Information’ for details)

Utilisation of Proceeds

The application monies received will be kept in a separate bank account and our Company will not have access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the issue has been received.

The Board of Directors declares that:

- (i) all moneys received out of issue of shares through the offer document shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73.
- (ii) details of all moneys utilized out of the Issue shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such moneys has been utilized.
- (iii) details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized moneys have been invested.

For further instruction, please read the Composite Application Form carefully.

General Instructions for Applicants

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by our Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest. The CAF must be filled in English and the names of all the applicants, details of occupation, address, and father’s / husband’s name must be filled in block letters.
- c) The CAF together with cheque /demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar and not to our Company or Lead Managers to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai (net of demand draft charges and postal charges) and send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- d) Applications for a total value of Rs. 50,000 or more, i.e. where the total number of shares applied for multiplied by the Issue Price, is Rs. 50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/ her Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application, for the purpose of verification of the number. Applicants who do not have PAN are required to provide a declaration in Form 60 / Form 61 prescribed under the I. T. Act along with the application. **Application Forms without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected.**

- e) Applicants are advised to provide information as to their savings/ current account number and the name of the Bank with whom such account is held in the CAF to enable the Registrar to print the said details in the Refund Orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- f) The payment against the application should not be effected in cash if the amount to be paid is Rs.20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.
- g) Signatures should be either in English or Hindi or in any other language specified in the 8th Schedule of the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to make investment and sign the application along with a copy of the Memorandum & Articles of Association and / or bye laws must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closure Date, then the application is liable to be rejected.
- i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- j) Application(s) received from Non-Residents / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of Equity Share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company in the case of equity shares held in physical form and to the respective DP, in case of equity shares held in dematerialised form.
- l) Split forms cannot be re-split.
- m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.
- n) Applicants must write their CAF number at the back of the cheque / demand draft.

- o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- p) A separate cheque /draft must accompany each CAF. Outstation cheques or post-dated cheques and postal /money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.
- r) An applicant which is a mutual fund can make a separate application in respect of each scheme of the fund and such applications shall not be treated as multiple applications. The application made by the asset management company or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given (in case of Renouncee);
- PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs.50,000 or more;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless there is specific approval from the RBI permitting the OCBs to invest in the Issue;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Disposal of Application and Application Money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or

in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within 30 days from the close of the Issue.

Undertakings by our Company

- The complaints received in respect of the captioned Rights Issue shall be attended to by our Company expeditiously and satisfactorily.
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the shares are to be listed will be taken within seven working days of finalisation of basis of allotment.
- The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by our Company.
- The share certificates / refund orders to the non-resident Indians shall be dispatched within the specified time.
- No further issue of securities shall be made till the securities issued/ offered through the captioned Rights Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
- All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All inquiries in connection with this Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID no., the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “**OPIL - Rights Issue**” on the envelope) to the Registrar to the Issue at the following address:

Sharepro Services (India) Pvt. Ltd

Unit: Orient Paper & Industries Limited
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai - 400 099

Tel: (22) 2821 5168, 2821 5169

Fax: (22) 2837 5646

Website: www.shareproservices.com

E mail: sharepro@vsnl.com

Contact Person: V. Kumaresan

1. It is to be specifically noted that this Issue of Equity Shares is subject to Risk Factors appearing on page ‘v’ of this Letter of Offer.
2. The Rights Issue will not be kept open for more than 33 days unless extended, in which case it will be kept open for a maximum 60 days.

MAIN PROVISIONS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Capital

Shares

Redeemable preference shares

Subject to the provisions of these Articles and of the Act, the Company shall have power to issue preference shares, which are, or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company may determine.

Allotment of shares

Subject to the provisions of these Articles, the shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons, on such terms and conditions, and at such times, as the Directors think fit and with power to issue any shares as fully paid up in consideration of services rendered to the Company in its formation or otherwise. Provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81 of the Act will be complied with. The Directors with the sanction of the Company in General meeting shall have full power to give to any person the right to call for the allotment of any shares either at par or at a premium, and for such period, and for such consideration as the Directors think fit.

Power to issue shares at a discount

Subject to the provisions of the Act it shall be lawful for the Company to issue at a discount shares of a class already issued.

