

GROWTH  
EXPANSION  
SUSTAINABILITY

ANNUAL REPORT  
2008-2009



AVANTHA  
GROUP COMPANY

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# board of directors

**GAUTAM THAPAR** CHAIRMAN

**R. R. VEDERAH** MANAGING DIRECTOR

**B. HARIHARAN** GROUP DIRECTOR (FINANCE)

**SHARDUL S. SHROFF**

**R. K. AHOOJA**

**SANJAY LABROO**

**A. S. DULAT**

**ASHISH GUHA**

**DR. PRAMATH RAJ SINHA**

**A. P. SINGH** NOMINEE OF LIC

## company information

### registered office

P. O. Ballarpur Paper Mills-442 901,  
District Chandrapur, Maharashtra

### head office

Thapar House, 124 Janpath,  
New Delhi-110 001

### operating office

First India Place, Tower-C, Block-A,  
Sushant Lok-I, Mehrauli-Gurgaon  
Road, Gurgaon-122 002

### auditors

K.K. Mankeshwar & Co.,  
Chartered Accountants  
Kingsway, Nagpur-440 001

## listing on stock exchanges

The Equity Shares of the Company are listed on the following Stock Exchanges:

### bombay stock exchange limited

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001

### national stock exchange of india limited

Exchange Plaza, Plot No. C-1,  
G Block, Bandra Kurla Complex,  
Bandra (E), Mumbai-400 051





consolidated  
highlights

2008  
2009

## FINANCIALS

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### Total Income

Decreased by 0.3 per cent from Rs. 2,847 crore in 2007-08 to Rs. 2,838 crore in 2008-09.

### Paper Revenue

Increased by 9.3 per cent from Rs. 2,425 crore in 2007-08 to Rs. 2,651 crore in 2008-09.

### Domestic Paper Revenue

Increased by 13.5 per cent from Rs. 1,992 crore in 2007-08 to Rs. 2,260 crore in 2008-09.

### Operating Profit (PBDIT)

Decreased by 8.3 per cent from Rs. 715 crore in 2007-08 to Rs. 656 crore in 2008-09.

### Domestic Paper Business PBDITA

Increased by 20.7 per cent from Rs. 523 crore in 2007-08 to Rs. 631 crore in 2008-09.

## AWARDS

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### Corporate Social Responsibility

Rated as a Level 4 CSR Company in a rating done by Karmayog of 1000 largest Indian Companies, being the highest rating accorded in 2008.

### Unit Bhigwan

India Manufacturing Excellence Award 2008 from Frost & Sullivan.

First prize in Energy Conservation and Management from Maharashtra Energy Development Agency.

CII – National Award for Excellence in Energy Management.

Gold Award for Excellence in Environment Management from Greentech Foundation, New Delhi.

### Unit Ballarpur

First prize for Excellence in Environment Management from Greentech Foundation, New Delhi.

Silver Award for Excellence in Safety Management from Greentech Foundation, New Delhi.

## PAPER PRODUCTION IN MT

04-05	383,422
05-06	404,150
06-07	496,847
07-08	599,929
08-09	604,731

## NET SALES IN RS. CRORE

04-05	1,790.3
05-06	1,912.7
06-07	2,317.8
07-08	2,831.1
08-09	2,824.7

## NET PROFIT MARGIN IN PER CENT

04-05	8.8
05-06	9.2
06-07	9.0
07-08	10.7
08-09	6.7

## DILUTED EPS IN RS.

04-05	1.90
05-06	2.25
06-07	2.81
07-08	4.76
08-09	2.72

## PBDIT IN RS. CRORE

04-05	460.1
05-06	501.9
06-07	585.5
07-08	714.7
08-09	655.8



## chairman's letter



### DEAR SHAREHOLDER

You would recall that by the end of the first quarter (July-Sept 08) of our reporting year 2008-09, the global financial system was in complete turmoil. Large international financial institutes like Bear Stearns, Fannie Mae, Freddie Mac, Royal Bank of Scotland and Lehman Brothers either went bust or required large Government bailouts. And, this became the norm for several large institutions across USA and Europe.

Reported write-downs reached US\$760 billion by end- September 2008, of which US\$580 billion were incurred by global banks. As expected, losses were mostly mortgage-related, and primarily related to the US and European banks. It only increased with an increase in loan-loss provisioning and further mark-to-market write-downs. World Bank and IMF estimates suggest that by October 2008, the total losses incurred by the global financial system due to the fall out of the 'subprime crisis' was close to US\$4,100 billion, which was unprecedented in modern history. These estimated losses were over five times what was witnessed in Japan between 1990 and 1999 - the closest other such banking crisis.

Naturally, the financial turmoil of such epic proportions had its effect on the global real economy as well. With severe stress on liquidity and major negative consumer and investor sentiments, growth in global output reduced from 5.2 per cent in 2007 to 3.2 per cent in 2008 and is estimated to reduce to -1.3 per cent in 2009. Much of this slowdown has been in the advanced economies of the USA and the EU. US growth reduced to 1.1 per cent in 2008 and is estimated to be -2.9 per cent in 2009. EU growth was a mere 0.9 per cent in 2008. And, in 2009, it is expected to be -3.5 per cent. Japan has got into yet another crisis, with 2009 growth forecasted

at -6.5 per cent. Thanks to such acute de-growth in the real sectors of developed economies, global trade is predicted to shrink by 11 per cent in 2009 — the worst since the Great Depression.

In my letter to you in the last Annual Report, I had already alluded to these global developments. I had also expressed that in this milieu, both India, as a country, and BILT, as a Company were in a 'sweet spot'. While some of the developments were more adverse than expected, this fundamental premise of optimism still holds ground.

First, let's look at India, BILT's primary area of operations. While the Indian financial intermediaries did not witness the kind of fragility witnessed in more developed countries, the global financial crisis had an adverse effect on India as well. There was significant capital flight especially by foreign institutional investors; lower capital inflows; sharp depreciation of the Indian rupee against most major currencies, especially the US dollar; and huge fall in equity values on account of reverse capital flows. Moreover, virtually all overseas lines of credit for banks and Indian companies dried up. The months of September, October and November were

particularly bad as the financial system witnessed significant pressures on the liquidity front. And, economic growth also witnessed a slowdown. With GDP growing at 5.8 per cent in the Oct-Dec 2008 quarter and the Jan-Mar 2009 quarter, annual GDP growth reduced to 6.7 per cent in 2008-09. This is a significant slowdown from the 9 per cent growth witnessed in 2007-08. Clearly, compared to the last five years, there has been a slowdown in the Indian economy.

Having said that, it is also important to note that the macro-economic fundamentals of India continue to be strong and most experts estimate that in the foreseeable future, the country will grow between 6.5 per cent and 7 per cent annually. Compare this with the global picture and one finds that India will continue to be one of the fastest growing economies of its size in the world. And, since May 2009, there has been renewed optimism right across the Indian economy. Industrial output has started showing positive signs, inflation is well under control, consumer sentiments are positive and there is renewed investor confidence in India. As I write this letter, the Sensex – India's premier stock market index - has bounced back to levels

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State-of-the-art paper machine installed at Bhigwan incorporating latest on-machine blade coating technology to produce 165,000 MT of coated paper annually.





Janus Super calendar installed at Bhigwan to impart gloss to the coated papers – the only one of its kind in India with the latest technological innovation from Voith, Germany.

above 17,000. Clearly, India remains a country with several opportunities.

As far as the writing and printing paper industry goes, India is still at a very nascent stage with one of the lowest per capita consumptions in the world. With increased stress on education and economic development, there continues to be large opportunities for growth in this sector. Yes, there is increased use of the internet and similar mediums that have an adverse impact on paper consumption, but this usage is still minimal and not widespread. The market remains widespread and fragmented. The fundamental challenge is to get the right product mix, have efficient distribution channels that reach out to customers,

produce products at reasonable costs and get consumers to use better quality of products.

This brings us to the focussed discussion on BILT.

As you are aware, at BILT, we have adopted a well calibrated growth strategy that lays equal stress on revenue growth and profit growth. Over the last few years, we have focussed on acquisitions; on systematically growing capacities; on strengthening the balance sheet; and on organising production facilities to maximise value addition. While stressing on these objectives two critical elements have become inherent to our operations. These are:

- **The stress on continuous improvements in productivity:** In an industry like pulp and paper, which is highly commoditised across segments, cost competitiveness is critical. In this endeavour, while there will be some big ticket gains, the challenge is to continuously focus on innovations and productivity improvement programmes that keep generating incremental benefits. There has been a focused change initiative on this front over the last few years. And, it gives me immense pride in seeing how this has become an integral part of the operational culture at BILT across its units. In the section on Management Discussion and Analysis, more in-depth details of developments on this front across all the units have been reported.

- **The stress on going up the value chain:** BILT continues to regularly find opportunities to provide value addition across the pulp and paper value chain. In some cases, being the market leader, these initiatives centre on creating new market segments for value added products. It is this focus that has made BILT India's leading player in the coated segment. The Company's foray into the retail business is also a prime example of a stress on grabbing opportunities for value addition in an industry that is otherwise highly commoditised. During 2008-09, there were several developments on this front where the product mix was altered to meet the demands of the market with products that offer better margins.

Clearly, as a Company, BILT is in a consolidation phase. Major investments and acquisitions have been undertaken in the last few years and 2008-09 was primarily a year of consolidation. And, it was a very challenging year, especially for the international operations at SFI (Malaysia) and the pulp operations at Kamalapuram. In the Oct-Dec 2008 quarter, both these



Clearly, as a Company, BILT is in a consolidation phase. Major investments and acquisitions have been undertaken in the last few years and 2008-09 was primarily a year of consolidation.

operations witnessed a complete erosion of demand. But, I am happy to report that the strong domestic performance of the Indian paper operations recorded a 13.5 per cent growth in revenue and helped offset the setbacks on these businesses helping maintain consolidated revenues at levels similar to 2007-08. Profits have been lower, but that is expected in a year when most companies globally grappled to even generate profits. Also, with market conditions improving by April-May 2009, both SFI and the Kamalapuram pulp operations have stabilised and started generating profits. In some ways, such adverse market conditions have helped BILT emerge as a stronger Company. The results give greater confidence in the structuring of BILT as a portfolio of business with different risk return profiles that operates as a more de-risked business.

While much of 2008-09 was about overcoming market conditions, BILT continued to implement its expansion plans at Bhigwan and Ballarpur. At Bhigwan, the project to increase the capacity of producing coated wood-free paper from 125,000 metric tons per annum (MTPA) to 315,000 MTPA has been completed and commercial production commenced from March 2009. The expansion at Ballarpur involved installing a new uncoated wood-free paper manufacturing machine which will increase capacity at this unit by 165,000 MTPA. Trial production has commenced here from August 2009. This is a massive increase in capacity. In fact, with this expansion, Ballarpur has now doubled the capacity it had built over the last five decades.

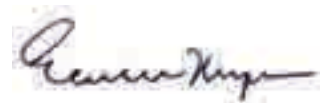
BILT has always focused on being a good corporate citizen stressing on sustainable growth and community development. While this is a key element of the Company's value system, it is also important for its business given that units are located in deep hinterlands and use natural resources like wood. 2008-09 has been a landmark year in terms of recognition of BILT's focus on business practices that promote 'sustainability'. As a recognition of its efforts on sustainable use of forest resources, BILT became the first Indian paper Company to receive the Forest Stewardship Council-Chain of Custody (FSC-COC) certification for three of its manufacturing units at Ballarpur, Bhigwan and Ashti. This certification recognises BILT's commitment to environmentally appropriate, socially beneficial and economically viable management of the world's forests. This will now allow BILT to use the FSC label for its products that gives it a credible link between responsible management of forests and the

production, manufacturing and marketing of wood-based products, including pulp and paper. This will differentiate BILT in the market place and aid consumers and businesses to make purchasing decisions with a view on how it benefits people and the environment. The Company is in the process of extending the above certification to remaining Indian units during 2009-10.

We continued to stress on Corporate Social Responsibility. During 2008-09, our initiatives on this front were based on the concept of 'partnership' with different groups to develop and help the communities around BILT's plants. This included partnership with NGOs, partnership with the Government, partnership with the banking and financial system, partnership with international donor agencies, and partnership with community based organisations. I urge you to read the chapter on Corporate Social Responsibility that details all the activities and achievements on this front.

BILT has emerged as stronger Company having faced stiff challenges in 2008-09. The fundamentals of the business remain strong. While I remain confident and optimistic about the prospects in 2009-10, I am also aware that the coming financial year will further test the mettle of the Company. Market conditions and the business environment are improving but competition is going to remain cut-throat. In India, several new capacities will come on stream increasing market supply; while globally there will continue to remain a demand supply mismatch. We have consciously created capacities in countries like India and Malaysia that have much more competitive cost structures. These cost structures with our focus on efficiency improvements and flexibility in product mixes hold us in good stead. I am confident of our team's ability to implement business plans and take on the challenges in the near future. The resilience shown in 2008-09 has further enhanced this confidence.

Finally, my thanks to all the Company's employees, who have once again done a marvellous job. And to you, our shareholders, for believing in this business and being with us. We remain committed to enhancing shareholder value in every endeavour of our business.



Gautam Thapar  
Chairman



While much of 2008-09 was about overcoming market conditions, BILT continued to implement its expansion plans at Bhigwan and Ballarpur. At Bhigwan, the project to increase the capacity of producing coated wood-free paper from 125,000 metric tons per annum (MTPA) to 315,000 MTPA has been completed and commercial production commenced from March 2009.



#### OVERVIEW

2008-09 was a challenging year for most global businesses and the pulp and paper industry was no exception. Major repercussions were witnessed in September 2008 of the 'sub-prime' driven financial crisis and leading global financial institutions like Lehman Brothers collapsed. What followed were months of severe liquidity crunch in the global economy. Several developed and large economies like USA, Japan and the EU recorded either negative or close to zero real economy growth. Thus, September to December 2008 witnessed a major fall in global demand for goods and services.

In line with the global economic slowdown and severe stress on financial liquidity, there was a slowdown in global demand for writing and printing paper, especially in the last four months of 2008. This adversely affected BILT's international operations at Sabah. The stress on operations at Sabah was a demanding challenge for the Company. Not only was there a fall in volume demand, but more importantly with the global paper market under pressure, large quantities of paper, especially from Indonesia, were

dumped in the Malaysian and South East Asian markets – Sabah's primary market segment. This resulted in a significant fall in prices, often going well below production costs of paper. Consequently, in the October-December 2008 quarter Sabah Forest Industries Sdn. Bhd. (SFI), BILT's Malaysian subsidiary, witnessed very low off-take of its products and by December 2008 the Company was confronted with large stocks.

The Indian economy also showed signs of slowing down. After 5 years of over 8 per cent growth in the real economy, GDP growth reduced to 6.7 per cent in 2008-09 with particularly lower growth in the second half. However, BILT's domestic operations have successfully thwarted this slowdown. Much of the reversals at SFI and the rayon grade pulp operations at Kamalapuram have been offset by the strong performance in the domestic paper segment.

On the revenue front, revenues of the domestic paper and paper products business increased by 13.5 per cent from Rs. 1,992 crore in 2007-08 to Rs. 2,260 crore in 2008-09. With this domestic performance, total consolidated revenues remained almost stable at Rs. 2,838 crore in 2008-09, only Rs. 9 crore below the revenues generated in 2007-08. What was particularly creditable was the manner in which the products from the expanded capacity of coated paper at





New paper machine with best in class technology such as dilution head box and shoe press installed at Ballarpur, with a capacity to manufacture 165,000 MT of uncoated wood free paper annually.

Bhigwan have been gradually absorbed by the market. During 2008-09, BILT continued to be in the process of commissioning its large expansion plans. The 165,000 MT second machine for coated paper at Bhigwan started operations from March 2009. The new machine at Ballarpur has commenced trial productions from August 2009.

In the April-June 2009 quarter, there has been a revival in global paper demand and prices. However, levels are still far from the high demand growth days and the industry remains highly competitive. Through a focused approach, the entire stocks built up at SFI have been liquidated and operations are back on track. The pulp facility at Kamalapuram is also back to a steady state of operations with renewal in rayon grade pulp demand in India.

The detailed performance of the paper business, its units and the pulp business are given in the next sections along with brief notes on the development in key support functions like Human Resource Management, Information Technology (IT), Research and Development, Farm Forestry and Internal Controls.

## PAPER BUSINESS

### MARKETS AND PRODUCTS

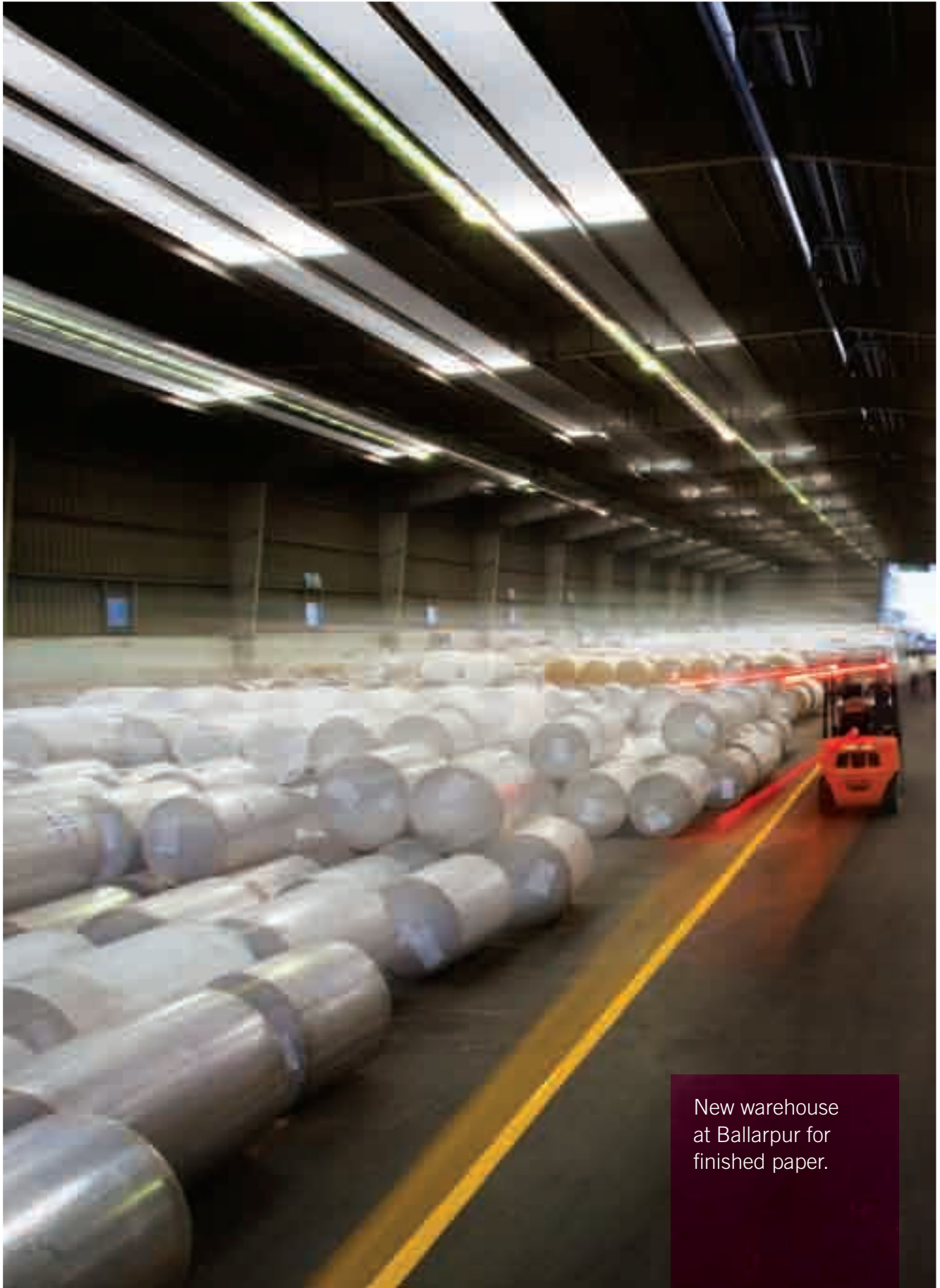
Given the economic slowdown, the matured developed economies witnessed a contraction in paper demand during 2008-09.

The paper industry has been witnessing a churn in the global market place. And, this has more to do with economic maturity, end usage behaviour and technology penetration than the economic slowdown seen in 2008-09. In fact, it is a structural shift that is gradually pervading the global paper markets. As a result Asian markets, with higher growth in paper consumption, are rapidly increasing their market shares. It has increased to around 35 per cent in the last few years and is expected to grow further in the near future.

BILT operates primarily in this growing market space. Its principal market is India and it also caters directly to the Malaysian and South East Asian markets through its international subsidiary, SFI. It also exports to other parts of the world including the matured markets but this is still a small share of its market portfolio.

In terms of size, India is the 15th largest paper consumer in the world. But in terms of growth, it is one of the fastest growing markets. With an annual growth rate of 6.5 per cent over 2008-09, the total paper

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New warehouse at Ballarpur for finished paper.



consumption in India is close to 8.6 million MTPA. The market size is expected to double by 2015 and increase to 20 million MT by 2020.

This demand growth in India is quite natural. Even within Asia, India still has one of the lowest per capita paper consumption — of around 8 kg. In comparison, Japan has a per capita consumption of over 250 kg; Korea stands at 170 kg; China is at around 45 kg; and even Indonesia's consumption of 22 kg per person is much more than India's. Clearly, India has a considerable head room for growth. And, given its economic growth and demographic transformation, the Indian market presents tremendous opportunities for paper manufacturers.

However, there is now a structural shift bringing in increased competition in the market. So far, the demand growth was not accompanied by significant capacity expansions. Already, some large new capacities have come into the market including significant increase in capacities of BILT. In total, approximately 1.7 million MT is expected to be added to the existing capacity of 9.5 million MTPA during the next two years. While demand growth is in line to absorb this increased capacity, competition will certainly increase in the near term. Holding on to market shares and growing revenues will be the key challenges in 2009-10.

India's economic growth continues to drive up paper consumption. There have been several structural changes in the economy that accompany the impressive growth witnessed in the last 5-6 years. These include greater urbanisation, increase in disposable incomes and changing consumer behaviour, greater penetration of education, print and media, demographic transformation towards a younger population and a shift in lifestyle that inculcates more aspirations.

The economic development has not been restricted to large metro cities. In fact, the last five years also saw the emergence of several smaller towns as prominent markets in India. This has led to an increase in demand for better quality products right across the value chain. However, market maturities are different. While in the high end, especially in urban centres, there is a growth in demand for coated paper and copier paper, in the lower segments there is increased demand for better quality maplitho over the traditional creamwove. And, the overall market is also expanding. In this milieu, there is a growing need to carefully target all the different consumer segments with the right value propositions. This also opens up new challenges on the distribution front. BILT

continues to focus on all these challenges and on penetrating across markets to absorb its significantly higher capacities.

The paper industry, at the macro level, is classified into two segments — paper and paperboard (writing, printing, packaging and tissue), and newsprint. BILT operates in the paper and paperboard market, within which it is primarily in the writing and printing paper segment. It continues to maintain its leadership position in the writing and printing paper industry in India.

The Company's writing and printing paper business can broadly be divided into five segments — coated wood-free, uncoated wood-free, copier paper, business stationery and creamwove. BILT has recently made a foray into the tissue paper business, which is classified under a separate segment.

#### Coated Wood-Free

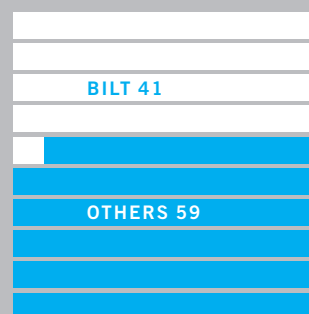
Coated wood-free continued to grow in India, with an estimated growth of 9 per cent to 381,000 MTPA in 2008-09. This includes blade coated, air knife and cast coated products. BILT is the market leader in India, with a share of 39 per cent of the total market. The market share has increased from 35 per cent in 2007-08. Much of this increased market share is the result of the enhanced capacity of coated paper at Bhigwan which came on stream during the latter part of 2008-09.

In the coated segment, the two-side coated paper market grew by 15 per cent to 204,000 MTPA in 2008-09; and the two-side coated board market grew by 8 per cent to 72,500 MTPA. Chart A and Chart B show that with shares of 41 per cent and 48 percent, respectively, BILT continues to maintain its dominant share in the two-side coated paper and coated board markets in India.

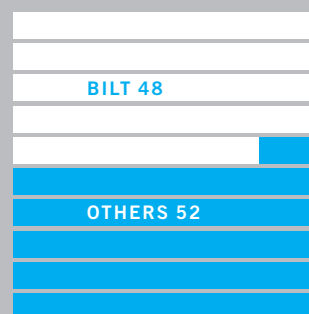
In the coated segment, blade coated products command higher value and accounted for an estimated market size of 301,000 MTPA in 2008-09, or 79 per cent of the coated segment. Among blade coated products, the blade coated paper market grew by 16 per cent in 2008-09, while that for blade coated board increased by 10 per cent. With both growth rates being higher than the aggregate growth of coated paper in India, the share of two-side blade coated paper in the overall coated products market in India increased from 50 per cent in 2007-08 to 53 per cent in 2008-09; while that of blade coated boards is 19 per cent during 2008-09.

With a focus on high value added products, BILT continues to concentrate on blade coated products within the coated segment. Chart C shows that BILT continues

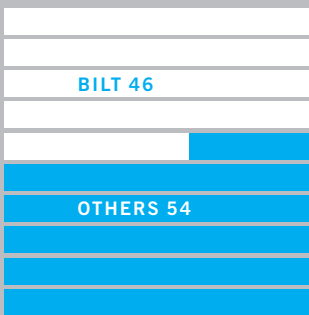
#### A TWO-SIDE COATED PAPER MARKET SHARE



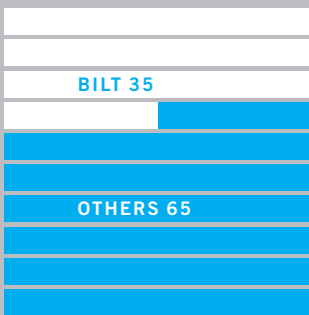
#### B TWO-SIDE COATED BOARD MARKET SHARE



**C** BLADE COATED PRODUCTS MARKET SHARE



**D** HI BRIGHT UNCOATED MARKET SHARE



to be a dominant player in this higher value segment, with a market share of 46 per cent.

While the coated wood-free remained attractive in terms of growth, with demand being under pressure in the developed economies, producers mainly from China and South East Asia diverted some of their products into India. This created increased competition in India in 2008-09. While on one end, BILT continuously focuses on introducing new products, it has also geared itself to compete in this market which is increasingly becoming commoditised. This strategy focuses on reducing costs through larger scale of operations and better efficiencies in production while simultaneously focusing on enhanced customer service through a multi-format distribution network.

**Uncoated Wood-Free**

During 2008-09, the Indian uncoated market — comprising Low Bright and Hi Bright segments — grew by 6 per cent to 965,000 MTPA. The market for uncoated wood-free in India is highly fragmented with a multitude of products and manufacturers. The segment is largely restricted to domestic players, and price trends are set by domestic competition.

BILT continues to offer a wide range of products in the uncoated wood-free segment and remains the largest player in this space. While maintaining a presence in each product category, it has laid greater importance in optimising its product mix for greater profitability. With this objective, the Company has been focusing on the higher value Hi Bright segment. Hi Bright, which accounts for around 53 per cent of the uncoated maplitho segment, grew by 8 per cent in 2008-09. Chart D shows that BILT performed well in this segment with a market share at 35 per cent in 2008-09.

Most of the primary BILT brands in this segment maintained their market shares. Sunshine Super Printing Paper used for offset printing has a market share of 10 per cent. T.A. NSD, the largest selling brand in this category has a market share of 11 per cent. Although sales of other brands of maplitho declined marginally, BILT continues to have a 15 per cent market share.

With the commissioning of the new paper machine at Ballarpur in the end of 2008-09, BILT has almost doubled the capacity in uncoated paper that it had built over five decades. Much of the capacity has been expanded on the higher value segment of the uncoated market. The Company has taken aggressive steps to penetrate the market with the new capacity. There has been an increase

in the distributor network and a clear focus exists on pushing products into up-country India. In the highly commoditised uncoated wood-free market, price competition is the key challenge. To counter this, the Company relies on superior delivery processes to differentiate itself from competitors, while keeping its costs aligned to the best in the industry.

**Copier**

Copier is a forward integration of the uncoated wood-free paper segment. This includes maplitho paper cut in sizes and characteristics best suited for desktop printing and copying. Copier is another fast growing segment. The mill packed copier market in India grew by 15 per cent during 2008-09 to 310,000 MTPA.

BILT has three brands in the market — Copy Power, Image Copier and BILT Matrix. The Copy Power brand sales were stagnant but Image Copier grew by 13 per cent. Today, Copy Power has a market share of 11 per cent, while Image Copier's share is 12 per cent. Although on a small base, BILT Matrix and other brands sold by BILT through its own retail chain have grown by 6 times.

With a 25 per cent share, BILT remains the second largest player in the Indian copier market. Moreover, with steady ramping up of production, the Company is well positioned to claim market leadership in this rapidly growing segment.

**Creamwove**

This is a high volume, low value product segment. In volume terms, it is by far the largest segment in India. This segment is characterised by several producers in the country with sub-optimal capacities, and the market is highly price sensitive. This market is growing at around 3-4 per cent and is estimated to be 1.5 million MTPA in 2008-09.

Strategically, over the years, BILT has focused on moving up in the value chain and stressed on higher value products. Consequently, it has marginalised creamwove capacities. However, the Company recognises that this is a large segment and a major paper player like BILT would ideally like to have a presence in this market. Thus, it continues to explore different strategies and opportunities to develop its presence in this market, but without sacrificing returns.

**Tissue and Hygiene**

BILT had entered the tissue and hygiene business during 2005-06. While the Indian market for organised tissue business remains small, it is growing very impressively. Equally,

however, the tissue market remains highly competitive and fragmented.

There is clearly greater awareness among the urban middle class for hygiene, which is translating into an increased demand for products like tissues. BILT is poised to take advantage of this future development and consolidate its position in the market.

To cater to the different components of the consumer pyramid, BILT has two groups of product offerings in its portfolio i.e. "Etiquette", a premium range product aimed at the consumer with a higher level of disposable income and "Spruce Up", a product range targeted at the entry level consumer.

2008-09 saw the expansion of the modern trade distribution channel for tissues. In this channel, tissue and hygiene is the fastest growing category with almost 45 per cent growth rate annually. Successful business tie-ups with some of the large Indian retailers like Big Bazaar and Spencer have helped positioning BILT's products as niche products for the modern Indian consumer.

The tissue and hygiene division expanded its product line beyond paper tissues by launching aluminium foil and wet wipes in the Indian market. Going forward, in 2009-10, one of the key thrusts will be to further expand the geographical presence of the Company with a pan India presence across all the

segments. In addition, BILT will enhance its product offerings and lay emphasis on consumer-connect programmes and branding initiatives.

#### OPERATIONS

BILT's consolidated paper manufacturing operations span across six production units. Of these, five are in India and one in Malaysia. The Indian units are located at Ballarpur (Maharashtra), Bhigwan (Maharashtra), Shree Gopal (Haryana), Sewa (Orissa) and Ashti (Maharashtra). The Malaysian unit, which became a part of BILT's operations in March 2007 following the acquisition of SFI, is in the State of Sabah.

During the year, BILT became the first Indian paper company to receive Forest Stewardship Council-Chain of Custody (FSC-COC) certification for three manufacturing units in Ballarpur, Bhigwan and Ashti. The Forest Stewardship Council is an international organisation that promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. The FSC label provides a credible link between responsible management of forests and the production, manufacturing and marketing of wood-based products, including pulp and paper. This certification enables consumers and businesses to make purchasing decisions



Caring for the environment –  
New lime sludge re-burning kiln installed at Ballarpur.



