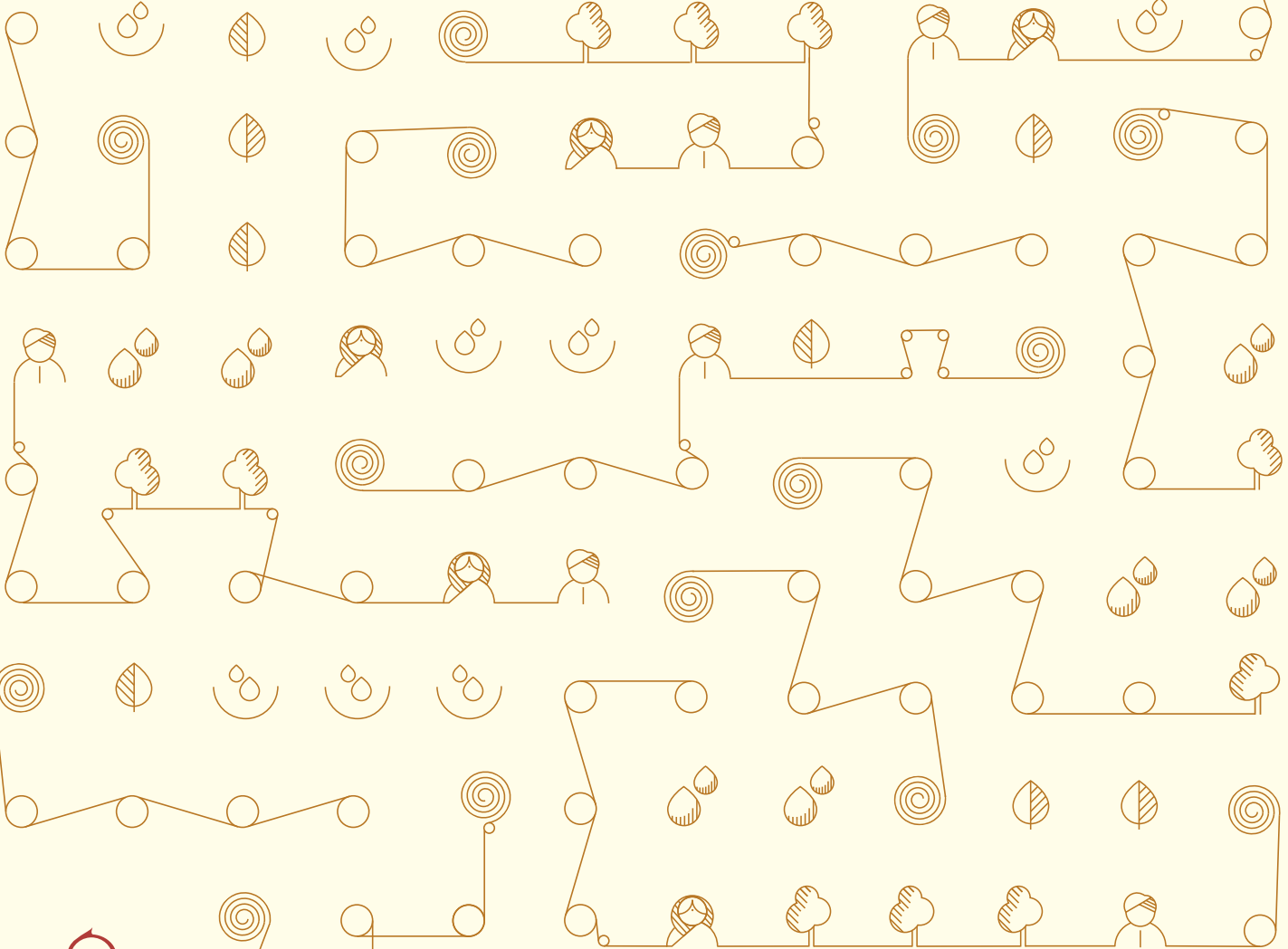


B U I L D I N G A
S U S T A I N A B L E
E N T E R P R I S E



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CONSOLIDATED
FINANCIALS



BOARD OF DIRECTORS

GAUTAM THAPAR
Chairman

R. R. VEDERAH
Managing Director
& Executive Vice Chairman

B. HARIHARAN
Group Director (Finance)

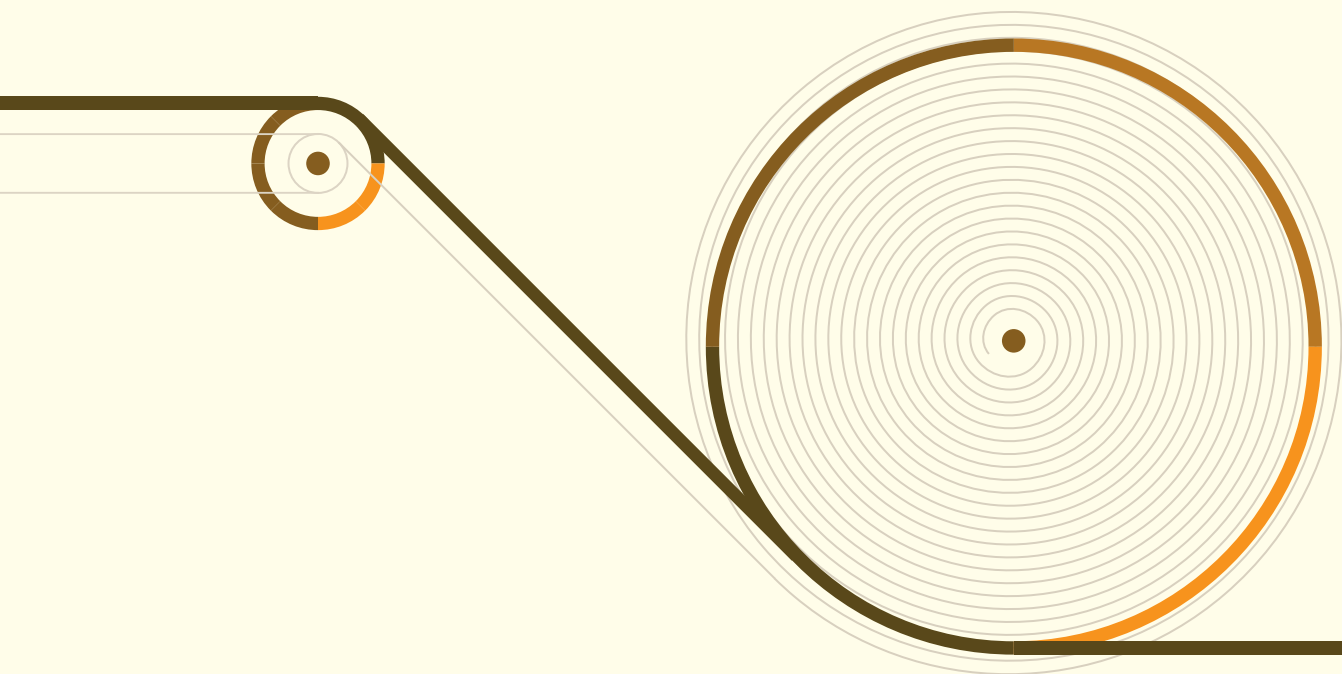
P. V. BHIDE

SANJAY LABROO

A. S. DULAT

ASHISH GUHA

A. P. SINGH
Nominee of LIC



COMPANY INFORMATION

REGISTERED OFFICE

P. O. Ballarpur Paper Mills-442901,
District Chandrapur, Maharashtra

HEAD OFFICE

Thapar House, 124 Janpath,
New Delhi-110001

OPERATING OFFICE

First India Place, Tower-C, Block-A,
Sushant Lok-I, Mehrauli-Gurgaon Road,
Gurgaon-122002

AUDITORS

K. K. Mankeshwar & Co.,
Chartered Accountants
Kingsway, Nagpur-440001

LISTING ON STOCK EXCHANGES

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra(E),
Mumbai-400051

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

CONSOLIDATED HIGHLIGHTS

AWARDS & CERTIFICATIONS

SFI

OSHAS 18001-2007 & MS 1711:2011 certification and Environment Management system certification under ISO 14001-2004.

Forest Stewardship Council (FSC) Chain of Custody (COC) certification to sell the products as 100% FSC and FSC mix.

JCI-UN Socially Responsible Company (SRC) Awards 2012 for the community initiatives.

UNIT BHIGWAN

RISI (Resource Information Systems Inc.) award for 'Water Efficiency of the Year' and 'Mill Manager of the Year' at International level.

Confederation of Indian Industry (CII) National Award for Excellence in Water Management for Excellent Water Efficient Unit within the fence; and Water Efficient Unit beyond the fence.

UNIT BALLARPUR

Shortlisted among top six companies globally by RISI-Pulp and Paper International for the **Best Efficiency Improvement of the Year Award.**

Energy Efficient Unit Award 2012 from CII GBC, Hyderabad for Energy Conservation Project.

IPMA Award for Energy Conservation.

FSC COC certification and Control Wood certificate.

PAPER SALES IN MT

830,342

NET SALES IN RS. CRORE

4,854.8

FY2012-13	
FY 2011-2012	838,542
FY 2010-2011	836,544
FY 2009-2010	792,971
FY 2008-2009	605,734

FY2012-13	
FY 2011-2012	4,732.3
FY 2010-2011	4,498.1
FY 2009-2010	3,794.6
FY 2008-2009	2,824.7

2012-2013

FINANCIALS

BILT TREE TECH LIMITED (BTTL)

World Bank 2013 India Development Market Place Award for Chhattisgarh farm forestry operations.