Power to pay certain commissions for placing shares

The Company may, subject to the compliance with the provisions of Section 76 of the Act exercise the powers of paying commission on the issue of shares and debentures. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.

Brokerage

The Company may pay a reasonable sum for brokerage.

Trusts Not Recognized

Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any trust, benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not it shall have express or other notice thereof.

Certificates

The certificates of title to shares shall be issued under the Seal of the Company.

Members' right to certificate

Every member shall be entitled free of charge to one or more certificates for all the shares of each class registered in his name in marketable lots, or if the Board so approves to several certificates each for one or more of such shares, but in respect of each additional certificate, the Company, if the Board so determines, shall be entitled to charge a fee of not exceeding Re. 1.

As to issue of new certificate in place of one defaced, lost or destroyed, etc.

If any certificate be old, decrepit, worn out or defaced or where the pages on reverse for recording transfers have been fully utilized then, upon production thereof to the Company, the Board may order the same to be cancelled, and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then, upon proof thereof, to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof may be given. For every such new certificate and for every new certificate issued on the consolidation or subdivision of certificates, there shall be paid to the Company; if the Board so determines, a sum not exceeding Re. 1. In case of destruction or loss the member to whom such new certificate is given shall also bear and pay to the Company all legal costs and other expenses of the Company incidental to the investigation by the Company of the evidence of such destruction or loss and to the preparation of such indemnity.

Joint Holders of Shares

Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following and to the other provisions of these Articles relating to joint-holders :-

- a) The Company shall not be bound to register more than four persons as the joint-holders of any share.
- b) The joint-holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share.
- c) On the death of anyone of such joint-holders the survivor or survivors shall be the only person or persons recognized by the company as having any title to or interest in such share but the board may require such evidence of death as it may deem fit.
- d) Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share.

Calls

The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments.

When call deemed to have been made

A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed

Notice of Call

Not less than 14 days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

Amount payable at fixed times or by installments payable as Calls

If by the terms of issue of any share or otherwise, the whole or part of the amount or issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount or issue price or installments thereof shall be payable as if it were a call duly made by the Directors and of which due notice had been given, and all the provisions herein contained in respect of calls shall apply to such amount of issue price or installment accordingly.

When interest on Call or installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been

made or the installment shall be due, shall pay interest for the same at the rate of 12 percent per annum, from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.

Evidence in actions by Company against shareholders

On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt

Payment of Calls in Advance

The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as may be agreed, but the member shall not be entitled to participate in profits or dividend or to any voting rights in respect of money so paid by him until the same would but for such payment become presently payable.

Forfeiture and Lien

If call or installment not paid, notice maybe given

If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice

The notice shall name a day not being less than 21 days from the date of the notice and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If notice not complied with shares may be forfeited

If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal of interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

Notice after forfeiture

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited share to become property of the Company

Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

Power to annual forfeiture

The Directors may, at any time before any share so forfeited shall have been sold; re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as they think fit.

Arrears to be paid not with standing forfeiture

Any member whose shares have been forfeited shall not withstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereupon, from the time of the forfeiture until payment at 12 percent, per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.

Effect of forfeiture

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares.

Company's lien on shares

The Company shall have a first and paramount line upon all the shares (not fully paid up) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any share shall be created except upon the footing and condition that article 8 hereof is to have full effect and the said line shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing lien by sale

For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residue (if any) paid to such member, his executors, administrators, or other representatives or persons so recognized as aforesaid.

Validity of sales

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares. His title to such shares shall

not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Power to issue new certificate

Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holder of the said shares the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up..

Transfer and Transmission of Shares

Execution of transfer, etc

Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence, along with the letter of allotment of shares. The instrument of transfer of any shares shall be in writing and all the provisions of Section 108 of the Companies Act, and of any modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

Application for transfer

Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and, subject to the provisions of Article 8 and 37 hereof, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

Notice of transfer to registered holder

Before registering any transfer tendered for registration the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the Office of the Company within seven days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company in respect of such non-receipt.

Indemnity against wrongful transfer

Neither the Company nor its Directors shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognized as the holder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.