Investing in automation to provide quality product to the customer – a view of the on line Quality Control System installed on the new machine at Ballarpur.

that benefit people and the environment. The Company is in the process of extending the above certification to remaining Indian units during 2009-10.

All plant-wise developments and production details are given in the next section.

#### **BALLARPUR:**

During 2008-09, Ballarpur produced 125,073 MT of paper. There was significant up-gradation in quality of paper produced. Improvements made were in terms of formation of paper, opacity and shade stability by using pigment dyes.

#### **Unit: Ballarpur**

During 2008-09, Ballarpur produced 125,073 MT of paper. There was significant up-gradation in quality of paper produced. Improvements made were in terms of formation of paper, opacity and shade stability by using pigment dyes. The mill has changed over to alkaline sizing on two of its paper machines with use of ground calcium

carbonate as the filling agent, which has given a further edge to the quality. There was also improvement in ash retention, which has resulted in enhancing the quality of paper while achieving substantial reduction in specific fibre consumption.

There has been a significant increase in capacity of Unit Ballarpur with the installation of a new paper machine. This new machine, imported from Allimand, France, has a capacity of 165,000 MTPA. The paper machine is presently under trial production.

New paper finishing equipments like globe rewinder, Pasaban synchro sheeter and beilomatic ream wrapping machine have been commissioned to provide better cut and packed paper to customers.





**BALLARPUR:**

The Oxygen De-Lignification (ODL) process has been successfully commissioned. This is a cleaner technology that helps to reduce overall pollution load. In Ballarpur, resource conservation continues to be a key focus area.

On the product development front, Ballarpur has successfully manufactured new shades in various products, namely extensible sack craft paper (ESKP) and Maplitho NSD Premium paper to meet customer requirements, in domestic as well as export markets.

At the back-end, bleached pulp production was 118,260 MT, which was 921 MT more than what was produced in 2007-08. Enhanced operational efficiencies resulted in increased pulp production, with uniform brightness and increased viscosity. Pulp mill operations have been further optimised with change in the raw material mix of wood and bamboo. This change has enhanced

performance at the paper machines in terms of quality of paper produced.

The Oxygen De-Lignification (ODL) process has been successfully commissioned. This is a cleaner technology that helps to reduce overall pollution load. In Ballarpur, resource conservation continues to be a key focus area. While the unit has added additional equipments, which has increased electrical load, power consumption in Ballarpur was maintained at 1,146 Kwh/MT of paper in 2008-09. This was achieved through implementation of various energy saving innovations across the paper manufacturing process. Steam consumption was reduced through optimisation of the cooking process,



upgrading of the blow heat recovery system and other energy saving improvements.

#### Achievement and Awards

The mill has started 5S implementation to improve housekeeping levels. The unit obtained ISO 14001:2004 certification during the year. It also secured the First Prize for Excellence in Environment Management awarded by the Greentech Foundation, New Delhi.

#### Unit: Bhigwan

During 2008-09, Bhigwan PM1 line produced 125,542 MT of coated paper and coated boards. The new state of the art PM2 line was commissioned in the month of December 2008 and commercial production commenced in March 2009. The ramp up of production has been in line with project plan and till June 2009, the new machine has produced 22,212 MT of coated paper.

A new product, light weight coated (LWC) paper was developed on the new machine and was well received in the market. Quality of product has stabilised on the new machine and market feedback is good. The successful erection and commissioning of PM2 within 10 months bears testimony to the calibre and efforts put in by the BILT team working alongside international engineers, consultants and technicians.

Innovative process changes and optimisation of coating formulations and wet-end chemical usage has to a large extent offset the impact of rising input prices. A number of energy conservation measures have resulted in a significant reduction in power consumption from 676 Unit/MT of paper in 2007-08 to 654 Unit/MT of paper in 2008-09.

#### Achievements and Awards

- CII - National Award for Excellence in Energy Management in August 2008.
- Safety Innovation Award from The Institution of Engineers (India) Delhi State Centre in September 2008.
- Gold Prize from Frost & Sullivan - Indian Manufacturing Excellence Awards (I.M.E.A) in December 2008.
- Gold Award from Greentech Environment Excellence Awards by Greentech Foundation, New Delhi in May 2009.
- First Prize from Maharashtra Energy Development Agency (MEDA) State Level Award in July 2009.

#### Unit: Shree Gopal

During 2008-09, Shree Gopal produced 80,650 MT of paper. The unit focussed mainly on manufacturing of speciality products.



The latest automation technology installed at Bhigwan ensures higher levels of productivity and quality consistency to the customer.

Several quality improvement initiatives were undertaken in the areas of paper sheeting and packing including the installation of a new synchro sheeter for improved cut quality of paper, while a new ream wrapping machine was installed for on-machine packing of cut reams. In addition, the Unit focussed on “on-line monitoring and control” of moisture, basis weight and ash of paper. This was done by installing quality control system at two paper machines. Overall, cleanliness of paper was improved by introducing screens with fine slotted baskets at the approach flow system of paper machines and broke handling system.

New products were developed in the retail segment for the export market. This included Coloured Matrix grades in five colours namely Vellum Cream, Tropical Green, Mystic Blue, Blush Pink and Canary yellow and BCB 400 gsm for use as “Scratch Coupons”.

There were also efforts at process improvement. This involved installation of grabber with table feeder for handling of bamboo and wood logs at the chipper, installation of Bezner screen for screening veneer chips to remove contamination, and revamping of vacuum system at one paper machine. Continuous efforts were made to improve overall housekeeping and safety standards of the plant and also started implementing 5S practices.

On cost reduction and energy conservation, Shree Gopal undertook several initiatives:

- Introduction of the use of higher dosage of hydrogen peroxide at oxidative extraction stage during bleaching reducing chlorine dioxide consumption.
- Stabilising use of producer gas by substituting furnace oil by 60 per cent at rotary lime kiln.
- Replacing inefficient motors in the plant, installing variable frequency drives (VFDs) and modification of the mill’s lighting system.

#### Unit: Sewa

During 2008-09, Sewa produced 73,158 MT of paper, which was 2,175 MT more than what was produced in 2007-08. This was achieved by improving overall operational efficiencies, reducing wastages and increasing bleached pulp production. On the product front, the unit focused on developing products in close association with the retail business.

In line with BILT’s quest for continuous improvement in the quality of its products, a new A4 cut size packing line with latest technology was installed at Sewa. The annual

capacity of the machine is 65,000 MT. This will handle the entire IMAGE Copier A4 production of the mill and help provide better cut-packed A4 reams to customers. Various other quality up-gradation initiatives were also implemented such as use of caliper profiler, new rewinder and new slotted basket approach flow screen on one of the paper machines.

Resource conservation continued to be a key focus area for the unit. While the unit was upgraded with additional equipment to increase the electrical load, power consumption was reduced to 816 Kwh/MT of paper in 2008-09 from 849 kwh/MT in 2007-08. This was achieved through implementation of various energy saving innovations across the paper manufacturing process. Steam consumption reduced from 3.64 MT/MT of paper in 2007-08 to 3.59 MT/MT of paper in 2008-09. Water consumption also reduced from 38 M3/Mt of paper in 2007-08 to 35 M3/mt in 2008-09.

In line with initiatives under the Corporate Responsibility of Environment Protection (CREP) programme, various environmental projects were implemented like installation of lime kiln for re-burning of lime sludge. In addition, complete revamping and upgrading of the pulp mill is being carried out to switch to an even less polluting bleaching sequence. Moreover, the effluent discharge system has also been revamped.

Various water conservation initiatives were also implemented to achieve effluent discharge figures of 85 M3/ MT of production, well below CREP Norms of 100 M3/MT of production.

#### Achievements and Awards

Unit Sewa was awarded ISO 9001 certification during the year 2008-09.

#### Unit: Ashti

In 2008-09, Ashti produced 53,736 MT of paper, which is 511 MT higher than the output in 2007-08. This increased production has been achieved by improving operational efficiencies and the product mix. The unit developed two new products – ‘Ten On Ten’ Copier and P3 to cater to the retail segment of the business. In line with long term strategy, maplitho manufacturing has been reduced to 9,665 MT in 2008-09 from the 16,796 MT in 2007-08. As a strategy to improve the product quality benchmarking, the unit has also exported 1,601 MT of paper to 23 countries across the globe.

This unit has a state-of-the-art A4 line and its production increased by 3,495 MT to 33,338 MT in 2008-09. This production was



#### SHREE GOPAL:

New products were developed in the retail segment for the export market. This included Coloured Matrix grades in five colours mainly Vellum Cream, Tropical Green, Mystic Blue, Blush Pink and Canary yellow and BCB 400 gsm for use as “Scratch Coupons”.



#### SEWA:

In line with BILT’s quest for continuous improvement in the quality of its products, a new A4 cut size packing line with latest technology was installed at Sewa.



#### **OSSB:**

As the Company evolved by introducing newer products and distribution channels, it has had to move into more consumer centric businesses. The foray into the office supplies and stationery business is a step in this direction.

BILT's Office Supplies and Stationery Business grew by over 65 per cent in value terms, taking the total turnover to Rs. 188 crore. Today, the Company's foray in consumer products has grown to 40,000 outlets across 300 locations in India.

supported with additional pulp from Ballarpur thus reducing the need for imported pulp and increasing product profitability.

On human resource management, the unit worked closely with the Ballarpur Unit for managing specific skill competencies across both units by developing synergies.

On resource conservation, the unit has undertaken various initiatives resulting in maintaining energy consumption at 667 Kwh/MT and has been able to reduce water consumption to 25 M<sup>3</sup>/MT of paper.

As part of management commitment towards systems implementation, in 2008-09 the unit achieved ISO 18001 certification of OHSAS in addition to already existing quality and environment management system of ISO 9001:2000 and ISO 14001:2004.

#### **Unit: Sabah Forest Industries (SFI)**

During 2008-09, SFI continued stabilising its operations and productivity. The process of fully integrating its operations with BILT was completed by March 2009.

While SFI also has an integrated timber complex, the primary business is pulp and paper.

#### **Paper and Pulp Operations**

Paper production in 2008-09 was 124,360 MT, which was 10.5 per cent lower than 2007-08. The lower production was on account of few unexpected breakdowns of machinery. Various measures have been taken to reduce downtimes by procuring spare equipments or sending them out for immediate repair.

The mill operations stabilised fairly well after 17 days of annual shutdown undertaken in March 2009. The paper production in the 4th quarter (April-June 2009) was 37,235 MT. During this quarter, operations were consistent with respect to throughput, plant efficiencies, usage norms, steam and power generation as well as their consumption.

In order to contain cost of energy due to continuous price increase of fuel and diesel in the first half of 2008-09, optimisation was done with respect to the consumption of fuel oil and hog fuel to generate steam as well as power generation to minimise the overall cost of power generation. Hog fuel consumption in the power boiler was maximised to replace as much medium fuel oil (MFO) as possible, while maximising use of the 10 MW diesel generator set for power generation, which is cheaper than power from the condensing turbo generator set.

Several other cost reduction initiatives were implemented, such as use of MFO to replace diesel in lime kiln, utilise power from

the limited capacity government power grid, and in-situ size press starch conversion (enzymatic starch) instead of using oxidised starch.

#### **PULP BUSINESS**

While many of BILT's plants produce pulp, it is for internal use in manufacture of paper. The Company's Kamalapuram unit is a stand-alone pulp manufacturing unit and constitutes its pulp business. This unit primarily produces rayon grade pulp for the viscose fibre industry. It also produces pulp for paper but that is mainly to balance lines and fully utilise capacities. The rayon grade pulp business was under severe stress during October 2008 to May 2009. During this period, with viscose demand coming to a virtual standstill, there was very little demand for rayon grade pulp. To offset this demand shortfall, the Unit resorted to Paper Grade Pulp production. The situation has since improved. The operations details are given in the next section.

#### **Unit: Kamalapuram**

During 2008-09, Unit Kamalapuram produced 40,523 MT of pulp owing to low off-take of rayon grade pulp by the end customer. It produced 26,427 MT of Rayon Grade and 14,095 MT of Paper Grade pulp. Several initiatives were also undertaken to improve productivity and reduction of fixed expenses, like:

- In order to reduce manpower costs, a Voluntary Retirement Scheme (VRS) was announced and 228 permanent workmen and 272 contract labour accepted the offer. Thus, average engagement of manpower has been reduced to 1,000 in June, 2009 from 1,500 at the beginning of the year.
- Steps were also initiated to outsource various non-core operations like guest house, canteen and security .
- In line with the management policy towards standardisation, initiatives such as 5S, ISO 9001, 14001 and OHSAS 18001 were started in the Unit. It also took forward guidelines for CREP compliances.

#### **OFFICE SUPPLY AND STATIONERY BUSINESS (OSSB)**

BILT's business has been traditionally production and distribution driven. As the Company evolved by introducing newer products and distribution channels, it has had to move into more consumer centric businesses. The foray into the office supplies

and stationery business is a step in this direction.

Although the business is different in nature, it leverages several strengths of the Company in terms of its products, knowledge of supply chain and, most importantly, the BILT brand value.

The paper based office supplies segment in India is estimated to have grown by 8 per cent over the previous year to Rs.1,944 crore in 2008-09. While the market is fairly large in value terms, the segment is highly fragmented with many unorganised players. BILT believes that this segment has explosive growth potential — and as a market leader in the paper industry, it can take the leadership role in taking this segment to a new level. On one hand, there are immense growth possibilities; and on the other, there is significant scope to improve profits through innovative value additions. In many ways, this business completes the paper value chain right from forest development to meeting customer needs. Therefore, it is an essential link to preserve and grow BILT's market leadership in the paper industry. Thus, the Company continues to carefully position itself and develop this business.

This business has also built a sizeable product range in the non-paper segment through outsourced products like pencils, glue sticks, tapes and files. The business uses its sales and distribution strengths to gain market share in these categories.

During 2008-09, BILT's Office Supplies and Stationery Business grew by over 65 per cent in value terms, taking the total turnover to Rs.188 crore. Today, the Company's foray in consumer products has grown to 40,000 outlets across 300 locations in India.

There are three major brands in this segment:

- **Royal Executive Bond (REB):** REB is for quality bond paper used for desktop printing. REB is a market leader and controls more than 80 per cent market share in its segment.
- **BILT Matrix:** This brand has now attained an iconic status in the stationery category, and has become a benchmark for design and quality across all categories.
- **BILT Ten On Ten:** This focuses on students. Introduced a couple of years ago, it has gained a sizeable market share and high brand saliency within its category.

During 2008-09, the Company's business products were promoted through a series of brand campaigns, road shows, customer contact programmes, direct mail marketing and outlet merchandising like shop-in-shop



New oxygen de-nitrogenation plant installed in the pulp mill at Ballarpur to comply with the CREP norms for AOX discharge in the treated effluent.

dispensers which exclusively displayed BILT products.

BILT launched 182 SKUs during 2008-09, taking the total to 806 SKUs. It strengthened export operations and supplied a large portfolio of products to developed and developing markets. Several major global retailers across the world consider BILT as a key supply chain partner. The Office Supply and Stationery Business delivered a turnover of Rs.188 crore in 2008-09. The Company expects a significant increase in the same in coming years.

#### RETAIL

To further enhance this business segment, BILT entered the Office Supply Retailing Business with the launch of its first store called P3 (Paper, Print and Pens) in June 2008. These stores retail a complete suite of office supplies vide a B2B and B2C platform.

The overall office supplies market (consumables) in India is estimated at Rs.17,000 crore. It is currently largely unorganised but with major international

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#### **CAPACITY EXPANSION:**

During 2008-09, Paper Machine No.2 Project (PM2) was commissioned successfully at Unit Bhigwan and commissioning trials for Paper Machine No.7 Project (PM7) commenced at Unit Ballarpur.



#### **HUMAN RESOURCE:**

Meritocracy, differentiation based on performance as well as potential and our key values will continue to guide our employees to perform better and strive to continue to be the Number One paper manufacturer in the country.

players entering the space, it is expected to soon have a fairly large organised segment.

BILT's one-stop paper and office supplies store – P3, answers all office needs ranging from stationery, technology, corporate gifting to print solutions. With a range of 6,000 SKUs, the impressive P3 line of products and services would go a long way in establishing BILT as a pan India one stop solution for office supplies in the years to come.

Its footprint has expanded significantly on the B2C side; and is present in Delhi-NCR and Bangalore with 7 stores in the first year of operation. On the B2B front, it services leading corporates and the total client list exceeds 300. The brand P3 lives up to the promise of the "Choice of the Professional" by providing the highest levels of customer service, satisfaction and enduring value.

This foray is backed up by robust supply chain and IT backend wherein we engage the best third party logistics partners for catering to corporate supplies. It has achieved a turnover of Rs. 18.6 crore in the pilot phase, and the target for 2009-10 is to significantly grow revenues and launch stores across National Capital Region, Bangalore, Mumbai, Pune and Kolkata.

#### **CAPACITY EXPANSION**

During 2008-09, Paper Machine No.2 Project (PM2) was commissioned successfully at Unit Bhigwan and commissioning trials for Paper Machine No.7 Project (PM7) commenced at Unit Ballarpur.

#### **UNIT: BHIGWAN**

Commissioning trials of PM2 commenced in October 2008 and paper was reeled on 10 December 2008, within 92 weeks of contract with Voith, Germany becoming effective. The commercial production commenced in March 2009. The product quality of machine coated varieties of paper i.e. Coated One Side (C1S) and Coated Two Sides (C2S) has come up very well and appreciated by customers in India and abroad. Capacity ramp up is on track. The specific consumption of fibre and power achieved are on anticipated lines and total manufacturing cost of the papers produced on this machine shall compete with the best in the world. The machinery and automation supplied by Voith has been very well adopted by the Unit Operations team.

After achieving full capacity of PM2 and rationalization of grammage mix on existing Paper Machine No. 1, the total capacity at Unit Bhigwan will go up to 315000 TPA.

#### **UNIT: BALLARPUR**

Commissioning trials of PM7 commenced on 21 May 2009 and Uncoated Woodfree paper was reeled on 1 August 2009. The production of Ballarpur Unit shall go up by 165000 TPA at full capacity utilisation.

#### **SFI**

The Project has been kept in abeyance due to downturn in International Pulp / Paper market. The situation is likely to be reviewed in the quarter of October - December 2009.

#### **HUMAN RESOURCE**

2008-09 has been a challenging year. BILT continues to focus on managing talent and increasingly systematising the HR processes. Given the economic downturn, 'doing more with less' is a natural objective. HR played a key role of strategic influencer, and in alignment with business goals, delivered on numerous initiatives.

The Performance Management process was given additional focus with an aim to increase productivity, to ensure that employees stretch their potential and to build on a culture of continuous improvement. At BILT, we believe that employees engagement with higher expectations leads to maximum contributions. The web-based tool aligning individual and company goals has given us exemplary results.

Acquisition and retention of talent continues to be a major thrust area and several business leaders are engaged in the process of hiring, training, developing and retaining our key resources. As a regular practice, BILT visits various reputed colleges and universities for campus recruitments. BILT recruited over 40 Management Trainees and GETs directly from campuses.

The business expansion is being supported by a commensurate organisational growth at BILT and consequently it is engendering exciting new opportunities for employees — creating the atmosphere to embrace change and advancement.

Towards long-term leadership and management development, BILT has begun several programmes and engages employees to upgrade their knowledge/skills in line with the Company's goals.

In 2008-09, BILT focused on rationalizing human resources in several units and over 600 employees availed the Voluntary Retirement Scheme. We have excellent industrial relations across all plants and strongly believe that the unions and workers will continue to work towards a profitable and productive Company. At the end of 2008-09,





Eucalyptus Clonal Sapling Production by BTTL

BILT had 2708 permanent employees on its rolls. The Company will continue to balance short-term workforce rationalisation with long-term business results.

At the global level, a number of senior managers underwent leadership assessment exercise, following which each of them were presented with individual development plans. These plans assist the employees and their managers to focus on specific improvement/enhancement plans and are aimed at continuous growth of the Company.

Meritocracy, differentiation based on performance as well as potential and our key values will continue to guide our employees to perform better and strive to continue to be the Number One paper manufacturer in the country.

#### INFORMATION TECHNOLOGY (IT)

BILT's retail foray has been supported by a strong IT infrastructure. During 2008-09, the Company completed the trials of Oracle Retail (Retek) — a frontline retail merchandising platform which went live in August 2009. This platform will enable the retail business to optimise retail merchandising and also helps lay the foundation to handle rapid scale up of operations.

With BILT playing an increasing role in the world market, it is further strengthening its supply chain systems to enhance its paper-market pie. The Company began implementation of ARIBA applications in 2008-09. This implementation focus on

devising a smooth streamlined on-line system for users, covering all aspects of sourcing cycle of a supply chain, from request creation to contracts and its compliance through purchase requisitions. This was designed with complete commitment to cost effectiveness, ease-of-use and to enhance organisational productivity. The commissioning of the system was completed in August 2009.

#### FARM FORESTRY

BILT continues to work with the farming community for planting of tree species that are suitable for industrial wood through its subsidiary, BILT Tree Tech Limited (BTTL). Thousands of growers are associated with BTTL's farm forestry program for over a decade. BTTL has a strong network of qualified forestry staff to motivate the growers and provide service support at their doorstep.

BTTL is currently operating its farm forestry programme in the states of Orissa, Chhattisgarh, Andhra Pradesh and Maharashtra.

To strengthen the farm forestry program and increase its acceptability amongst farmers in the catchment areas of our mills, BTTL supplies fast growing, site specific quality planting stock with technical knowhow. For production of clonal saplings, we have environmentally controlled modern nurseries in Maharashtra and Orissa with a capacity to produce 10.0 million plants.

**FARM FORESTRY:**  
To strengthen the farm forestry program and increase its acceptability amongst farmers in the catchment areas of our mills, BTTL supplies fast growing, site specific quality planting stock with technical knowhow.



## RESEARCH AND DEVELOPMENT:

BILT's Research and Development (R&D) programmes focus on product and process development, and improvements along with issues regarding environment management and cost reduction.

The company also facilitates small and marginal farmers financial assistance through bank loans to encourage them to take up plantations in their rain fed lands. BILT also gives assured buy back of wood at a declared support price/market price, whichever is higher.

The main objective of BTTL farm forestry program is to grow wood for the paper mills on a sustainable basis. To achieve this, a series of exposure visits of farmers are conducted to the production nurseries and well established plantations. A series of training programs were conducted for the farmers to educate and update them on the techniques of raising of plantations to yield maximum productivity.

The company produced 8.5 million clones in 2008-09, which will be planted under rain fed conditions. Till date, BTTL has covered 34,000 hectares (an increase of 4,000 hectares over last year) under tree plantations covering approximately 35,000 to 40,000 farmers.

## RESEARCH AND DEVELOPMENT

BILT's Research and Development (R&D) programmes focus on product and process development, and improvements along with issues regarding environment management and cost reduction. The details of major R&D programmes undertaken by Company, during the year are as under:

### COMPLETED PROJECTS

- Study on removal of calcium from wood chips during pulping.
- Study on removal of calcium in pre-bleaching and bleaching operations.
- Finding most suitable bleaching sequence for APR.
- Study of D stage bleaching with and without  $H_2SO_4$ .
- Introduction of synthetic thickener in pre-coat formulation.
- Alkaline sizing; study on ASA sizing.

### ONGOING PROJECTS

- Improvement in pulp yield.
- Critical evaluation of raw material storage practice, study on changes of moisture and cellulosic component in wood and bamboo during storage.
- Estimation of bound and unbound ASA in alkaline ASA sized papers.
- Colour control in enzymatic starch size press dispersion.
- Development of suitable indigenous cationic starch for ASA emulsion.
- Improvement in pulp brightness and whiteness.

- Control on bulking sludge in aerobic treatment process in pulp and paper mill.

## FINANCIAL REVIEW

Table 1 gives the abridged profit and loss statement for BILT as a consolidated entity.

The salient features of the financial performance in 2008-09 are:

- With 13.5 per cent growth in domestic paper revenue, total revenue fell only marginally by 0.3 per cent to Rs.2,837.9 crore in 2008-09.
- Paper revenue increased by 9.3 per cent from Rs.2424.72 crore in 2007-08 to Rs.2651.20 crore in 2008-09.
- Profit before depreciation, interest, tax and amortisation (PBDITA) for domestic paper business increased from Rs.523 crore to Rs.631 crore. However, overall PBDIT fell by 8.3 per cent from Rs.715 crore in 2007-08 to Rs.656 crore in 2008-09. Much of this reduction in profit was due to continued low off-take of rayon grade pulp at Unit Kamalapuram, lower operating performance in SFI due to sluggish demand and global meltdown.
- With expansions coming on stream and severe liquidity crunch seen during the year, both depreciation and interest increased during 2008-09. While depreciation increased from Rs.192.4 crore in 2007-08 to Rs.232.6 crore in 2008-09, finance charges (mainly interest) increased from Rs.148.2 crore in 2007-08 to Rs.170.8 crore in 2008-09.
- Consequently, Profit after tax (PAT) reduced by 38.1 per cent to Rs.187.9 crore in 2008-09.

## INTERNAL CONTROLS AND THEIR ADEQUACY

BILT has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and to ensure that all transactions are authorised, recorded and reported correctly and adequately. The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. In an IT driven networked environment, validation of ERP implementation and IT security continues to receive focused attention from the internal

audit team at BILT. The internal audit function consists of professionally qualified chartered accountants, certified information system auditors, certified fraud examiners and certified internal auditors. All financial and operational internal control systems are vetted by the Board of Directors and its Audit Committee.

The Company's internal audit department conforms to ISO 9001:2000 certification. It is the first internal audit department in India assessed to conform to international standards and code of ethics by the Institute of Internal Auditors (IIA), USA. Risk assessment study of all operations across all the units has been conducted by the internal audit department during 2008. Annual risk based audit plans are in place for all units, corporate and regional offices. All cash, bank payments and major contracts are pre-audited. These in turn are complemented by process and transaction review at all existing facilities of the Company and the corporate office. Various processes like raw material procurement, quality assurance, general procurement, inventory management, finance and accounts, payroll, overtime, contracts, operations review, production planning, wastages, engineering and utilities are reviewed on a consistent basis over a 3 year cycle. Regional sales offices are audited every year.

## RISKS AND CONCERNS

Apart from the regular business risks inherent to any business, there are some risks specific to the paper industry. First, in developed countries with the penetration of the internet for many end usages, paper is getting redundant. While such economic maturities will not be seen in BILT's primary markets of India and South East Asia in the near future, such technology based interventions remain a risk.

Second, paper production at BILT still is wood based. With forest depletion and restrictions, there is always the risk of unavailability of the right raw materials given the growth plans of the company. BILT has been continuously hedging against this risk with its initiatives in farm forestry and development of alternate sources.

Third, India has also witnessed large levels of capacity expansion across all paper segments but mainly uncoated wood-free. There will be intense competition to penetrate markets with products from the newly installed capacities. Thus, there is an increasing risk of having to face market pressures in an industry characterised by

**TABLE 01** ABRIDGED PROFIT AND LOSS STATEMENT OF BILT CONSOLIDATED

	RS. CRORE	
	2008-09	2007-08
Net Sales	2824.7	2831.1
Other Income	13.2	16.1
Total Revenue	2837.9	2847.2
PBDIT	655.8	714.7
Depreciation	232.6	192.4
PBIT	423.2	522.3
Finance Charges (Net)	170.8	148.2
PBT	252.4	374.1
Tax	64.5	70.4
PAT	187.9	303.7
PAT(after minority interest and associate company profits/loss)	168.3	299.9

over supply. BILT has been proactively pre-empting this risk and its business strategy is geared to overcome this challenge.

## CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downward trend in the paper industry, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax laws, litigation and labour relations.

For and on behalf of the Board of Directors

**GAUTAM THAPAR**  
Chairman

**R. R. VEDERAH**  
Managing Director

**B. HARIHARAN**  
Group Director (Finance)

Date 21 September 2009  
Place New Delhi



## corporate social responsibility

### VALUE CREATION THROUGH PARTNERSHIPS

Among the factors that influence Corporate Sustainability, a major issue is the ability of a company to understand and manage the needs and expectations of its stakeholders on a continuous basis. BILT has put in place robust engagement plans with a wide variety of stakeholders over the last eight years with a view to creating a sustained positive impact. CSR at BILT is well entrenched into the business process of the company and is part of its core values.

Most of BILT's CSR projects are in remote regions which are afflicted with abject poverty and lack of opportunities for income generation as well as socio-economic development. Given the extent of the problem, scale of resources and the continuous intervention required to make any meaningful impact on the lives of these people, BILT realised from the very beginning of its CSR programme the need for sustainable models based on long term collaborations and partnerships with all stakeholders — NGOs and other local organisations, government and local bodies,

banking and financial system, donor agencies and community based organisations.

Partnerships for sustainable development can be best described as a process in which each entity contributes their skills and resources to achieve a common vision, improving the efficiency and effectiveness of the intervention and minimising the time required to achieve the objectives. Working jointly towards achieving a common vision is the central idea of these partnerships that are now an integral part of the CSR strategy at BILT. All our programmes have a multi-stakeholder approach targeted at the most marginalised people to provide them or enhance their resources and capabilities to bring sustainable economic prosperity.

This CSR report focuses on our experiences with partnerships, and their contribution in creating sustainable value for all stakeholders.

### PARTNERSHIPS WITH NGOS

The most significant partnerships of BILT are with NGOs who implement the Company's CSR initiatives in all the six locations and SFI in Sabah, Malaysia. The partnership journey, which started with only two NGOs in 2002, has increased to active engagement with 22 NGOs by June 2009. Our NGO partners vary considerably in terms of their size,

geographical spread, areas of expertise and approach of working with the community. Some of our partners NGOs have a national presence, working in many states, whereas, others are very small grass roots level organisations with just one project with BILT.

The projects are based on the needs of the communities, identified through participatory rural appraisal techniques. The programmes are then devised through micro planning exercise done along with the community. The expertise of the NGO in eliciting responses and feedback of the community leads to better planning and execution of programmes. Besides, they also have the vision to anticipate the hurdles and the next level of engagement which leads to more continuous progress towards achieving the ultimate objective.

#### **PARTNERSHIP WITH A SMALL NGO FOR ENSURING QUALITY EDUCATION**

Sankalpa Bahu-Udeshiya Sanstha, is a small grass roots level NGO which BILT has been partnering with for the last five years. This NGO was set up by a group of enthusiastic youth who wished to do something for their community and had approached BILT. Looking at their knowledge, commitment and expertise in the field of education, BILT reciprocated by jointly developing an education intervention. The programme started with 10 villages and is currently active in 25 villages.

Before the intervention, in 2005, 30 per cent children in the age group of 6 to 14 were out of school and even amongst school going children, about 80 per cent were not able to read or write well. Today, school enrolment has reached 100 per cent and almost 98 per cent children can read and write well, and also solve basic mathematic problems. Till date, 7000 children have been reached through this project.

#### **PARTNERSHIPS WITH GOVERNMENT**

Partnerships with the Government are very crucial for the scalability and sustainability of our CSR initiatives. Our CSR philosophy is based on working closely with government machinery and wherever possible, making an effort to augment government services and at the same time, avoiding duplication and wastages

Our experiences while working in partnership with government Departments, has helped us replicate successful projects in the locations. Over the last several years we have been able to create successful pilot projects on

issues like livelihood interventions, health and education that have been much appreciated by the government departments and have subsequently been given grants and administrative support to scale up.

#### **SCALING MICRO ENTREPRENEURSHIP PROJECT THROUGH GOVERNMENT COLLABORATION.**

In the Company's unit in Sewa, district Koraput, Orissa, a partnership based poultry



#### **PARTNERSHIP FOR THE REHABILITATION OF DIFFERENTLY-ABLED IN MALAYSIA**

A Centre for the handicapped Children (PDK) was established on the 4th August, 2008 at SFI housing to cater to the handicapped children in Sipitang district of Sabah. This initiative is a partnership programme between the company and the Sabah Welfare Department, Sipitang region to enhance sustainable livelihood of handicapped children. Till date, 49 children have been registered in the school.