PAPER SALES

Decreased by 1% from 838,542 MTPA in 2011-12 to 830,342 MTPA in 2012-13.

NET SALES

Increased by 2.6% from Rs. 4732.3 Crore in 2011-12 to Rs. 4854.8 Crore in 2012-13.

DEBT EQUITY RATIO

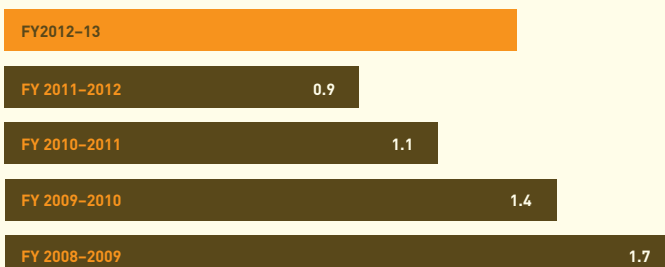
Increased from 0.9 in 2011-12 to 1.3 in 2012-13.

PBDIT

Increased by 9.3% from Rs. 800.9 Crore in 2011-12 to Rs. 875.6 Crore in 2012-13.

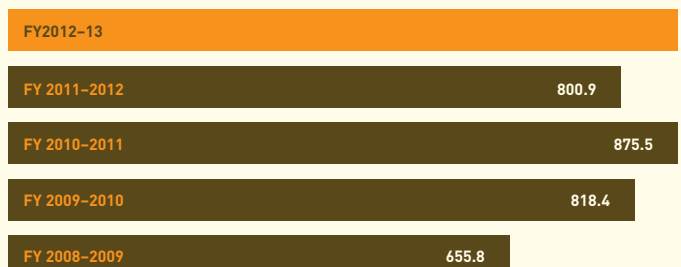
DEBT EQUITY RATIO

1.3

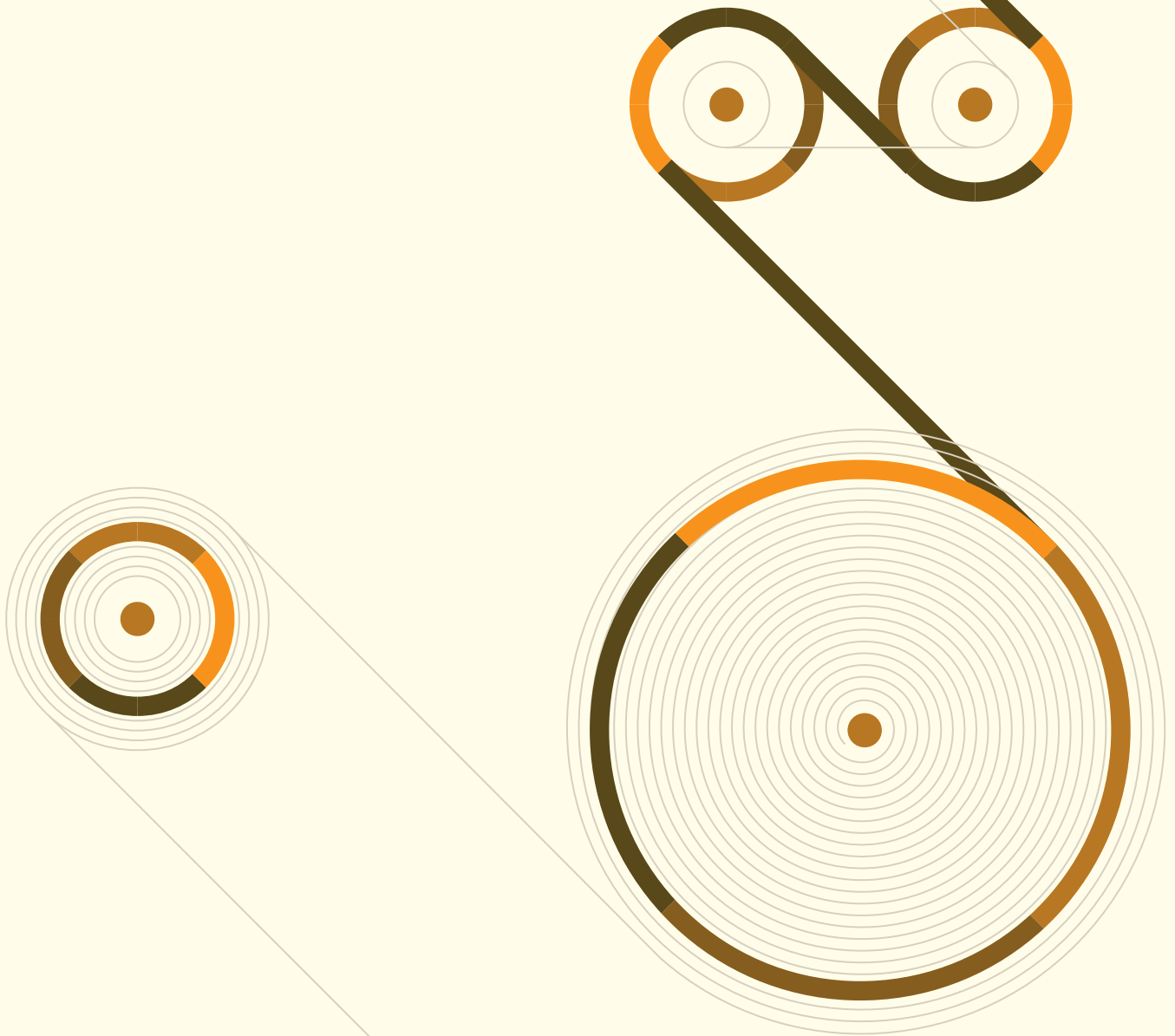


PBDIT IN RS. CRORE

875.6



CHAIRMAN'S LETTER



Dear Shareholder In what is a relatively short letter to you this year, I wish to focus on three areas — the first two as points of information, and the third in somewhat greater detail as an issue of deep conviction.

The first is to do with your Company's capital outlay. Although there were considerable delays, I am relieved to inform you that the expansion programme which I referred to in the last two years' annual reports is over — both in Ballarpur (India) and in Sabah (Malaysia). The additional pulping mill facilities in both locations are on the ground. The pulp mill modernisation project in Ballarpur has been completed and trial runs have commenced from July 2013. The project at Sabah was completed earlier, and it has already significantly ramped up its production of pulp.

These two facilities will provide your Company with much greater in-house access to its key raw material, and hence, reduce its dependence on the vagaries of global purchase of pulp. As I wrote last year, subject to there being no major untoward downward movement in paper prices, this significant addition in pulping capacity should allow your Company not only to produce more paper products, but also do so at higher margins than before.

With this, the current capital cycle has come to an end. In the next few years, there will be no significant capital investments.

While I am pleased with the completion of the project, the Company's management will need to spend considerable time and effort in serious introspection about the cause and nature of the delay and inform the board and stakeholders about the process changes to be made to ensure such delays do not occur again. This will be done before the board approves any other major capital expenditure. I am confident that the management team under the new Chief Executive Officer, Mr. Yogesh Agarwal will deliver this change according to expectation.

In the interim period, your Company's management will focus on 'sweating' the additional capital to produce more output at lower unit costs and earn better returns.

My second area is related to your Company's financial performance. Let me categorically state something: given the paper supply-demand imbalances



in India and elsewhere, rising price of purchasable pulp as well as energy and the delays in project implementation, your Company has performed creditably.

In a difficult environment, BILT has succeeded in growing net sales by 2.6% to almost Rs.4,855 crore in FY2013.

It has increased profit before interest, depreciation and tax (PBDIT) by 9.3% to over Rs.875 crore.

Thanks to substantial cost savings, it has raised the operating margin (PBDIT/

 **THE PULP MILL MODERNISATION PROJECT**

in Ballarpur has been completed and trial runs have commenced from July 2013. The project at Sabah was completed earlier, and it has already significantly ramped up its production of pulp.

Net Sales) by 110 basis points from 16.9% in FY2012 to 18% in FY2013.

The problem has been at the levels of profit before and after tax. Because of delays in commissioning the pulping plant at Ballarpur, the scale of operations were not at a level that could absorb the delays to capacity additions. Thus, profit after tax (PAT) in FY2013 fell by 41% to Rs.93.6 crore, primarily on account of higher depreciation and finance cost.

I expect this to be a thing of the past in FY2014 and thereafter. The additional pulping facilities that are now on the ground will create much needed space for raising paper output and margins, especially across the higher value segments in which your Company specialises. This, in turn, ought to generate adequate funds for both depreciation and interest, and still increase PBIT and PAT, thus raising both the return on capital employed and that on net worth. I certainly look forward to better times. So should you.

This brings me to the most substantive aspect of the letter: 'Sustainability'. Wood is our major import, consumed to manufacture pulp which produces paper. Unless enterprises seriously focus on sustainability in this industry, they create severe long term problems for themselves.

BILT believes in sustainability — and it goes much beyond the mere cache of a well-intentioned word.

We invest in forests. Our subsidiary, Sabah Forest Industries (SFI) planted 8,476 hectares, which was a 73% increase over FY2012. It has constructed the first phase of a new central nursery and all indications suggest that there will be a vast improvement in the recovery from sowing to delivery which will help in setting even more ambitious planting targets. Work is going on to provide better quality propagation material to increase the production of cuttings for the nursery.

