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Cautionary statement

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

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

What this annual report contains

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"At Orient Paper and Industries Limited, we have been working consistently to enhance value - for all those who depend upon us, work with us and have invested in us. We made all-round progress during the year under review and are now poised to enter the next orbit of growth."



C.K. Birla, Chairman, Orient Paper and Industries Limited

Corporate identity

Our businesses

Orient Paper and Industries is engaged in three businesses – cement, paper and fans. The Company enjoys a premium position and significant competitive strengths in each of these businesses.

Report

Our strengths

Well-diversified presence, which enables us to capture every upturn in growth across some of the fast-growing businesses of India.

Extensive integration across each business, which helps to lower operating costs.

Well established brands ('BIRLA A1' and 'ORIENT GOLD' in cement, 'DIAMOND TOUCH' and 'ORIENT' in paper and 'ORIENT PSPO' in fans), which have been able to capture customers' mind share.

Committed and competent management team constantly setting and achieving higher targets.

Our presence

Orient enjoys a pan-Indian presence. Our principal cement unit is located at Devapur (Andhra Pradesh) and a split-grinding unit at Jalgaon (Maharashtra). Our paper plant is located at Amlai (Madhya Pradesh) and fan manufacturing units at Faridabad (Haryana) and Kolkata (West Bengal). Our paper and fan products are widely distributed across the country. Our cement plants mainly serve our core markets in Maharashtra, Andhra Pradesh and Gujarat.

Our value strategy

In every thing we do, Orient's value strategy is focused on continually enhancing value for customers, stakeholders, employees and the community at large.

Our financials, 2006-2007

Our top line increased 25% to Rs 1264.81 cr; operating profit improved 119% to Rs 266.63 cr, while the post-tax profit grew 506% to Rs 130.68 cr. Our total debts reduced by Rs 111 cr and consequently, the debt-equity ratio improved to 1.32 as on 31st March, 2007.

Our listing

The Orient stock is actively traded on the National Stock Exchange and the Bombay Stock Exchange.

Enhancing value through...



Our ongoing improvements

- Higher productivity
- Increasing efficiencies
- Value engineering
- Cost competitiveness
- Optimum resource utilisation
- Research and development

Our customer focus

- * Improving brand equity
- Increasing market share
- Value-for-money products
- Customer delight

Our human capital

- Teamworking
- Staff motivation
- Employee welfare
- Skills development
- Safety and security

- Environment enrichment
- Natural resource conservation

Our social

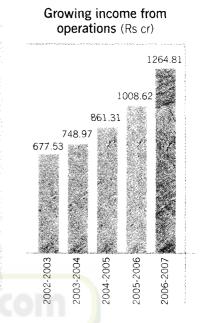
commitment

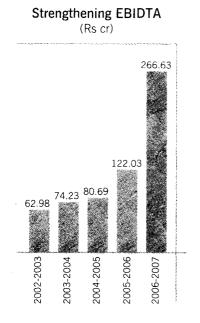
Community upliftment

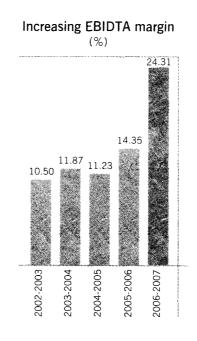
Our result orientation

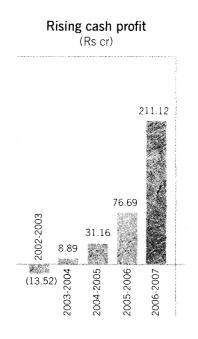
- Improving shareholder value
- Robust financials
- Continuous growth and expansion

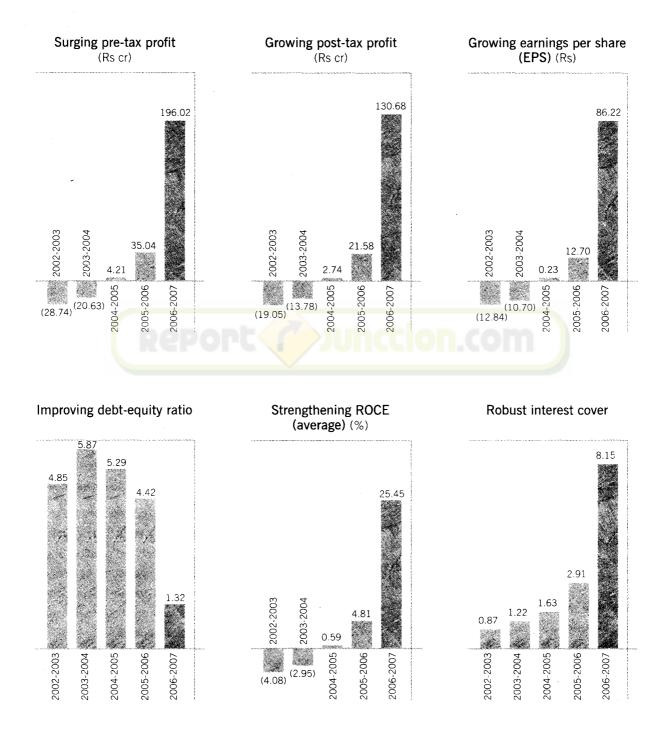
...from turnaround to transformation.











...and this is only the beginning

Managing Director's perspective

Mr. M.L. Pachisia, Managing Director, evaluates the Company's performance and prospects.

On the Company's performance in 2006-2007.

A milestone year when we not only achieved our best ever performance, but also initiated several steps, which should not only ensure the sustainability of our results but also accelerate growth in the years to come.

Consider this: while our gross turnover increased 25% to Rs 1264.81 cr, our pre-tax profit grew by 119% to Rs 196.02 cr. This was the result of all our businesses adding to their strengths and contributing positively to our bottomline. This forms the basis of our optimism for continual growth.

On going back in time before we move forward with the discussion.

Orient has gone through tough times in the recent past, mainly because of a negative turn in the cement cycle. However, even during those tough years, we never wavered from our resolve to emerge as one of the strongest players once market conditions improved. We persevered with our initiatives to improve our internal efficiencies and attained TPM certification from the Japanese Institute of Plant Maintenance for our cement plant at Devapur, Andhra Pradesh. As a result we became only the second cement plant in the

country to have been awarded TPM certification. Our paper plant at Amiai and fan division, too, obtained ISO certifications around the same time.

We focused on controlling the controllable – costs. We streamlined processes, revisited practices and rationalised operations. As a result of these efforts, we are today amongst the lowest-cost producers in India in each of our businesses.

Our turnaround has therefore not only been dependent on market forces, but has also been substantially driven by our own efforts to enhance our cost competitiveness on the one hand and product quality on the other.