This partnership went beyond the Company. The employees of SFI organised a charity event to raise funds for the centre. More than RM 12,000 was collected, which helped to buy mobility aids and educational material for the school. Spouses of many employees also regularly contribute their time to help out with the school activities.





## PARTNERSHIP FOR HANDICRAFT TRAINING FOR SUSTAINING CRAFTS AND SKILLS

Malaysian Craft is a National level government body that works for development and promotion of local crafts in Malaysia and links them to local and international markets. SFI is working with Malaysian Craft to develop the already existing skills of bamboo and rattan weaving to make them marketable.

The project, which began this year, has received a positive response from the communities living deep within the forest regions. As a first step SFI facilitated organising a 5 days training on craft development that was conducted by Malaysian Craft. Craft materials, tools and equipments were provided for all participants. Upon completion of the workshop, participants were given certificate of attendance. Malaysian Craft also registered 38 artisans from 3 villages as Bamboo Craft Rural Entrepreneurs under the Malaysian Craft project, “one district one industry”. We propose to scale this in future so that it can become a constant source of income for the communities living in the forests.

Prior to this project, PACOS, our local NGO partner in Malaysia, had given a 2 days training on refining crafts such as edging and cutting techniques.

project is operational with 115 poultry units directly benefiting more than 150 landless families. These families are currently earning a minimum monthly assured income of Rs.1000.

BILT had given the initial loan of Rs.15 lakh to start the activity. Noting the success of the pilot, the government has given funds amounting to Rs.1 crore under the SGSY scheme to scale up the project. A cooperative has been set up to take-up backward and forward linkages such as maize cultivation, making of poultry feed and marketing of poultry products. This has made the project more robust and sustainable, and has become a proven model of development for the poor landless people in the region.

## PARTNERSHIPS WITH BANKING AND FINANCIAL SYSTEM

Livelihood interventions are the backbone of our CSR programmes and availability of timely credit is central to making these programmes successful and sustainable. Linking the poor to formal system of credit has been a big challenge, since most of them do not have the required “creditworthiness” needed by the formal banking system. Our strategy, in this sphere, has been to facilitate creation of Self Help Groups (SHGs) who can access credit and other financial services from the formal banking system by providing the group guarantee and other group resources as collateral.

Under its saving and credit programme, BILT has so far formed 504 SHGs in partnership with NGOs. When the programme was initiated in 2002, some of the banks were not confident of its success. Typically the banks follow a practice of six months of observation during which time group members accumulate their savings. After six months, they observe the rotation of the accumulated savings in the form of internal credit. And once they are confident, they extend further credit for other income generating activities.

The experience has been very successful and today banks are coming forward to lend to these groups due to their close to zero default rates. As on 30 June 2009, 415 out of 504 SHGs were linked to banks to avail financial services offered by them. Table 1 gives data on performance of SHGs promoted by BILT under its Savings and Credit Programme.



Micro enterprise poultry farming by the SHG members Sewa

**PARTNERSHIPS WITH INTERNATIONAL DONOR AGENCIES**

BILT recognises the role played by donor agencies in sensitising causes and carrying out large and impact oriented programmes across the world. International agencies like IFC and INTEL Foundation have been associated with BILT for some time. Long-term partnerships with such agencies are an important part of BILT's CSR strategy. These associations are especially beneficial in terms of access and exposure to global best practices in project planning, implementation, monitoring and impact assessment. Besides, these partnerships have also allowed BILT to showcase its programmes internationally.

**PARTNERSHIP WITH IFC — A NEW COMMUNITY INITIATIVE ON HIV/AIDS**

In 2005 when the HIV/AIDS prevention programme began, focus was on educating employees and other stake holders on prevention of HIV/AIDS. But after the establishment of ART centre it became clear that just providing prevention education, awareness and treatment was not enough. What was needed, instead, was providing care and support so as to de-stigmatize the disease.

With this idea, a new community project on Continuum of Care (CoC) was initiated in Ballarpur ART centre in partnership with the network of People Living with HIV/AIDS (PLHA). We have received matching grants from International Finance Corporation (IFC) for this project. This is the first such initiative taken by an Indian company. The

**TABLE 01 PARTNERSHIP WITH BANKING SYSTEM: SAVINGS AND CREDIT PROGRAMME**

activities	during 2008-09 (1 July 2008 to 30 June 2009)	cumulative (as on 30 June 2009)
SHGs formed	89	504
SHGs Linked to Banks	64	415
Voluntary Savings Mobilised (Rs.lakh)	52	139
Internal Loans rotated (Rs.lakh)	243	458
Loans Leveraged from Banks (Rs.lakh)	211	448
Government Grants Received (Rs.lakh)	3.4	11.0



## VILLAGE DEVELOPMENT COMMITTEES — A BEGINNING OF SELF GOVERNANCE

BILT has formed 29 Village Development Committees (VDCs) — of which 6 were formed during 2008-09 — which are grass root level forums for planning and execution of developmental interventions at the village level. These VDCs are now also managing funds that flow from BILT for developmental interventions and programmes. In the last three years, VDCs have successfully executed developmental projects worth more than Rs.30 lakh.

main objective of this programme is providing comprehensive care and support over and above medical treatment to HIV positive people. The programme will provide training and income generation opportunities to PLHA through Self Help Groups and also provide nutritional support to vulnerable children and women. Collaborating partners are Family Health India (FHI), Mumbai and a NGO from Nagpur.

## PARTNERSHIPS WITH COMMUNITY BASED ORGANISATIONS (CBOS)

Communities are the focal point of all our activities and the goal is the sustainable development of the poorest of its members. A measure of the empowerment of the communities is their ability to manage their own development. Over the last few years we have directly initiated and partnered with community based organisations (CBOs) from within our own communities and seen them successfully manage the programmes which are in the larger interest on their own villages and communities.

Currently, BILT partners and actively works with 40 large scale community based organisations that are either registered or are in the process of getting registered. The growing numbers is also an indication of the growing trust that the communities have in BILT. These organisations start off as informal groups and go on to become village level institutions. Some even take a legal form by getting themselves registered so that they can access funds from independent donor agencies.

Successful partnerships with CBOS has also given us the confidence of to scale up the activity by taking up of larger issues such as water management, soil conservation and participatory governance. Besides, formation of large CBOs was also extended to intervention in other areas. Over the years BILT initiated the formation of large cooperatives for women, youth, farmers and poultry, and irrigation societies for water user groups.

Today, all 40 organisations formed by BILT are working independently or with very minimal support from the Company. Due to the effective nature of this partnership, it has been a win-win situation for all stakeholders associated with the initiatives. Due to direct funding by other donors, such CBOs are getting evaluated independently by their nominated agencies. These external evaluations have also helped these organisations to learn and grow gradually, and

in the process build capabilities necessary for long term success.

### WOMEN'S CREDIT COOPERATIVE— ENSURING A SUSTAINABLE LINE OF CREDIT

BILT's partnership with the SHGs around Ashti unit has resulted in formation of a women's credit cooperative society which as of today is transacting at a volume of Rs. 1 Crore per annum. This cooperative venture has made significant contributions to the lives of 251 families who have accessed loans from it.

The credit cooperative started in 2004 with a share capital of Rs. 20,000 collected from 201 women members. Today, 375 women

are members and the numbers are growing steadily. The total cumulative transactions of the credit cooperative have reached Rs. 8 crore as on 30 June 2009.

### ACHIEVEMENTS AND OVERALL ASSESSMENT

During 2008-09, BILT leveraged its partnerships effectively to benefit all its stakeholders. These benefits were spread across different categories of activities — livelihood enhancing, education and training, healthcare, HIV/AIDS prevention, and working for a sustainable environment. Table 2 presents the key indicators of the Company's performance in these areas.

**TABLE 02** CSR SCORECARD 2008-09 — PERFORMANCE INDICATORS

activities	unit	during 2008-09	as on 30 June 2009
<b>Livelihood Enhancement Activities</b>			
Community Based Organisations (CBOs) formed	Number	27	40
Youth/Adolescent Groups formed	Number	75	75
Farmers' Groups formed	Number	66	166
Self Help Groups (SHGs) formed	Number	89	504
Animal Husbandry	Number	927	1582
Farmers Covered through agricultural best practices	Number	122	1092
Small and Micro Enterprises operating	Number	—	214
<b>Health Related Initiatives</b>			
Children provided immunization support and basic healthcare	Number	1574	9742
Pregnant and lactating mothers provided with healthcare	Number	4151	8249
Minor ailment treatment given by CHWs	Number	11526	15958
Referral cases for treatment in government hospitals	Number	581	1776
<b>Education and Training Related Initiatives</b>			
Non-formal Community Education Centres set up	Number	280	1292
Number of children covered through education initiatives	Number	23962	118818
Community Libraries started	Number	160	543
Children mainstreamed into formal schools	Number	181	17547
Mobile Computer Literacy Programme	Schools	24	35
Students covered through mobile computer van	Number	4214	10214
Entrepreneurs supported	Number	23	708
Youth covered through vocational training programme	Number	419	1025
<b>Pulpwood Plantation related</b>			
Plantation on degraded land with marginal and small farmers	Acres	579	1123
Farmers engaged with pulpwood plantation	Number	327	552
<b>HIV/AIDS Prevention Programme</b>			
One-to-One counselling sessions with employees, students, truck drivers and others	Number	1604	4253
People reached through group sessions on HIV/AIDS, STI and drug addiction	Number	9311	41651
Referred to higher centres for diagnosis of TB, HIV and alcoholism	Number	149	520
Condoms promotion through condom vending machines	Number	528	12760
Free condoms distributed to truckers	Number	7764	17768
Peer educators trained from community programme	Number	67	318
Community members attended awareness creation through mass programmes	Number	6953	69086
Suppliers'/vendors' employees reached	Number	600	1071
<b>Resource Mobilisation and Deployment</b>			
Volunteers participated in CSR activities	Number	29	272
BILT credit for pulpwood plantation	Rs.Lakh	64.5	103
BILT revolving fund for CSR activities	Rs.Lakh	5	26





Community based organisations participating in International Women's Day at Sewa

Partnerships have helped BILT in developing robust and meaningful programmes that reflect the needs and aspirations of our target segments and implementing them effectively. The key reason for this success has been the transparency and openness with which we have dealt with our partners and the stakeholders — whether individuals, groups and communities — by engaging them comprehensively throughout the project lifecycle and building a long-term sustainable relationships. We believe that this engagement process based on continuous dialogue, evaluation and feedback, where every stakeholder has a bearing on the final impact of the intervention, is the key to realising our vision of being a sincere and trusted corporate citizen.

#### AWARDS AND CITATIONS

BILT has been rated as a Level 4 CSR Company in a rating done by Karmayog of 1000 largest Indian Companies. This is the highest rating accorded in 2008



## corporate governance

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ballarpur Industries Limited ('the Company' or 'BILT') continuously strives to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Its business culture and practices are founded upon a common set of strong ethical values and these govern the Company's relationships with customers, employees, shareholders, suppliers and the communities that it operates in.

BILT is led by a strong and independent Board of Directors, which provides the Company strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board remains well-informed and well-equipped to fulfill its oversight responsibilities and provide management the strategic direction it needs to create long-term shareholder value.

The corporate secretarial department and the internal audit function of the Company are ISO 9001:2000 certified and remain committed to adopting best-in-class corporate governance practices and internal

controls. In 2008-09, as BILT continued to deploy competitive corporate strategies, it also put special emphasis on strategic monitoring, risk evaluation and mitigation.


In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement with the Stock Exchanges. BILT remains committed to maintaining strict compliance with the letter and the spirit of Clause 49.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders' Information, reports BILT's compliance with Clause 49.

### BOARD OF DIRECTORS

#### COMPOSITION

As on 30 June 2009, the Company had a ten member Board of Directors. The Chairman, Mr. Gautam Thapar is an Executive and Promoter Director. The other two Executive Directors are Mr. R. R. Vederah (Managing Director) and Mr. B. Hariharan (Group Director-Finance). The seven Non-Executive, Independent Directors are Mr. Shardul S. Shroff, Mr. Sanjay Labroo, Mr. R. K. Ahojja, Mr. A. S. Dulat, Dr. Pramath Raj Sinha, Mr. Ashish Guha and Mr. A.P. Singh (Nominee



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**TABLE 01** DETAILS OF THE BOARD

name of the directors	designation	category	attendance particulars			no. of directorships and committee memberships/ chairmanships in other public limited companies*****		
			number of board meetings under tenure		last AGM#	directorships	committee	
			held	attended			memberships	chairmanships
Mr. Gautam Thapar	Chairman	Executive, Promoter	5	5	No	12	5	2
Mr. R.R. Vederah	Managing Director	Executive	5	5	No	5	3	—
Mr. B. Hariharan	Group Director (Finance)	Executive	5	5	Yes	9	7	4
Mr. Shardul S. Shroff	Director	Independent	5	1	No	4	3	—
Mr. Sanjay Labroo	Director	Independent	5	3	No	10	3	—
Mr. R.K. Ahojja	Director	Independent	5	5	Yes	1	—	—
Mr. A. S. Dulat	Director	Independent	5	5	Yes	1	—	—
Mr. A. P. Singh*	Director (LIC nominee)	Independent	1	1	—	1	1	—
Mr. Ashish Guha**	Director	Independent	5	5	No	2	3	—
Dr. Pramath Raj Sinha	Director	Independent	5	5	No	—	—	—
Mr. P. K. Banerji***	Director (LIC nominee)	Independent	4	4	No	—	—	—
Ms. Zarin Daruwala****	Director (ICICI representative)	Independent	1	—	No	—	—	—

\*Appointed as Director w.e.f. 9 February 2009 \*\* Appointed as Director w.e.f. 29 July 2008 \*\*\* Nomination withdrawn w.e.f. 31 January 2009 \*\*\*\* Representation withdrawn w.e.f. 8 August 2008 \*\*\*\*\*Committees included are Audit and Investors'/ Shareholders' Grievance Committee # Annual General Meeting held on 2 December 2008.

Director of the Life Insurance Corporation of India (LIC)).

The Directors are eminent personalities and experienced professionals in business, law, finance and corporate management.

During the year, Mr. Ashish Guha and Mr. A.P. Singh were inducted on the Board of Directors of the Company.

Mr A. P. Singh, aged 54 years, is a Post Graduate in English Literature from Allahabad University with PGDHRM. Mr. Singh has held various important positions in Life Insurance Corporation of India such as Chief Executive Officer and Managing Director, LIC Nepal Ltd and Joint Director, Management Development Centre. Presently, he is Director and Chief Executive of LICHFL Care Homes Ltd since 2007.

He was also associated with Professor Ishwar Dayal, founder Director of Indian Institute of Management, Lucknow for 5 years with regard to corporate initiatives of LIC relating to Human Resource Development and Organisational Development.

The composition of the Board of the Company is in conformity with Clause 49 of the Listing Agreement. Table 1 gives the details of the Directors on the Board.

#### BOARD MEETINGS

There were five Board Meetings held in the financial year 2008–09: 29 July 2008, 28 August 2008, 31 October 2008, 29 January 2009 and 24 April 2009. The Board of Directors of the Company is provided with all the statutory and other significant and material information so as to enable it to discharge its responsibilities as trustees of the Shareholders.

Table 1 gives the details of Directors' attendance at the Board Meetings and Annual General Meeting held during the year, the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies. Other directorships do not include alternate directorship, directorship of private limited companies, Section 25 companies and companies incorporated outside India.

#### DIRECTORS' COMPENSATION

The Directors are paid compensation, as approved by the Remuneration Committee, the Board and Shareholders within the ceilings prescribed under the Companies Act, 1956.

The Executive Directors of the Company are paid salary, perquisites, performance linked incentive/commission and other retiral benefits. The Non- Executive Directors are paid sitting fees for attending meetings of the

Board and its Committees and commission.

In addition, the Chairmen of Audit Committee and Investors'/Shareholders' Grievance Committee are paid a variable component, over and above the aforesaid normal commission, for their guidance, expertise and valuable contribution.

The Shareholders, at the 63rd Annual General Meeting held on 2 December 2008, approved payment of remuneration by way of sitting fee, commission or otherwise to Company's Non-Executive Directors (including Independent Directors), collectively, not exceeding 1 per cent of the net profits of the Company.

The compensation paid to the Directors for the financial year 2008-09 is given in Table 2.

#### NON-EXECUTIVE DIRECTORS' SHAREHOLDING

As on 30 June 2009, Mr. Sanjay Labroo held 4,95,802 Equity Shares and Mr. A. S. Dulat held 3,000 Equity Shares in the Company.

The Company has not issued any convertible instrument to any Non-Executive Director.

#### CODE OF CONDUCT

The Company has a Code of Conduct for its Directors and designated senior management personnel. The Code of Conduct is available on the website of the Company

**TABLE 02** DETAILS OF REMUNERATION PAID TO DIRECTORS

name of the directors	salary and perquisites	performance linked incentive	provident fund and superannuation fund	commission payable	sitting fees	AMOUNT IN RS.
						total
Mr. Gautam Thapar	15818673	—	1695733	22804000	—	40318406
Mr. R.R. Vederah	18692257	7020000	975000	—	—	26687257
Mr. B. Hariharan	18787522	5670000	1923750	—	—	26381272
Mr. Shardul S. Shroff	—	—	—	400000	20000	420000
Mr. Sanjay Labroo *	—	—	—	400000	60000	460000
Mr. R.K. Ahooja	—	—	—	600000	260000	860000
Mr. A.S. Dulat	—	—	—	600000	280000	880000
Dr. Pramath Raj Sinha	—	—	—	400000	180000	580000
Mr. Ashish Guha	—	—	—	369315	100000	469315
Mr. A.P. Singh**	—	—	—	400000	20000	420000
Ms. Zarin Daruwala***	—	—	—	42740	—	42740
Mr. P.K. Banerji	—	—	—	—	180000	180000
<b>Total</b>	<b>53298452</b>	<b>12690000</b>	<b>4594483</b>	<b>26016055</b>	<b>1100000</b>	<b>97698990</b>

\* w. e. f. 28 August 2008, sitting fee payable was donated for CSR activities undertaken by the Company

\*\* Sitting fees and commission paid/shall be paid to LIC, as per terms of appointment \*\*\* Commission shall be paid to ICICI Bank Limited, as per terms of appointment.

(www.bilt.com). All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct for the financial year 2008-09. A declaration signed by the Managing Director to this effect is annexed to this Report.

#### COMMITTEES OF THE BOARD

The details of the composition of BILT's Audit Committee, Remuneration Committee, Investors' / Shareholders' Grievance Committee and Risk Management Committee as on 30 June 2009 are given in Table 3. Apart from the above, BILT also has other Board level committees to manage the day to day decisions pertaining to operations / business of the Company.

All decisions pertaining to the constitution of these Committees and appointment of members are taken by the Board of Directors.

#### AUDIT COMMITTEE

The Audit Committee comprises four Independent Directors and one Executive Director. The Chairman of the Audit Committee is an Independent Director. During the year, the Committee was reconstituted twice, to take effect of resignations of Ms. Zarin Daruwala and Mr. P. K. Banerji and induction of Dr. Pramath Raj Sinha and Mr. A.P. Singh, on 28 August 2008 and 24 April 2009. There were Eight Audit Committee Meetings held during the year: 29 July 2008, 28 August 2008, 21 October 2008, 31 October 2008, 19 December 2008, 28 January 2009, 24 April 2009 and 6 May 2009. The attendance record is given in Table 4.

All members of the Audit Committee have accounting and financial management expertise. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information.

The Company Secretary of the Company acted as the Secretary to the Committee. The Managing Director, Chief Operating Officer, Chief Financial Officer, head of internal audit and the representatives of the statutory auditors and cost auditors attend the meetings as invitees, whenever required.

In addition to review of the financial results of the Company, update on internal audits, review of internal control systems, applicability of accounting standards, re-appointment and remuneration of statutory auditors, cost accounting systems and cost audit reports also features on the Audit Committee's Agenda.

#### REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr. A. P. Singh, Chairman (w.e.f. 24 April 2009), Mr. Gautam Thapar and Mr. Ashish Guha (w.e.f. 28 August 2008), as its members. During the year, Ms. Zarin Daruwala and Mr. P. K. Banerji ceased to be members

**TABLE 03** COMPOSITION OF BOARD LEVEL COMMITTEES

name of the directors	category	audit	investors'/ shareholders' grievance	remuneration	risk management
Mr. Gautam Thapar	Executive	—	Member	Member	—
Mr. R. R. Vederah	Executive	—	—	—	Chairman
Mr. B. Hariharan	Executive	Member	Member	—	Member
Mr. Shardul S. Shroff	Independent	—	—	—	—
Mr. Sanjay Labroo	Independent	—	—	—	—
Mr. R.K. Ahooja	Independent	Chairman	—	—	—
Dr. Pramath Raj Sinha*	Independent	Member	—	—	—
Mr. A. S. Dulat	Independent	Member	Chairman	—	Member
Mr. Ashish Guha**	Independent	—	—	Member	Member
Mr. A.P. Singh***	Independent	Member	—	Chairman	—

\*Appointed as member w. e. f. 28 August 2008 \*\* Appointed as member w.e.f. 28 August 2008.

\*\*\*Appointed as member of Audit committee and Member & Chairman of Remuneration committee w.e.f. 24 April 2009.



**TABLE 04 ATTENDANCE RECORD OF THE AUDIT COMMITTEE**

name of members	designation	no. of meetings under tenure	
		held	attended
Mr. R.K. Ahooja	Chairman	8	8
Dr. Pramath Raj Sinha*	Member	6	4
Mr. B. Hariharan	Member	8	8
Mr. A. S. Dulat	Member	8	8
Mr. A. P. Singh**	Member	1	1
Mr. P.K. Banerji***	Member	6	5
Ms. Zarin Daruwala****	Member	1	—

\*Appointed as member w.e.f. 28 August 2008 \*\*Appointed as member w.e.f. 24 April 2009

\*\*\*Ceased to be a member w.e.f. 31 January 2009 \*\*\*\*Ceased to be a member w.e.f. 8 August 2008.

w.e.f. 8 August 2008 and 31 January 2009, respectively.

The Committee determines the Company's policy on all elements of the remuneration payable to Executive Directors. The remuneration policy of the Company is aimed at rewarding performance based on periodic review of achievements.

During the year, a meeting was held on 28 August 2008 which was attended by Mr. Gautam Thapar and Mr. P. K. Banerji wherein increase in remuneration of Mr. Vederah and Mr. Hariharan was discussed and approved. The decision pertaining to increase in commission payable to Mr. Thapar was referred to the Board of Directors as Mr. Thapar, being interested in the matter, abstained from discussions.

#### RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Company comprises four Directors i.e. Mr. R. R. Vederah as Chairman, Mr. B. Hariharan, Mr. A. S. Dulat and Mr. Ashish Guha, as its members.

The Board had constituted the Committee to understand and assess various kinds of risks associated with the running of business and suggesting/ implementing ways and means for eliminating/minimising risks to the business of the Company and periodic review of the management control procedures/ tools used to mitigate such risks.

During the year, a meeting was held on 19 December 2008 which was attended by Mr. R. R. Vederah, Mr. B. Hariharan and Mr. A. S. Dulat

The Committee discussed the Risk Assessment Study undertaken by the Internal Audit Department, at all the plant locations in respect of various functions viz. Accounts and Finance, Commercial, Inventory, Raw Materials, Marketing and Sales, Logistics and Human Resources and Operations comprising assessment of transaction level risks, concept of heat map, identification of function-wise risks and analysis of open risks.

The Committee further discussed the maintenance of Risk Register at respective units for identification of individual risk under each function and security measures at Units Ballarpur and Ashti.

#### INVESTORS' / SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has an Investors'/ Shareholders' Grievance Committee, details of which are given under the section 'Shareholders' in this chapter.

#### COMMITTEE OF DIRECTORS

The Board of Directors, had on 29 January 2009 constituted a Committee of Directors for the purpose of examining ways and means for enhancing the growth prospects of the Company relating to its Retail Business, Office Supplies and Stationery Business.

The Committee comprised Mr. Ashish Guha as its Chairman and Mr. R. K. Ahooja and Dr. Pramath Raj Sinha as its members. During the year, two meetings were held on 26 February 2009 and 31 March 2009 and were attended by all the members.

#### MANAGEMENT

##### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is given as a separate chapter in the Annual Report.

##### DISCLOSURES OF MATERIAL TRANSACTIONS

A disclosure of all related party transactions has been made in the notes to the accounts of the balance sheet presented in this Annual Report. All the Directors have disclosed their interest in Form No. 24AA pursuant to Section 299 of the Companies Act, 1956 and as and when any changes take place, they are placed before the Board at its meetings.

#### ACCOUNTING POLICIES

The Company has adopted accounting treatments, which are in conformance with those prescribed by the Accounting Standards.

#### INSIDER TRADING

In compliance with the SEBI regulations on prevention of insider trading, the Company has a Code on Insider Trading for its Directors, Management and designated Executives. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

#### SHAREHOLDERS

##### DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

Mr. Shardul S. Shroff, Mr. A. S. Dulat and Mr. B. Hariharan, retire at the forthcoming Annual General Meeting and being eligible, seek re-election. Their brief profiles are as hereunder and other directorships are given in Table 5.

##### Mr. Shardul S. Shroff

Mr. Shroff is a Managing Partner of Amarchand & Mangaldas & Suresh A. Shroff & Co., one of the leading and largest Corporate Law Firms in India. In practice since 1980, Mr. Shroff has 29 years of legal advisory experience. He is a leading authority on corporate governance, senior attorney and advocate-on-record of the Supreme Court of India. Mr. Shroff has vast experience in the areas of corporate advisory, joint ventures, project finance, corporate and structured finance, insurance, telecom, mergers and acquisitions, disinvestment and other corporate advisory work across sectors. He has been very closely involved with infrastructure project finance deals and has played a pivotal role as an advisor in structuring transactions in the area of Power, Water, Roads, Ports, Airports, Oil and Gas

name of the directors	directorships in other public limited companies	committee memberships/ chairmanships	
		audit	investors'/ shareholders' grievance
<b>Mr. Shardul S. Shroff</b>	Infrastructure Development Finance Co. Limited	Member	—
	Apollo Tyres Limited	—	Member
	NIIT Limited	Member	—
	Ashok Leyland Limited	—	—
<b>Mr. A. S. Dulat</b>	Onicra Credit Rating Agency of India Limited	—	—
<b>Mr. B. Hariharan</b>	Avantha Power and Infrastructure Limited	Chairman	—
	BILT Graphic Paper Products Limited	Chairman	—
	BILT Tree Tech Limited	—	—
	Global Green Company Limited	Chairman	—
	Avantha Holdings Limited	Member	—
	NewQuest Insurance Broking Services Limited	—	—
	Solaris Chemtech Industries Limited	Chairman	—
	Solaris Holdings Limited	Member	—
	Salient Business Solutions Limited	Member	—

and Telecom projects. He has the distinction of handling a majority of disinvestments of the PSUs, acting for the Government of India in some cases in association with the Global Advisors and representing the private bidders in some cases.

Mr. Shroff has participated in the formulation and drafting of several important economic legislations and company law reforms in India. He has also been a member of high-powered committees appointed by the Government of India, including committees on various legislations. He was inducted on the Board of Directors of the Company in the year 2001.

#### **Mr. A. S. Dulat**

Mr. Dulat, former Chief of Research and Analysis Wing (RAW), has done his Masters in History from Punjab University, Chandigarh. He joined the Indian Police Service (Rajasthan Cadre) in 1965 and after a short stint of a couple of years in the state, he was seconded to the Ministry of Home Affairs (Intelligence Bureau) in March, 1969. Mr. Dulat served in the Security Service for 30 years, and First Secretary in the Indian Embassy in Kathmandu (1976-80).

He was the Head RAW in 1999-2000. On superannuation, he was re-employed as Advisor on Kashmir in the PM's Office from January 2001 to May 2004. He is currently, a member of the National Security Advisory Board.

He was inducted on the Board of Directors of the Company in the year 2006.

#### **Mr. B. Hariharan**

Mr. Hariharan is a Member of the Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The

Institute of Cost and Works Accountants of India.

He started his career in 1983 as an Accounts Trainee with Sundaram Clayton Limited. He joined the Thapar Group in 1985 and has since held various senior executive positions of increasing responsibilities in the Group. His expertise lies in the field of finance and corporate planning.

He was inducted as a member of the Board of Directors of the Company in June 2001 and is designated Group Director (Finance).

Mr. Hariharan had played a major role in structuring the first international acquisition of Sabah Forest Industries Sdn. Bhd., Malaysia in 2007 and in the recent capital restructuring and international fund raising, both debt and equity. Mr. Hariharan holds 8,040 equity shares in the Company and does not hold any convertible instrument.

#### **COMMUNICATION TO SHAREHOLDERS**

Full and complete disclosure of information regarding the Company's financial situation and performance is an important part of the Company's Corporate Governance ethics. The Company has demonstrated this commitment by sending its shareholders a full version of its Annual Report, despite there being a regulatory exemption.

The financial results of the Company are usually published in the Times of India (Delhi edition), The Economic Times (All editions), Navbharat Times (Delhi and Mumbai editions), Financial Times (Delhi edition), The Hitavada (Nagpur: English edition) and Lokmat (Nagpur: English, Hindi and Marathi editions) and are also uploaded on the Company's website ([www.bilt.com](http://www.bilt.com)). The Company also sends the results and announcements to the Luxembourg Stock

Exchange and Singapore Stock Exchange for the benefit of the GDS and ZCCB holders, respectively.

The amended Clause 41 of the Listing Agreement requires a company to only publish standalone financial results and gave an option to a company, having subsidiaries, not to publish, but to only submit consolidated results to Stock Exchanges. However, despite this Regulatory exemption, the Company has continued its practice of publishing quarterly as well as year to date financial results, both consolidated and standalone, in the newspaper for better disclosures to its shareholders.

Financial results, as published in the newspapers are available to the members on request.

As per the requirements of Clause 51 of the Listing Agreement, data relating to financial results, shareholding pattern etc. is electronically filed on the EDIFAR website, within the prescribed timeframe and also uploaded on the Company's website.

#### **GENERAL BODY MEETINGS**

Table 6 gives the details of General Meetings, held in the last three years.

The following Special Resolutions were taken up in the previous General Meetings and approved by Shareholders with requisite majority:

#### **2006 (AGM)**

Payment of remuneration to Non-Executive Directors by way of commission and/or otherwise.

#### **2007 (EGM)**

Court convened meeting approving the Scheme of Arrangement and Reorganisation

**TABLE 06** DETAILS OF GENERAL MEETINGS HELD DURING LAST THREE YEARS

year	category*	location of the meeting	date	time
2006	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	12 December 2006	12.00 Noon
2007	EGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	19 October 2007	11.30 a.m.
2007	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	4 December 2007	12.00 Noon
2008	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	2 December 2008	12.00 Noon

\*AGM - Annual General Meeting, EGM - Extraordinary General Meeting

between the Company and BILT Graphic Paper Products Limited.

#### 2007 (AGM)

Payment of remuneration to Non-Executive Directors by way of commission and/or otherwise.

#### 2008 (AGM)

Payment of remuneration to Non-Executive Directors by way of commission and/or otherwise.

#### CAPITAL MARKET COMPLIANCE

The Company has complied with all requirements of the Listing Agreement with Stock Exchanges as well as the regulations and guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

#### INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

The Investors'/ Shareholders' Grievance Committee comprises one Non-Executive Director and two Executive Directors to supervise the mechanism of investor grievance redressal and ensuring cordial investor relations. The Chairman of the Committee is an Independent Director. The Committee met on 6 May 2009. Details of the Committee are given in Table 7.

During the financial year ended 30 June 2009, 8 complaints were received from the Investors/ Shareholders and all of them were redressed.

#### UNCLAIMED SHARES

Pursuant to a recent amendment to the Listing Agreement with Stock Exchanges,

dated 24 April 2009, a listed company needs to transfer shares, which have remained unclaimed pursuant to a public issue or any other issue, to a demat suspense account with a Depository Participant. The Company is in the process of assessing the details of the shareholders, whose shares are still unclaimed, pursuant to the Company's earlier public issues, amalgamations, rights issue and sub-division of shares. The Company will start sending reminders to all such shareholders, to the addresses available in its database. The Company will commence disclosing the details of the shares transferred to the demat suspense account, as applicable, in its future annual reports.