At the time of taking over SFI, your Company's management was aware that there were a number of issues relating to the plantations. These were created by the previous owners. This included, community rights of the indigenous communities living around the periphery of the plantation, illegal felling of timber, non-viable forestry practices and poor germplasm and nursery infrastructure. Your Company has worked


with the Government of Sabah, Forestry Department and local communities to overcome most of these problems and I am happy to report that we have been successful.

In India, the emphasis on sustainability is even more impressive. Your Company operates a farm forestry programme in Odisha, Madhya Pradesh, Chhattisgarh, Andhra Pradesh and Maharashtra. We supply fast growing, site specific planting stock with technical know-how. We have environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 20 million plants of clonal saplings. We also supply quality seedlings of leucaena (subabul) in Andhra Pradesh and Maharashtra, casuarina in Andhra Pradesh and the Odisha Coast and acacia in Odisha. Your Company expects to expand and continue to grow this program, which is a very important part of its CSR focus.

The focus of this activity is on small and marginal farmers with rain fed lands. We facilitate financial assistance for small and marginal farmers through bank loans to encourage them to take up plantations in their rain fed fallow lands. We also give assured buy back of wood at a declared support/ market price, whichever is higher. I am proud to say that in FY2013, BTTL raised pulpwood plantations in approximately 10,000 hectares (or 25,000 acres) of farmland, which benefited some 15,000 small and marginal farmers. Although challenging, we believe the program is scalable and provides a social security net to the most poor and marginalized.

Finally, we have received VLC (Verification of Legal Compliance) certification and have applied for FSC-FM (Forest Stewardship Council-Forest Management) certification for the plantation at SFI. BTTL also received the World Bank 2013 India Development Market Place Award for our Chhattisgarh farm forestry operations. All of these achievements strengthen our vision and capability of sustainability in business.

As your chief fiduciary and shareholder, I want two kinds of 'sustainability' in the years ahead. The first has to do with sustainability of profits and shareholder value. It is important but, if I may suggest to you, these are outcomes, not 'means'. The second, and by far the most important, is sustainability of the environment and livelihood of those who inhabit our

 **WOOD IS OUR MAJOR IMPORT,** consumed to manufacture pulp which produces paper. Unless enterprises seriously focus on sustainability in this industry, they create severe long term problems for themselves.

larger eco system. We cannot have an exploitative industry that focuses only on the former while ignoring the latter. That will be an ultimately self-defeating short run view.

Instead, your Company needs to be known as one that has steadily invested in growing forests, in bettering the environment and creating a long term sustainable basis for farmers who are partners in progress. And, by doing so, it has earned higher profits and created greater value for the shareholders.

With our restructuring this year, we have now two distinct and separate businesses. A print and packaging business (BIGPH), a 79.21% owned subsidiary focussed on the offset printing and imaging market and (BILT), a speciality paper, branded stationery, tissue and hygiene business, in short, a more branded and consumer business.

In the past, the cross ownership of assets has had issues of organisational effectiveness. We will now be able to run both businesses as clear and distinct entities, each focussed on their own customer, distribution and brands, with a management and cost structure appropriate for the business. This should lead to overall improvement on brand focus and financial performance.

It has been a long journey in bringing the old BILT to the new 21st century world. Global and local events have not always provided us the tailwinds we have desired. Yet we have persevered and I commend the management team on their effort. Improved focus should lead to improved financial performance and rewards for the shareholders and other stakeholders.



GAUTAM THAPAR
Chairman

MANAGEMENT DISCUSSION & ANALYSIS



Overview Global economic growth increased marginally from an annualised rate of 2.5% in the second half of calendar year (CY) 2012 to 2.75% in the first quarter of CY2013. Continuing underperformance was principally due to two factors. First, growth continued to disappoint in major emerging market economies — reflecting, in varying degrees, infrastructure bottlenecks and other capacity constraints, slower demand growth, concerns regarding financial stability, as well as apprehensions relating to fiscal deficits, monetary policies and current account deficits. Second, continuing recession in the Euro area was both longer and deeper than expected, with low demand, depressed confidence, high unemployment and weak balance sheets of banks interacting to dampen the animal spirits. The one positive has been the USA. Everything points to a steady economic recovery though the pace continues to remain slow.

Economic conditions in India were particularly disappointing. GDP growth reduced yet again — first to 5% in April 2012–March 2013, which is the lowest in the last decade, and then to 4.4% in the first quarter, or April 2013–June 2013. India is going through a phase of low investments, growing trade deficit, weakening government finances, fast depreciating domestic currency, higher than normal net capital outflows with little or no policy or administrative reforms in the last four years.

In addition, currency and exchange rates have been playing an increasingly important role in the pulp and paper Industry. This is not only linked to the relation between the Indian Rupee and US Dollar but also the interplay of various pulp and paper cost currencies like the Brazilian Real, the Indonesian Rupiah, the Chilean Peso, the Chinese Yuan and the Vietnamese Dong vis-à-vis the US Dollar. To be on the right side of the raw materials curve, one not only needs to correctly read the raw material cycles but also the exchange rate fluctuations.

These conditions have adversely affected both business and consumer sentiments. Regarding the global paper business, this macro-economic scenario has contributed to a further reduction in demand for writing and printing paper — over and above the fall in growth at the margin on account of rapidly growing digitisation.


Not surprisingly, with a large proportion of its markets concentrated

in India and Malaysia, BILT (or 'the Company') faced severe demand side uncertainties. To its credit, despite an adverse environment, BILT recorded 2.6% revenue growth in financial year (FY July–June) 2013 versus FY2012. In addition to depressed demand, the Company faced rising cost of several key inputs such as pulp and energy — overcoming which required many cost saving measures. The salient features of the financial performance are:

- Net sales increased by 2.6% to Rs.4,854.8 crore in FY2013.
- Profit before interest, depreciation and tax (PBDIT) increased by 9.3% to Rs.875.6 crore in FY2013.
- With cost savings, operating margin (PBDIT/Net sales) increased by 110 basis points from 16.9% in FY2012 to 18% in FY2013.
- However, the scale of operations were still not at the level that could absorb the significant capacity additions. Thus, profit after tax (PAT) in FY2013 fell by 41.2% to Rs.93.6 crore, primarily on account of higher depreciation and finance cost.

Simply put, FY2013 was a difficult year for the Company. However, the ability to withstand adversities and grow operating profits further strengthens BILT's business vision, which is focussed on long term value creation and sustainability.

The project implementation for strategic augmentation of capacity and vertical integration have reached finality, and the Company is expected to start

 **SIMPLY PUT**, FY2013 was a difficult year for the Company. However, the ability to withstand adversities and grow operating profits further strengthens BILT's business vision, which is focussed on long term value creation and sustainability.

leveraging these from the next financial year. Moreover, across all business units, BILT has made progress on resource conservation and sustainable development — the details of which are given in the course of this chapter. Thus, the Company is now in a position to generate sustainable growth on two counts: first in maintaining and growth of sales and profits; and second in giving back to the environment what it uses in the production of pulp and paper.

Today, with the business restructuring process complete, BILT's key businesses are differentiated as follows:

- Writing and printing paper business, including copier paper in India, which is operated through BILT Graphic Paper Products Limited (BGPPL), a step-down subsidiary of the Company.
- Pulp and writing and printing paper business in Malaysia through Sabah Forest Industries Sdn. Bhd., Malaysia, (SFI), another step-down subsidiary of the Company.
- Rayon grade pulp business at Kamalapuram, operated directly under BILT.
- Tissue business through Premier Tissues (India) Limited (PTIL), a subsidiary of the Company.

Detailed performance of these businesses and its production units are given in the sections that follow, 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 AND PULP BUSINESS: INDIA

MARKET DEVELOPMENTS

BILT is one of India's premier companies in the writing and printing paper segment. In addition, it also produces and markets specialty paper and tissue paper.

The trend of shrinking global demand for writing and printing paper that was witnessed in FY2012 continued in FY2013. Demand reduced by 2.3% in CY2012 and by 1.2% for the first seven months of CY2013, compared to the same period of the previous calendar year. While the market is contracting at an aggregate, there are divergent trends within different regions across the globe.

A clear development is the shift in growing demand from advanced countries to emerging economies.

This is evident that for the first seven months of CY2013, North America and Europe registered declining demand of 2.4% and 5.6% respectively, while the Asian economies, including India and China, grew by 3.7%. Indeed, the demand growth in Asian countries is an improvement over the 2.7% registered in the first seven months of CY2012.

Much of this divergent trend is attributable to fundamental differences in the stage of economic development across these regions. In advanced countries, where technology adoption is much greater, rapid penetration of computers and spread of digital media have adversely affected paper demand. In emerging Asian economies like India, there is still massive under-penetration of paper use. This is reflected in the per capita consumption of paper. In India, per capita consumption stands at only 9.3 kg — versus 22 kg in Indonesia, 25 kg in Malaysia, 42 kg in China and 312 kg in the US. Interestingly, while India has 17% of the world's population, it consumes less than 3% of the world's paper.

The divide between India and other emerging market nations is getting bridged with relatively rapid economic development. India's per capita consumption of paper has almost doubled in the last decade and this growth is expected to continue. Today, India is the 15th largest paper consumer in the world, which amounted to some 12 million metric tonnes per annum (MTPA) in FY2013. It is also one of the fastest growing markets in the world, with estimates suggesting a market size increase to 22 million MTPA by 2022.