In what case to decline to register transfer of shares

Subject to the provisions of Section 111 of the Act, the Board without assigning any reason for such refusal, may, within two months from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a lien and, in the case of a share not fully paid up, may refuse to register a transfer to a transferee of whom the Board does not approve. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

Restriction on transfer of less than 25 Ordinary Shares

The Directors shall not accept the application for transfer of less than 25 (twenty five) Ordinary Shares of the Company provided, however, this condition shall not apply to:

- i. a transfer of Ordinary shares made in pursuance of any statutory provision or an order of a court of law
- ii. the transfer of the entire Ordinary shares by an existing Ordinary shareholder holding less than 25 Ordinary shares by a single transfer to a single or joint names
- iii. the transfer of the entire Ordinary shares of an existing Ordinary shareholder holding less than 25 Ordinary shares to one or more transferees whose holding in the Company will not be less than 25 Ordinary shares each, after the said transfer
- iv. the transfer of not less than 25 Ordinary shares in the aggregate in favour of the same transferee in two or more transfer deeds, submitted together within which one or more relate/s to the transfer or less than 25 Ordinary shares.

No transfer to minor or person of unsound mind

No transfer shall be made to a minor or person of unsound mind or firm without the consent of the Board.

When instrument of transfer to be retained

All instruments of transfer which shall be registered shall be retained by the Company.

Notice of refusal to register transfer

If the Directors refuse to register the transfer of any shares, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

Power to close, transfer books and register

On giving seven days' notice by advertisement in a newspaper circulating in the District in which the Office of the Company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty-five days in each year but not exceeding thirty days at a time.

Transmission of registered shares

The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member and, in case of the death of anyone or more of the joint-holders of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation as the case may be from a competent Court: Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.

As to transfer of share of deceased or insolvent members

Any person becoming entitled to or to transfer shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient, may, with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as "The Transmission Article". Subject to any other provisions of these Articles, if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered, himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfers of shares. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid.

Rights of unregistered executors and trustees

Subject to any other provisions of these Articles and if the Directors in their sole discretion are satisfied in regard thereto, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.

Alteration of Capital

Power to subdivide and consolidate

The Company may by ordinary resolution from time to time alter the conditions of the Memorandum of Association as follows:-

- a) Increase the Share Capital by such amount, to be divided into shares of such amount as may be specified in the resolution;
- b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- c) Subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.

On what conditions new shares maybe issued

The resolution whereby any share is subdivided or consolidated may determine that, as between the members registered in respect of the shares resulting from such subdivision or consolidation, one or more such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other subject nevertheless to the provisions of Sections 85, 87, 88, 93 and 106 of the Act.

Surrender

Subject to the provisions of Sections 100 to 104 inclusive of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

Modification of Rights

Whenever the capital (by reason of the issue of preference shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may be varied in the manner provided in Section 106 of the Act and all the provisions hereinafter contained as to General Meetings shall, mutatis mutandis, apply as regard class meetings. Provided that the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied under this

Article by the creation or issue of further shares and such new shares may be issued with such preferential rights as may be decided at the time of issue thereof.

Nomination

- (1) Every shareholder or debentureholder of the company may at any time nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- (2) When the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall on the death of the shareholder or debentureholders or as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons unless the nomination as varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in or debentures of the company in the manner prescribed under the Act, in the event of his death, during the minority.

Transmission of Securities in case of Nomination

- (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided elect, either -
 - (a) to register himself as holder of the share or debenture as the case may be, or
 - (b) to make such transfer of the share or debenture, as the deceased shareholder or debentureholder, as the case may be could have made.
- (2) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder as the case may be.
- (3) A nominee shall be entitled to the dividend on shares and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to a meeting of the company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to register himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

General Meetings

Proceedings at General Meetings

Quorum

The quorum for a General Meeting shall be five members present in person.

Chairman

At every General Meeting the Chair shall be taken by the Chairman and in his absence by the Vice-Chairman of the Board of Directors. If at any meeting the Chairman or the Vice-Chairman as the case may be, of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present, be unwilling to act as Chairman, the members present shall choose one of the Directors present to be Chairman, or if no Director shall be present and willing, to take the Chair, then the members present shall choose one of their number, being a member entitled to vote, to be Chairman.

Sufficiency of Ordinary resolution

Any act or resolution which, under the provisions of this, Article or of the Act is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution.