#### GOVERNANCE OF SUBSIDIARIES

The subsidiaries of the Company are managed by experienced Board of Directors. The minutes of all the subsidiaries are reviewed by the Board of Directors of the Company on a regular basis. In compliance with Clause 49 of the Listing Agreement, the Company has appointed Mr. R. K. Ahooja, Independent Director as its representative on the Board of Directors of material non-listed Indian subsidiary, BILT Graphic Paper Products Limited.

#### CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters, as required by Clause 49 of the Listing Agreement with Stock Exchanges.

#### REPORT ON CORPORATE GOVERNANCE

This chapter, read with the information given in the section titled Additional Shareholders' Information, constitute the compliance report

on Corporate Governance for the Financial Year 2008-09.

#### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance prescribed by Clause 49 of the Listing Agreement with Stock Exchanges, which is attached herewith.

#### ADDITIONAL SHAREHOLDERS' INFORMATION

##### ANNUAL GENERAL MEETING

Date 18 December 2009  
Time 12:00 noon  
Venue P.O. Ballarpur Paper Mills – 442 901, Distt. Chandrapur, Maharashtra

##### FINANCIAL CALENDAR 2009-10

Financial year	July – June
Financial Results	Normally before the end of following month of the Quarter, except 4th Quarter and audited annual results which are published within 3 months.

##### BOOK CLOSURE

The dates of book closure are from 5 December 2009 to 18 December 2009, both days inclusive.

##### DIVIDEND PAYMENT

A final dividend of Rs.0.50 per Equity Share will be paid within the prescribed statutory period, subject to declaration by the

**TABLE 07** ATTENDANCE DETAILS OF INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

name of members	designation	no. of meetings	
		held	attended
Mr. A. S. Dulat	Chairman	1	1
Mr. Gautam Thapar	Member	1	1
Mr. B. Hariharan	Member	1	1

shareholders at the ensuing Annual General Meeting.

### UNCLAIMED DIVIDENDS

Dividends pertaining to the financial years, as detailed below, which remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund (IEPF), as required statutorily. No claim shall lie against the Company or IEPF, for the unclaimed amount, if any, upon transfer. To enable the members to claim their dividend before its transfer to the above Fund, the tentative schedule for transfer is given in Table 8.

### UNCLAIMED BUY BACK CONSIDERATION

The shareholders, who have not received their buy back consideration warrants, are requested to notify the Company of non-receipt and claim the same.

### REGISTRAR AND TRANSFER AGENT

The Share Transfer Agent for the Equity Shares of the Company, both in physical and electronic form is:

M/s RCMC Share Registry (P) Limited  
B-106, Sector – 2, Noida (U.P.)  
Tel +91-120-4015880  
Fax +91-120-2444346

For Fixed Deposits, the investors may contact at:

Fixed Deposit Department  
Ballarpur Industries Limited,  
First India Place, Tower – C, Block – A,  
Sushant Lok – I, Mehrauli-Gurgaon Road,  
Gurgaon – 122 002.  
Tel +91-124-4099223/208  
Email sectdiv@bilt.com

**STOCK MARKET DATA** Table 10, Chart A and B give details

**TABLE 08 UNCLAIMED DIVIDENDS**

date of declaration of dividend	dividend for the financial year	tentative schedule for transfer to the investor education and protection fund
23 December 2002	2001-02	January 2010
24 December 2003	2002-03	January 2011
15 December 2004	2003-04	January 2012
25 January 2005	2004-05 (interim)	February 2012
7 December 2005	2004-05	January 2013
24 January 2006	2005-06 (interim)	February 2013
12 December 2006	2005-06	January 2014
29 January 2007	2006-07 (interim)	February 2014
4 December 2007	2006-07	January 2015
2 December 2008	2007-08	January 2016

**TABLE 09 BILT'S STOCK EXCHANGE CODES**

ISIN	INE294A01037
Bombay Stock Exchange	500102
National Stock Exchange	BALLARPUR
Luxembourg Stock Exchange	US0585883020
Bloomberg	BILT@IN
Reuters Code	BILT.BO

### SHARE TRANSFER SYSTEM

The Committee of Directors for Shares approves the transfer of shares and other related issues regularly on a weekly basis. The turnaround time for the share transfer process is generally 15 days, from the receipt of complete documents.

### DEMATERIALISATION OF SHARES

The Equity Shares of the Company are compulsorily traded on the Stock Exchanges only in dematerialised form. Equity Shares of the Company are available for holding in the depository systems of National Securities Depository Limited and Central Depository

Services (India) Limited. As on 30 June 2009, 97.99 per cent of the total Equity Shares of the Company were held in dematerialised form, as compared to 97.93 per cent last year.

### OUTSTANDING GDSs/ZCCBs

As on 30 June 2009, there was no outstanding GDS.

During the year, the Company bought back Zero Coupon Convertible Bonds (ZCCBs) of US\$ 8 million out of US\$ 60 million issued in July 2005. As on 30 June 2009, ZCCBs of USD\$ 52 million were outstanding. As per terms of the issue, if the conversion option is exercised by the bondholders, it will give rise

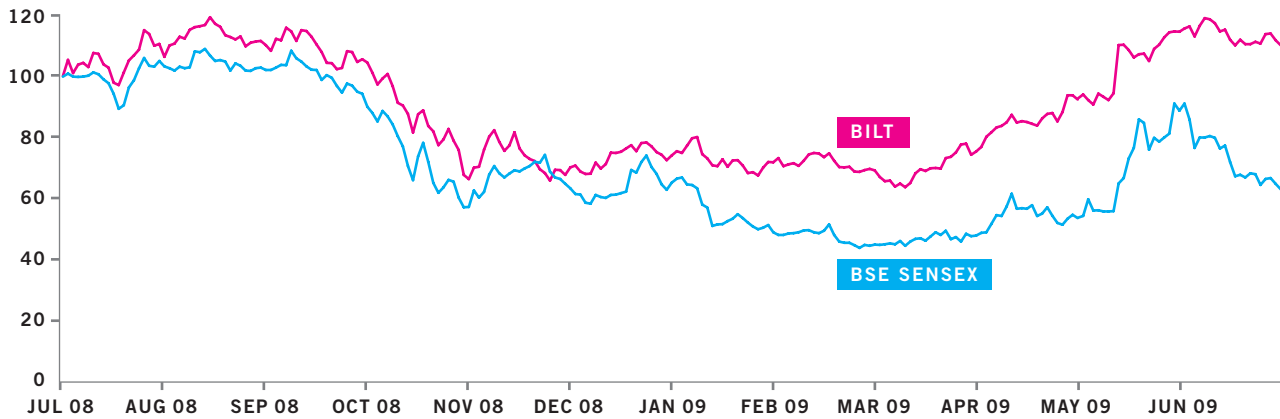
**TABLE 10 HIGHS, LOWS AND VOLUMES OF BILT'S SHARES FOR 2008-09 AT BSE AND NSE, INCLUDING INDICES**

month	bombay stock exchange limited				national stock exchange of india limited			
	high (Rs.)	low (Rs.)	volume (lakh)	sensex (close)	high (Rs.)	low (Rs.)	volume (lakh)	nifty (close)
July 2008	35.00	27.90	56.05	14355.75	37.50	27.90	104.35	4332.95
August 2008	36.45	32.05	29.57	14564.53	36.45	32.00	58.51	4360.00
September 2008	35.65	25.05	20.16	12860.43	35.85	25.40	73.65	3921.20
October 2008	28.20	17.10	48.77	9788.06	28.75	17.00	107.55	2885.60
November 2008	24.50	18.40	28.08	9092.72	24.80	18.40	39.27	2755.10
December 2008	24.50	17.70	51.22	8467.43	24.50	16.00	68.02	2959.15
January 2009	20.85	14.60	54.60	8631.60	20.95	14.65	97.72	2874.80
February 2009	16.45	13.25	83.58	8619.22	16.50	13.30	125.24	2763.65
March 2009	17.00	13.40	249.10	8047.17	16.70	13.50	128.39	3020.95
April 2009	19.75	14.60	299.02	9546.29	19.90	14.60	435.38	3473.95
May 2009	27.45	16.05	610.69	11621.30	27.25	16.10	799.54	4448.95
June 2009	29.50	19.55	540.50	14061.95	29.70	19.55	697.30	4291.10



CHART  
A

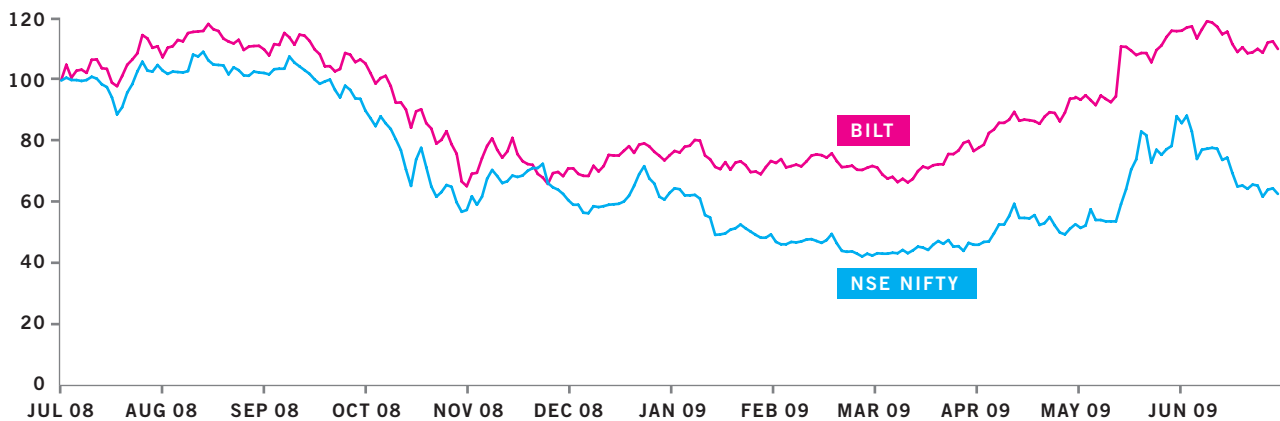
**BILT'S SHARE PERFORMANCE VERSUS BSE SENSEX**



Note: Closing share price of BILT and BSE SENSEX have been indexed to 100 on 1 July 2008

CHART  
B

**BILT'S SHARE PERFORMANCE VERSUS NSE NIFTY**



Note: Closing share price of BILT and NSE NIFTY have been indexed to 100 on 1 July 2008

to allotment of approximately 64.25 million Equity Shares of Rs.2/- each of the Company.

**LISTING DETAILS**

At present, the Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The annual listing fee for the financial year 2009-10 has been paid to both the Stock Exchanges.

**DISTRIBUTION OF SHAREHOLDING**

Tables 11 and 12 give the distribution of shareholding of the equity shares of the Company by size and ownership class as on 30 June 2009.

**REGISTERED OFFICE**

Ballarpur Industries Limited  
P.O. Ballarpur Paper Mills - 442 901  
Distt. Chandrapur, Maharashtra

**PLANT LOCATIONS**

UNIT SEWA  
Gaganpur, P.O. Jeypore Railway Station,  
Distt. Koraput - 764 002, Orissa

UNIT SHREE GOPAL  
P.O. Yamunanagar, Distt. Yamunanagar,  
Haryana - 135 001

UNIT ASHTI  
P.O. Ashti - 442 707, Tehsil Chamorshi,  
Distt. Gadchiroli, Maharashtra

**TABLE 11** SHAREHOLDING PATTERN BY SIZE AS ON 30 JUNE 2009

number of equity shares held	number of share holders #	per cent of share holders	number of shares #	per cent of share-holding
1-1000	72624	88.17	17963215	3.23
1001-5000	7700	9.35	17046736	3.07
5001-10000	1040	1.26	7592995	1.37
10001 and above	998	1.22	512920893	92.33
<b>Total</b>	<b>82362</b>	<b>100.00</b>	<b>555523839</b>	<b>100.00</b>

# 59378 shareholders hold 544330525 equity shares in demat form.

**TABLE 12** SHAREHOLDING PATTERN BY OWNERSHIP AS ON 30 JUNE 2009

category	no. of share holders	per cent of share holders	no. of shares held	per cent of share holding
Directors, promoters and family members	8	0.01	224370787	40.39
FII's and FFI's	52	0.06	104477686	18.81
Mutual Funds	37	0.04	46943776	8.45
Financial Institutions/Banks	41	0.05	236726	0.04
Insurance Companies	11	0.01	77296894	13.92
NRI's	1539	1.87	7742353	1.39
Corporates	1441	1.75	40621860	7.31
Individuals and Others	79233	96.21	53833757	9.69
<b>Total</b>	<b>82362</b>	<b>100.00</b>	<b>555523839</b>	<b>100.00</b>

#### ADDRESS FOR CORRESPONDENCE

For share transfer / dematerialisation of shares, payment of dividend and any other query relating to the shares; and for queries of Analysts, FIIs, Institutions, Mutual Funds, Banks and others is:

Corporate Secretarial Department,  
Ballarpur Industries Limited,  
First India Place, Tower – C, Block – A,  
Sushant Lok – I, Mehrauli-Gurgaon Road,  
Gurgaon – 122 002.  
Tel +91-124-2804242/43  
Fax +91-124-2804261  
Email sectdiv@bilt.com

For and on behalf of the Board of Directors

#### GAUTAM THAPAR

Chairman

#### R. R. VEDERAH

Managing Director

#### B. HARIHARAN

Group Director (Finance)

Date 21 September 2009

Place New Delhi

#### DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement, the CEO declaration for Code of Conduct is given below:

The Members of  
Ballarpur Industries Limited

This is to certify that all Board members and designated senior management personnel have affirmed to the compliance with the 'Code of Conduct for Directors and senior management'.

For Ballarpur Industries Limited

#### R.R.VEDERAH

Managing Director

Date 21 September 2009

Place New Delhi

#### CERTIFICATE

To the Members of  
Ballarpur Industries Limited

We have reviewed the compliance of conditions of Corporate Governance by Ballarpur Industries Ltd. (the Company), for the year ended 30th June 2009 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 30th June 2009, no investor grievance is pending without a reply from the Company for a period exceeding one month as per the records maintained by the Company and presented to the Investors'/ Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

#### DINESH K BACHCHAS

Partner

Membership No. 97820

For and on behalf of

#### K.K.MANKESHWAR & CO.,

Chartered Accountants

Place New Delhi

Date 21st September 2009



# directors' report

To,  
The Members,  
Your Directors have pleasure in  
presenting the Sixty Fourth Annual  
Report together with the Audited  
Statement of Accounts for the  
financial year ended 30 June 2009.

## FINANCIAL HIGHLIGHTS

IN RS. CRORE

particulars	consolidated		standalone	
	2008-09	2007-08	2008-09	2007-08*
Net Sales	2824.69	2831.08	999.33	934.92
Profit before Interest and Depreciation	655.76	714.67	232.96	228.46
Less: Interest and Finance Charges (Net)	170.82	148.24	13.78	27.81
Profit before Depreciation	484.94	566.43	219.18	200.65
Less: Depreciation	232.55	192.38	76.95	63.38
Net Profit for the year before Tax	252.39	374.05	142.23	137.27
Less: Provision for Taxation	64.51	70.43	16.84	7.82
Net Profit after Tax	187.88	303.62	125.39	129.45
Less: Minority Interest	21.16	6.48	—	—
Add: Share of Profit in Associate Companies	1.58	2.77	—	—
Add: Balance brought forward from the previous year	404.08	176.94	227.14	170.46
Add: Debenture Redemption Reserve no longer required	7.50	2.72	7.50	2.72
Less: Adjustment for change in holding of subsidiary/ associate company	25.86	—	—	—
Leaving a surplus of	554.02	479.57	360.03	302.63
Which your directors recommend, be appropriated as follows:				
Transfer to General Reserve	25.00	30.00	25.00	30.00
Payment of Dividend:				
Proposed Dividend on 55,55,23,839 Equity Shares of Rs.2/- each @ 25 per cent (Previous year @ 35 per cent)	27.78	38.89	27.78	38.89
Dividend Tax	4.72	6.60	4.72	6.60
Balance carried forward to next year's Account	496.52	404.08	302.53	227.14

\*Three undertakings of your Company situated at Bhigwan, Ballarpur and Kamalapuram were transferred to BILT Graphic Paper Products Limited w.e.f. 1 July 2007.

## OPERATIONS

The domestic paper and paper products business continued to be strong with increased sales of Rs.2260.29 crore in the current year as against Rs.1992.20 crore in the previous year. The PBDITA for the same increased impressively at Rs.631 crore as against Rs.523 crore in the previous year and PBDITA margin also increased from 26 per cent to 28 per cent. However, on a consolidated basis both revenue and profits of the Company were impacted by sluggish demand for rayon grade pulp affecting operations of Unit Kamalapuram and lower net sales realisation at Sabah Forest Industries Sdn.Bhd., Malaysia. Operations of both these facilities have stabilised in the last quarter of 2008-09.

A detailed review of the consolidated performance of your Company is contained in the Management Discussion and Analysis Report, which is given as a separate chapter in the Annual Report.

## DIVIDEND

Your Directors have, keeping in view the profitability of the Company, recommended payment of dividend of Rs.0.50 per Equity Share of Rs.2/- each (previous year Rs.0.70 per Equity Share of Rs.2.00 each) on the Equity Share capital of your Company for the financial year ended 30 June 2009.

## DIRECTORATE

Mr. Shardul S. Shroff, Mr. A. S. Dulat and Mr. B. Hariharan, Directors retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

The Life Insurance Corporation of India had withdrawn the nomination of Mr. P. K. Banerji w.e.f. 31 January 2009 and nominated Mr. A.P. Singh w.e.f. 9 February 2009. The Board places on record its appreciation for the guidance, support and valuable contributions of Mr. Banerji during his association with the Company.

The details of the Directors being recommended for re-appointment are contained in the Corporate Governance Report.

## PROMOTER GROUP

The Avantha Group includes some companies of the BM Thapar Group, since vested with Mr. Gautam Thapar and the erstwhile LM Thapar Group companies

bequeathed to Mr. Gautam Thapar. The BM Thapar Group and LM Thapar Group were recognised by the Securities and Exchange Board of India by its Order dated 8 October 2001 (as modified from time to time). Therefore, Ballarpur Industries Limited, along with the following entities, constitutes a Group as defined under the Monopolies and Restrictive Trade Practices Act, 1969:

BILT Graphic Paper Products Limited, Ballarpur International Holdings B.V., Ballarpur Paper Holdings B.V., Ballarpur International Paper Holdings B.V., Ballarpur International Graphic Paper Holdings B.V., TAF Assets 2 B.V., Sabah Forest Industries Sdn. Bhd., BILT Tree Tech Limited, JG Containers (Malaysia) Sdn. Bhd., Mirabelle Holdings LLC, Avantha Holdings Limited (formerly NewQuest Corporation Limited), BILT Paper Holdings Limited, KCT Papers Limited, KCT Chemicals and Electricals Limited, APR Sacks Limited, THE Paperbase Company Limited, Avantha Realty Limited (formerly Janpath Investments and Holdings Limited), BILT Industrial Packaging Company Limited, Biltech Building Elements Limited, UHL Power Company Limited, Asia Aviation Limited, Toscana Lasts Limited, Toscana Footwear Components Limited, NQC Global (Mauritius) Limited, NQC International (Mauritius) Limited, NewQuest Services Private Limited, Avantha Technologies Limited, NewQuest Insurance Broking Services Limited, Avantha Power and Infrastructure Limited, Korba West Power Company Limited, TKS Developers Limited, Jhabua Power Limited, Gleneagles Healthcare Holdings Private Limited, Global Green Company Limited, Global Green USA Limited, GG International N.V., Intergarden N.V., Intergarden (India) Private Limited, Dunakiliti Kanzervuzem Kft, Greenhouse Agraar Kft, Floragarden Tarim Gida Sanay ve Ticaret A.S., Solaris Holdings Limited, Solaris Chemtech Industries Limited, Solaris Industrial Chemicals Limited, Salient Business Solutions Limited, Salient Knowledge Solutions Limited, Salient Financial Solutions Limited, Salient Business Solutions USA, Inc., Sairam Infra Projects Private Limited, Avantha Foundation, Avantha International Holdings B.V., Corella Investments Limited, Gyanodaya Prakashan (P) Limited, Himalayan Hideaways Private Limited, Imerys NewQuest (India) Private Limited, Karam Chand Thapar and Bros. Limited, Leading Line Merchant Traders Private Limited, Lustre International Limited, Mirabelle Trading Pte. Limited, MTP NEW Ocean (Mauritius) Limited, Orient Engineering Commercial Co. Limited, Oyster

Buildwell (P) Limited, Prestige Wines and Spirits Pvt. Limited, Pusztá Konserv Kft Hungary, Saraswati Travels (P) Limited, Seer Buildwell (P) Limited, Sohna Stud Farms Private Limited, The Pioneer Limited, Ultima Hygiene Products (P) Limited, Vani Agencies Private Limited, Vanity Propbuild (P) Limited, Varun Prakashan (P) Limited, Crompton Greaves Limited, CG Energy Management Private Limited, CG Capital and Investments Limited, CG-PPI Adhesive Products Limited, Malanpur Captive Power Limited, Brook Crompton Greaves Limited, CG Actaris Electricity Management Limited, CG Lucy Switchgear Limited, International Components India Limited, CG International B.V., Pauwels International N.V., Pauwels Americas Inc., PT Pauwels Trafo Asia, Pauwels Trafo Gent N.V., Pauwels Canada Inc., Pauwels Transformers Inc., Pauwels Trafo Ireland Limited, Pauwels France SA, Pauwels Trafo Belgium N.V., Pauwels Trafo Service N.V., Pauwels Middle East Trading and Contracting Limited, Crompton Greaves Hungary Kft, Transverticum Kft, Ganz Transelektro Villamosagyi Zrt., Microsol Holdings Limited, Microsol Limited, Viserge Limited, Microsol UK Limited, Crompton Greaves Germany GmbH, MSE Power Systems Inc., MSE West LLC, Societe Nouvelle de Maintenance Transformateurs and Microsol Inc.

## SUBSIDIARY COMPANIES

Your Company has two Indian subsidiaries viz. BILT Tree Tech Limited ("BTTL") and BILT Graphic Paper Products Limited ("BGPPPL") and five foreign subsidiaries i.e. four based in The Netherlands namely Ballarpur International Holdings B.V. ("BIH"), Ballarpur International Graphic Paper Holdings B.V. ("BIGPH"), Ballarpur Paper Holdings B.V. ("BPH"), and Ballarpur International Paper Holdings B.V. ("BIPH") and one based in Malaysia i.e. Sabah Forest Industries Sdn. Bhd. ("SFI").

Ballarpur Graphic Paper Holdings B.V., a wholly owned subsidiary of BPH in The Netherlands was merged with it with effect from 15 October, 2008.

BTTL is a direct subsidiary and BGPPPL is a step down subsidiary of your Company.

As on date, BIH is a wholly owned subsidiary of your Company and holding company of BIGPH with an equity stake of 79.53 per cent and the balance 20.47 per cent is held by two Private Equity Investors viz. JPMorgan Mauritius Holdings VII Limited (7.60 per cent) and Lathe Investments Pte Ltd., a wholly owned subsidiary of



Government of Singapore Investment Corporation (12.87 per cent). BPH is a wholly owned subsidiary of BIGPH. BPH owns 97.8 per cent of the paid up capital in SFI. BIPH is a wholly owned subsidiary of BPH and holds approx. 100 per cent of paid up equity share capital in BGPPL.

Your Company has obtained an exemption under Section 212 of the Companies Act, 1956, from annexing to this Report, the Annual Reports of the abovementioned subsidiaries, for the year ended 30 June, 2009. However, if any Member of the Company or its subsidiaries so desires, the Company will make available the Annual Accounts of the subsidiaries to them, on request. The same will also be available for inspection at the Registered and Head Office of your Company and of its subsidiaries, during working hours upto the date of the Annual General Meeting.

The details of each subsidiary with respect to capital, reserves, total assets, total liabilities, details of investment (except in case of investment in subsidiaries), turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend are detailed in the Annual Report.

#### CONSOLIDATION OF ACCOUNTS

As required by Accounting Standards AS-21 and AS-23 of the Institute of Chartered Accountants of India, the financial statements of your Company reflecting the consolidation of the Accounts of your Company and its 7 subsidiaries mentioned above are annexed to this Report.

#### CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant particulars pertaining to conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo are given in the prescribed format as an Annexure to this Report.

#### PARTICULARS OF EMPLOYEES

The statement of particulars, required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees)

(Amendment) Rules, 2002, forms a part of this Report. However, as permitted by the Companies Act, 1956, the Report and Accounts are being sent to all Members and other entitled persons excluding the above statement. Those interested in obtaining a copy of the said statement, may write to the Company at its Registered Office and the same will be sent by post. The statement is also available for inspection at the Registered Office, during working hours upto the date of the Annual General Meeting.

#### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956.

The Directors confirm that:

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of your Company and of the profit for the financial year;
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

#### AUDITORS

The Statutory Auditors of the Company, M/s. K. K. Mankeshwar & Co., retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a letter from the Statutory Auditors to the effect that their re-appointment, if made at the ensuing Annual General Meeting, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

#### COST AUDIT

As per the provisions of Section 233B of the Companies Act, 1956, an audit of Cost Accounts in respect of Paper manufactured by the Company at its three units shall be carried out by the Cost Auditors of the Company and the Reports on the same will be submitted to the appropriate authorities, as required under the relevant rules.

#### CORPORATE GOVERNANCE

The Auditors, M/s. K. K. Mankeshwar & Co., have certified your Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement with the Stock Exchanges. The Report on Corporate Governance together with the said certificate is attached and forms part of this Report.

#### FIXED DEPOSITS

Your Company had, effective August 2004, discontinued acceptance of fresh deposits/renewal of existing deposits. There is no deposit due for maturity.

Deposits of Rs.1.89 crore due for repayment as of 30 June, 2009 were unclaimed by 820 depositors. As at the date of this Report, Rs.9.62 lacs has been claimed and repaid from this total unclaimed amount.

#### ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the contribution made by the employees through their dedication, hard work and commitment in achieving the Company's performance.

We also acknowledge the support and co-operation extended by the Financial Institutions, Analysts, Banks, Government Authorities, Customers, Vendors, Shareholders and Investors at large and look forward to their continued support.

For and on behalf of the Board of Directors

**GAUTAM THAPAR**  
Chairman

**R. R. VEDERAH**  
Managing Director

**B. HARIHARAN**  
Group Director (Finance)

Date            21 September 2009  
Place            New Delhi

# annexure to directors' report

## FORM A: DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

<b>A POWER AND FUEL CONSUMPTION</b>			<b>2008—2009</b>	<b>2007—2008</b>
			<i>paper</i>	<i>paper</i>
<b>1. Electricity</b>				
(A) PURCHASED				
UNITS	000 KWH		178,215	214,097
TOTAL AMOUNT	Rs.Lacs		6,704	7,570
RATE / UNIT	Rs.		3.76	3.54
(B) OWN GENERATION				
(i) Through Generator - D.OIL/LSHS/HSD				
UNITS	000 KWH		—	—
Units per litre of D.oil/LSHS/HSD	KWH		—	—
Cost per unit	Rs.		—	—
(ii) Through Steam Turbine / Generator				
UNITS	000 KWH		—	—
Units of Power per mt of coal	KWH		—	—
Cost per unit	Rs.		—	—
<b>2. Coal</b>				
(Quality used in boilers-GRADES : B,C,D, etc.)				
QUANTITY	M.T.		42,468	31,846
TOTAL COST	Rs.Lacs		1,048	503
Average rate	Rs/M.T		2,468	1,580
<b>3. Furnace oil/LSHS/LDO/RFO</b>				
QUANTITY	K.L.		4,110	3,016
TOTAL COST	Rs.Lacs		858	698
Average Rate	Rs/K.L		20,873	23,143
<b>4. Others / internal generation etc.</b>				
(BLACK LIQUOR SOLIDS FIRED, WASTE HEAT RECOVERY, LPG )				
QUANTITY ( COAL EQUIVALENT )	M.T.		—	—
TOTAL COST	Rs.Lacs		—	—
Average Rate	Rs/M.T		—	—

<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>		<b>Electricity</b>		<b>Coal</b>		<b>Furnace oil</b>		<b>Others/internal Generation</b>	
		(KWH/TONNE)		(M.T./ TONNE)		(K.L./ TONNE)		(M.T./TONNE)	
		<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
		<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>
Paper		859	1078	0.205	0.598	0.020	0.000	0.000	0.000

## DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

### ENERGY CONSERVATION MEASURES TAKEN, RESULTS ACHIEVED & PLANS FOR THE FUTURE, SPECIFIC MEASURES TAKEN DURING THE YEAR 2008-2009:

1. Installing of VFD's at various locations.
2. Installing of energy efficient pumps.
3. Installing of energy efficient motors.
4. Installing of electronic chokes in place of conventional chokes in lighting system of mills, CFLs in place of incandescent lamps and Metal Halide Lamps in street lighting system of mills & colony.
5. Power Sensors in street Lighting
6. VFDs in various equipment.
7. Optimisation in water consumption by optimising the operation of Disc Filter at PM 1 for recycling of base water.
8. Optimising water consumption across the mill for reduction in intake pump operating hours.
9. Improvement in power factor 0.999 by addition of capacitors.
10. Reduce the idle running hrs of equipments.
11. Maximise the utilization of bamboo dust consumption in boiler to save the coal.
12. Use CFL to conserve the lighting energy.
13. Optimize the thermal losses by promptly attending the steam/condensate leakages.

## FORM - B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D carried out by the Company :
  - Bleaching Sequence (C/D-EP-H-D) changed from five stage to four stage
  - Substitution of Clo<sub>2</sub> in 'C' stage to reduce AOX in effluent.
  - Installation of lime kiln(CREP Compliances)
  - Study & Optimisation of Raw Material in Pulp Mill
  - Study of impact of silica in Causticizing section
  - Study of various tackle design for Refiners
  - Development of Image copier on Pm/c#2 in unit Sewa
  - Maplitho blue shades developed on Pm/c#2 as per market requirement.