The last few years have witnessed several new investments in capacity creation in the Indian writing and printing paper industry. With increased capacity coming on-stream, there has been a supply-demand mismatch resulting in intense competition and pricing pressure. Capital intensive industries like paper periodically witness such market conditions where the long term capacity trend follows a step function, while demand has a steady trend growth. This leads to periods of excess capacity and intense competition till demand growth catches up with capacity.

BILT continues to implement a well-structured strategic plan focussed on maintaining its leadership position across carefully selected sub-segments of the writing and printing paper industry in India. The strategy is based on leveraging the benefits of a

 **BILT CONTINUES TO** implement a well-structured strategic plan focussed on maintaining its leadership position across carefully selected sub-segments of the writing and printing paper industry in India.

significant level of vertical integration in the production system; regular introduction of new products with a focus on value addition: and is buttressed by a widespread, cost effective distribution network that penetrates deep into the markets that matter.

The Company also strategically exports some of its output to leverage global opportunities, develop a market position in some countries, and balance-out the supply in India. In FY2013, BILT exported to 80 countries across the globe — with exports accounting for over 8% of its volumes produced in India. In addition, BILT also increased its penetration in the Malaysian market through SFI.

The Company's writing and printing paper business can be divided into five categories: coated wood-free, uncoated wood-free, copier paper, business stationery and creamwove. BILT is also into the tissue paper business.

COATED WOOD-FREE

Coated wood-free consumption in India increased by about 10% to 623,000 MTPA in FY2013, and BILT continued to maintain and develop its leadership position in this category. It includes blade coated, air knife and cast coated products. While the high technology blade coated products grew by 8%, air knife grew by 6%.

The coated market can be segregated in two ways. One is in terms of one-side coated (C1S) and both-sides coated (C2S). The second is a division in terms of paper products and board products. Within blade coated products, which is the higher order technology, the C2S paper market grew by over 12% to 316,830 MTPA and the C2S board market grew by over 13% to 118,000 MTPA in FY2013.

With rapid expansion in the market, the value-added coated wood-free market is increasingly getting transformed into a more commodity-like space that is witnessing a major growth in the imports volumes, especially from China. BILT continues to counter this by introducing new products, enhancing customer service through a multi format distribution network, and by continuously focusing on reducing costs through larger scale of operations and better efficiencies in production.

UNCOATED WOOD-FREE

During FY2013, the Indian uncoated market — comprising Low Bright and Hi Bright segments — grew by 5% to 1,185,000 MTPA. The market is largely

restricted to domestic players and is highly fragmented with a multitude of products and manufacturers. International competition has little role in this market, which remains fairly insulated from global developments.

BILT remains the largest organized player in this space by continuing to offer a wide range of products. While maintaining a commanding presence in each product category, the Company has laid greater importance on optimising its product mix for greater profitability. Consequently, the Company has been focusing on the higher value Hi Bright segment, which accounts for around 61% of the entire uncoated maplitho segment. Hi Bright grew by 8% in FY2013, and BILT maintained its leadership position in the category.

Most of BILT's major brands in this segment maintained their market shares. This includes Sunshine Super Printing Paper, which is used for offset printing and Three Aces Natural Shade Deluxe (T.A. NSD).

COPIER

Copier is a forward integration of the uncoated wood-free paper segment. This includes maplitho paper cut in sizes with product characteristics that are best suited for desktop printing and copying.

This is a fast growing segment. The mill packed copier market in India grew by 15% during FY2013 to 576,000 MTPA. Today, there is intense competition in this category with participation of all major players in the Indian paper industry. There are almost 40 brands at various price points.

BILT has four major brands in the market — Copy Power, Image Copier, Ten on Ten and BILT Matrix — and has maintained its second spot in this highly competitive market. Moreover, with steady ramping up of production, the Company is positioned to claim market leadership in this segment.

CREAMWOVE

This is a high volume, low value product segment. In volume terms, it is by far the largest segment in India. It is characterised by several producers, each with sub-optimal capacities, and a highly price sensitive market. This market is stagnant and is estimated at 1.6 million MTPA in FY2013. BILT has strategically maintained a minimal presence in this segment.



UNCOATED WOOD-FREE

BILT remains the largest organized player in this space by continuing to offer a wide range of products. While maintaining a commanding presence in each product category, the Company has laid greater importance on optimising its product mix for greater profitability.

OPERATIONS

As a consolidated entity, BILT's paper manufacturing operation spans five production units in India. These include Ballarpur (Maharashtra), Bhigwan (Maharashtra), Shree Gopal (Haryana), Sewa (Odisha) and Ashti (Maharashtra). The details of operational developments across the different units are given below.

UNIT: BALLARPUR

During FY2013, Ballarpur produced 244,228 MT of paper with the new state-of-the-art paper machine (PM) -7 producing 132,019 MT of paper. This machine and its finishing section has enhanced paper quality and provided better packing with improved productivity levels.

On the product development front, Ballarpur successfully manufactured new shades and products, including Carry Bag Paper, BILT Fine Print, BILT Edge, Coating Base NCR, Copier grade paper for the stationery segment and wrapper paper. These have been tuned to meet customer needs in the domestic as well as export markets.

Un-bleached pulp production was 118,854 MTPA. Improved operational efficiencies resulted in better pulp quality with consistent brightness and increased pulp strength for better operations of paper machines. As a part of fibre conservation, ash levels in paper have been increased through incorporation of new process technologies. This helps reduce fibre consumption along with improvement in paper quality.

Environment management and resource conservation continued to be key focus areas.

ENVIRONMENT MANAGEMENT AND RESOURCE CONSERVATION: BALLARPUR

- The mill has reduced water consumption by approximately 4%. This was achieved by adopting water efficient technologies and deploying 3-R (Reduce-Reuse-Recycle) methodology in water conservation across the unit.
- Steam and power consumption has reduced by about 3.2% per unit of paper produced — by implementing various energy saving initiatives across the pulp and paper manufacturing process. Some of these are: thermo-compressors at paper machines, energy efficient pumps, motors lightings and implementation of Energy Management System (EnMS) ISO 50001:2011 for better operational controls.

As a part of upgrading technology for energy and environmental sustainability, the existing pulp mill has been replaced with a modernised Unit having Continuous Cooking Digester, Oxygen Delignification system, ECF Bleaching and Single High Pressure Recovery Boiler — with all commensurate advanced energy and resource efficient control systems. The pulp mill modernisation project has been completed and trial runs commenced from July 2013.

AWARDS AND ACHIEVEMENTS: BALLARPUR

- First integrated pulp and paper industry in India to implement and certified Energy Management System (EnMS) as per ISO 50001:2011.
- It has a certified Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- IPMA Award for Energy Conservation.
- Energy Efficient Unit Award 2012 from CII GBC Hyderabad for Energy Conservation Project.
- Certified for 'FSC COC' and Control Wood certificate by the Forest Stewardship Council.
- Shortlisted among top six companies globally by RISI-Pulp and Paper International for the Best Efficiency Improvement of the Year Award.

UNIT: BHIGWAN

During FY2013, the PM-1 line at Bhigwan produced 138,441 MT of coated paper and coated boards, while the new PM-2 line produced 128,816 MT of coated paper.

The Unit successfully developed and launched 50 gsm C1S paper from the PM-2 line for flexible packaging application. This is a niche product that commands a premium in the market.

ENVIRONMENT MANAGEMENT, RESOURCE CONSERVATION AND AWARDS: BHIGWAN

- Resource conservation was taken up with renewed focus on reduction of machine downtime, optimisation of wet end and coating chemicals, lower maintenance cost, increased manpower productivity and reduction of production losses.
- Fibre usage was further brought down and overall ash increased in finished paper through incorporation of new process technologies. Water use in production was reduced. Average water

UNIT: BALLARPUR

As a part of fibre conservation, ash levels in paper have been increased through incorporation of new process technologies. This helps reduce fibre consumption along with improvement in paper quality.

consumption in the PM-2 line in FY2013 was 25% less than it was in FY2012. In addition, the Unit supported local villages by supplying scarce drinking water.

- RISI (Resource Information Systems Inc.) award for 'Water Efficiency of the Year' and 'Mill Manager of the Year' at International level.
- CII National Award for Excellence in Water Management for Excellent Water Efficient Unit within the fence; and Water Efficient Unit beyond the fence.
- It has a certified Integrated Management System of ISO 9001:2008, ISO 14001:2004, ISO 50001:2011 and OHSAS 18001:2007.
- 'FSC COC' Certification by the Forest Stewardship Council.

UNIT: SHREE GOPAL

Production at Shree Gopal increased from 80,167 MT of paper in FY2012 to 80,336 MT in FY2013. The Unit undertook various quality enhancing initiatives to improve customer servicing and satisfaction. Some of these include:

- Developed REB Chain Laid 95 gsm and BILT Maplitho High Bulk 60-70 gsm paper, Carry Bag paper and high end Chromo paper.
- Introduced third generation of Oxidant (AMOX) technology.
- Introduced specialty chemical (Ami bond DSR and Ami Print) to improve printability of paper.
- Installed new refiner of higher capacity for uniform refining and power saving.
- Substituted ceramic blades (Acecoat) for steel blades for uniform coating.
- Introduced bleaching enzyme technology at the pulp mill.
- Installed 1D Effect Evaporator in recovery. Thus, CBL solid increased from 59% to 62%.