When, if quorum not present, meeting to be dissolved and when to be adjourned

If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition of share holders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, unless the same shall be a public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the Meeting, those members who are present and not, being less than two persons shall be a quorum and may transact the business for which the Meeting was called.

How questions or resolutions to be decided at meetings

In the case of an equality of votes the Chairman shall, both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Power to adjourn General Meeting

The Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time date and place appointed for the holding of the adjourned meeting.

Business may proceed notwithstanding demand of poll

If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Votes of Members

On a show of hands every holder of ordinary shares entitled to vote and present in person or by proxy shall have one vote and upon a poll every holder of ordinary shares entitled to vote and present in person or by proxy shall have one vote for every share held by him.

Votes in respect of deceased insolvent and insane members

Subject to the provisions of the Articles, any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that seventy two hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non compos mentis, he may vote whether on a show of hands or at a poll by his committee, curator bonis or other person recognized by the Company as entitled to represent such member and such last mentioned person may give their votes by proxy.

Joint-holders

Where there are joint-holders of any share anyone of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name-stands prior in order on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.

Instrument appointing proxy to be in writing

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorized in writing or if such appointor is a corporation under its common seal or the hand of its Attorney.

Instrument appointing proxy to be deposited at the Office

The instrument appointing a proxy and the Power-of-Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given: Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the Office or by the Chairman of the Meeting before the vote is given: provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of instrument appointing proxy

Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.

Restriction on voting

No member shall be entitled to vote on any question either personally or by proxy or as proxy for another member at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable presently to the Company in respect of any of the shares of such member.

Validity of votes

No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.

Directors

General Provisions

Number of Directors

Until otherwise determined by the Company in General Meeting, the number of Directors including any ex-officio Director shall not be less than three nor more than eleven, of whom a majority shall always be Indians.

Qualification of Directors

The qualification of a Director shall be the holding of shares in the Company of the face value of Rs 5000 (Rupees Five Thousand) in his own name or jointly with others. An ex-officio Director or an alternate

Director or a legal or technical advisor or Director nominated by the Central or State Government or a Debenture holder and/or any Credit Institution shall not be required to hold any qualification shares.

Remuneration of Directors

Each Director shall receive out of Fund of the Company such remuneration by way of a fee for each meeting of the Board or a Committee thereof attended by any such Director not exceeding such sum as may be prescribed under the Act, and fixed by the Board of Directors from time to time. The Directors shall also be entitled to receive in each half-year or in each year by way of additional remuneration a commission of not exceeding one per cent as may from time to time be decided by the Directors on the profits of the Company such commission to be calculated on the net trading profits of the Company in the accounting period after deducting all usual charges and expenses of the business including the fixed remuneration of Directors, Managing Director (if any) and the salaries and wages of employees, interest on debentures and other loans and advances but before placing any thing to reserve, depreciation, taxation or other special accounts and before deducting commissions or percentage of profits or bonuses payable to the Directors (including any Managing Director), or other employee of the Company and such commission shall be divided among the Directors in such proportion as may be determined by them. The Directors may allow and pay to any Director who for the time being is resident out of the place at which any meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses and loss of time in connection with his attending at the meeting in addition to his remuneration as above specified. If any Director being willing shall be called upon to perform extra services or to make any special exertions for any of the purposes of the Company the Directors shall be entitled to remunerate such Director either by a fixed sum or percentage of profits or in any other manner as may be determined by the Directors in addition to the remuneration above provided.

Continuing Directors may act

The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.

Directors may contract with Company

Subject to the provisions of the Act the Director (including a Managing Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vender, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contract or any arrangement entered into by or on behalf of the Company with any Director or with any company or partnership, of or in which any Director shall be member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

Appointment of Directors

The Company in General Meeting, may, subject to the provisions of these Articles and the Act, at any time elect any person to be a Director and may from time to time increase or reduce the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.

Appointment of Additional Director

The Directors shall have power at any time and from time to time to appoint any person other than a person who has been removed from the office of a Director of the Company to be a Director of the Company as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company when he shall be eligible for re-appointment.

Casual vacancy may be filled by Board

The Directors shall also have power to fill a vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred.

Power to nominate Directors

Subject to the provisions of the Act any State, or Credit Institution if so agreed between them and the Company shall be at liberty to nominate Directors in terms of such agreement.