- Evaluation of High Concentrated Optical Brightners in laboratory
  - Development of Alkaline Sizing on Pm/c # 2 in unit Sewa
  - Development of Coloured Matrix paper in 4 shades (Vellum cream, Blush pink, Mystic Blue & tropical Green) for photo copying and laser printing segment
  - Development of BCB in 400 gsm for VSNL scratch card.
  - Development of digital paper in 250 gsm in two shades (Moonbeam white & Camelle Cream).
  - Reduce bleaching cost and improve brightness and whiteness with higher dosage of H<sub>2</sub>O<sub>2</sub> while reducing ClO<sub>2</sub> consumption during bleaching process.
  - Pulping , bleaching and paper making characteristics of Eucalyptus hybrid , Acacia sps & Shorea robusta received from West Bengal.
  - To manufacture paper with 100 % PCC
  - To improve formation Index of paper
  - Introduction of ClO<sub>2</sub> in WTP for chlorination of water
  - Substitute for Wetend starch
  - Implementation of OHSAS
  - Evaluation of alternate pulp supplies for BCTMP & hardwood pulp
2. Benefits derived as a result of above R & D:
    - Streamlining the Raw Material mix to maximum three species i.e Bamboo , Cajurina
    - Helped in deciding installation of Single stage desilication instead of two stage .
    - Reduction in Chlorine consumption in Bleaching Plant
    - Recycling of lime mud and CREP compliance.
    - Improvement in Shade / Permanence of Paper
    - Improvement in Tear factor of paper by selecting suitable tackle design
    - Improvement in process efficiency.
    - Improvement in product quality.
    - Reduce bleaching cost and improved brightness and whiteness of pulp and paper.
    - Export orders of colored REB and colored Matrix paper.
    - APR PG & APPM pulp was used in place of Hardwood pulp successfully in Copy Power furnish. The paper properties are as per CTQ.
    - New product Copier 70 gsm (Ten On Ten) manufactured in Copy power

- shade & the properties have been developed successfully.
  - The trial was successful in Matrix Copier grades with 100% PCC. The Physical & optical properties are improved. (i.e. Brightness, Opacity, Stiffness, Smoothness )
  - By adopting various refining options,paper with improved formation index has been manufactured successfully.
  - The trial was successful the ClO<sub>2</sub> doses 0.8 to 1.0 Kg/hr in raw water to maintain the ORP & FRC in drinking & Process water.
  - OHSAS 18001 certification achieved in Apr'09.
  - All documentation work for FSC has been done in the last quarter of the year.
3. Future Plan of Action:
    - Upgrading Pulp Mill Bleaching sequence to CD-EOP-D1-D2
    - Reduction in AOX level to less than 1 kgs/t
    - Use of PCC as a filler in paper with Alkaline sizing
    - Color reduction of Treated Effluent
    - Potential CDM projects/Carbon trading.
    - NCG burning in lime kiln
    - To improve pulp yield from existing pulp facilities using the existing fibrous raw material.
    - Reduction in fiber loss by optimizing of the process.
    - Optimization of coating slips ingredients for pre-coat and top-coat.
    - Reduction in water and energy consumption .
    - Improvement in stiffness of BCB, 300 gsm and Art Board 280 gsm.
    - To study Black liquor characteristic and work on improving the thick black liquor concentration % solid .
    - Trial with Anionic polymer.
    - Improvement in biocide programme.
    - Improvement in Strength of Carton & Wrappers.
    - Stabilisation of wet end conditions with new pulp mix.
    - To increase stiffness in copy power paper.
    - Improvement in formation index.
    - Implementation of FSC.
  4. Expenditure on R & D (including through approved agencies):
    - a. Capital (incl. WIP & Miscellaneous Expenditure) Nil
    - b. Revenue Rs. 6 Lacs

c. Total	Rs. 6 Lacs
d. Total Expenses as a % of Turnover	0.006 %

#### FORM C

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

- TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**
- Efforts made in brief towards technology absorption:
    - Insallation of " Corrudeck Design " washers in Pulp mill to reduce Soda loss from 25 kgs/t to 20 kgs/t
    - New Globe Rewinder installed.
    - New Centricleaner system in Pm/c#1.
    - New DCS system in pulp mill amd Pm/c#2.
    - Installation of A4 line.
    - In-house R&D Technology has been successfully absorbed for the improvement of products and development of new value added products for paper.
    - Optimisation of process parameters, fibrous and non-fibrous inputs.
    - Effective environmental monitoring schedules and applicaton of Environmental management system.
  - Benefits derived as a result of the above:
    - Improvement in the Product quality
    - Sustenance in business
    - Stakeholders' satisfaction
    - Reduction in manufacturing cost and finishing losses.
    - Further improvement in quality of papers.
    - Unit certification continued for ISO 9001 : 2000 & ISO 14001 : 2004
    - Development of new customer & products
    - Improvement in quality of product etc.
  - In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year)
    - Technology Imported :
      - New A4 Line (ECH WILL,Germany),Hot Stock Screening (Andritz,Finland), Centricleaner System (Voith,Germany)
    - Year of Import :
      - 2008-09
    - Has Technology been fully absorbed :
      - A4 Line
    - If not fully absorbed areas where this has not taken place, reasons therefore and future plan of action :
      - To be commissioned in year 2009-10.

- Activities relating to exports, initiatives taken to increase:
  - Company's brands have been well accepted in the international markets Coated paper is being regularly exported to markets like USA, Canada, Europe etc and the Product Quality is appreciated by discerning customers in these developed & matured markets.
- Total Foreign Exchange used and earned:
  - Foreign Exchange used
    - Rs. 129.46 crore
  - Foreign Exchange earned
    - Rs. 30.95 crore





# auditors' report

## TO THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of M/s Ballarpur Industries Limited, as at 30th June 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the audited accounts of Unit of the Company, audited by other auditors.  
These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we also report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of books;
  - (iii) The reports on the accounts audited by the Unit Auditors, have been properly dealt with by us while preparing our report;
  - (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement

dealt with by this report are in agreement with the books of account;

- (v) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with the Notes thereon comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (vi) On the basis of written representations received from the Directors, as on 30th June, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2009;
  - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### ASHWIN MANKESHWAR

Partner  
Membership No. 46219

For and on behalf of  
**K.K.MANKESHWAR & CO.,**  
Chartered Accountants

New Delhi, 21st September 2009

#### ANNEXURE 'A'

(Referred to in paragraph 3 of our report of even date)

In terms of the information and explanations given to us and books and records examined by us and the Unit Auditors in the normal course of audit and to the best of our information and belief, we state that:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, covering all fixed assets over a period of three years. There was no material discrepancies noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its operations, the frequency of verification is reasonable.
  - Based on the information and explanations given by the Management and on the basis of audit procedures performed by us, we are of the opinion that the fixed assets disposed off during the year do not constitute a substantial part of the fixed assets of the Company and such disposal has not affected the going concern.
- The inventory (excluding stocks with third parties and stocks lying at outside warehouses) has been physically verified by the Management. In our opinion, the frequency of verification is reasonable.
  - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- The Company has not granted or taken any loan, secured or unsecured, to or from companies, firms or other parties covered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956. Accordingly,

paragraph 4(iii) of the Companies (Auditor's Report) Order is not applicable to the Company.

- In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased/ services availed are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- In respect of the transactions entered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956:
  - To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
  - In our opinion and according to the information and explanations given to us, and excluding certain transactions of purchase of goods/ services availed and material of special nature for which alternative quotations are not available, where each of such transactions is in excess of five lakh rupees in respect of any party, transactions have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
- In our and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board on the Company.
- In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of Paper pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the

prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding, as at 30th June, 2009 for a period of more than six months from the date they became payable except where the liabilities are specifically deferred by the Government.
- c) According to the information and explanations given to us and the records of the Company, the particulars of dues of sales tax, excise duty/cess as on 30th June, 2009 which have not been deposited on account of disputes have been stated in Note 2(b) of Schedule M of the financial statements.
10. The Company has no accumulated losses as at 30th June, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are, in our opinion, not applicable to the Company.
14. In our opinion, the Company is not a dealer in shares, securities, debentures and other investments
15. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, according to the information and explanations given to us and to the best of our knowledge and belief on an overall basis, the term loans taken and/ or utilized during the year have been applied for the purpose for which they were obtained, other than temporary deployment of such funds.
17. On the basis of review of utilization of funds on overall basis, related information as made available to us and as represented to us by the management, in our opinion, funds raised on short-term basis have, prima facie, not been used during the year for the long term investment and vice versa, other than temporary deployment of such funds.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has created securities in respect of secured debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**ASHWIN MANKESHWAR**

Partner

Membership No. 46219

For and on behalf of

**K.K.MANKESHWAR & CO.,**

Chartered Accountants

New Delhi, 21st September 2009



financials





# BALANCE SHEET

as at june 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule		30.06.2009		30.06.2008
<b>I. Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
a. Share Capital	"A"	1,111,234		1,111,234	
b. Reserves & Surplus	"B"	12,386,488		11,568,683	
			13,497,722		12,679,917
<b>2. Loan Funds</b>					
a. Secured Loans	"C"	5,090,402		5,427,832	
b. Unsecured Loans	"D"	3,806,037		3,979,107	
			8,896,439		9,406,939
<b>3. Deferred Tax Liability (Net of Assets)</b>					
			968,713		916,178
<b>Total</b>			<b>23,362,874</b>		<b>23,003,034</b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a. Gross Block	"E"	13,625,437		12,176,757	
Less: Depreciation & Impairment		5,137,286		4,537,504	
Net Block		8,488,151		7,639,253	
b. Construction and Installation-in-Progress including Expenditure thereon (Pending Allocation)		1,918,260		747,504	
c. Advance against Capital Assets		22,353		598,945	
			10,428,764		8,985,702
<b>2. Investments</b>					
	"F"		2,855,471		2,855,471
<b>3. Current Assets, Loans &amp; Advances</b>					
a. Interest accrued on Investments and Fixed Deposits		197		113	
b. Inventories	"G"	1,300,003		1,344,596	
c. Sundry Debtors	"H"	2,054,245		1,852,520	
d. Cash and Bank Balances	"I"	104,107		3,637,830	
e. Loans and Advances	"J"	10,298,534		7,831,924	
			13,757,086		14,666,983
<b>Less: Current Liabilities and Provisions</b>					
a. Current Liabilities	"K"	1,461,066		1,304,091	
b. Provisions		2,254,030		2,260,655	
			3,715,096		3,564,746
<b>Net Current Assets</b>					
			10,041,990		11,102,237
<b>4. Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)	"L"		36,649		59,624
<b>Notes to Balance Sheet</b>					
	"M"				
<b>Total</b>			<b>23,362,874</b>		<b>23,003,034</b>

Note: Schedules "A" to "M" referred to above form an integral part of the Balance Sheet.

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219

For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

21st September, 2009  
 New Delhi

**GAUTAM THAPAR**  
 chairman  
**R. R. VEDERAH**  
 managing director  
**B. HARIHARAN**  
 group director (finance)  
**VIVEK KUMAR GOYAL**  
 chief financial officer  
**AKHIL MAHAJAN**  
 company secretary

21st September, 2009  
 New Delhi

# PROFIT & LOSS ACCOUNT

for the year ended June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule	30.06.2009	30.06.2008
<b>Income</b>			
Sales	"I"	10,535,678	10,308,904
Less: Excise Duty		542,368	959,704
Net Sales		9,993,310	9,349,200
Other Income	"II"	49,503	30,012
Increase / (Decrease) in Stocks	"III"	214,020	(98,862)
<b>Total</b>		<b>10,256,833</b>	9,280,350
<b>Expenditure</b>			
Manufacturing Costs	"IV"	6,475,062	5,878,397
Purchases		432,620	359,841
Personnel Costs	"V"	617,964	491,719
Administration, Selling & Miscellaneous Costs	"VI"	360,631	201,670
Deferred Revenue Expenditure - Amortised (Net)		40,973	64,095
Interest and Finance Costs (Net)	"VII"	137,766	278,128
Depreciation		769,544	633,780
<b>Total</b>		<b>8,834,560</b>	7,907,630
<b>Profit Before Taxation</b>		1,422,273	1,372,720
Provisions for Taxation			
Current Tax		107,185	480,700
MAT Entitlement Credit		-	(368,400)
Deferred Tax		52,535	(48,058)
Fringe Benefits Tax		8,700	14,000
		168,420	78,242
<b>Profit After Taxation</b>		1,253,853	1,294,478
Add: Balance brought forward from last year		2,271,384	1,704,639
Add: Debenture Redemption Reserve no longer required		75,000	27,222
<b>Amount available for Appropriation</b>		3,600,237	3,026,339
<b>APPROPRIATIONS</b>			
<b>General Reserve</b>		250,000	300,000
<b>Proposed Dividend:</b>			
On 555523839 equity shares @ 25%		277,762	-
(On 555523839 equity shares @ 35%)		-	388,867
		277,762	388,867
Add: Dividend Tax on above		47,206	66,088
		324,968	454,955
<b>Balance carried to Balance Sheet</b>		3,025,269	2,271,384
Notes Forming Part of Profit and Loss Account	"VIII"		
		3,600,237	3,026,339
Basic Earnings Per Share (Rs.)		2.26	2.33
Diluted Earnings Per Share (Rs.)		2.02	2.06

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219

For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

21st September, 2009  
 New Delhi

**GAUTAM THAPAR**  
 chairman  
**R. R. VEDERAH**  
 managing director  
**B. HARIHARAN**  
 group director (finance)  
**VIVEK KUMAR GOYAL**  
 chief financial officer  
**AKHIL MAHAJAN**  
 company secretary

21st September, 2009  
 New Delhi

# CASH FLOW STATEMENT

for the year ended june 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax and Appropriations</b>	1,422,273	1,372,720
Add /(Less) :		
Adjustments for :		
(Profit) / Loss on sale of Assets (Investing Activity)	8	(1,047)
Unspent Liabilities and Excess Provisions of earlier years written back	(3,771)	(10,899)
Interest and Finance Costs (net)	137,766	278,128
Depreciation	769,544	633,780
Deferred revenue expenses amortised	40,973	64,095
<b>Operating Profit before Working Capital changes</b>	2,366,793	2,336,777
<b>Adjustments for Working Capital changes :</b>		
Trade payable and others	93,772	25,572
Inventories	44,593	(169,397)
Trade and other receivables	(201,725)	37,200
Loans and Advances	(483,221)	(300,302)
<b>Cash Generated from Operations</b>	1,820,212	1,929,850
Deferred Revenue expenditure (Net)	(17,998)	–
Direct Taxes (net)	(403,842)	(465,440)
<b>Net Cash Inflow from Operating Activities</b>	1,398,372	1,464,410
<b>B. Cash Flow from Investing Activities</b>		
Increase in Fixed Assets, Capital WIP, Capital Advances (Net)	(2,635,496)	(2,036,848)
Sale of assets (Net)	422,882	8,260
Loan Given to Subsidiary Company	–	(4,858,750)
Refund of Advances	1,512,900	–
Advance for Investment	(2,119,265)	–
Subscription / Purchase of Equity Shares	(199,108)	(500)
Sale of Investments	–	19,500,000
<b>Net Cash Used in Investing Activities</b>	(3,018,087)	12,612,162
<b>C. Cash Flow from Financing Activities</b>		
Payment for Buyback (Compulsory & Optional)	(2,945)	(9,310,113)
Increase / (Decrease) in long term and other borrowings (Net)	(1,284,574)	(3,957,708)
Interest and Financing charges (Net)	(170,841)	(259,087)
Dividend Paid (including dividend tax)	(455,648)	(326,630)
<b>Net Cash used in Financing Activities</b>	(1,914,008)	(13,853,538)
<b>Net Increase in Cash and Cash Equivalents</b>	(3,533,723)	223,034
<b>Cash and Cash Equivalents</b>	3,637,830	3,445,820
Less Transferred Pursuant to the Scheme of Arrangement and Reorganisation	–	31,024
<b>Cash and Cash Equivalents (Closing Balance)</b>	104,107	3,637,830

## Notes

- The above statement has been prepared following the Indirect Method.
- Increase in Fixed Assets are stated inclusive of movements of Capital work in progress and Capital advances between the beginning and the end of the year.
- Proceeds from long term and other borrowings are shown net of repayments.
- Cash and Cash Equivalents represent Cash and Bank Balances only.
- Figures of previous year have been rearranged and regrouped wherever necessary to conform to current year classifications.

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219  
 For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

**GAUTAM THAPAR**  
**R. R. VEDERAH**  
**B. HARIHARAN**  
**VIVEK KUMAR GOYAL**  
**AKHIL MAHAJAN**

chairman  
 managing director  
 group director (finance)  
 chief financial officer  
 company secretary

21st September, 2009  
 New Delhi

21st September, 2009  
 New Delhi

## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "A" : Share Capital</b>		
<b>Authorised</b>		
1487500000 Equity Shares of Rs. 2/- Each (Previous Year 1487500000 Equity Shares of Rs. 2/- each)	2,975,000	2,975,000
10250000 (Previous Year 10250000) Preference Shares of Rs. 100/- each	1,025,000	1,025,000
	4,000,000	4,000,000
<b>Issued</b>		
930005910 Equity Shares of Rs. 2/- each (Previous Year 930005910 Equity Shares of Rs. 2/- each)	1,860,012	1,860,012
	1,860,012	1,860,012
<b>Subscribed and Paid Up</b>		
555773584 Equity Shares of Rs. 2/- each (Previous Year 928786895 Equity Shares of Rs. 2/- each)	1,111,546	1,857,573
Less : 249745 Equity Shares of Rs. 2/- each forfeited (Previous Year 249745 Equity Shares of Rs. 2/- each)	499	499
	1,111,047	1,857,074
NIL : (Previous Year 928537150 Equity Shares of Rs. 2/- each (Pursuant to the Scheme of Arrangement and Reorganisation))	-	1,857,074
Less: NIL (Previous Year 371414860) Compulsory Buyback of Equity Shares of Rs. 2/- each	-	742,830
	1,111,047	1,114,244
Less: NIL (Previous Year 1598451) Optional Buyback of Equity Shares of Rs. 2/- each	-	3,197
555523839 Equity Shares of Rs.2/- each	1,111,047	1,111,047
Add: Forfeited Shares (amount paid up)	187	187
	1,111,234	1,111,234

### I. Pre-split and Buyback of Equity Shares :

- 35,000 Equity Shares of Rs. 10/- each allotted as fully paid up without payment being received in cash.
- 15,423,900-1/2 Equity Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares capitalised from General Reserve and Share Premium Account.
- 950,000 Equity Shares of Rs. 10/- each fully paid up issued to Financial Institutions on part conversion of Loans/Debentures.
- 4,374,945 Equity Shares of Rs. 10/- each allotted as fully paid up to the Shareholders of Amalgamating Companies pursuant to the Schemes of Amalgamation.
- 135,174 Equity Shares of Rs. 10/- each allotted as fully paid up on conversion of 237 - 4% Euro Bonds of the Face Value of US\$ 11,85,000/-.
- 11,887,469 Equity Shares of Rs. 10/- each allotted as fully paid up, in terms of Scheme of Arrangement & Reorganisation.
- 12,649,218 Equity Shares of Rs. 10/- each allotted as fully paid up, pursuant to the scheme of Arrangement & Amalgamation between the Company and Bilt Graphic Papers Ltd.
- 21,160,820 Equity share of Rs. 10/- each allotted as fully paid up against Global Depository Shares(GDS) aggregating to USD 35 Million.
- 92,775 Equity Shares of Rs. 10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.
- 23,278,276 Equity shares of Rs. 10/- each allotted in the previous year at a premium of Rs. 76.20/- per share against conversion of Foreign Currency Convertible Bonds (FCCB) of Face Value US\$ 45,000,000.

### II. Post-split and Buyback of Equity Shares :

- Pursuant to the Scheme of Arrangement and Reorganisation under section 391-394 of the Companies Act, 1956 , approved by High Court of Mumbai (Nagpur Bench ) vide its order dt. 30.11.2007, One Equity Share of Rs. 10/- was subdivided into five Equity Shares of Rs. 2/- each and simultaneous compulsory buyback of 371,414,860 Equity Shares of Rs. 2/- each at a price Rs. 25/- each per share.
- 15,98,451 Equity Shares of Rs. 2/- were optionally bought back by the company at a price Rs. 30/- each per share pursuant to the above scheme.



## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "B" Reserves &amp; Surplus</b>		
<b>Capital Reserve</b>		
As per Last Account	151,546	151,546
	151,546	151,546
<b>Share Premium Account</b>		
As per Last Account	428,394	7,754,612
Less : Security Premium Payable on redemption of ZCCB	207,731	200,082
Add : Security Premium on Buyback USD 8 Mn ZCCB during the year	96,651	-
Less : Premium on Compulsory Buyback of Equity Shares pursuant to the scheme	-	7,126,136
	317,314	428,394
<b>Preference Share Capital Redemption Reserve</b>		
As per Last Account	738,469	738,469
	738,469	738,469
<b>General Reserve</b>		
As per Last Account	7,603,890	7,395,493
Add : Transferred from Profit & Loss Account	250,000	300,000
Add : Deferred Tax Liability adjusted in accordance with Accounting Standard 22 "Accounting for Taxes on Income" pursuant to the Scheme of Arrangement and Reorganisation	-	1,374,267
Less : Premium on Compulsory and Optional Buyback of Equity Shares	-	1,461,162
Less : Charge on account of transitional provision under Accounting Standard – 15 " Employee Benefits"	-	4,708
	7,853,890	7,603,890
<b>Debenture Redemption Reserve</b>		
As per Last Account	375,000	402,222
Less: Transferred to Profit & Loss Account	75,000	27,222
	300,000	375,000
<b>Balance as Per Profit &amp; Loss Account</b>	3,025,269	2,271,384
	12,386,488	11,568,683

## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2009	30.06.2008
<b>Schedule "C" : Secured Loans</b>			
	Notes		
Debentures	(1)	1,200,000	1,500,000
Term Loans from Banks / Financial Institutions including External Commercial Borrowings	(2)	3,890,402	3,927,832
		5,090,402	5,427,832

### Notes

1. These comprise of :-
  - a) The above Debentures are secured by parri-passu first charges created on all immoveable and moveable properties of the Company both present and future.
  - b) The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 31 July, 2009 and the last being due on 30th June, 2013. The amount of Debentures due for redemption for the financial year 2009-10 is Rs. 3000 lacs.
2. The above Term Loans & ECBs are secured by parri-passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future except ECB from HSBC and CITI Bank which is secured by the first parri-passu charged on all the moveable properties of the company both present and future.

	30.06.2009	30.06.2008
<b>Schedule "D" Unsecured Loans</b>		
Fixed Deposits *	18,905	26,274
Loan from Banks	1,522,532	1,417,833
Zero Coupon Convertible Bonds (US \$ 52 mn)	2,264,600	2,535,000
	3,806,037	3,979,107

\* Unclaimed matured deposits which will be credited to Investor Education and Protection Fund. The actual amount to be transferred to the fund will be determined on respective due dates.

# SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Assets	Gross Block				Depreciation Block				Net Block			
	As at 1st July, 2008	Additions/ Adjustments during the year	Transferred Pursuant to the Scheme	Sales/ Adjustments & Disposals during the year	Total as at 30th June, 2009	As at 1st July, 2008	For the year	Transferred Pursuant to the Scheme	On Sales, Adjustments & Disposals during the year	Total as at 30th June, 2009	As at 30th June, 2009	As at 30th June, 2008
<b>Schedule "E": Fixed Assets</b>												
<b>A. Tangible Assets</b>												
Land (including leasehold lands)	174,355	514			174,869						174,869	174,355
Buildings	1,072,638	239,903		21,590	1,290,951	391,642	33,578		19,764	405,456	885,495	680,996
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	1,930				1,930	917	142			1,059	871	1,013
Plant, Machinery & Equipments	10,224,225	1,713,796		569,780	11,368,241	3,716,055	638,952		149,038	4,205,969	7,162,272	6,508,170
Furniture, Fixtures and Office Equipments	82,002	82,923		687	164,238	64,663	7,938		507	72,094	92,144	17,339
Improvement to Leased Assets	52,848				52,848	44,032	7,045			51,077	1,771	8,816
Vehicles	27,782	4,196		446	31,532	11,438	4,744		442	15,740	15,792	16,344
Gas Cylinders	13			13		11			11			2
<b>B. Intangible Assets</b>												
ERP Project	539,854				539,854	308,746	77,145			385,891	153,963	231,108
Total : This Year	12,175,647	2,041,332		592,516	13,624,463	4,537,504	769,544		169,762	5,137,286	8,487,177	7,638,143
Total : Previous Year	32,675,348	1,395,213	21,856,178	38,736	12,175,647	12,851,005	633,780	8,910,289	36,992	4,537,504	974	1,110
Scrap Assets											8,488,151	7,639,253

## Notes

- Buildings include Rs. 38969 thousands (Previous year Rs. 38969 thousands) towards revalued value of ownership flats in Co-operative Housing Societies.
- The Lease-Agreement in respect of 5.04 Acres of Land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company. Lease Deeds held in the name of erstwhile amalgamating Company Sewa Papers Limited are being mutated in favour of the Company.

## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	30.06.2009		30.06.2008	
	Face Value or Nos.	Book Value	Face Value or Nos.	Book Value
<b>Schedule "F" : Investments</b>				
<b>Government Securities :</b>				
5 - Year Kisan Vikas Patra (Lodged as Security Deposit)	Rs. 2000	2	Rs. 2000	2
6 - Year National Saving Certificate	Rs. 3000	3	Rs. 3000	3
7 - Year National Saving Certificate	Rs. 3000	3	Rs. 3000	3
<b>Other Investments :</b>				
<b>Subsidiary Companies :</b>				
(Considered to be of Strategic Importance) :				
Bilt Tree Tech Limited	990000	3,960	990000	3,960
Fully paid Equity Shares of Rs. 10/- each				
Ballarpur International Holdings B.V.	45649900	2,668,668	45649900	2,668,668
Fully paid Equity Shares of Euro 1/- each				
Bilt Graphics Paper Products Ltd.	50000	500	50000	500
Fully paid Equity Shares of Rs. 10/- each				
<b>Other Companies :</b>				
(Considered to be of Strategic Importance)				
Blue Horizon Investments Limited	5000	335	5000	335
Fully paid Equity Shares of Rs. 10/- each				
Avantha Power & Infrastructure Limited (formerly Bilt Power Limited)	20384000	182,000	20384000	182,000
Fully paid Equity Shares of Rs. 10/- each (See Note)				
		2,855,471		2,855,471
In Government Securities		8		8
In Fully paid Equity Shares		2,855,463		2,855,463
		2,855,471		2,855,471
<b>Break-up :</b>				
Unquoted Investments		2,855,463		2,855,463
<b>Others :</b>				
Government Securities & Bonds		8		8
		2,855,471		2,855,471

### Note

During the year, 18200000 Fully paid Equity Shares of Rs. 10/-each of Avantha Power & Infrastructure Limited (formerly Bilt Power Limited) at a premium of Rs. 0.94 per equity share had been issued,subscribed and allotted to company and subsequently sold to its step down subsidiary M/s. Bilt Graphic Paper Products Limited.



## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2009	30.06.2008
<b>Schedule "G" : Inventories</b>			
(As valued and certified by the Management)			
Raw Materials		244,742	548,869
Stock of Stores, Spare Parts, Chemicals etc.		405,169	365,306
Block Stores		8,566	11,546
Raw Materials and Stores-in-Transit		26,399	17,768
Stock-in-Trade :			
Finished Stock -		535,329	367,847
Stock-in-Process -		79,798	33,260
		1,300,003	1,344,596
<b>Schedule "H" : Sundry Debtors</b>			
Debts outstanding for a period exceeding six months :			
Secured -			
Considered Good		6,873	12,459
Unsecured -			
Considered Good		69,655	36,420
		76,528	48,879
Other Debts :			
Secured -			
Considered Good		204,418	75,832
Unsecured -			
Considered Good		1,773,299	1,727,809
		1,977,717	1,803,641
		2,054,245	1,852,520
<b>Schedule "I": Cash and Bank Balances</b>			
Cash on Hand		1,193	2,878
Bank Balances :			
With Scheduled Banks -			
On Current Accounts	30,358		1,838,926
On Saving Accounts	-		37
On Margin Money Accounts	11,477		231,198
On Fixed Deposit Accounts	25,838		1,525,673
(Lodged as security deposit Rs. 288 thousands)			
On Employees' Security Deposit Account in Savings Bank	302		292
On Compulsory Buyback	20,021		22,581
On Optional Buyback	247		632
On Unpaid Dividend Accounts	14,671		15,367
		102,914	3,634,706
With Post Office on Saving Bank Accounts		-	246
(Pass Books lodged as Security Deposit)			
		104,107	3,637,830

## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "J" : Loans and Advances</b>		
Loan to Subsidiaries	4,167,276	4,858,750
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for to be received	1,268,893	1,029,237
Advance Against Investment	2,119,265	–
Due From Subsidiaries and Step Down Subsidiaries	318,761	37,905
Balance with Customs and Excise Authorities	133,528	19,063
Advance Tax, Tax Deducted at Source (including Income Tax refund receivable)	1,922,411	1,518,569
MAT Credit Entitlement	368,400	368,400
	10,298,534	7,831,924
Advances include amount advanced to Directors Rs. 3162 thousands (maximum amount outstanding at any time during year Rs. 3491 thousands)		
<b>Schedule "K" : Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
For Acceptances	15,248	14,390
Sundry Creditors - Micro, Small and Medium Enterprises	19,659	5,728
Sundry Creditors - Other Creditors	553,579	491,359
(Includes Interest free sales tax loan/deferral)		
Security Deposits (including Interest accrued thereon)	138,574	111,849
Provision on Security premium payable on redemption of ZCCB	631,727	520,647
Unclaimed Dividend / Dividend Payable *	14,644	15,337
Employees Security Deposit	302	292
Unclaimed Compulsory Buyback Consideration	20,021	22,581
Unclaimed Optional Buyback Consideration	247	632
Commission payable to Chairman, MD and other Directors	26,016	47,236
Interest on Loans accrued but not due	41,049	74,040
	1,461,066	1,304,091
<b>B. Provisions</b>		
Provision for Taxation	1,666,649	1,550,764
Provision for Proposed Dividend	277,762	388,867
Provision for Dividend Tax	47,206	66,088
Provision for Retirement Benefit	262,413	254,936
	2,254,030	2,260,655
	3,715,096	3,564,746

\* Includes amount to be transferred to Investor Education and Protection Fund which will be determined on the respective due dates.

	As at 01.07.2008	Expenditure during the year	Written off during the year (Net)	Balance as at 30.06.2009
<b>Schedule "L" : Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
ERS/VRS Compensation	59,624	17,998	40,973	36,649
	59,624	17,998	40,973	36,649

## Schedule "M": Significant Accounting Policies and Notes

**1. Significant Accounting Policies****A. Fixed Assets -Tangible**

1. Fixed Assets (other than those which have been revalued) are stated at their original cost Including Freight, Duties, Taxes and other Incidental Expenses related to Acquisition and Installation. In the case of Revalued Assets in hand as at the close of the year, the Book Value is inclusive of revaluation.
2. Expenditure during construction period including interest on specific borrowings for new major projects are capitalised till the stabilisation of commercial production.
3. The Company capitalises its Assets (including Construction and Installation in Progress) at a value net of Cenvat received / receivable in respect of Capital Goods.

**B. Depreciation**

Depreciation on Fixed Assets is provided on Straight Line Method on certain Assets and on Written Down Value Method on other Assets in accordance with Schedule XIV of the Companies Act, 1956, except in case of improvements to leased premises which are amortised over the period of lease. Land is not depreciated. Depreciation on revalued portion of fixed Assets, as applicable, is appropriated and adjusted out of Revaluation Reserve if available with the Company, on a global pooling basis and the balance is charged off in Accounts.

**C. Fixed Assets - Intangible**

Assets identified as intangible assets are stated at cost including incidental expenses thereto, and are amortised over a predetermined period.

**D. Inventory Valuation**

Raw Materials, Stores, Spare Parts, Chemicals etc., are valued at cost, computed on weighted average basis. Finished goods and work in process are valued at cost or net realisable value, whichever is lower. In the case of finished goods and work in process cost comprises of material, direct labour and applicable overhead expenses. The cost of finished goods also includes applicable excise duty.

**E. Investments**

- a) Investments made by the Company in various securities are primarily meant to be held over a long-term period.
- b) (i) Holding of certain Investments is of strategic importance to the Company and therefore, the Company does not consider it necessary to provide for decrease in the Book Value of such Investments, till continuation of the relation-ship of strategic importance with the Investee Company, namely that of a Subsidiary, Associate, Company under the same management, Foreign Joint Ventures and/or Company associated with Avantha Group.
- (ii) However, appropriate provisions are made to recognise decrease in the Book Value of Investments in companies of strategic importance also, as and when the Investee Company is either wound up or goes into liquidation or where the operations cease or are taken over by Receiver by Operation of Law.
- c) Investments in Government Securities are shown at cost and Investments, other than that of Strategic Importance to the Company are shown in the books at lower of cost or fair market value.
- d) As a conservative and prudent policy, the Company does not provide for increase in the Book Value of individual investments held by it on the date of Balance Sheet.

**F. Dividend**

Provision for Dividend, as proposed by the Directors, is made in the books of account, pending approval of the Shareholders at the Annual General Meeting.

**G. Foreign Currency Transactions****(i) Initial Recognition**

Foreign currency transaction are recorded in Indian rupees being the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the respective dates of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate as at the year end. 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.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting the company's monetary items at rates different from those at which they were initially recorded during the financial year are recognized as income or as expenses in the financial year in which they arise except for adjustment of exchange difference arising on reporting of long term foreign currency monetary items in so far they related to the acquisition of a depreciable capital assets which are adjusted to the cost of the assets.