ENVIRONMENT MANAGEMENT AND RESOURCE CONSERVATION: SHREE GOPAL

- Shree Gopal has continuously ensured compliance with the Corporate Responsibility for Environment Protection (CREP) norms and has achieved levels of treated effluent and boiler stacks emissions which are below those laid down by Haryana State Pollution Control Board.
- Overall, water consumption in the mill reduced by 5% per MT of paper produced.
- Specific energy consumption per MT of paper manufactured was reduced by

3.3%. This was achieved by optimisation of equipment, modification in the steam condensate system, replacing inefficient motors with energy efficient ones and installing variable frequency drives.

UNIT: SEWA

During FY2013, the Unit produced 68,614 MT of paper with own bleached pulp production of 50,687 MT. It undertook various quality initiatives for new product development and to improve customer servicing and satisfaction. These resulted in:

- Achieving on time in full delivery (OTIF) score that was consistently at 97% throughout FY2013.
- Reducing customer complaints by 55% in FY2013.
- Optimising optical properties for achieving CIE whiteness value of 150+.
- Manufacturing around 8,000 MT of Copier grade in 65 gsm for meeting customer demand.

ENVIRONMENT MANAGEMENT AND RESOURCE CONSERVATION: SEWA

- Significant improvements were achieved in resource conservation including: (i) fibre loss reduction; (ii) reducing the load on the effluent treatment plant (ETP) by improving chemical recovery efficiency; (iii) bringing down the relative consumption of utilities like steam, power and water; and (iv) optimisation of the raw material mix from both an environmental and cost perspective.
- In terms of environment protection, Sewa has continuously ensured compliance with the CREP norms laid down by Odisha State Pollution Control Board.
- In FY2013, the various initiatives taken to improve the environment included: (i) installation of ambient air quality monitoring systems to monitor ambient air quality, temperature and wind parameters at main gate of the unit; (ii) identifying potential users / farmers for purged out lime mud in agricultural land; (iii) having memoranda of understanding with brick manufacturers for use of fly ash; and (iv) supplying the unit's ETP sludge to a local entrepreneur for board manufacturing.

UNIT: ASHTI

In FY2013, the Unit produced 46,488 MT of paper. It has undertaken several

UNIT: BHIGWAN

The Unit successfully developed and launched 50 gsm C1S paper from the PM-2 line for flexible packaging application. This is a niche product that commands a premium in the market.

initiatives to improve the product quality and reduce production cost.



ENVIRONMENT MANAGEMENT, RESOURCE CONSERVATION AND CERTIFICATIONS: ASHTI

- Significant improvements were achieved in resource conservation including reduction in: (i) fibre usage by increasing paper ash; (ii) fibre losses by improving the efficiency of the centrifugal cleaners, and (iii) refining energy by adoption of fine bar technology.
- The unit has successfully optimised the efficiency of its electrostatic precipitator (ESP) to achieve suspended particulate matter at 50 mg per normal cubic metre, which is well below the statutory norms.
- It has also been able to reduce coal consumption by using rice husk and wood dust as non-conventional fuel.
- Fibre losses from the plant have been further controlled to reduce sludge generation and ETP load.
- Certified for 'FSC COC' by the Forest Stewardship Council.
- It has a certified Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

PULP BUSINESS: INDIA

The Indian pulp business with its manufacturing base at Kamalapuram focuses mainly on rayon grade pulp.

Production reduced by 8.9% to 80,859 MT in FY2013. This was primarily due to reduced availability of raw material and some issues regarding output from a section of chemical recovery. The problems in chemical recovery were partially rectified by a set of planned shutdowns during end of FY2013 along with maintenance activity on plant and machinery. Since then, the declining production trend has been reversed.

Raw material availability has been poor across the industry, and a few units in the writing and printing sector have made initial inroads in the area of wood chips imports for pulp production. While at Kamalapuram, BILT has been exploring this option, there is a relative disadvantage due to its fairly distant location from the nearest port. Consequently, it focussed on sourcing from neighbouring states to augment supplies.



ENVIRONMENT MANAGEMENT AND RESOURCE CONSERVATION: KAMALAPURAM

- On the energy front, Kamalapuram undertook a host of measures to ensure that specific energy consumption did not increase significantly even as production dropped. Besides direct savings in electrical energy consumption, there were several measures undertaken to improve efficiencies in the pulp mill. These resulted in:
 - Reduction in power consumption by installation of energy efficient motors.
 - Improved evaporation rate.
 - Overall reduction of bleaching chemicals and increase in recovery efficiency.
 - Reduction in fresh water consumption.
 - Reduction in steam consumption per tonne of pulp.

The Unit is continuously working on improvements in the area of increased recovery of spent chemicals thereby directly contributing to higher generation of internal energy. There have also been significant achievements in critical aspects of product quality.

OFFICE SUPPLY AND STATIONERY BUSINESS (OSSB)

The Indian office supplies and stationery product industry is poised for exceptional growth driven by increased thrust and large investments in the education sector, rising income levels, increasing urbanisation and favourable demographics.

BILT continues to rapidly scale up its OSSB by leveraging its institutional strengths including deep consumer insights, proven brand building capability, robust distribution network, plus its paper and packaging expertise.

The Company's business has been growing at a CAGR of 25% for the past five years and achieved an impressive revenue line and significant improvement in profitability during FY2013. The growth drivers for OSSB have been its robust range of differentiated products, vibrant product portfolio, expansion in market coverage, an efficient and responsive supply chain, and continuous brand building initiatives.

The OSSB product portfolio offers a wide range of paper products — Value Added Papers (VAP) and Copier as well as an array of stationery items for



OSSB

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offices and schools. In the VAP category, while Company's flagship brand Royal Executive Bond (REB) continued its market leadership in the premium business paper segment, Matrix Multipurpose Paper continued to enjoy remarkable market standing. In the Copier category, BILT's brands, viz. Copy Power, Image Copier and Ten on Ten, recorded impressive growth with strong market presence.

OSSB's stationery business continued to enhance its portfolio through extensions and new launches in the Executive and Student Stationery categories. The Company's flagship brands — 'Matrix' for office and executive requirements and 'Ten on Ten' for the student community — continue to gain increasing consumer franchise.

In the executive stationery segment, the market standing of the Matrix brand has significantly improved by leveraging an innovative and exciting range of premium notebooks, enhanced brand building efforts, focus on quality, and a strong marketing and distribution network. Matrix continued to maintain its leadership in the premium executive notebook segment despite witnessing competition from local and regional players with introduction of identical me-too products.

In the student stationery segment, portfolio enrichment has been driven through the launch of Ten on Ten and Matrix Junior in new and attractive notebook cover designs. Their innovative, first-to-market designs, based on branding of popular children's characters like Dora, Sponge Bob, Barbie, Hot Wheels, Ben10, Mickey Mouse, etc. have created excitement among school-going children and thus, significantly enhanced the consumer franchise of the brands. During the year under review, Ten on Ten registered impressive growth through its exciting product portfolio, school contact programmes and strong visibility drives at outlet levels, product development capabilities, responsive supply chain and robust distribution network.

As in FY2013, in recognition of excellence in product quality and innovation, OSSB has been again awarded the 'Product of the Year' for stationery product categories. The award is based on a consumer survey of over 25,000 respondents, across India.

The business continued to focus on its distribution infrastructure to support large scale distribution as well as to improve reach and availability.

The products are presently marketed across India through a well-established network of 350 distributors, reaching in excess of 40,000 retail outlets. OSSB also strengthened its export operations and supplied to developed and developing markets — even becoming a supplier to global retailers, like Coles and Office Depot.

During FY2013, the business was faced with the challenge of high levels of input costs. These pressures were, however, largely mitigated through a combination of improvements in product and process efficiencies, supply chain initiatives and smart sourcing.

Office products and student stationery segments in India continues to be on a long term growth path, driven by rising disposable income, changing consumer preference, growing literacy and thrust in the education sector. OSSB is also well poised to drive its accelerated growth and seize opportunities by drawing upon its strong portfolio of Copier, VAP and Notebooks, collaborative linkages with small and medium enterprises, sales and distribution competencies and product development capabilities.

RETAIL: P3

BILT made its foray in the organised retail business around five years ago through P3, which stands for Paper, Print and Pen. Today P3 positions itself as a preferred choice of professionals, and supplies an array of office products directly to over 600 companies across sectors like FMCG, banking, insurance, telecom, power, pharmaceuticals, automobiles, consumer durables, aviation and education.

The Office Products space in India has been growing significantly. However, it is fragmented and served mainly by local vendors. P3, a unique and successful combination of world class stationery merchandise, offers a wide portfolio of office products encapsulating categories like Copier, Specialty Paper, Office Stationery, Technology Products, Corporate Gifting and Print Services. P3's efforts in expanding its customer base and building an efficient supply chain has enabled it to stay on the growth trajectory. With its increasing customer base, growing understanding of consumer insights, a large but relevant portfolio and a responsive supply chain, the business is well poised to expand its footprint in B2B space.



RETAIL: P3

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PAPER AND PULP BUSINESS ABROAD: SFI, MALAYSIA

SFI paper production in FY2013 was 127,033 MT, which is 9.4% higher than FY2012. Out of the total paper production in FY2013, export orders were 36,711 MTPA which is 27.4% higher than the previous year.