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Corporation of India Limited (IRCI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Oriental Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI), West Bengal Industrial Development Corporation Limited (WBIDC) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation") out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right, if so provided in an agreement entered into between the Company and the Corporation, to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole-time (which Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s. Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of the Company. Such

whole-time Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation.

Alternate Directors

The Board may appoint any person to act as an alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote there at accordingly; but he shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

Rotation of directors

At the Annual General Meeting of the Company in every year, one third of the Directors for the time being liable to retire by rotation and if their number is not three or a multiple of three then the number nearest thereto shall retire from office. The Directors to retire at such Annual General Meeting shall be the Directors (other than ex-officio Director or Managing Director or Directors who by virtue of the provisions of any agreement with any Central or State Government or Credit Institution are not liable to retire) who shall have been longest in office since their last election. As between Directors who became Directors on the same day those to retire shall (in default of agreement between them) be determined by lot. For the purpose of this Article a Director appointed to fill a vacancy under the provisions of Article 78(b) shall be deemed to have been in office since the date on which the Director in whose place he was appointed, was last elected as a Director.

Retiring Director eligible for reelection

A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.

Adjournment of meeting for election of Directors

Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the same day in the next week or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the places of the retiring directors are not filled up the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

Managing/Whole-Time Directors/Managers

Appointment of Managing/Whole time Directors and/or Managers

The Company may appoint Managing or Whole-time Directors and/or Managers to manage its affairs for such period and on such remuneration and upon such terms and conditions as may be sanctioned by the Company in the manner required by the Act.

Books of Account and Dividends

Books of account

Books of account to be kept

The books of account shall be kept at the Office of the Company or at such other place as the Directors think fit.

Inspection by members

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts had books of the Company or any of them shall be open to the inspection of the members not being Directors, and no member (not being a Director) shall

have any right of inspecting any account or books or document of the Company except as conferred by law or authorized by the Directors or by the Company in General meeting.

When account to be deemed finally settled

Every Balance Sheet and Profit and Loss Account when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.

Dividends

Division of profits

The net profits of the Company (after making provision if any, for sinking, depreciation and reserve funds and for carrying forward balances for the next year) shall subject to the rights of holders of preference shares and to any resolution of the Company attaching any special privileges to other shares and to the provisions of these Articles, be divisible among the ordinary shareholders, subject as provided in Article 19, in proportion to the amounts paid up on the ordinary shares held by them respectively.

Capital paid in advance of calls

When capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

Declaration and payment of dividends

The Company in General meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment subject to the provision of Section 207 of the Act.

Restrictions on amount of dividends

No larger dividend shall be declared than is recommended by the Directors. But the Company in General Meeting may declare a smaller dividend.

Dividend out of profits only and not to carry interest

No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

What to be deemed net profits

The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive.

Interim dividends

The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Debts may be deducted

The Directors may retain any dividend on which the Company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagements in respect of which the lien exists.

Company may retain dividends

The Director may retain the dividend payable upon shares in respect of which any person is under "The Transmission Article" entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.

Dividend and Call together

Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so

that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call.

Capitalization of Reserves

Any General Meeting may upon the recommendation of the Directors resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve fund or special account or in the hands of the Company and available for dividend and including any profits arising from the sale of the assets of the Company or any part thereof or by reason of any other accretion to capital, assets or representing premium received on the issue of shares and standing to the credit of the share premium account, be capitalized and distributed (in the manner and to the extent permissible under the provisions of the Act) amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such share-holders in paying up in full either at par or at such premium as the resolution may provide any unissued shares, debentures or debenture stock (in the manner and to the extent aforesaid) of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, or debentures or debenture-stock, and that such distribution or payment shall be accepted by such shareholders, in full satisfaction of their interest in the said capitalized sum.

Fractional certificates

For the purpose of giving effect to any resolution under the preceding article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates or ignore fractions or may vest the same in trust for the persons entitled as may seem expedient to the Directors. Where requisite a proper contract shall be filled in accordance with the provisions of the Act and the Directors may appoint, any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

Anyone of joint-holders can give receipts

Anyone of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Payment by post

Unless otherwise directed, any dividend may be paid by cheque, warrant or postal money order sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to the registered address of that one whose name stands first on the Register in respect of the joint-holding or to such person and such address as the member or person entitled or such joint-holders, as the case may be, may direct.