**H. Revenue Recognition**

As per the requirement of the Companies (Amendment) Act, 1988, all Expenses and Income are accounted for on accrual basis.

**I. Research & Development**

Revenue expenditure on Research and Development is charged to the Profit & Loss Account / Deferred Revenue Expenditure, as the case may be in the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets or Work in Progress, as the case may be.

**J. Retirement Benefits**

Short term employee benefits are charged off in the year in which the related services are rendered. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit & Loss Accounts.

**K. Income from Investments**

Income from Investments, where appropriate, is taken to revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

**L. Advance License, Import Entitlements**

Advance License and Import Entitlements accruing against exports made by the Company are accounted in the books only on their utilisation/disposal.

**M. Taxation**

Provision for Current Tax is made on the basis of estimated taxable income for the relevant accounting year in accordance with the Income Tax Act, 1961.

The deferred tax liability on account of timing differences between the book profits and the taxable profits for the year is accounted by applying the tax rates as applicable as on the balance sheet date.

Deferred Tax assets arising from timing differences are recognised on the Principles of virtual certainty that these would be realised in future.

**N. Impairment of Assets**

The company applies the test of Impairment of certain assets as provided in Accounting Standard (AS) - 28 "Impairment of Assets".

**O. Provision and Contingencies**

The Company create a provision when there is a present obligation as a result of past events that probably require an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made, when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**P. Share Premium Account: Utilisation**

Debenture / Share / Foreign Currency Convertible Bonds issue expenses incurred and premium payable on Debenture / Foreign Currency Convertible Bonds are adjusted in the same year against the Securities Premium Account as permitted by section 78(2) of the Companies Act, 1956.

**2. Contingent Liabilities**

- a) Rs. 5578 Lacs being claims (30th June, 2008 Rs. 4845 Lacs) approximately against the company not acknowledged as debts.
- b) The details of disputed dues as per clause 9(b) of Section 227(4A) of the Companies Act, 1956 are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs)	Forum Where Dispute is Pending
Central Excise Tariff Act, 1985	Excise Duty	851	Assessing Authority
		756	Appellate Authority
		372	High Court
Central Sales Tax Act, 1956 and Sales Tax Act of various states	Sales Tax	1034	Assessing Authority
		515	Appellate Authority
		5	High Court
Customs Act, 1961	Customs Duty	7	Custom Commissioner
Water (Prevention and Control of Pollution) Cess (Amendment) Act 2003	Charges	8	Hon'ble High Court of Orissa
Income Tax Act, 1961	Income Tax*	84	State Pollution Control Board of India
		1714	Hon'ble High Court, Nagpur Bench
		962	Income Tax Appellate Tribunal
<b>Total</b>		<b>6308</b>	

\* Appeals preferred by the department against appellate authority's order.

- c) The future obligation for the rentals under a Financial Lease Agreement entered into, by the Company for certain assets taken on lease by another Company amounts to Rs. 6 Lacs (30th June, 2008 Rs. 11 Lacs).
3. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs. 935.10 Lacs (30th June, 2008 Rs. 996 Lacs).
  4. Estimated amount of contracts remaining to be executed on Capital Account Rs. 831.19 Lacs (Net of Advances) (30th June, 2008 Rs. 3148 Lacs).

5. The Company has operating leases for various premises and for other assets, which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Profit & Loss Account for the year are Rs. 38.49 Lacs (Previous Year Rs. 43.65 Lacs). As of 30th June, 2009, the future minimum lease payments for non-cancellable operating leases are as below :-
  - Not later than one year from 30th June, 2009 Rs. 30.59 Lacs
  - Later than one year and not later than five years Rs. 16.98 Lacs
6. Unit Ashti has imported certain Plant and Machinery at concessional rate of custom duty under 5% Export Promotion Capital Goods (EPCG) scheme. The Unit has been granted two licenses, accordingly the unit is obliged to export goods amounting USD 9.17 million, which is equivalent to eight and half times the duty saved on import of machinery. The unit is required to meet this export obligation over a period of eight years starting 17th March 2005. The unit has achieved total export of USD 3.80 million as on 30.06.09. As such the liability that may arise for non-fulfillment of export obligation is currently non-ascertainable.
7. Disclosures required under the Micro, Small and Medium Development Act, 2006 ("The Development Act") -delayed payments due as at the end of the year on accounts of principal - Rs. Nil (Previous Year Rs. Nil) and interest due thereon Nil (Previous Year Rs. Nil).
8. The disclosure required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

**Defined Contribution Plan**

Contribution to defined contribution plan is charged off for the year, are as under:

Sr. No.	Particulars	As at 30th June, 2009 (Rs. Lacs)	As at 30th June, 2008 (Rs. Lacs)
1.	Employer's Contribution in Provident Fund	316.67	142.67
2.	Employer's contribution in Superannuation Fund	49.61	42.98
3.	Employer's Contribution in Pension Scheme	202.05	167.49

**Defined Benefit Plan:**

The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Sr. No.	Particulars	Gratuity (Unfunded) (Rs. Lacs) 2008-09	Encashment (Unfunded) (Rs. Lacs) 2008-09	Gratuity (Unfunded) (Rs. Lacs) 2007-08	Encashment (Unfunded) (Rs. Lacs) 2007-08
<b>a.</b>	<b>Reconciliation of Opening and Closing of Defined Benefit Obligation</b>				
	Defined benefit obligation at beginning of the year	2159.90	389.46	1977.06	372.83
	Current Service Cost	170.77	16.32	223.59	19.83
	Interest Cost	165.35	28.60	167.21	30.49
	Actuarial (gain)/loss	65.22	56.42	47.93	12.22
	Benefit paid	(311.40)	(116.51)	(255.89)	(45.91)
	Defined benefit obligation at year end	2249.84	374.29	2159.9	389.46
<b>b.</b>	<b>Reconciliation of Opening and Closing Balance of Fair Value of Plan Assets</b>				
	Fair value of plan assets at beginning of the year	-	-	-	-
	Expected return on plan assets	-	-	-	-
	Actuarial gain/ (loss)	-	-	-	-
	Employer contribution	311.40	116.51	255.89	45.91
	Benefit Paid	(311.40)	(116.51)	(255.89)	(45.91)
	Fair Value of plan assets at year end	-	-	-	-
	Actual return on plan assets	-	-	-	-
<b>c.</b>	<b>Reconciliation of Fair Value of Assets and Obligations</b>				
	Fair value of plan assets as at 30th June, 2009				
	Present value of obligation as at 30th June, 2009	2249.84	374.29	2159.9	389.46
	Amount recognized in Balance Sheet	2249.84	374.29	2159.9	389.46
<b>d.</b>	<b>Expenses Recognized During the Year (under the head "Payments to and Provisions for Employees)</b>				
	Current Service Cost	170.77	16.32	223.59	19.83
	Interest Cost	165.35	28.60	167.21	30.49
	Expected return on plan assets	-	-	-	-
	Actuarial (gain)/loss	65.22	56.42	47.93	12.04
	Net Cost	401.34	101.34	438.73	62.36
<b>e.</b>	<b>Discount Rate (per annum)</b>	7.50%	7.50%	8%	8%
	Expected rate of return on plan assets (per annum)				



## SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### 9. Miscellaneous Expenditure - Deferred Revenue Expenditure

Compensation paid under the Approved Voluntary Retirement Scheme for its employees have been treated as Deferred Revenue Expenditure, which is being written off over a period of five years or up to 31st March, 2010, whichever is earlier.

10. The Provision for taxation for the year is the aggregate of the provision made for nine month ended 31.03.09 and three months ended 30.06.09. The ultimate tax liability shall however be based on the previous year as defined in the Income Tax Act, 1961. The deferred Tax Assets and Liabilities as on 30.06.09 and 30.06.08 comprising timing difference on accounts of :-

Particulars	30.06.2009 (Rs. Lacs)	30.06.2008 (Rs. Lacs)
<b>Deferred Tax Asset</b>		
Expenses allowable on payment basis	216.11	34.99
Provision for Gratuity & Others	891.94	1064.45
<b>Total</b>	<b>1108.05</b>	1099.44
<b>Deferred Tax Liability</b>		
Higher Depreciation Allowed under Tax Laws (Net of unabsorbed Depreciation)	10777.55	10058.56
Others Including Deferred Revenue Expenditure	17.63	202.66
<b>Total</b>	<b>10795.18</b>	10261.22
<b>Net Deferred Tax Liability</b>	9687.13	9161.78

11. Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various Units of the Company.
12. The Company has entered into a Power Purchase Agreement with Avantha Power & Infrastructure Limited and the rates of purchase of power shall be reviewed periodically as per the terms of the agreement.
13. Accounts with certain Financial Institutions, Banks and Companies are subject to reconciliation; however these will not have any significant impact on the profit for the year and on the net worth of the Company as on the Balance Sheet date.
14. During the year, USD 8 million Zero Coupon Convertible Bonds (ZCCB) of USD 60 million were bought back by the Company at a price USD 950 per bond, cost of which was USD 1000.
15. Office and Other Expenses include Rs. 2.25 crores being amount paid as donation to political parties  
 (a) Rs. 1.00 crore to All India Congress Committee  
 (b) Rs. 1.25 crore to Bhartiya Janata Party.
16. Figures for the previous year have been re-arranged and regrouped, wherever necessary to conform to current year's classification.

Signature to schedules "A" to "M"

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219

For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

21st September, 2009  
 New Delhi

**GAUTAM THAPAR**  
 chairman  
**R. R. VEDERAH**  
 managing director  
**B. HARIHARAN**  
 group director (finance)  
**VIVEK KUMAR GOYAL**  
 chief financial officer  
**AKHIL MAHAJAN**  
 company secretary

21st September, 2009  
 New Delhi

## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended june 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2009	30.06.2008
<b>Schedule "I" : Sales</b>			
Paper (including paper products and office supplies)	10,742,881		10,241,827
Less: Discount	207,203		171,158
		10,535,678	10,070,669
Others (including traded goods)		–	238,235
		10,535,678	10,308,904
<b>Schedule "II" : Other Income</b>			
Interest on Investments		133	126
Profit on Sales of Stores, Raw Materials, Scrap etc.		20,208	16,609
Rent and License Fee (Gross)		120	48
Miscellaneous Income		11,622	11,931
Gain arising on Buyback of Zero Coupon Convertible Bonds		17,420	–
Foreign Currency Fluctuation (Net)		–	251
Profit on Sale of Assets (Net)		–	1,047
		49,503	30,012
<b>Schedule "III" : Increase / (Decrease) in Stocks</b>			
Opening Stock :			
Finished		367,847	542,637
In Process		33,260	101,690
		401,107	644,327
Less : Transferred pursuant to the scheme			
Finished		–	75,359
In Process		–	68,999
		–	144,358
Closing Stock :			
Finished		535,329	367,847
In Process		79,798	33,260
		615,127	401,107
Net Increase/(Decrease) on Stocks		214,020	(98,862)
<b>Schedule "IV" : Manufacturing Costs</b>			
Raw Materials consumed (including Expenses thereon)		2,998,965	2,600,607
Stores and Spare Parts consumed		1,739,295	1,660,739
Excise duty on year end inventory of Finished Goods		(278)	(844)
Power, Fuel and Water Charges		1,510,526	1,445,539
Repairs and Maintenance - Buildings		13,367	9,701
Repairs and Maintenance - Plant & Machinery		81,415	46,816
Repairs and Maintenance Sundries		9,141	8,934
Processing Charges		102,045	85,784
Other Expenses		20,586	21,121
		6,475,062	5,878,397
<b>Schedule "V" : Personnel Costs</b>			
Salaries, Wages, Bonus and Gratuity		515,354	354,724
Directors' Commission on Profits - Gross		26,016	47,236
Contribution to Provident, Superannuation & Other Funds		37,344	37,390
Workers and Staff Welfare Expenses		39,250	52,369
		617,964	491,719

## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "VI": Administration, Selling &amp; Miscellaneous Costs</b>		
Rent	1,769	2,183
Lease Rent	2,080	2,182
Rates and Taxes	6,986	20,719
Insurance Charges	13,322	20,414
Directors Fees	1,400	1,200
Debenture Trustee Remuneration	364	725
Office & Other Expenses (Including Rs. 599 thousands for Research and Development)	86,746	19,509
Carriage and Freight	172,712	91,156
Other Selling Expenses	69,125	54,481
Loss on Sale of Assets (Net)	8	-
Foreign Exchange Rate Fluctuation (Net)	9,890	-
	364,402	212,569
Less: Unspent Liabilities and excess provisions in respect of earlier years written back	3,771	10,899
	360,631	201,670
<b>Schedule "VII": Interest and Finance Costs</b>		
Interest :		
On Debentures and Fixed Loans	294,336	724,777
On Other Accounts	147,911	305,897
Finance and Placement Charges	47	12,556
Guarantee Commission paid to Banks	971	67,384
	443,265	1,110,614
Less: Interest earned (Tax deducted at source Rs. 29830 thousands)	305,499	832,486
	137,766	278,128

Schedule 'VIII' : Additional information pursuant to the provisions of paragraph (3) to (4d) of Part II of Schedule VI of Companies Act, 1956 together with other notes.

### 1. Particulars in respect of Goods Manufactured, Licensed and Installed Capacities:

Class of goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		(Annual)		(Annual)		(Annual)	
		30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Paper including Wrapper and Coated Paper	M.T.	245,200	245,200	232,068	232,068	207,544	206,154 (a)
Caustic Soda	M.T.	14,900	14,900	-	-	-	-
Chlorine	M.T.	7,710	7,710	-	-	-	-
Hydrochloric Acid	M.T.	4,950	4,950	-	-	-	-
Hypochlorite	M.T.	5,700	5,700	-	-	-	-

- Includes Production 9007 MT (Previous Year 8554 MT) of Coated Paper at Unit ShreeGopal converted out of the paper manufactured by company.
- Includes Production 4915 MT (Previous Year NIL) of paper stationery converted out of the paper manufactured by company.
- The Licensed Capacity, Installed Capacity and Actual Production of paper & wrapper includes Specialised Grades of paper.
- Pursuant to Scheme of Arrangement and Reorganisation, Licensed and installed capacity stands reduced.
- Licensed and Installed capacities are as certified by the management.

## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009 Value	30.06.2008 Value
<b>2. Particulars in respect of Purchases, Stock of Finished Goods and Sales:</b>		
<b>(a) Purchases</b>		
Purchases	432,620	359,841

### (b) Stock of Finished Goods and Sales

Class of Goods	Unit of Qty.	Opening Stock				Closing Stock				Sales				
		30.06.2009		30.06.2008		30.06.2009		30.06.2008		30.06.2009		30.06.2008		
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	
Paper including Wrapper and Coated Paper	M.T.	1,236	46,602	2,223	81,784	1,363	52,720	1,236	46,602	202,502	10,230,164	205,910	9,852,134	
Caustic Soda	M.T.			225	1,749			-	-	-		-		
Chlorine	M.T.			36	282			-	-	-		-		
Hydrochloric Acid	M.T.			131	380			-	-	-		-		
Rayon Grade Pulp	M.T.			848	28,482			-	-	-		-		
Others including office supplies			321,245		429,960		482,609		-	321,245	-	305,514	-	456,770
			367,847		542,637		535,329		367,847		10,535,678		10,308,904	

### 3. Analysis of Materials Consumed :

	Unit	Quantity		Amount	
		30.06.2009	30.06.2008	30.06.2009	30.06.2008
Bamboo	M.T.	90,570	116,325	315,724	349,533
Wood and Wood species	M.T.	370,167	338,087	979,628	767,045
Wood Pulp	M.T.	56,246	54,069	1,640,409	1,412,637
Others				63,204	71,392
				2,998,965	2,600,607

### 4. Value of Imports on C.I.F. Basis:

	30.06.2009	30.06.2008
a) Raw Materials	549,735	977,940
b) Components, Spare Parts and other Stores	520,568	86,913
c) Others	47,685	22,345
	1,117,988	1,087,198

**Note :** Imported Raw Material procured from canalising agencies have been considered as indigenous.

## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>5. Expenditure in Foreign Currency</b>		
i) Foreign Travel, Commission, Claims, Consultancy Fees, Deferred payment Instalments, Subscriptions etc.	51,923	58,153
ii) Interest on Foreign Currency Loans	124,718	200,444
	176,641	258,597
<b>6. Earnings in Foreign Exchange on Cash Basis:</b>		
a) F.O.B. Value of Exports	96,874	230,731
b) Interest on loan	212,671	70,917
	309,545	301,648

### 7. Value of Imported raw materials, spare parts and components (excluding stores) consumed and the value of all indigenous raw materials, spare parts and components (excluding stores) similarly consumed and the percentage of each to the total consumption.

	Amount		Percentage	
	30.06.2009	30.06.2008	30.06.2009 %	30.06.2008 %
A) Raw Materials				
– Imported	743,831	732,632	24.80	28.17
– Indigenous	2,255,134	1,867,975	75.20	71.83
	2,998,965	2,600,607	100.00	100.00
B) Spare Parts and Components				
– Imported	101,370	76,998	11.84	8.73
– Indigenous	754,599	805,099	88.16	91.27
	855,969	882,097	100.00	100.00

#### Notes

- Consumption of Raw Material, Components & Spare Parts includes estimated values of stocks brought forward from earlier year.
- Consumption of Imported items purchased from canalising agencies have been considered as indigenous items.

### 8. Particulars of amount remitted during the year in Foreign Currencies on account of Dividends, the number of non-resident Shareholders together with the number of Shares held by them on which the Dividends were due and the year to which the Dividends related.

	Year to Which Dividend Relates	Number of Non-resident Shareholders to whom Dividends Remitted During the Year		Number of Shares Held by them		Amount		
		30.06.2009	30.06.2008	30.06.2009	30.06.2008	30.06.2009	30.06.2008	
Class of Shares:								
Equity	Final	2006-07	–	Three	–	1,907,675	–	2,862
	Final	2007-08	Three	–	5,723,025	–	4,006	–



## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>9. Expenses / costs incurred on exploitation and procurement of forests based raw materials, Lime Kiln, Water Works and those for own Departmental transport charged in these accounts include the following :-</b>		
Salaries and Wages	2,971	2,932
Contribution to Provident and Other Funds	251	245
Rent, Rates and Taxes (incl. Lease Rent)	160	249
Staff Welfare	127	106
Repairs and Maintenance - Others	9	14
Office and Other Expenses	237	323
	3,755	3,869
<b>10. Statement showing computation of Net Profits in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956</b>		
Profit as per Profit & Loss Account before Taxation		1,422,273
Less : Profit/(Loss) on Sale of assets (Net)		(8)
Depreciation		769,544
		652,737
<b>Add back :-</b>		
Directors Fee	1,400	
Remuneration paid/payable to Chairman, Managing Director and other Directors	70,583	
Profit Commission to Chairman	22,804	
Depreciation under Section 350 of the Companies Act, 1956	769,544	
Commission to other Directors	3,212	867,543
<b>Profit Under Section 198 :</b>		1,520,280
Remuneration Under Section 198 @ 11% of above		167,231
Amount of Profit Commission as approved by Board - to be shared as under :		
Chairman	22804	
Other Directors	3212	
		26,016
Actual remuneration including Commission & Perquisites		96,599
<b>11. Remuneration paid / payable to Chairman, Managing Director and Directors:</b>		
Salary (Including Commission of Rs. 26016 thousands)	82,866	95,996
(Previous Year 47236 thousands) Payable both to Executive & Non Executive Directors		
Contribution to Provident and Superannuation Funds	4,594	4,142
Perquisites	9,139	5,900
	96,599	106,038

Having regard to the fact that there is a global computation of Gratuity, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity has not been considered in the above computation.

	30.06.2009	30.06.2008
<b>12. Amount paid/payable to Auditors</b>		
Audit Fee (Including Cost Audit Fee of Rs. 78 Thousands)	3,403	3,396
In Other Capacity	3,744	3,823
Out of Pocket Expenses	439	324
	7,586	7,543

**13.** Depreciation charged for the year and debited to the Profit & Loss Account includes Rs. 33482 thousands (Previous Year 35871 thousands) being depreciation on the revalued portion of Fixed Assets, since the Revaluation Reserve stood exhausted in the earlier years.

## SCHEDULES “I” TO “VIII”

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

### 14. Segment Reporting

The Company has identified business segment as the primary segment after considering all the relevant factors. The Company's manufactured products are sold primarily within India and as such there are no reportable geographical segment.

The Expenses, which are not directly identifiable to a specific business segment are clubbed under “Unallocated Corporate Expenses” and similarly, the common assets and liabilities, which are not identifiable to a specific segment are clubbed under “Unallocated Corporate Assets/Liabilities” on the basis of reasonable estimates.

Particulars	Year	Paper	Paper Products & Office Supplies	Others	Total
<b>Revenues</b>					
Gross sale to External Customers	2008-09	7,358,443	3,177,235	–	10,535,678
Excise Duty	2008-09	(384,064)	(158,304)	–	(542,368)
Gross sale to External Customers	2007-08	7,427,177	2,643,492	238,235	10,308,904
Excise Duty	2007-08	(707,787)	(251,917)	–	(959,704)
Total Segment Revenues (Net Of Excise)	2008-09	6,974,379	3,018,931	–	9,993,310
	2007-08	6,719,390	2,391,575	238,235	9,349,200
<b>Segment Results</b>	2008-09	1,351,255	318,345	–	1,669,588
	2007-08	1,412,369	374,131	–	1,786,500
Less: Unallocated Corporate Expenses (Net of other income)	2008-09				109,549
	2007-08				135,652
Profit Before Interest, Tax and Exceptional items	2008-09				1,560,039
	2007-08				1,650,848
Interest (Net of Income)	2008-09				137,766
	2007-08				278,128
Profit Before Tax and Exceptional items	2008-09				1,422,273
	2007-08				1,372,720
Provision For Tax					
– Current Tax (Net of MAT Entitlement Credit)	2008-09				107,185
	2007-08				112,300
– Deferred Tax	2008-09				52,535
	2007-08				(48,058)
– Fringe Benefit Tax	2008-09				8,700
	2007-08				14,000
Net Profit	2008-09				1,253,853
	2007-08				1,294,478
<b>Other Information</b>					
<b>Segmental Assets</b>	2008-09	20,060,173	3,610,138	133,102	23,803,413
	2007-08	20,269,228	3,102,267	661,753	24,033,248
Unallocated Corporate assets	2008-09				3,274,557
	2007-08				2,534,532
Total Assets	2008-09				27,077,970
	2007-08				26,567,780
<b>Segmental Liabilities</b>	2008-09	1,882,296	513,294	585,802	2,981,392
	2007-08	2,008,397	490,074	385,802	2,884,273
Unallocated Corporate Liabilities	2008-09				733,704
	2007-08				680,473
Total Liabilities	2008-09				3,715,096
	2007-08				3,564,746
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	2008-09				2,635,496
	2007-08				2,031,379
Depreciation	2008-09				769,544
	2007-08				633,780
Amortisation	2008-09				40,973
	2007-08				64,095

## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	Year	Paper	Paper Products & Office Supplies	Others	Total
<b>Total Liabilities Excludes</b>					
Secured Loans	<b>2008-09</b>				<b>5,090,402</b>
	2007-08				5,427,832
Unsecured Loans	<b>2008-09</b>				<b>3,806,037</b>
	2007-08				3,979,107
Deferred Tax Liabilities	<b>2008-09</b>				<b>968,713</b>
	2007-08				916,178

### 15. Information on Related Parties as required by Accounting Standard –18 "Related Party Disclosures".

#### I. List of Related Parties over which control exists

##### Subsidiary Companies

- Ballarpur International Holdings B.V.
  - Ballarpur Paper Holdings B.V.\*
  - Sabah Forest Industries Sdn. Bhd.\*
  - BILT Tree Tech Limited
  - BILT Graphic Paper Products Limited\*
  - Ballarpur International Paper Holdings B.V.\*
  - Ballarpur International Graphic Paper Holdings B.V.\*
- \* Step down Subsidiaries of Ballarpur International Holdings B.V.

#### II. Name of the related Parties with whom transactions were carried out during the year and nature of relationship

##### Subsidiary Companies

- Ballarpur International Holdings B.V.
  - Ballarpur Paper Holdings B.V.\*
  - Sabah Forest Industries Sdn. Bhd.\*
  - BILT Tree Tech Limited
  - BILT Graphic Paper Products Limited\*
  - Ballarpur International Paper Holdings B.V.\*
  - Ballarpur International Graphic Paper Holdings B.V.\*
- \* Step down Subsidiaries of Ballarpur International Holdings B.V.

##### Associate Companies:

- BILT Paper Holdings Limited
- NewQuest Corporation Limited
- Avantha Power & Infrastructure Limited
- Korba West Power Company Limited
- TKS Developers Limited
- Jhabua Power Limited
- Gleneagles Healthcare Holdings (P) Limited
- Solaris Industrial Chemicals Limited
- Bilt Industrial Packaging Company Limited
- APR Sacks Limited
- Global Green Company Limited
- Global Green USA Limited
- GG International N.V.
- Intergarden N.V.
- Intergarden (India) Private Limited
- Dunakiliti Kanzervuzem Kft
- Greehouse Agraar Kft
- Puszta Konserv Kft, Hungary
- Floragarden Tarim Gida Sanay ve Ticaret A.S.
- Biltech Building Elements Limited
- Asia Aviation Limited
- UHL Power Company Limited
- NewQuest Insurance Broking Services Limited
- Avantha Technologies Limited (earlier NewQuest Process Outsourcing Private Limited)

## SCHEDULES “I” TO “VIII”

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

- NQC Global (Mauritius) Limited
- NQC International (Mauritius) Limited
- NewQuest Services Private Limited
- JG Containers (Malaysia) Sdn. Bhd.
- Mirabelle Holdings LLC
- Mirabelle Trading Pte. Limited
- MTP NEW Ocean (Mauritius) Limited
- Corella Investments Limited
- Lustre International Limited
- Prestige Wines and Spirits (P) Limited (earlier TT & G Trading P. Ltd.)
- Himalayan Hideaways P. Ltd.
- Vani Agencies P. Ltd.
- Solaris Holdings Ltd.
- Solaris Chemtech Industries Limited (earlier Solaris Bio Chemicals Ltd.)
- Salient Business Solutions Ltd.
- Salient Financial Solutions Limited
- Salient Knowledge Solutions Limited
- Salient Business Solutions USA, Inc.
- Sairam Infra Projects Private Limited
- Imerys Newquest (India) Private Limited
- Janpath Investments & Holdings Ltd.
- Sohna Stud Farms P. Ltd.
- KCT Chemicals & Electricals Limited
- KCT Papers Limited
- THE Paperbase Company Limited
- Avantha International Holdings B.V.
- TAF Asset 2 B.V.
- Crompton Greaves Limited
- CG Energy Management Limited
- CG Capital & Investments Limited
- CG-PPI Adhesive Products Limited
- Malanpur Captive Power Limited
- Brook Crompton Greaves Limited
- CG Actaris Electricity Management Limited
- CG Lucy Switchgear Limited
- International Components India Limited
- CG International B.V.
- Pauwels International N.V.
- Pauwels Americas Inc.
- PT Pauwels Trafo Asia
- Pauwels Trafo Gent N.V.
- Pauwels Canada Inc.
- Pauwels Transformers Inc.
- Pauwels Trafo Ireland Limited
- Pauwels France SA
- Pauwels Trafo Belgium N.V.
- Pauwels Trafo Service N.V.
- Pauwels Middle East Trading and Contracting Limited
- Crompton Greaves Hungary Kft
- Transverticum Kft
- Ganz Transelektro Villamossagi Zrt.
- Microsol Holdings Limited
- Microsol Limited
- Viserge Limited
- Microsol UK Limited
- Microsol Inc
- Societe Nouvelle de Maintenance Transformateurs
- MSE Power Systems Inc.
- MSE West LLC
- Crompton Greaves Germany GmbH
- Toscana Lasts Limited
- Toscana Footwear Components Limited

## SCHEDULES “I” TO “VIII”

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

- Gyanodaya Prakashan (P) Limited
- Saraswati Travels (P) Limited
- Varun Prakashan (P) Limited
- Leading Line Merchant Traders (P) Limited
- Oyester Buildwell (P) Limited
- Seer Buildwell (P) Limited
- Vanity Propbuild (P) Limited
- Karam Chand Thapar & Bros Limited
- Orient Engineering & Commercial Company Limited
- The Pioneer Limited
- Thapar International Limited
- Ultima Hygiene Products (P) Limited
- Avantha Foundation

### Key Management Personnel

- Mr. Gautam Thapar
- Mr R R Vederah
- Mr B Hariharan
- Mr Yogesh Agarwal

### III. Detail of Transactions with Related Parties

(Financial Transactions have been carried out in the ordinary course of business and/or in discharge of contractual obligation)

Sl. Particulars No.	30.06.2009	30.06.2008
a. Sales of goods, rent received & allocation of common expenses for rendering corporate service:		
- Associate Companies	5,873	5,787
b. Purchase of goods & service :		
- Step Down Subsidiary	7,61,371	6,77,813
- Associate Companies	15,91,387	12,06,584
c. Purchase of Investment:		
- Associate Companies	1,99,108	-
d. Sale of Investment:		
- Subsidiary Companies	-	1,95,00,000
- Step Down Subsidiary	1,99,108	
e. Interest received on investment:		
- Subsidiary Companies	-	5,58,799
f. Loan Given:		
- Subsidiary Companies	-	48,58,750
g. Refund of Advances:		
- Subsidiary Companies	15,12,900	-
h. Interest on Loan Given:		
- Subsidiary Companies	2,12,671	70,917
i. Advances Against Equity :		
- Subsidiary Companies	21,19,265	-
i. Advances given:		
- Subsidiary Companies	10,619	12,209
j. Remuneration etc. Key Management Personnel	1,16,314	1,17,840
k. Outstanding balances as at 30th June, 2009:		
- Subsidiary Companies Loans & Advances	42,80,886	49,12,297
- Subsidiary Companies Advance against investment	21,19,265	-
- Step Down Subsidiary Companies - Loans & Advances	2,05,151	-
- Associate Companies Loans, Advances & Debtors	7,66,807	4,26,484
- Key Management Personnel Advances	3,162	3,491



## SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>16. Earnings Per Share</b>		
I. Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 2/- each		
Net Profit after Tax available to Equity Shareholders For Basic EPS	1,253,853	1,294,478
Adjustment for the purpose of Diluted EPS :-		
Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	-	-
Net Profit available to Equity Shareholders For Diluted EPS	1,253,853	1,294,478
II. Weighted Average number of Equity Share for Earnings Per Share Computation		
A) No. of shares for Basic Earnings Per Share	555,523,839	555,523,839
Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	64,322,070	74,217,774
B) No. of Shares for Diluted Earnings Per Share	619,845,909	629,741,613
III. Earnings Per Share		
Basic (Rs.)	2.26	2.33
Diluted (Rs.)	2.02	2.06

17. The aggregate value of Stores and Spare Parts consumed during the year amounts to Rs. 1791136 thousands (Previous Year Rs. 1235729 thousands) which were charged to various account heads including capital expenditure.

18. Figures for the previous year have been rearranged and regrouped wherever necessary to conform to current year's classification.