During FY2013, SFI successfully ramped up the upgraded Pulp Mill to about 73% capacity utilization. Total bleached pulp production from SFI was 176,338 MT which was 67.5% higher than FY2012. In line with the strategy of vertical integration across BILT's different entities, SFI exported 73,280 MT of market pulp to BILT's paper manufacturing machines in India during FY2013.

The mill also undertook a planned annual shut for 20 days from 1 April 2013 to meet the statutory compliance of boilers and pressure vessels inspection by Department of Safety and Health.

The following certifications were achieved during FY2013:

- SFI was awarded OSHAS 18001-2007 & MS 1711:2011 certification in August 2012 followed by Environment Management system certification under ISO 14001-2004 in January 2013. SFI is now ISO 9001-2008, OSHAS 18001-2007 & ISO 14001-2004 certified.
- It was awarded the Forest Stewardship Council's (FSC's) Chain of Custody, or COC certification in December 2012 to sell the products as 100% FSC and FSC mix. First production of 100% FSC pulp and paper was done in January 2013.



ENVIRONMENT ACTIVITIES AT SFI: PLANTATION

- SFI has continued to increase its scale of operations. In FY2013, it planted 8,476 hectares, which was a 73% increase over FY2012.
- Construction of the first phase of the new central nursery at the mill premises is over and production has commenced. All indications are that there will be a vast improvement in the recovery from sowing to delivery which will provide the material necessary to achieve the set planting targets.
- Work is also going on to establish the Clonal Multiplication Area to provide better quality propagation material to increase the production of cuttings for the nursery. Some superior performing clonal material has been identified from

progeny trials and will be included in the programme. This will allow SFI to capture productivity gains available from clonal forestry plan similar to those obtained by BILT's extension program in India.

- SFI was awarded a compliance certificate by the Sabah Forestry Department for FY2012. The Forestry Stewardship Council Controlled Wood (FSC-CW) certification was retained for the Natural Forest Management Unit (FMU).
- Verified Legal Compliance (VLC) certification was also retained for the established plantations in the Industrial Tree Plantation and Titled Land FMU's.
- A MTCS (Malaysian Timber Certification Scheme) audit to cover all the FMUs will be conducted before the end of 2013.

TISSUE BUSINESS

The tissue market in India is shared evenly between institutional and retail consumers. While the institutional market is in a relatively advanced stage of development, the retail consumer market in India is still at a very nascent stage.

During FY2013, growth in the Indian tissue market growth was impacted adversely due to the prevalent slowdown in the Indian economy as well as certain developments specific to the tissue industry. These were:

- The institutional market's shift from high consumption/ wastage products to more efficient products and dispensing systems — bringing about drop in tissue consumption.
- Cost pressures, which induced drop in tissue gsm from 17/18 gsm to 16 for napkin and bathroom tissue grades, which constitute over 75% of the market.

Like the rest of the industry, Premier Tissues (India) Limited's (PTIL) business was under stress in FY2013. It has taken definitive steps for corrections to get back on the growth path in FY2014. For instance, PTIL took aggressive steps to improve its presence in modern trade during FY2013, the only sub-segment which continued to grow strongly. These efforts have started paying dividend with over 25% growth in business with modern trade during the last quarter of FY2013. In the institutional segment, PTIL has made good progress on large national level accounts with a finely tuned strategy to leverage its



IN LINE WITH the strategy of vertical integration across BILT's different entities, SFI exported 73,280 MT of market pulp to BILT's paper manufacturing machines in India during FY2013.

manufacturing strength and distribution capabilities.

During FY2014, PTIL shall continue with these strategies as there is enough room for business expansion.

HUMAN RESOURCES (HR)

The HR function at BILT is an important strategic partner for business success. Talent management and development of human capital is paramount for organisational success and excellence. The Company's focus is to attract quality human resources, hire them as per the business need, develop them for their effectiveness in current and future roles, and retain them through appropriate engagement.

Talent development forms the core of HR strategy with persistent focus on training and development, career progression and leadership development. BILT follows systematic training and addresses technical, managerial and general management areas. The Company partners with the best of the training fraternity and various premier business schools in addition to in-house training talent. As a strategic effort to develop potential leaders, the organisation initiated competency mapping and leadership development exercise for the senior management roles. This will help in revamping the leadership pool of future business managers.

The Company has a well-documented system of descriptions for job clarity and effectiveness at work. It has also initiated a job evaluation exercise for streamlining the work measurement platform to evolve the relative worth of jobs for linking with the pay structure across the Company. It has also initiated a mechanism for getting to the 'Voice of Employees' for better employee engagement and alignment through an Employee Satisfaction Survey. Data generated from this survey shall be used for continuous improvement.

Talent acquisition continues to be an important focus area. Ensuring the availability of the right blend of talent for the business at all times provides impetus to the talent acquisition strategy. The Company hires through a judicious sourcing mix of consultants, direct hiring, job portals, and campus placements.

The Balanced Scorecard based Performance Management System (PMS) forms the backbone of the talent management process at BILT. The PMS focuses on target-setting into four

buckets: (i) business goals; (ii) non-negotiable targets; (iii) organisational development targets; and (iv) self improvement objectives. To make the PMS process more robust and comprehensive, the organisation has recalibrated it by introducing elements of performance development, such as critical attributes, competency assessment, strengths and improvement areas for the employees. BILT has also launched an e-library for encouraging self-learning and development among employees.

The Company believes that its HR systems and processes are contemporary and are in line with business requirements.

HR continues to manage industrial relations without work disruption, thereby ensuring continuity of operations in all the units and maintaining industrial peace and harmony. At the end of FY2013, BILT had 2,097 permanent employees on its rolls.

INFORMATION TECHNOLOGY (IT)

FY2013 saw some significant steps in the utilisation of IT at BILT. The Company expanded its Enterprise Resource Planning (ERP) footprint in the organisation by adding modules on Indenting, Purchasing and Spend Analytics. This brought entire 'Purchase to Pay' activities under one application — reducing potential process delays and technical errors. In addition, the ERP was extended to the Malaysia operations, thus bringing the entire organisation on a single platform.

A cutting edge Human Resource Management (HRM) application was implemented for the Malaysia operations, which included activities ranging from employee and leave management to payroll processing. During FY2013, the captive power business of APIL moved to the Company and IT integration of this with the existing business was also achieved seamlessly.

In addition to strategic IT initiatives, there were a host of automation and analytics initiatives that were implemented in sales and marketing, HR, finance and accounting and production. These are expected to bridge various process gaps and help in identification of potential cost reduction opportunities.

BILT has been an environmentally responsible organisation. To continue its support in planting more trees, a large scale activity of geo-spatial mapping



IT

BILT has been an environmentally responsible organisation. To continue its support in planting more trees, a large scale activity of geo-spatial mapping of forests in India and Malaysia was initiated in FY2013.

TABLE 1

ABRIDGED CONSOLIDATED PROFIT AND LOSS STATEMENT OF BILT (RS. CRORE)

	FY2013	FY2012
Net Sales	4,854.8	4,732.3
Other Income	65.8	89.9
Total Revenue	4,920.6	4,822.2
PBDIT	875.6	800.9
Depreciation & Amortisation	451.7	364.0
PBIT	423.9	436.9
Finance Cost	346.7	265.6
PBT	77.2	171.3
Tax	(16.4)	12.2
PAT	93.6	159.1
PAT (after minority interest and associate company profits/loss)	77.9	123.1

of forests in India and Malaysia was initiated in FY2013.

FARM FORESTRY

Through its subsidiary, BILT Tree Tech Limited (BTTL), the Company continues to work with the farming community to plant tree species that are suitable for pulpwood. With activities spanning over a decade, there are thousands of farmers today who are associated with BTTL's farm forestry programme. BTTL has a strong network of qualified forestry staff to motivate the farmers and provide service support at their doorstep.

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

In order to strengthen the programme and increase its acceptability among farmers, especially tribals in the catchment areas of its mills, BTTL supplies fast growing, site specific quality planting stock with technical know-how. It has environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 20 million plants of clonal saplings. It also supplies quality seedlings of leucaena (subabul) in Andhra Pradesh and Maharashtra, casuarina in Andhra Pradesh and the Odisha Coast and acacia in Odisha.

The production programme is supported by strong R&D to improve the genetic stock of planting material to yield more productivity. BTTL has formed research collaborations with premier Indian research institutes like Institute of Forest Genetics and Tree Breeding

(IFGTB), Coimbatore and the Forest Research Institute (FRI), Dehradun. It is also collaborating with scientists from South Africa for its eucalyptus tree breeding programme.

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

The main objective of the BTTL farm forestry programme is to grow wood on a sustainable basis in the catchment area of the paper mills. To achieve this and to generate awareness, a series of exposure visits of farmers are conducted to the production nurseries and well established plantations. Regular training programmes are also conducted for farmers to educate and update them on the techniques of raising pulpwood plantations to yield maximum productivity from their land.

In FY2013, BTTL raised pulpwood plantations in approximately 10,000 hectares (25000 acres) of farmland — thus benefiting around 15,000 small and marginal farmers in the catchment area of BILT's paper mill units. BTTL received the World Bank 2013 India Development Market Place Award for its Chhattisgarh farm forestry operations.