When payment a good discharge

The payment of every cheque or warrant sent under the provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed be a good discharge to the Company in respect thereof: Provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at Unit VIII, Plot No.7, Bhoinagar, Bhubhaneshwar-751012, Orissa, from 11.00 a.m. to 2.00 p.m. from the date of this Letter of Offer until the date of closure of the subscription list for the Issue.

Material Contracts

1. Engagement Letter dated October 18, 2006 received from our Company appointing ICICI Securities Limited (now renamed as ICICI Securities Primary Dealership Limited) to act as Lead Manager to the Issue.
2. Memorandum of Understanding dated January 02, 2007 entered into between our Company and ICICI Securities Limited, the Lead Manager to the Issue.
3. Engagement Letter dated October 11, 2006 received from our Company appointing M/s. Khaitan & Co. to act as the Legal Counsel to the Issue.
4. Engagement letter dated December 29, 2006 from the Company appointing Sharepro Services (India) Private Limited as the Registrar to the Issue and Memorandum of Understanding between the Company and Sharepro Services (India) Limited dated January 3, 2007.

Documents

1. Memorandum and Articles of Association of Our Company.
2. Certificate of Incorporation of Our Company dated July 25, 1936 (issued pursuant to the Act).
3. Certificate for Commencement of Business dated July 30, 1936.
4. Fresh Certificate of Incorporation of our Company dated September 13, 1978
5. Copy of the resolution passed at the meeting of the Board of Directors held on October 5, 2006 approving this Issue and resolution passed at the meeting of the Board of Directors held on May 25, 2007.
6. Consents of the Directors, Company Secretary, Auditors, Lead Manager to the Issue, Legal Counsel to the Issue, Bankers to the Company, Bankers to the Issue and Registrars to the Issue, to include their names in the Letter of Offer to act in their respective capacities.
7. Letter dated June 8, 2007 from M/s. S. R. Batliboi & Co., Chartered Accountants confirming Tax Benefits as mentioned in this Letter of Offer.
8. Reports from the Auditors dated June 8, 2007.
9. The Annual Reports of our Company for the last 5 Financial Years.
10. Copies of the application made for in-principle to the Stock Exchanges vide letters dated January 11, 2007 to BSE and NSE
11. Copies of the in-principle approval from BSE and NSE vide letters dated January 29, 2007 and February 1, 2007 respectively.
12. Agreement for the appointment and remuneration of the Managing Director
13. Observation Letter No. CFD/DIL/NB/90253/2007 dated April 2, 2007 issued by The Securities and Exchange Board of India for the Issue and in-seriatim reply dated June 8, 2007.
14. Resolution of the Committee of Directors authorized by the Board of Directors approving the Draft Letter of Offer on January 09, 2007 and the Letter of Offer on June 8, 2007.
15. Due Diligence Certificate dated January 10, 2007 from ICICI Securities Limited.
16. Tripartite Agreement dated March 31, 2000 between our Company, Registrar to the Company and NSDL for offering depository option to the investors.

17. Tripartite Agreement dated March 23, 2000 between Our Company, Registrar to the Company and CDSL for offering depository option to the investors.
18. Copy of agreement with MCS Limited, Registrar to the Company, renewed on April 1, 2006.

DECLARATION

No statement made in the Letter of Offer contravenes the provisions of the Act and the rules made there under. All the legal requirements connected with the Issue under the Act as also the guidelines (including SEBI Disclosure and Investor Protection Guidelines), instructions issued by Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, Government and other competent authorities in this behalf have been complied with.

Yours faithfully,

For Orient Paper & Industries Limited

Signed by All Directors

Sd/-

Mr. Chandra Kant Birla (Chairman)

Sd/-

Mr. Basant Kumar Jhawar

Sd/-

Mr. Prabhat Kumar Sen

Sd/-

Mr. Deoki Nandan Patodia

Sd/-

Mr. Amitabha Ghosh

Sd/-

Mr. Venkatachalam Nachiappan

Sd/-

Mr. Michael Bastian

Sd/-

Mr. Manohar Lal Pachisia (Managing Director)

Signed by President (Finance) & CFO

Mr. P.K. Sonthalia

Place: Kolkata

Date: June 8, 2007

Encl: Composite Application Form

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