Signatures to Schedules 'I' to 'VIII'  
As per our Report attached

As per our report attached  
**ASHWIN MANKESHWAR**  
partner  
membership No. 46219

For and on behalf of  
**K. K. MANKESHWAR & CO.**  
chartered accountants

21st September, 2009  
New Delhi

**GAUTAM THAPAR**  
chairman  
**R. R. VEDERAH**  
managing director  
**B. HARIHARAN**  
group director (finance)  
**VIVEK KUMAR GOYAL**  
chief financial officer  
**AKHIL MAHAJAN**  
company secretary

21st September, 2009  
New Delhi

## ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-IV OF SCHEDULE VI OF COMPANIES ACT, 1956

### Balance Sheet Abstract & Company's General Business Profile

#### I. Registration details

Registration No.						1	0	3	3	7	State Code :	1	1				
Balance Sheet Date :	3	0		0	6		2	0	0	9							
	Date		Month			Year											

#### II. Capital raised during the year : (Amount in Rs. thousands)

Public Issue :				N	I	L				Rights Issue :				N	I	L			
Bonus Issue :				N	I	L				Private Placement :				N	I	L			

#### III. Position of mobilisation and deployment of funds : (Amount in Rs. thousands)

Total Liabilities :	2	3	3	6	2	8	7	4	Total Assets :	2	3	3	6	2	8	7	4
---------------------	---	---	---	---	---	---	---	---	----------------	---	---	---	---	---	---	---	---

##### Sources of funds :

Paid-Up Capital :		1	1	1	1	2	3	4	Reserves & Surplus :	1	2	3	8	6	4	8	8
Secured Loans :		5	0	9	0	4	0	2	Unsecured Loans :		3	8	0	6	0	3	7
Deferred Tax Liability (Net) :			9	6	8	7	1	3									

##### Application of funds :

Net Fixed Assets :	1	0	4	2	8	7	6	4	Investments :		2	8	5	5	4	7	1
Net Current Assets :	1	0	0	4	1	9	9	0	Misc. Expenditure :				3	6	6	4	9
Accumulated Losses :				N	I	L											

#### IV. Performance of Company : (Amount in Rs. thousands)

Turnover & Other Revenues :	1	0	0	4	2	8	1	3	Total Expenditure :		8	6	2	0	5	4	0
Profit before Tax :		1	4	2	2	2	7	3	Profit after Tax :		1	2	5	3	8	5	3
Basic Earnings per share in Rs.:					2	.	2	6	Dividend Rate (%) :							2	5

#### V. Generic names of the three principal products / services of the Company

Item Code No. (ITC Code)	4	8	1	0	.	0	0	0								
Product Description	P	A	P	E	R											

As per our report attached  
[ASHWIN MANKESHWAR](#)  
 partner  
 membership No. 46219

For and on behalf of  
[K. K. MANKESHWAR & CO.](#)  
 chartered accountants

21st September, 2009  
 New Delhi

[GAUTAM THAPAR](#)  
 chairman  
[R. R. VEDERAH](#)  
 managing director  
[B. HARIHARAN](#)  
 group director (finance)  
[VIVEK KUMAR GOYAL](#)  
 chief financial officer  
[AKHIL MAHAJAN](#)  
 company secretary

21st September, 2009  
 New Delhi

## STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	Ballarpur International Holdings B.V.	Ballarpur Paper Holdings B.V.	Ballarpur International Paper Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	BILT Tree Tech Limited	BILT Graphic Paper Products Limited	Sabah Forest Industries Sdn. Bhd.
1. Financial period/year of the Subsidiary ended on	30.06.2009	30.06.2009	30.06.2009	30.06.2009	30.06.2009	30.06.2009	30.06.2009
2. Extent of the interest of the Company in the Subsidiary at the end of the Financial Year of each							
(a) Number of shares in the Subsidiary company held by Ballarpur Industries Limited	Nos. 4,56,49,900	11,89,32,858 <sup>a</sup>	18,000 <sup>b</sup>	14,83,675 <sup>c</sup>	9,90,000	45,00,50,000 <sup>d</sup>	8,27,78,56,532 <sup>e</sup>
(b) Share Holding per cent in the Subsidiary held by Ballarpur Industries Limited	% 100.00	100.00 <sup>a</sup>	100.00 <sup>b</sup>	79.53 <sup>c</sup>	91.67	100.00 <sup>d</sup>	97.78 <sup>e</sup>
3. The net aggregate of profits, less losses, of the Subsidiaries Company so far as it concerns the member of Ballarpur Industries Limited							
(a) Not dealt with in the Accounts of Ballarpur Industries Limited to:							
(i) For the Current Financial Year / Period	Rs. '000 (2,02,271)	(1,49,447)	3,93,622	(4,835)	322	10,46,785	(71,404)
(ii) For the Previous Financial Years / Period since it became a Subsidiary	Rs. '000 (3,30,046)	(5,99,286)	(543)	(735)	4,922	15,90,060	6,21,219
(b) Dealt with in the Accounts of Ballarpur Industries Limited to:							
(i) For the Current Financial Year / Period	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) For the Previous Financial Years / Period since it became a Subsidiary	Rs. '000 NIL	NIL	NIL	NIL	NIL	NIL	NIL

### Notes

- a. Held through Ballarpur International Graphic Paper Holdings B.V.
- b. Held through Ballarpur Paper Holdings B.V.
- c. Held through Ballarpur International Holdings B.V.
- d. 99.99% held through Ballarpur International Paper Holdings B.V. and balance held by the Company.
- e. Held through Ballarpur Paper Holdings B.V.
- f. Merger of Ballarpur Graphic Paper Holdings B.V. with Ballarpur Paper Holdings B.V. with effect from 1st July 2008.

## INFORMATION IN RESPECT OF SUBSIDIARIES

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particular	Ballarpur International Holdings B.V.	Ballarpur Paper Holdings B.V.	Ballarpur International Paper Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	BLT Tree Tech Limited	BLT Graphic Paper Products Limited	BLT	Sabah Forest Industries Sdn. Bhd.
Capital								
Equity Share Capital	26,68,668	66,45,240	1,139	1,175	10,800	45,00,500		1,55,25,270
Reserves	(650,200)	95,88,023	56,31,567	1,59,64,375	(2,635)	26,36,845		(23,31,482)
Total Assets	11,635,814	4,38,49,363	2,99,64,546	1,59,72,200	1,35,349	3,58,91,806		1,47,87,939
Total Liabilities	11,635,814	4,38,49,363	2,99,64,546	1,59,72,200	1,35,349	3,58,91,806		1,47,87,939
Investments								
(Except Investments in Subsidiaries)								
Long Term Investments	—	—	—	—	—	—	—	—
Government or Trust Securities	—	—	—	—	13	15	—	—
Shares, Debentures or Bonds	—	—	—	—	—	1,99,108	—	—
Others	—	—	—	—	—	—	—	—
Turnover	—	—	—	—	31,530	1,45,37,502		50,36,135
Profit Before Taxation	(2,02,271)	(1,49,447)	3,93,622	(6,079)	567	15,20,566		(70,177)
Provision for Taxation								
Current Tax	—	—	—	—	—	2,00,381		2,848
Mat Entitlement Credit	—	—	—	—	—	(1,94,944)		—
Deferred Tax	—	—	—	—	(10)	4,60,944		—
Fringe Benefit Tax	—	—	—	—	225	7,400		—
Profit After Taxation	(2,02,271)	(1,49,447)	3,93,622	(6,079)	352	10,46,785		(73,025)
Proposed Dividend	—	—	1,71,746	—	—	—		—

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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To,  
**The Board of Directors**  
**Ballarpur Industries Limited**

1. We have audited the attached Consolidated Balance Sheet of Ballarpur Industries Limited ('The Company') and its subsidiaries as at 30th June, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.
2. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have relied on the unaudited financial statements of an associate wherein the Company's share of profit aggregates to Rs. 15,800 thousands. These financial statements have been certified by Management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of an associate, are based solely on the these certified financial statements.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investment in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Company, its subsidiaries and associate included in the Consolidated Financial Statements.
5. In our opinion and to the best of our information and according to the explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries and subject to the remarks set out in foregoing paragraphs, the said Consolidated Financial statements, read together with the Notes thereon give a true and fair view :
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 30th June, 2009; and
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended.
  - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year then ended

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**ASHWIN MANKESHWAR**  
partner  
membership No. 46219

For and on behalf of  
**K. K. Mankeshwar & Co.**  
chartered accountants

21st September, 2009  
New Delhi



# CONSOLIDATED BALANCE SHEET

as at june 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule		30.06.2009		30.06.2008
<b>I. Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
a. Share Capital	"A"	1,111,234		1,111,234	
b. Reserves & Surplus	"B"	17,192,165		16,642,816	
			18,303,399		17,754,050
<b>2. Minority Interest</b>					
			3,676,085		4,561,756
<b>3. Loan Funds</b>					
a. Secured Loans	"C"	28,257,090		20,743,559	
b. Unsecured Loans	"D"	8,881,551		8,058,413	
			37,138,641		28,801,972
<b>4. Deferred Tax Liability (Net of Assets)</b>					
			1,778,143		1,264,674
<b>Total</b>			<b>60,896,268</b>		<b>52,382,452</b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a. Gross Block	"E"	65,260,543		49,760,670	
Less: Depreciation & Impairment		21,399,701		18,497,983	
Net Block		43,860,842		31,262,687	
b. Construction and Installation-in-Progress including Expenditure thereon (Pending allocation)		8,022,371		9,283,743	
c. Advance against Capital Assets		551,879		2,072,131	
			52,435,092		42,618,561
<b>2. Investments</b>					
	"F"		381,479		231,129
<b>3. Current Assets, Loans &amp; Advances</b>					
a. Interest accrued on Investments and Fixed Deposits (Net)		931		186	
b. Inventories	"G"	4,861,303		5,006,048	
c. Sundry Debtors	"H"	3,260,094		3,126,626	
d. Cash and Bank Balances	"I"	1,043,233		4,882,815	
e. Loans and Advances	"J"	7,786,474		7,159,744	
			16,952,035		20,175,419
<b>Less: Current Liabilities and Provisions</b>					
a. Current Liabilities	"K"	6,067,639		7,919,292	
b. Provisions		3,012,537		2,802,971	
			9,080,176		10,722,263
<b>Net Current Assets</b>			7,871,859		9,453,156
<b>4. Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)	"L"		207,838		79,606
<b>Notes to Balance Sheet</b>					
<b>Total</b>	"VIII"		<b>60,896,268</b>		<b>52,382,452</b>

**Note:** Schedules "A" to "L" & "VIII" referred to above form an integral part of the Balance Sheet.

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219

For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

21st September, 2009  
 New Delhi

**GAUTAM THAPAR**  
 chairman  
**R. R. VEDERAH**  
 managing director  
**B. HARIHARAN**  
 group director (finance)  
**VIVEK KUMAR GOYAL**  
 chief financial officer  
**AKHIL MAHAJAN**  
 company secretary

21st September, 2009  
 New Delhi

# CONSOLIDATED PROFIT & LOSS ACCOUNT

for the year ended june 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule	30.06.2009	30.06.2008
<b>Income</b>			
Sales	"I"	29,436,497	30,259,491
Less: Excise Duty		1,189,575	1,948,659
Net Sales		28,246,922	28,310,832
Other Income	"II"	131,790	161,162
Increase / (Decrease) in Stocks	"III"	474,453	21,324
<b>Total</b>		<b>28,853,165</b>	28,493,318
<b>Expenditure</b>			
Manufacturing Costs	"IV"	18,696,518	18,279,281
Purchases		417,648	124,170
Personnel Costs	"V"	2,191,230	2,013,622
Administration, Selling & Miscellaneous Costs	"VI"	886,491	835,652
Deferred Revenue Expenditure - Amortised (Net)		103,710	93,891
Interest and Finance Costs (Net)	"VII"	1,708,196	1,482,385
Depreciation		2,325,531	1,923,769
<b>Total</b>		<b>26,329,324</b>	24,752,770
<b>Profit Before Taxation</b>		2,523,841	3,740,548
Provisions for Taxation			
Current Tax/MAT		310,214	749,905
MAT Entitlement Credit		(194,944)	(368,400)
Deferred Tax		513,469	300,455
Fringe Benefits Tax		16,325	22,742
		645,064	704,702
<b>Profit After Taxation</b>		1,878,777	3,035,846
Less: Excess Provision for Taxation relating to earlier Years		-	(431)
Less: Minority Interest		211,640	64,800
		1,667,137	2,971,477
Add: Share of Profit in Associate		15,800	27,699
Add: Balance brought forward from last year		4,040,883	1,769,380
Add :Debtore Redemption Reserve no longer required		75,000	27,222
Add: Adjustment on realignment of reporting dates between the company and its subsidiary		-	60
Less: Adjustment for change in holding of subsidiary/ associate company		258,636	-
<b>Amount available for Appropriation</b>		5,540,184	4,795,838
<b>Appropriations</b>			
<b>General Reserve</b>		250,000	300,000
<b>Proposed Dividend:</b>			
On 555523839 Equity Shares @ 25%		277,762	-
(On 555523839 Equity Shares @ 35%)		-	388,867
		277,762	388,867
Add: Dividend Tax on above		47,206	66,088
		324,968	454,955
<b>Balance carried to Balance Sheet</b>		4,965,216	4,040,883
Notes Forming Part of Profit & Loss Account	"VIII"		
		5,540,184	4,795,838
Basic Earnings Per Share (Rs.)		3.03	5.40
Diluted Earnings Per Share (Rs.)		2.72	4.76

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219  
 For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants  
 21st September, 2009  
 New Delhi

**GAUTAM THAPAR**  
**R. R. VEDERAH**  
**B. HARIHARAN**  
**VIVEK KUMAR GOYAL**  
**AKHIL MAHAJAN**

21st September, 2009  
 New Delhi

chairman  
 managing director  
 group director (finance)  
 chief financial officer  
 company secretary

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended june 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>A. Cash Flow From Operating Activities</b>		
<b>Net Profit Before Tax and Appropriations</b>	2,523,841	3,740,548
Add /(Less) :		
Adjustments for :		
(Profit) / Loss on Sale of Assets (Investing Activity)	(5,027)	(1,142)
Unspent Liabilities and Excess Provisions of earlier years written back	(29,472)	(11,726)
Assets discarded	41	283
Interest and Finance Costs (Net)	1,708,196	1,482,385
Depreciation	2,325,531	1,923,769
Deferred revenue expenses amortised	103,710	93,891
Unusable stores and spares written off / provided for	-	3,056
<b>Operating Profit before Working Capital changes</b>	6,626,820	7,231,064
<b>Adjustments for Working Capital changes :</b>		
Trade payable and others	(203,912)	3,779,193
Inventories	155,945	(1,065,984)
Trade and other receivables	(133,468)	763,907
Loans and Advances	103,703	(2,405,612)
<b>Cash generated from Operations</b>	6,549,087	8,302,568
Deferred Revenue expenditure (Net)	(231,942)	(49,778)
Direct Taxes (Net)	(535,489)	(651,902)
<b>Net Cash Inflow from Operating Activities</b>	5,781,657	7,600,888
<b>B. Cash Flow from Investing Activities</b>		
Increase in Fixed Assets ,Capital WIP,Capital Advances (Net)	(13,727,655)	(9,322,569)
Sale of assets (Net)	432,662	9,832
Redemption of Investment	94	-
Subscription / Purchase of Equity Shares	(199,108)	-
<b>Net Cash used in Investing Activities</b>	(13,494,007)	(9,312,737)
<b>C. Cash Flow from Financing Activities</b>		
Increase in Share Capital (Minority share in subsidiaries)	-	7,133,193
Proceeds from Issuance / (Repayment) of Share Capital (Net)	-	(9,333,326)
Increase / (Decrease) in long term and other borrowings (Net)	8,336,669	6,910,787
Interest and Financing Charges (Net)	(1,712,626)	(1,020,372)
Dividend Paid (including dividend tax)	(455,648)	(327,356)
<b>Net Cash used in Financing Activities</b>	6,168,395	3,362,926
<b>Net Increase in Cash and Cash Equivalents</b>	(1,543,955)	1,651,077
<b>Impact of Foreign Currency Translation Reserve</b>	(2,295,627)	(486,432)
<b>Cash and Cash Equivalents (Opening Balance)</b>	4,882,815	3,718,170
<b>Cash and Cash Equivalents (Closing Balance)</b>	1,043,233	4,882,815

## Notes

- The above statement has been prepared following the Indirect Method.
- Increase in Fixed Assets are stated inclusive of movements of Capital work in progress and Capital advances between the beginning and the end of the year.
- Proceeds from long term and other borrowings are shown net of repayments.
- Cash and Cash Equivalents represent Cash and Bank Balances only.
- Figures of previous year have been rearranged and regrouped wherever necessary to conform to current year classifications.

As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219  
 For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

**GAUTAM THAPAR**  
**R. R. VEDERAH**  
**B. HARIHARAN**  
**VIVEK KUMAR GOYAL**  
**AKHIL MAHAJAN**

chairman  
 managing director  
 group director (finance)  
 chief financial officer  
 company secretary

21st September, 2009  
 New Delhi

21st September, 2009  
 New Delhi

## CONSOLIDATED SCHEDULES “A” TO “L”

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule “A” : Share Capital</b>		
<b>Authorised</b>		
1487500000 Equity Shares of Rs. 2/- each	2,975,000	2,975,000
(Previous Year 1487500000 Equity Shares of Rs. 2/- each)		
10250000 (Previous Year 10250000) Preference Shares of Rs. 100/- each	1,025,000	1,025,000
	4,000,000	4,000,000
<b>Issued</b>		
930005910 Equity Shares of Rs. 2/- each	1,860,012	1,860,012
(Previous Year 930005910 Equity Shares of Rs. 2/- each)		
	1,860,012	1,860,012
<b>Subscribed and Paid Up</b>		
555773584 Equity Shares of Rs. 2/- each	1,111,546	1,857,573
(Previous Year 928786895 Equity Shares of Rs. 2/- each)		
Less: 249745 Equity Shares of Rs. 2/- each Forfeited	499	499
(Previous Year 249745 Equity Shares of Rs. 2/- each)		
	1,111,047	1,857,074
Nil (Previous Year 928537150 Equity Shares of Rs. 2/- each (Pursuant to the Scheme of Arrangement and Reorganisation))	–	1,857,074
Less : Nil (Previous Year 371414860) Compulsory Buyback of Equity Shares of Rs. 2/- each	–	742,830
	1,111,047	1,114,244
Less : Nil (Previous Year 1598451) Optional Buyback of Equity Shares of Rs. 2/- each	–	3,197
555523839 Equity Shares of Rs. 2/- each	1,111,047	1,111,047
Add: Forfeited Shares (Amount paid up)	187	187
	1,111,234	1,111,234

### I. Pre-split and Buyback of Equity Shares :

- 35,000 Equity Shares of Rs. 10/- each allotted as fully paid up without payment being received in cash.
- 15,423,900-1/2 Equity Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares capitalised from General Reserve and Share Premium Account.
- 950,000 Equity Shares of Rs. 10/- each fully paid up issued to Financial Institutions on part conversion of Loans/Debentures.
- 4,374,945 Equity Shares of Rs. 10/- each allotted as fully paid up to the Shareholders of Amalgamating Companies pursuant to the Schemes of Amalgamation.
- 135,174 Equity Shares of Rs. 10/- each allotted as fully paid up on conversion of 237 - 4% Euro Bonds of the Face Value of USD 11,85,000/-.
- 11,887,469 Equity Shares of Rs. 10/- each allotted as fully paid up, in terms of Scheme of Arrangement & Reorganisation.
- 12,649,218 Equity Shares of Rs. 10/- each allotted as fully paid up, pursuant to the scheme of Arrangement & Amalgamation between the Company and Bilt Graphic Papers Ltd.
- 21,160,820 Equity share of Rs. 10/- each allotted as fully paid up against Global Depository Shares (GDS) aggregating to USD 35 Million.
- 92,775 Equity Shares of Rs. 10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.
- 23,278,276 Equity shares of Rs. 10/- each allotted in the previous year at a premium of Rs. 76.20/- per share against conversion of Foreign Currency Convertible Bonds (FCCB) of Face Value USD 45,000,000.

### II. Post-split and Buyback of Equity Shares :

- Pursuant to the Scheme of Arrangement and Reorganisation under section 391-394 of the Companies Act, 1956, approved by High Court of Mumbai (Nagpur Bench) vide its order dated 30.11.2007, one Equity Shares of Rs. 10/- each was subdivided into five Equity Shares of Rs. 2/- each and simultaneous compulsory buyback of 371,414,860 Equity Shares of Rs. 2/- each at a price Rs. 25/- each per share.
- 15,98,451 Equity Shares of Rs. 2/- each were optionally bought back by company at a price of Rs. 30/- each per share pursuant to the above scheme.

## CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "B" Reserves &amp; Surplus</b>		
<b>Capital Reserve On Consolidation</b>	5,244,825	3,937,406
<b>Capital Reserve</b>		
As per Last Account	151,546	151,546
	151,546	151,546
<b>Share Premium Account</b>		
As per Last Account	428,394	7,754,612
Add : Security Premium on Buyback USD 8 mn ZCCB during the year	96,651	-
Less : Security Premium Payable on redemption of ZCCB	207,731	200,082
Less : Premium on Compulsory Buyback of Equity Shares pursuant to the scheme	-	7,126,136
	317,314	428,394
<b>Preference Share Capital Redemption Reserve</b>		
As per Last Account	738,469	738,469
	738,469	738,469
<b>General Reserve</b>		
As per Last Account	7,604,010	7,395,613
Add: Transferred from Profit & Loss Account	250,000	300,000
Add: Deferred Tax Liability adjusted in accordance with Accounting Standard 22	-	1,374,267
"Accounting for Taxes on Income" pursuant to the Scheme of Arrangement and Reorganisation		
Less: Premium on Compulsory and Optional Buyback of Equity Shares	-	1,461,162
Less: Charge on account of transitional provision under Accounting Standard - 15 " Employee Benefits"	-	4,708
	7,854,010	7,604,010
<b>Debenture Redemption Reserve</b>		
As per Last Account	375,000	402,222
Less: Transferred to Profit & Loss Account	75,000	27,222
	300,000	375,000
<b>Foreign Currency Translation Reserve</b>		
As per Last Account	(632,892)	-
Additions during the year	(1,746,323)	-
	(2,379,215)	(632,892)
<b>Balance as Per Profit &amp; Loss Account</b>	4,965,216	4,040,883
	17,192,165	16,642,816

## CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2009	30.06.2008
<b>Schedule "C" : Secured Loans</b>			
	<b>Notes</b>		
Debentures	(1)	1,200,000	1,500,000
Term Loans from Banks / Financial Institutions including External Commercial Borrowings	(2)	3,947,301	3,989,173
Loan from Others	(3)	23,109,789	15,254,386
		28,257,090	20,743,559

### Notes

- These comprise of :-
  - The above Debentures of the Company are secured by parri-passu first charge created on all immoveable and moveable properties of the Company both present and future.
  - The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 31st July, 2009 and the last being due on 30th June, 2013. The amount of Debentures due for redemption for the financial year 2009-10 is Rs. 3000 lacs.
- The above Term Loan & ECBs are secured by parri-passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future except ECB from HSBC and CITI Bank which is secured by the first parri passu charge on all the moveable properties of the company both present and future. Further in case of one of its subsidisry a fixed deposits of Rs. 206,455 thousands have been pledged to the bank as security for the outstanding bankers acceptances.
- Secured by pledge of all assets of the Ballarpur Paper Holdings B.V., Ballarpur International Paper Holdings B.V., (except investment in Equity Shares & Debentures of BILT Graphic Paper Products Limited), shares of Ballarpur Paper Holdings B.V. and assignment of certain rights of the Ballarpur Paper Holdings B.V. and its subsidiaries in favour of the lender. Further, secured by guarantee given by BILT Graphic Papar Products Limited to the extent of USD 100 mn in respect of loan availed for Sabah Forest Industries Sdn. Bhd.

	30.06.2009	30.06.2008
<b>Schedule "D" Unsecured Loans</b>		
Fixed Deposits *	18,905	26,274
Loan from Banks	3,199,371	2,664,193
Zero Coupon Convertible Bonds (US \$ 52mn)	2,264,600	2,535,000
Zero Coupon Compulsorily Convertible Bonds (US \$ 15mn)	729,657	642,741
Loan from Others	2,669,018	2,190,205
	8,881,551	8,058,413

\* Unclaimed matured deposits will be credited to Investor Education and Protection Fund. The actual amount to be transferred to the Fund will be determined on respective due dates.



# CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Assets	Gross Block				Depreciation Block				Net Block		
	As at 1st July, 2008	Additions/ Adjustments during the year	Sales/ Adjustments & Disposals during the year	Translation Reserve	Total as at 30th June, 2009	For the year	On Sales, Adjustments Disposals during the year	Translation Reserve	Total as at 30th June, 2009	As at 30th June, 2009	As at 30th June, 2008
<b>Schedule "E": Fixed Assets</b>											
<b>A. Tangible Assets</b>											
Land (including leasehold lands)	1,025,714	28,114	-	22,047	1,075,875	9,670	-	1,977	57,248	1,018,627	980,113
Buildings	6,062,121	681,835	21,590	174,795	6,897,161	184,569	19,898	107,431	3,096,372	3,800,789	3,237,851
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	1,930	-	-	-	1,930	141	-	-	1,058	872	1,013
Plant, Machinery & Equipments	39,203,871	13,765,577	570,876	780,100	53,178,672	2,048,234	151,826	464,056	16,970,044	36,208,628	24,594,291
Furniture, Fixtures and Office Equipments	389,783	103,170	1,171	11,995	503,777	23,418	527	10,654	341,639	162,138	81,689
Improvement to Leased Assets	52,848	77,674	-	-	130,522	12,125	-	-	56,157	74,365	8,816
Vehicles	162,134	45,038	3,826	4,292	207,638	15,928	533	539	111,302	96,336	66,766
Gas Cylinders	13	-	12	-	1	-	11	-	-	1	2
Plantation	2,321,142	255,389	2,713	103,524	2,677,342	105,543	-	11,319	378,227	2,299,115	2,059,777
<b>B. Intangible Assets</b>											
ERP Project	539,854	46,795	-	-	586,649	78,909	-	-	387,654	198,995	231,109
Total : This Year	49,759,410	15,003,592	600,188	1,096,753	65,259,567	2,478,537	172,795	595,976	21,399,701	43,859,866	31,261,427
Total : Previous Year	45,290,900	1,970,404	42,546	2,540,652	49,759,410	1,975,441	38,892	1,368,488	18,497,983	976	1,260
Scrap Assets										43,860,842	31,262,687

## Notes

- Buildings include Rs. 38,969 thousands (Previous year Rs. 38,969 thousands) towards revalued value of ownership flats in Co-operative Housing Societies.
- The Lease-Agreement in respect of 5.04 Acres of Land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company. Lease deeds held in the name of erstwhile amalgamating Company Sewa Papers Limited are being mutated in favour of the Company.
- Depreciation during the year include :
  - Rs. 11200 thousands (Previous Year Rs. 46368 thousands) charged to Inventories.
  - Rs. 12500 thousands (Previous Year Rs. 3979 thousands) charged to Plantation.
  - Rs. Nil (Previous Year 1325 thousands) Adjustment on realignment of reporting dates between the company and its subsidiary.
  - Rs. 129306 thousands (Previous Year Nil) allocated to Project Development Expenditure.
- During the year, the company has adjusted the foreign currency differences on amounts borrowed for acquisition of fixed assets relating to project under construction, to the carrying cost of fixed assets under head capital work in progress. According adjustment for Rs. 5755.90 Lacs was made to the cost of related fixed assets.

## CONSOLIDATED SCHEDULES “A” TO “L”

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	30.06.2009		30.06.2008	
	Face Value or Nos.	Book Value	Face Value or Nos.	Book Value
<b>Schedule “F” : Investments</b>				
<b>Government Securities :</b>				
5 - Year Kisan Vikas Patra (Lodged as Security Deposit)	Rs. 2000	2	Rs. 2000	2
6 - Year National Saving Certificates (Lodged as Security Deposit Rs. 28 thousand)	Rs. 31,200	31	Rs. 112600	125
7 - Year National Saving Certificates	Rs. 3000	3	Rs. 3000	3
<b>Other Investments :</b>				
Avantha Power & Infrastructure Ltd. (formerly known as Bilt Power Ltd.)	38,584,000	381,108	20,384,000	230,664
Fully paid Equity Shares of Rs.10/- each Blue Horizon Investment Limited	5000	335	5000	335
Fully Paid Equity Shares of Rs 10/- each				
		381,479		231,129
In Government Securities		36		130
In Fully Paid Equity Shares		381,443		230,999
		381,479		231,129
<b>Break-up :</b>				
Unquoted Investments		381,443		230,999
<b>Others :</b>				
Government Securities & Bonds		36		130
		381,479		231,129

## CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "G" : Inventories</b>		
(As valued and certified by the Management)		
Raw Materials	1,055,859	2,091,011
Stock of Stores, Spare Parts, Chemicals etc.	2,013,335	1,792,880
Block Stores	36,169	24,741
Raw Materials and Stores-in-Transit	337,377	323,651
Stock-in-Trade :		
Finished Stock -	779,220	573,356
At cost or net realisable value whichever is lower		
Stock-in-Process -	639,343	200,409
	4,861,303	5,006,048
<b>Schedule "H" : Sundry Debtors</b>		
Debts outstanding for a period exceeding six months :		
Secured -		
Considered Good	17,581	43,655
Unsecured -		
Considered Good		
Due from Others	115,911	69,405
Considered Doubtful		
	133,492	113,060
Other Debts :		
Secured -		
Considered Good	218,211	565,706
Unsecured -		
Considered Good		
Due from Others (Net of Bills Discounted)	2,908,391	2,447,860
	3,126,602	3,013,566
	3,260,094	3,126,626
<b>Schedule "I" : Cash and Bank Balances</b>		
Cash on Hand	36,218	6,387
Bank Balances :		
With Scheduled Banks -		
On Current Accounts	43,338	1,964,227
On Saving Accounts	-	37
On Margin Money Account	11,477	231,198
On Fixed Deposit Accounts (Lodged as security deposit Rs. 201315 thousands)	481,165	2,372,116
On Employees' Security Deposit Account in Saving Bank	302	292
On Compulsory Buyback	20,021	22,581
On Optional Buyback	247	632
On Unpaid Dividend Account	14,671	15,367
	571,221	4,606,450
With Post Office on Saving Bank Accounts (Pass Books lodged as Security Deposit)	-	246
With Non-Scheduled Banks -		
On Current Accounts	435,794	269,732
	1,043,233	4,882,815

## CONSOLIDATED SCHEDULES “A” TO “L”

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule “J” : Loans and Advances</b>		
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for to be received	3,492,517	4,034,432
Balance with Customs and Excise Authorities	1,455,439	1,017,227
Advance Tax, Tax deducted at Source (including Income Tax refund receivable)	2,275,174	1,739,685
MAT Credit Entitlement	563,344	368,400
	7,786,474	7,159,744
Other Advances include amount advanced to Directors Rs. 3162 thousands (Maximum amount outstanding at any time during the year Rs. 3491 thousands)		
<b>Schedule “K” : Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
For Acceptances	367,394	309,779
Sundry Creditors - Micro, Small and Medium Enterprises	21,156	6,852
Sundry Creditors - Capital Goods	223,214	1,870,707
Sundry Creditors - Other creditors	4,439,291	4,878,194
(Include Interest free sales tax loan/deferral)		
Security Deposits (including Interest accrued thereon)	236,137	172,233
Advances received from Customers	16,373	-
Provision on security premium payable on redemption of ZCCB	631,727	520,647
Trustees Staff Welfare Account	527	527
Unclaimed Dividend / Dividend Payable *	14,644	15,337
Employees Security Deposit	302	292
Unclaimed Compulsory Buyback Consideration	20,021	22,581
Unclaimed Optional Buyback Consideration	247	632
Commission payable to Chairman, MD and other Directors	26,016	47,236
Interest on Loans accrued but not due	70,590	74,275
	6,067,639	7,919,292
<b>B. Provisions</b>		
Provision for Taxation including MAT	2,152,580	1,826,041
Provision for Proposed Dividend	277,762	388,867
Provision for Dividend Tax	47,206	66,088
Provision for Employee Benefit	534,989	521,975
	3,012,537	2,802,971
	9,080,176	10,722,263

\* Includes amount to be transferred to Investor Education and Protection Fund which will be determined on the respective due dates.