RESEARCH AND DEVELOPMENT (R&D)

In FY2013, the following projects sponsored by the Company were carried out at Thapar Centre for Industrial

Research and Development, Yamuna Nagar:

COMPLETED PROJECTS:

- In-situ effect of cooking temperature on pulp properties of eucalyptus wood.
- Production of rayon grade pulp using elemental chlorine free (ECF) bleaching sequence.
- Fibre modification with enzyme.
- Development of high ash paper to reduce fibre input as well as cost.
- Estimation of bound and unbound alkenyl succinic anhydride (ASA) in alkaline ASA sized papers.
- Suitability of Shree Gopal for making rayon grade pulp (RGP).
- Study on reduction in chlorine dioxide in bleaching at Shree Gopal.
- Effect of pre-hydrolysate liquor recycling on rayon grade pulp making process and quality.
- Study on enhancement of brightness and whiteness of rayon grade pulp using hydrogen peroxide stabiliser.
- Environment assessment and process improvement at Kamalapuram.
- Effect of cooking temperature on pulp properties of eucalyptus wood.
- Modification of starch for surface sizing of paper through chemical route suitable for batch and jet cooking process.

ON-GOING PROJECTS:

- Techno-economically viable process for waste-water treatment to meet the discharge norms at Kamalapuram.
- Improvement in green liquor clarification for perfection in chemical recovery and causticisation process.

FINANCIAL REVIEW

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

The salient features of the financial performance are:

- Net sales increased by 2.6% to Rs.4,854.8 crore in FY2013.
- With cost saving measures, operating margins (PBDIT/Net sales) increased to 18% in FY2013 from 16.9% in FY2012.
- Consequently, profit before interest, depreciation and tax (PBDIT) increased to Rs.875.6 crore in FY2013.
- Profit after tax (PAT), however, decreased by 41.2% to Rs.93.6 crore in FY2013, primarily on account of higher depreciation and finance cost.

INTERNAL CONTROLS AND THEIR ADEQUACY

BILT has a comprehensive system of internal controls to safeguard and protect all assets against loss from unauthorised use or disposition and to ensure accurate recording and reporting of all transactions. This framework is supported by a robust process of internal audits, review by management and the Audit Committee of the Board of Directors, documented policies, procedures and guidelines.

The internal controls are 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 continue to receive focussed attention from the internal audit team at BILT. Internal audit is performed by an in-house team, which consists of chartered accountants, certified information system auditors, certified fraud examiners and certified internal auditors. The Company's internal audit department is ISO 9001:2008 certified. It has been assessed to conform to international standards and code of ethics by the Institute of Internal Auditors (IIA), USA.

BILT has adopted preventive as well as detective audit approaches to identify gaps, if any, and implement the requisite corrective measures to strengthen the control environment. The Company has a pre-audit system, and an effective preventive control apparatus which covers cash payments and major contracts at all the locations.

Regular system audits, a part of detective control, includes process and transaction audits, which are performed

on the basis of an annual risk based audit plan. All high risk and critical areas are covered once in a year across all units and locations, which include raw material procurement, quality assurance, general procurement, inventory management, overtime, contracts, operations review, exports, imports, engineering and utilities.

Transaction level risk assessment studies of all operations across all units have been conducted by the Internal Audit Department. Annual audit plans are prepared at the beginning of the year, specifying areas to be covered and the timing thereof, and vetted by the Board's Audit Committee. Quarterly Management Information System of progress on the annual audit plan is submitted to the management and the Board.

RISKS

Apart from the regular business risks inherent in any business, there are some that are specific to the paper industry.

First, in developed countries, with the penetration of the internet for many end uses, paper is getting substituted. While such a trend is not expected to be seen in BILT's primary markets of India and South East Asia in the near future, it needs stating that internet and the World Wide Web are key risks to the paper industry.

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 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 over-supply. BILT has been proactively pre-empting this risk and its businesses 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 the 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
DIN: 00012289

R. R. VEDERAH

Managing Director & Executive Vice Chairman
DIN: 00012252

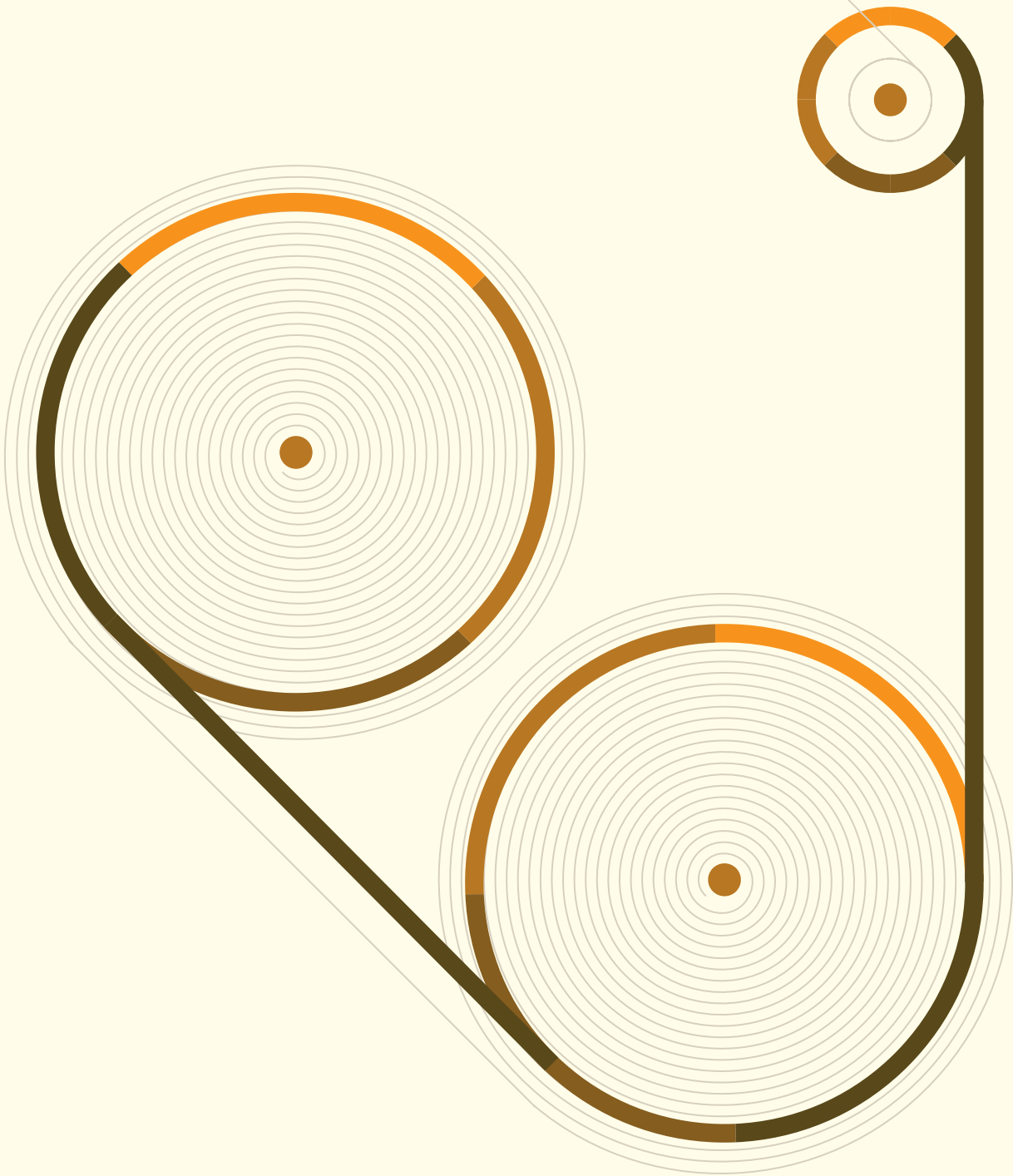
B. HARIHARAN

Group Director (Finance)
DIN: 00012432

Date 29 August 2013

Place New Delhi

CORPORATE SOCIAL RESPONSIBILITY



BILT'S CSR initiatives have always been focussed on creating lasting impacts for all the stakeholders. The expected impacts can best be realised if the interventions are backed by innovations that offer a lasting solutions to the issue at hand. As we have reported earlier, our CSR initiatives are aligned towards achieving the millennium development goals (MDGs). To achieve these in an accelerated and scalable manner, BILT has believed in experimenting with innovative solutions and this has worked well for communities and has created the sustainability that is crucial.

Our presence in the remote areas of the country has meant that we are dealing with communities that have faced marginalisation over several decades. Conventional solutions may not have always given the desired impact. BILT has decided to experiment with different approaches in its work with communities, this has resulted in some very innovative solutions being seen at the field level.

HIGHLIGHTS OF THE YEAR

During the year, we have consolidated the community development initiatives already undertaken during the last few years. In addition activities such as community organisations, education initiatives, community- based health care were scaled. We also initiated few new pilot projects.

The community institutions that BILT has built over the last several years, continued their efforts of development through self-governance and with a minimum support from BILT.

The Women's Credit Co-operative Society in the Ashti Unit area continues to set the best example for economic empowerment of the rural women. The co-operative continues to maintain its accreditation from the government for its transparent system of management & democratic style of functioning.

The projects on pulpwood plantation with the marginal & small farmers have been scaled up. A total of 1342 Acres of degraded land was added under Agro-forestry with more than 1000 farmers this year. Also, the farmers who had undertaken pulpwood plantation during the year 2007 & 2008 harvested their crops and sold pulpwood to the company. This is a true example of win-win partnership both for the communities and for the company. The harvested crops enabled the farmers to earn substantial incomes from the degraded

land which would otherwise have remained idle/unproductive.