	As at 01.07.2008	Expenditure during the year	Written off during the year	Balance as at 30.06.2009
<b>Schedule “L” : Miscellaneous Expenditure</b>				
(to the extent not written off or adjusted)				
VRS/ERS Compensation	59,624	231,942	98,714	192,852
Share Issue Expenses	19,982	-	4,996	14,986
	79,606	231,942	103,710	207,838

## CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2009	30.06.2008
<b>Schedule "I" : Sales</b>			
Paper (including coated)	27,964,608		26,359,382
Less: Discount	287,838		246,661
		27,676,770	26,112,721
Caustic Soda, Chlorine etc.		40,285	47,023
APR Pulp		1,153,720	3,580,670
Others (including traded goods)		565,722	519,077
		29,436,497	30,259,491
<b>Schedule "II" : Other Income</b>			
Interest on Investments		133	11,580
Foregin Currency Fluctuation (Net)		452	-
Profit on Sales of Stores, Raw Materials, Scrap etc.		20,208	16,609
Rent and Licence Fee (Gross)		5,837	4,776
Miscellaneous Income		82,713	127,055
Profit on Sale of Assets (Net)		5,027	1,142
Gain Arising on Buyback of Zero Coupon Convertible Bonds		17,420	-
		131,790	161,162
<b>Schedule "III": Increase/(Decrease) in Stocks</b>			
Opening Stock :			
Finished		573,356	597,414
In Process		200,409	152,352
		773,765	749,766
Add: Net adjustment in value arising out of realignment of reporting date between the company and its subsidiary			
Finished		-	1,398
In Process		-	1,277
		-	2,675
Add : Stock of pre-operative stage at Unit Bhigwan (BGPPPL)			
Finished		61,684	-
In Process		108,661	-
		170,345	-
		944,110	752,441
Closing Stock :			
Finished		779,220	573,356
In Process		639,343	200,409
		1,418,563	773,765
Net Increase/(Decrease) on Stocks		474,453	21,324
<b>Schedule "IV": Manufacturing Costs</b>			
Raw Materials consumed (including Expenses thereon)		8,182,457	8,044,280
Stores and Spare Parts consumed		5,250,617	4,807,819
Excise Duty on year end inventory of Finished Goods		(439)	(3,806)
Power, Fuel and Water Charges		4,418,490	4,461,675
Repairs and Maintenance - Buildings		40,381	31,128
Repairs and Maintenance - Plant & Machinery		271,205	519,906
Repairs and Maintenance Sundries		65,114	73,576
Processing Charges		110,107	110,588
Lease Charges of Machinery		325	625
Other Expenses		358,261	233,490
		18,696,518	18,279,281

## CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the balance sheet as at June 30, 2009

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>Schedule "V" : Personnel Costs</b>		
Salaries, Wages, Bonus and Gratuity	1,882,240	1,682,706
Directors' Commission on Profits – Gross	26,016	47,236
Contribution to Provident, Superannuation & Other Funds	148,626	134,522
Workers and Staff Welfare Expenses	134,348	149,158
	2,191,230	2,013,622
<b>Schedule "VI": Administration, Selling &amp; Miscellaneous Costs</b>		
Rent	3,814	14,711
Lease Rent	9,203	2,376
Rates and Taxes	17,520	37,300
Insurance Charges	78,262	49,860
Directors Fees	2,359	1,200
Debenture Trustee Remuneration	364	725
Office & Other Expenses	379,494	315,215
Commission	7,870	19,326
Carriage and Freight	308,081	285,630
Other Selling Expenses	96,256	113,498
Assets Discarded	41	283
Unusable Stores & Spares written off / provided for	–	3,056
Foreign Exchange Rate Fluctuation (Net)	12,699	4,198
	915,963	847,378
Less: Unspent Liabilities and excess provisions in respect of earlier years Written Back	29,472	11,726
	886,491	835,652
<b>Schedule "VII": Interest and Finance Costs</b>		
Interest :		
On Debentures and Fixed Loans	307,136	1,287,749
On Other Accounts	1,242,478	507,225
Finance and Placement Charges	366,307	443,743
Guarantee Commission paid to Banks	971	81,960
	1,916,892	2,320,677
Less: Interest earned (Tax deducted at source Rs. 30586 thousands)	208,696	838,292
	1,708,196	1,482,385



# CONSOLIDATED SCHEDULES “I” TO “VIII”

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

## Schedule "VIII": Significant Accounting Policies and Notes

### 1. Significant Accounting Policies

#### A. Basis of Presentation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21), “Consolidated Financial Statements” and Accounting Standard 23 (AS 23), “Accounting for Investments in Associates in Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India.

#### B. Fixed Assets -Tangible

1. Fixed Assets (other than those which have been revalued) are stated at their original cost Including Freight, Duties, Taxes and other Incidental Expenses related to Acquisition and Installation. In the case of Revalued Assets in hand as at the close of the year, the Book Value is inclusive of revaluation.
2. Expenditure during construction period including interest on specific borrowings for new projects are capitalised till the stabilisation of commercial production.
3. The Company capitalises its Assets (including Construction and Installation in Progress) at a value net of Cenvat received / receivable in respect of Capital Goods.

#### C. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method on certain Assets and on Written down Value Method on other Assets in accordance with Schedule XIV of the Companies Act, 1956, except in case of one of the Company's foreign subsidiary, depreciation is charged so as to write off the depreciable amount of assets over their estimated useful lives using the straight-line method and improvements to leased premises which are amortised over the period of lease. Land is not depreciated. Depreciation on revalued portion of fixed Assets, as applicable, is appropriated and adjusted out of Revaluation Reserve if available with the Company, on a global pooling basis and the balance is charged off in Accounts.

#### D. Fixed Assets -Intangible

Assets identified as intangible assets are stated at cost including incidental expenses thereto, and are amortised over a predetermined period.

#### E. Inventory Valuation

Raw Materials, Stores, Spare Parts, Chemicals etc., are valued at cost, computed on weighted average basis. Finished goods and work in process are valued at cost or net realisable value, whichever is lower. In the case of finished goods and work in process cost comprises of material, direct labour and applicable overhead expenses. The cost of finished goods also includes applicable excise duty.

#### F. Investments

- a) Investments made by the Company in various securities are primarily meant to be held over a long-term period.
- b) (i) Holding of certain Investments is of strategic importance to the Company and therefore, the Company does not consider it necessary to provide for decrease in the Book Value of such Investments, till continuation of the relation-ship of strategic importance with the Investee Company, namely that of a Subsidiary, Associate, Company under the same management, Foreign Joint Ventures and/or Company associated with Avantha Group.  
(ii) However, appropriate provisions are made to recognise decrease in the Book Value of Investments in companies of Strategic importance also, as and when the Investee Company is either wound up or goes into liquidation or where the operations cease or are taken over by Receiver by Operation of Law.
- c) Investments in Government Securities are shown at cost and Investments, other than that of Strategic Importance to the Company are shown in the books at lower of cost or fair market value.
- d) As a conservative and prudent policy, the Company does not provide for increase in the Book Value of individual investments held by it on the date of Balance Sheet.

#### G. Dividend

Provision for Dividend, as proposed by the Directors, is made in the books of account, pending approval of the Shareholders at the Annual General Meeting.

#### H. Foreign Currency Transactions

##### (i) Initial Recognition

Foreign currency transaction are recorded in Indian rupees being the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the respective dates of the transaction.

##### (ii) Conversion

Foreign currency monetary items are reported using the closing rate as at the year end. 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.

##### (iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the company's monetary items at rates different from those at which they were initially recorded during the financial year are recognized as income or as expenses in the financial year in which they arise except for adjustment of exchange difference arising on reporting of long term foreign currency monetary items in so far they related to the acquisition of a depreciable capital assets which are adjusted to the cost of the assets.

(iv) The operation of foreign subsidiaries which are considered as non-integral operations, their financial statements are translated at the following exchange rates:

- a) Revenue and Expenses : at the average exchange rate during the year
- b) Current assets and current liabilities : Exchange rate prevailing at the end of the year
- c) Fixed Assets : Exchange rate prevailing at the end of the year
- d) Share Capital : At the Original rate when the capital was infused

The resultant Exchange difference is accounted as Foreign Currency Translation Reserve until the disposal of the net Investment.

**I. Revenue Recognition**

As per the requirement of the Companies (Amendment) Act, 1988, all Expenses and Income are accounted for on accrual basis.

**J. Research & Development**

Revenue expenditure on Research and Development is charged to the Profit & Loss Account in the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets or Work in Progress, as the case may be.

**K. Retirement Benefits**

Short term employee benefits are charged off in the year in which the related services are rendered. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit & Loss Accounts.

**L. Income From Investments**

Income from Investments, where appropriate, is taken to revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

**M. Advance License, Import Entitlements**

Advance License and Import Entitlements accruing against exports made by the Company are accounted in the books only on their utilisation/disposal.

**N. Taxation**

Provision for Current Tax is made on the basis of estimated taxable income for the relevant accounting year in accordance with the Income Tax Act, 1961.

The deferred tax liability on account of timing differences between the book profits and the taxable profits for the year is accounted by applying the tax rates as applicable as on the balance sheet date.

Deferred Tax assets arising from timing differences are recognised on the Principles of virtual certainty that these would be realised in future.

**O. Impairment Of Assets**

The company applies the test of Impairment of certain assets as provided in Accounting Standard (AS) – 28 “Impairment of Assets”.

**P. Provision And Contingencies**

The Company create a provision when there is a present obligation as a result of past events that probably require an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made, when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

**Q. Share Premium Account: Utilisation**

Debenture / Share / Zero Coupon Convertible Bonds issue expenses incurred and premium payable on Zero Coupon Convertible Bonds are adjusted in the same year against the Securities Premium Account as permitted by section 78(2) of the Companies Act, 1956.

## CONSOLIDATED SCHEDULES "I" TO "VIII"

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

2. The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (The Company) for year ended 30th June 2009 and its following Subsidiaries and Associate

Name of the Company	Country of Incorporation	Proportion of Ownership Interest either directly or through subsidiary As at 30th June, 2009
<b>Subsidiary</b>		
Bilt Tree Tech Limited	India	91.67%
Ballarpur International Holdings B.V.	Netherlands	100%
<b>Step down Subsidiary</b>		
Ballarpur Paper Holdings B.V.	Netherlands	100%
Sabah Forest Industries Sdn. Bhd.	Malaysia	97.78%
Ballarpur International Graphic Paper Holdings B.V.	Netherlands	79.53%
Ballarpur International Paper Holdings B.V.	Netherlands	100%
Bilt Graphic Paper Products Limited	India	100%

- a) The Consolidated Financial Statements of the Company and its Subsidiaries have been prepared in accordance with Uniform Accounting Policies and Generally Accepted Accounting Principles in India. Further investment in Associate Company has been accounted for as per the equity method in accordance with AS-23.
- b) In these accounts, pursuant to the deed of merger, one of the Company's foreign subsidiary Ballarpur Graphic Paper Holdings B.V. was merged with Ballarpur Paper Holdings B.V., its holding Company with effect from 1st July 2008 and due to change in holding of step down subsidiary of the company, the figures as on 30th June 2008, have been recasted and regrouped after adjusting minority interest vis-a-viz capital reserve on consolidation. Further, in the process of consolidation, all Intra-company balances have been adjusted/ eliminated based on reconciliation/available information.
- c) The stake of Ballarpur Industries Ltd in its associate company, Avantha Power & Infrastructure Ltd, has reduced from 26% to 16.21%. Consequently, the results of operations of an associate had been included in the consolidated Profit and Loss Accounts for the period from the beginning of the period until it ceased to be an associate and thereafter, the said investment has been accounted for in accordance with Accounting Standard "AS 13 - Accounting For Investment"
- d) The Company has disclosed only such Policies and Notes from the individual financial statements, which fairly cover the required disclosures.

### 3. Contingent Liabilities

- a) Rs. 625.65 Crores (30th June, 2008 Rs. 554.95 Crores) approximately being claims against the Company not acknowledged as debts.
- b) The future obligation for the rentals under a Financial Lease Agreement entered into, by the Company for certain assets taken on lease by another Company amounts to Rs. 0.057 Crore (30th June, 2008 Rs. 0.11 Crore).
4. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs. 52.42 Crores (30th June, 2008 Rs. 44.42 Crores).
5. Estimated amount of contracts remaining to be executed on Capital Account Rs. 617.26 Crores (Net of Advances) (30th June, 2008 Rs. 763.63 Crores).
6. The company has operating leases for various premises and for other assets, which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Profit & Loss Account for the year are Rs. 1.30 Crore. (Previous Year Rs. 1.71 Crore). As of 30th June, 2009, the future minimum lease payments for non-cancellable operating leases are as below :-
- |   |            |
|---|------------|
| – Not later than one year from 30th June, 2009      | 0.45 Crore |
| – Later than one year and not later than five years | 0.25 Crore |
7. a) The Unit Bhigwan had imported certain Plant & Machinery at "Nil" rate of custom duty under the Export Promotion Capital Goods (EPCG) Scheme. The Current Status requires the unit to Export sum of USD 226.85 million by January 11, 2010. The unit has achieved a total export of USD 204.59 millions till 30th June 2009. The unit filed an application for grant of extension in the period for fulfilling export obligation for a further period of two years i.e. till January 2010 and the same has been approved by The Director General of Foreign Trade.
- b) Unit Ashti has imported certain Plant and Machinery at concessional rate of custom duty under 5% Export Promotion Capital Goods (EPCG) scheme. The Unit has been granted two licenses, accordingly the unit is obliged to export goods amounting USD 9.17 million & USD 0.76 million respectively, which is equivalent to eight and half times the duty saved on import of machinery. The unit is required to meet this export obligation over a period of eight years starting 17th March 2005 & 6th May, 2005. The unit has achieved total export of USD 3.80 million as on 30.06.09. As such the Liability that may arise for non-fulfilment of export obligation is currently non- ascertainable.
8. During the previous year, M/s Bilt Graphic Paper Products Limited, a subsidiary of the Company, had adjusted the foreign currency differences on amounts borrowed for acquisition of fixed assets relating to project under construction, to the carrying cost of fixed assets

## CONSOLIDATED SCHEDULES "I" TO "VIII"

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

under head capital work in progress. According adjustment for Rs 7.08 Crores was made to the cost of related fixed assets. Pursuant to the Gazette notification issued by the Ministry of Company Affairs, Government of India, the company has continued to opt for adjustment of exchange differences arising on reporting of long term foreign currency monetary items, in so far they relate to the acquisition of a depreciable capital assets, to the cost of the assets and be depreciated over the balance life of the assets. Since the company already opted for such option in previous year, no further adjustment required to be made during the year.

9. The disclosure required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting standards) Rules 2006, are given below:

### Defined Contribution Plan

Contribution to Defined Contribution Plan is recognized and charged to various account heads including Capital Expenditure for the year, are as under:

Sr. No.	Particulars	2008-09 (In Rs. Lacs)	2007-08 (In Rs. Lacs)
1.	Employer's Contribution in Provident Fund	569.07	447.77
2.	Employer's contribution in Superannuation Fund	140.76	210.67
3.	Employer's Contribution in Pension Scheme	432.72	243.84

### Defined Benefit Plan:

The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as gratuity.

Sr. No.	Particulars	Gratuity Funded (Rs. Lacs) 2008-09	Gratuity Unfunded (Rs. Lacs) 2008-09	Encashment Unfunded (Rs. Lacs) 2008-09	Gratuity Funded (Rs. Lacs) 2007-08	Gratuity Unfunded (Rs. Lacs) 2007-08	Encashment Unfunded (Rs. Lacs) 2007-08
<b>a.</b>	<b>Reconciliation of Opening and closing of Defined Benefit Obligation</b>						
	Defined Benefit Obligation at beginning of the year	142.01	4530.53	650.83	121.35	4122.15	584.64
	Current Service Cost	15.43	339.19	74.77	12.85	355.40	79.81
	Interest Cost	12.21	338.89	47.78	10.54	345.34	48.28
	Actuarial (gain)/loss	24.24	339.51	92.23	2.10	269.95	25.08
	Benefit paid	(9.59)	(919.02)	(207.44)	(4.83)	(562.31)	(86.98)
	Defined Benefit Obligation at year end	184.30	4629.10	658.17	142.01	4530.53	650.83
<b>b.</b>	<b>Reconciliation of opening and closing balance of fair value of plan assets</b>						
	Fair value of plan assets at beginning of the year	103.63	-	-	77.79	-	-
	Expected return on plan assets	9.22	-	-	7.79	-	-
	Actuarial gain/ (loss)	1.94	-	(10.41)	0.81	-	-
	Employer contribution	16.48	919.01	207.44	22.06	562.31	95.66
	Benefit Paid	(9.59)	(919.01)	(207.44)	(4.83)	(562.31)	(95.66)
	Fair Value of plan assets at year end	121.68	-	(10.41)	103.63	-	-
	Actual return on plan assets	11.16	-	-	-	-	-
<b>c.</b>	<b>Reconciliation of fair value of assets and obligations</b>						
	Fair value of plan assets as at 30th June, 2009	121.68	-	-	103.63	-	-
	Present value of obligation as at 30th June, 2009	184.30	4629.10	658.17	142.01	4530.53	650.83
	Amount recognized in Balance Sheet	62.62	4629.10	658.17	38.38	4530.53	650.83
<b>d.</b>	<b>Expenses recognized during the year (under the head "Payments to and Provisions for Employees")</b>						
	Current Service Cost	15.43	339.19	74.77	12.85	328.08	79.81
	Interest Cost	12.21	338.88	47.78	10.54	322.25	48.28
	Expected return on plan assets	9.22	-	-	7.79	-	-
	Actuarial (gain)/loss	22.30	339.51	102.64	1.29	269.95	25.08
	Net Cost	59.16	1017.58	225.19	32.47	920.28	153.17
<b>e.</b>	<b>Discount Rate (per annum)*</b>	8%	7.5%/7%/8%	7.5%/7%/8%	8%	8%/8.75%	8%/8.75%
	Expected rate of return on plan assets (per annum)						

Rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Note: \* Discount rate (per annum) in case of Ballarpur Industries Limited it is 7.50% and in case of Bilt Graphic Paper Products Limited - Unit Kamlapuram is 7%, Unit Ballarpur 7.50% and Unit Bhigwan 8%.

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### 10. Miscellaneous Expenditure - Deferred Revenue Expenditure

- a) Share Issue expenses are being written off over a period of five years.  
 b) Compensation paid under the Approved Voluntary Retirement Scheme for its employees have been treated as Deferred Revenue Expenditure, which is being written off over a period of five years or up to 31st March 2010, whichever is earlier.

11. The Provision for taxation for the year is the aggregate of the provision made for nine months ended 31.03.09 and three months ended 30.06.09. The ultimate tax liability shall however be based on the previous year as defined in the Income Tax Act. 1961. The deferred Tax Assets and Liabilities as on 30.06.09 and 30.06.08 comprising timing difference on accounts of :-

Particulars	30.06.2009	30.06.2008
<b>Deferred Tax Asset</b>		
Expenses allowable on payment basis	36,806	21,757
Provision for Gratuity & Others	181,658	177,056
<b>Total</b>	<b>218,464</b>	<b>198,813</b>
<b>Deferred Tax Liability</b>		
Higher Depreciation claimed under tax laws (net of unabsorbed depreciation)	1,992,229	1,422,355
Deferred revenue expenditure & others	4,378	41,132
<b>Total</b>	<b>1,996,607</b>	<b>1,463,487</b>
<b>Net Deferred Tax Asset (Liability)</b>	<b>(1,778,143)</b>	<b>(1,264,674)</b>

In case of namely Ballarpur International Holdings B.V, Ballarpur Paper Holdings B.V., Sabah Forest Industries Sdn. Bhd., Ballarpur International Graphic Paper Holdings B.V., Ballarpur International Paper Holdings B.V., Net deferred tax assets shall be recognised as and when there is a virtual certainty for recovery there-of.

12. Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various units of the Company.  
 13. Accounts with certain Financial Institutions, Banks and Companies are subject to reconciliation; however these will not have any significant impact on the profit for the year and on the net worth of the Company as on the Balance Sheet date.  
 14. **Significant Event Occurring After Balance Sheet Date**

The step-down subsidiary of the Company namely Ballarpur Paper Holdings B.V. Netherland has entered into refinancing of existing loans of USD 498.3 Million availed from consortium of Banks. The loan is refinanced by combination of Rupees Borrowing and Foreign Currency Borrowing.

Ballarpur Paper Holdings B.V. has also issued Compulsory convertible debentures to the tune of USD 100 Million to part finance the above said loan.

### 15. Segment Reporting

The Company has identified business segment as the primary segment after considering all the relevant factors. The Company's manufactured products are sold primarily within India and as such there are no reportable geographical segment.

The Expenses, which are not directly identifiable to a specific business segment are clubbed under "Unallocated Corporate Expenses" and similarly, the common assets and liabilities, which are not identifiable to a specific segment are clubbed under "Unallocated Corporate Assets/Liabilities" on the basis of reasonable estimates,

Particulars	Year	Paper	Paper Products & office supplies	Pulp	Others	Total
<b>Revenues</b>						
Gross sale to External Customers	<b>2008-09</b>	<b>24,499,535</b>	<b>3,177,235</b>	<b>1,153,721</b>	<b>606,006</b>	<b>29,436,497</b>
Excise Duty	<b>2008-09</b>	<b>(1,021,517)</b>	<b>(158,304)</b>	-	<b>(9,753)</b>	<b>(1,189,575)</b>
Gross sale to External Customers	2007-08	23,469,229	2,643,492	3,580,670	566,100	30,259,491
Excise Duty	2007-08	(1,685,169)	(251,917)	-	(11,573)	(1,948,659)
Total Segment Revenues (Net Of Excise)	<b>2008-09</b>	<b>23,478,018</b>	<b>3,018,931</b>	<b>1,153,721</b>	<b>596,253</b>	<b>28,246,922</b>
	2007-08	21,784,060	2,391,575	3,580,670	554,527	28,310,832
<b>Segment Results</b>	<b>2008-09</b>	<b>4,301,993</b>	<b>318,345</b>	<b>(198,419)</b>	<b>(43,186)</b>	<b>4,378,733</b>
	2007-08	4,497,527	374,130	611,268	(24,378)	5,458,547
Less: Unallocated Corporate Expenses (Net of other income)	<b>2008-09</b>					<b>146,695</b>
	2007-08					235,614
Profit Before Interest and Tax	<b>2008-09</b>					<b>4,232,037</b>
	2007-08					5,222,933
Interest (Net of Income)	<b>2008-09</b>					<b>1,708,196</b>
	2007-08					1,482,385

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Particulars	Year	Paper	Paper Products & office supplies	Pulp	Others	Total
Profit Before Tax	<b>2008-09</b>					<b>2,523,841</b>
	2007-08					3,740,548
Provision For Tax						
– Current Tax (Net of MAT Entitlement Credit)	<b>2008-09</b>					<b>115,270</b>
	2007-08					381,074
– Deferred Tax	<b>2008-09</b>					<b>513,469</b>
	2007-08					300,455
– Fringe Benefit Tax	<b>2008-09</b>					<b>16,325</b>
	2007-08					22,742
Net Profit	<b>2008-09</b>					<b>1,878,777</b>
	2007-08					3,036,277
Minority Interest	<b>2008-09</b>					<b>211,640</b>
	2007-08					64,800
Share of Profit in Associates	<b>2008-09</b>					<b>15,800</b>
	2007-08					27,699
Net Profit after Minority Interest and Share of Profit in Associates	<b>2008-09</b>					<b>1,682,937</b>
	2007-08					2,999,176
<b>Other Information</b>						
<b>Segmental Assets</b>	<b>2008-09</b>	<b>58,112,327</b>	<b>3,610,093</b>	<b>4,472,878</b>	<b>1,920,763</b>	<b>68,116,061</b>
	2007-08	50,418,176	3,102,267	5,097,190	1,913,933	60,531,566
Unallocated Corporate assets	<b>2008-09</b>					<b>1,860,383</b>
	2007-08					2,573,149
Total Assets	<b>2008-09</b>					<b>69,976,444</b>
	2007-08					63,104,715
<b>Segmental Liabilities</b>	<b>2008-09</b>	<b>4,854,276</b>	<b>513,293</b>	<b>423,864</b>	<b>895,871</b>	<b>6,687,304</b>
	2007-08	5,786,076	490,074	382,490	945,674	7,604,314
Unallocated Corporate Liabilities	<b>2008-09</b>					<b>2,392,872</b>
	2007-08					3,117,949
Total Liabilities	<b>2008-09</b>					<b>9,080,176</b>
	2007-08					10,722,263
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	<b>2008-09</b>					<b>13,727,655</b>
	2007-08					9,322,569
Depreciation	<b>2008-09</b>					<b>2,325,531</b>
	2007-08					1,923,769
Amortisation	<b>2008-09</b>					<b>103,710</b>
	2007-08					93,891
<b>Total Liabilities Excludes</b>						
Secured Loans	<b>2008-09</b>					<b>28,257,090</b>
	2007-08					20,743,559
Unsecured Loans	<b>2008-09</b>					<b>8,881,551</b>
	2007-08					8,058,413
Deferred Tax Liabilities	<b>2008-09</b>					<b>1,778,143</b>
	2007-08					1,264,674
Minority Interest	<b>2008-09</b>					<b>3,676,085</b>
	2007-08					4,561,756



### 16. List of related parties other than subsidiary companies

#### I List of related parties over which control exists

##### a. Associate Companies :

BILT Paper Holdings Limited  
 NewQuest Corporation Limited  
 Avantha Power & Infrastructure Limited  
 Korba West Power Company Limited  
 TKS Developers Limited  
 Jhabua Power Limited  
 Gleneagles Healthcare Holdings (P) Limited  
 Solaris Industrial Chemicals Limited  
 Bilt Industrial Packaging Company Limited  
 APR Sacks Limited  
 Global Green Company Limited  
 Global Green USA Limited  
 GG International N.V.  
 Intergarden N.V.  
 Intergarden (India) Private Limited  
 Dunakiliti Kanzervuzem Kft  
 Greenhouse Agraar Kft  
 Puszta Konserv Kft, Hungary  
 Floragarden Tarim Gida Sanay ve Ticaret A.S.  
 Biltech Building Elements Limited  
 Asia Aviation Limited  
 UHL Power Company Limited  
 NewQuest Insurance Broking Services Limited  
 Avantha Technologies Limited  
 (earlier NewQuest Process Outsourcing Private Limited)  
 NQC Global (Mauritius) Limited  
 NQC International (Mauritius) Limited  
 NewQuest Services Private Limited  
 JG Containers (Malaysia) Sdn. Bhd.  
 Mirabelle Holdings LLC  
 Mirabelle Trading Pte. Limited  
 MTP NEW Ocean (Mauritius) Limited  
 Corella Investments Limited  
 Lustre International Limited  
 Prestige Wines and Spirits (P) Limited (earlier TT & G Trading P. Ltd.)  
 Himalayan Hideaways P. Ltd.  
 Vani Agencies P. Ltd.  
 Solaris Holdings Ltd.  
 Solaris Chemtech Industries Limited (earlier Solaris Bio Chemicals Ltd.)  
 Salient Business Solutions Ltd.  
 Salient Financial Solutions Limited  
 Salient Knowledge Solutions Limited  
 Salient Business Solutions USA, Inc.  
 Sairam Infra Projects Private Limited  
 Imerys Newquest (India) Private Limited  
 Janpath Investments & Holdings Ltd.  
 Sohna Stud Farms P. Ltd.  
 KCT Chemicals & Electricals Limited  
 KCT Papers Limited  
 THE Paperbase Company Limited  
 Avantha International Holdings B.V.  
 TAF Asset 2 B.V.

## CONSOLIDATED SCHEDULES “I” TO “VIII”

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Crompton Greaves Limited  
CG Energy Management Limited  
CG Capital & Investments Limited  
CG-PPI Adhesive Products Limited  
Malanpur Captive Power Limited  
Brook Crompton Greaves Limited  
CG Actaris Electricity Management Limited  
CG Lucy Switchgear Limited  
International Components India Limited  
CG International B.V.  
Pauwels International N.V.  
Pauwels Americas Inc.  
PT Pauwels Trafo Asia  
Pauwels Trafo Gent N.V.  
Pauwels Canada Inc.  
Pauwels Transformers Inc.  
Pauwels Trafo Ireland Limited  
Pauwels France SA  
Pauwels Trafo Belgium N.V.  
Pauwels Trafo Service N.V.  
Pauwels Middle East Trading and Contracting Limited  
Crompton Greaves Hungary Kft  
Transverticum Kft  
Ganz Transelektro Villamossagi Zrt.  
Microsol Holdings Limited  
Microsol Limited  
Viserge Limited  
Microsol UK Limited  
Microsol Inc  
Societe Nouvelle de Maintenance Transformateurs  
MSE Power Systems Inc.  
MSE West LLC  
Crompton Greaves Germany GmbH  
Toscana Lasts Limited  
Toscana Footwear Components Limited  
Gyanodaya Prakashan (P) Limited  
Saraswati Travels (P) Limited  
Varun Prakashan (P) Limited  
Leading Line Merchant Traders (P) Limited  
Oyester Buildwell (P) Limited  
Seer Buildwell (P) Limited  
Vanity Propbuild (P) Limited  
Karam Chand Thapar & Bros Limited  
Orient Engineering & Commercial Company Limited  
The Pioneer Limited  
Thapar International Limited  
Ultima Hygiene Products (P) Limited  
Avantha Foundation

**b. Key Management Personnel**

Mr. Gautam Thapar  
Mr R R Vederah  
Mr B Hariharan  
Mr Yogesh Agarwal

## SCHEDULES "VIII" : SIGNIFICANT ACCOUNTING POLICIES & NOTES

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2009	30.06.2008
<b>II Details of Transactions with related parties other than subsidiary companies</b>		
(Financial Transactions have been carried out in the ordinary course of business and/or in discharge of contractual obligations)		
a. Sales of goods & allocation of common expenses for rendering corporate services		
– Associate Companies	5,873	5,787
b. Purchase of goods & services		
– Associate Companies	1,591,387	1,206,584
c. Purchase of Investments		
– Associate Companies	199,108	–
d. Remuneration etc.		
– Key Management Personnel	116,314	117,840
e. Outstanding balances as at 30th June, 2009		
– Associate Companies	766,807	426,484
– Key Management Personnel	3,162	3,491
<b>17. Earnings Per Share</b>		
I Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 2/- each		
Net Profit After Tax, Minority Interest and Share of Profit in Associate available to Equity Shareholders For Basic EPS	1,682,937	2,999,176
Adjustment for the purpose of Diluted EPS :-	–	–
Net Profit available to Equity Shareholders For Diluted EPS	1,682,937	2,999,176
II Weighted Average number of Equity Share for Earnings Per Share Computation		
A) No. of shares for Basic Earnings Per Share	555,523,839	555,523,839
Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	64,322,070	74,217,774
B) No. of Shares for Diluted Earnings Per Share	619,845,909	629,741,613
III Earnings Per Share		
Basic (Rs.)	3.03	5.40
Diluted (Rs.)	2.72	4.76

18. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Company's Financial Statements.

19. Figures for the previous year have been re-arranged and regrouped, wherever necessary to make them comparable to the classification of current year.

Signatures to Schedules "A" to "L" and "I" to "VIII"

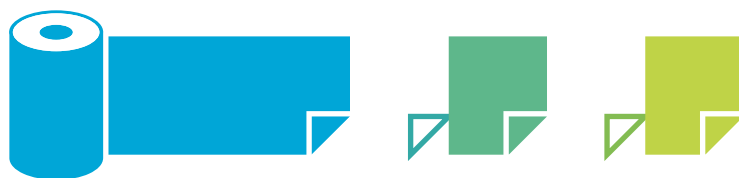
As per our report attached  
**ASHWIN MANKESHWAR**  
 partner  
 membership No. 46219

For and on behalf of  
**K. K. MANKESHWAR & CO.**  
 chartered accountants

21st September, 2009  
 New Delhi

**GAUTAM THAPAR**  
 chairman  
**R. R. VEDERAH**  
 managing director  
**B. HARIHARAN**  
 group director (finance)  
**VIVEK KUMAR GOYAL**  
 chief financial officer  
**AKHIL MAHAJAN**  
 company secretary

21st September, 2009  
 New Delhi



ADDRESS FOR CORRESPONDENCE

THE COMPANY SECRETARY

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Sushant Lok – I,  
Mehrauli-Gurgaon Road,  
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