Similarly, the participatory water management project has been implemented with the active participation of the local communities and the government irrigation departments.

The community health initiative has been scaled to cover more areas and thereby reach to more needy communities in the remote forest areas. The project on arresting malnutrition in the remote areas has been scaled and a new component of education has been added to the area.

WATER MANAGEMENT PROJECTS WITH COMMUNITIES

We have taken up the participatory water management project with communities at Unit Bhigwan & Sewa.

Units Bhigwan & Sewa are the areas where the communities are primarily agrarian. The communities depend on agriculture as the major sources of livelihood. Bhigwan is primarily a sugar cane growing areas whereas Sewa is the Paddy growing area. In both the areas, farmers depend a lot on water to irrigate their fields largely through flood irrigation. Bhigwan receives only around 600 mm of rainfall and hence it is called as a rain shadow zone, whereas Sewa unit receives around 1350 mm. However, the terrain causes very high run-offs and the water flows away from the area. This results in the increased dependence of the farmers on the company.

The main sources of irrigation in both the areas are through canals and wells. Since, these canals are quite old and not maintained properly by irrigation departments, there are heavy water losses in water distribution.

The basic idea behind the project has been that if the canal operation and maintenance (O&M) comes in hands of



Community based health monitoring



Health education to mother



THE COMMUNITY INSTITUTIONS that BILT has built over the last several years, continued their efforts of development through self-governance and with a minimum support from BILT.

KEY PERFORMANCE INDICATORS

PULP WOOD PLANTATION WITH MARGINAL AND SMALL FARMERS



QUANTITY OF PULP WOOD SUPPLIED BY THE MARGINAL AND SMALL FARMERS FROM EARLIER PLANTATIONS

↑ **218%**



PLANTATION ON DEGRADED LAND WITH MARGINAL AND SMALL FARMERS

↑ **25%**



4,982 ACRES CUMULATIVE AS ON JULY 2013

FARMERS ENGAGED IN PULPWOOD PLANTATION

↑ **66%**



3,229 FARMERS CUMULATIVE AS ON JULY 2013

FARMERS WHO HAVE SUPPLIED PULPWOOD TO THE MILL

↑ **253%**



478 FARMERS CUMULATIVE AS ON JULY 2013

COMMUNITY MOBILISATION FOR SOCIAL EMPOWERMENT



SHGS FORMED

↑ **67%**



	FY2013	CUMULATIVE AS ON JULY '13
Youth Groups Formed	4	123
Farmers' Groups Formed	11	490
Community Based Organisation (VDCs & VECs Formed)	7	98

COMMUNITY MOBILISATION FOR ECONOMIC EMPOWERMENT



LOANS DISBURSED TO MEMBERS OF CREDIT CO-OPERATIVE SOCIETY

↑ **141%**



	FY2013	CUMULATIVE AS ON JULY '13
SHGs linked to Banks for group loans	67	791
Co-operative Linked to Banks	1	4
Producer Company of Farmers' Linked to Banks	0	1
Voluntary Savings mobilised by SHGs	63.2	341.23
Voluntary Deposits mobilised by Credit Co-operative Society	86.18	286.91
Loans leveraged from banks	58.67	861.05
Grants received from government	11.05	61.73
Internal Loans rotated by SHGs & Co-operatives	299.04	1248.46
Community Corpus Funds Created	27.20	79.68

COMMUNITY BASED EDUCATION FOR EMPOWERMENT



MOBILE COMPUTER LITERACY PROGRAMME (GOVERNMENT SCHOOLS)

↑ 03%

FY2013	31
FY2012	30

95 SCHOOLS CUMULATIVE AS ON JULY 2013

	FY2013	CUMULATIVE AS ON JULY '13
Non-formal community education centres set up	178	2,160
Number of children covered through education initiatives	18,287	184,450
Community libraries started		971
Children mainstreamed into formal schools	1,108	23,634
Students covered through mobile computer literacy programme	3,711	23,123

COMMUNITY HEALTH



PREGNANT AND LACTATING MOTHERS PROVIDED WITH HEALTHCARE

↑ 176%

FY2013	5,053
FY2012	1,830

24,637 MOTHERS CUMULATIVE AS ON JULY 2013

	FY2013	CUMULATIVE AS ON JULY '13
Children provided immunization support and basic healthcare	4,710	47,637
Minor ailment treatment given by CHWs	513	22,120
Referral cases for treatment in government hospitals	1,165	3,722

LIVELIHOOD ENHANCEMENT INITIATIVES



NUMBER OF DELIVERIES FROM AI SERVICES (HYBRID ANIMALS)

↑ 72%

FY2013	1,251 ANIMALS
FY2012	727 ANIMALS

1,978 CUMULATIVE AS ON JULY 2013

	FY2013	CUMULATIVE AS ON JULY '13
Best Agriculture Practices (Training & Demonstration)	473	2,102
Number of Cattle attended with Clinical Services	3,157	9,331

ENTREPRENEURSHIP DEVELOPMENT FOR EMPOWERMENT

	FY2013	CUMULATIVE AS ON JULY '13
Entrepreneurs	5	911
Youth covered through vocational training programme	472	2,325

HIV/AIDS PREVENTION PROGRAMME

	FY2013	CUMULATIVE AS ON JULY '13
Patients enrolled for ART	436	2,607
Referral Cases for treatment in government hospitals	523	4,072



Rainwater harnessing through community pond



Water available for multi-purpose uses

further enhance the agricultural production.

In view of the above, we decided to work with the communities by evolving a process of joint ownership through the Participatory Irrigation Management (PIM) models.

We have taken up the approach of working with the communities to improve the efficiency of water distribution and water management. We have formed Community Based Organisations (CBOs) called Water User Groups and associations. Under the project, the farmers who have their land along the water resources bodies like canal, lift irrigation projects and the treated effluent channels of the plant) can become the members of the Water User Groups. These CBOs are given a series of trainings & capacity building inputs so that they are in a position to manage the entire operations on their own. These CBOs are now able to work with the government irrigation departments and are able to convince the government for improvement of the canal system.

To further the process, we also supported the Water User Groups (WUGs) by taking up urgent structural works that were needed to improve the efficiency of the water channels. The basis of the water management projects have been active involvement of the communities with project participation & cooperation and also support in the form of supervision of the works by bringing in the neighbouring farmers from the nearby fields/villages.

Following construction of the water harvesting structure, now there is increased availability of water for the farmers. This has enabled them to depend more on the water conserved through the structures and depend less on the company. This also has contributed in lessening of the strife with the company for water. Also, the ETP water flow has also been regulated and farmers are trained to use only required amount of water and check the flow after irrigating their fields. This relationship with the farmers has enabled to understand each other better.

FROM WASTE TO WEALTH; SOLID WASTE MANAGEMENT PROJECT

We decided to expand the scope of our Corporate Social Responsibility (CSR) initiatives to include the issue pertaining to solid wastes that causes environment pollution. A pilot project has been initiated at the Unit Ballarpur. The project

local farmers, there could be immense positive change in water use efficiency and timely water availability. Therefore, water user associations (WUA) have been formed and registered under Cooperative Act. The members of these WUAs have been trained in effective management of water resources, improved agricultural practices, etc. The process of handing over of canal management from Irrigation Department to WUA members is ongoing and very soon these farmers would be having full control on canal O&M.

As a next step, application of the improved agricultural practices would



WE DECIDED TO WORK

with the communities by evolving a process of joint ownership through the Participatory Irrigation Management (PIM) models.

includes Waste Collection at Source and its safe disposal through LOW COST biodegradable waste transformation into organic manure.

The thrust of Solid Waste Management (SWM) initiative is on conversion of household & industrial waste into useful compost with active involvement of local people. It is a win-win situation for all stakeholders; local community, Industry and Government. The effective solid waste management helps in creating better environment & generation of employment for local people while, Industry gets benefits in the form of meeting legal & statutory PCB norms.

THE KEY FEATURES OF THE PROJECT ARE

- Environment friendly- Reduction in carbon foot print
- Financially self sustainable
- Informed local people about SWM

THE METHODOLOGY OF SWM INITIATIVE IS AS GIVEN BELOW

- Door to door garbage collection with primary segregation (Organic waste & other)
- Secondary segregation of collected garbage into Organic, Re-cyclable and Disposable waste
- Industrial organic waste (fibrous sludge) may be mixed with household garbage
- Composting of organic waste into useful compost
- Sieving and packaging of the compost

During first year (2012-13), we have focussed on the house hold & horticulture waste generated within Ballarpur paper mill premises only. While in coming years, we may include the areas nearby Paper Mill also under the project.

The project also helps to reduce the burden of Land Filling that are faced by the industry. This Waste Management method works on participatory approach and generates sustainable livelihood for waste pickers.

Under the project, activities such as awareness generation about solid waste management with clients, door to door collection of garbage, primary & secondary stages of segregation and conversion of solid waste into useful compost and finally marketing of the compost in the market. This model works on an entrepreneurial basis and BILT provides initial support to the youth engaged in the activity. A series



Paddy cultivation through SRI (Systems for Rice Intensification)



Consortium of Water User Associations(WUAs)



Community Based Education Initiatives for Children

of training programme & exposure visits have been conducted for the youth engaged in the activity.

AWARDS & RECOGNITIONS

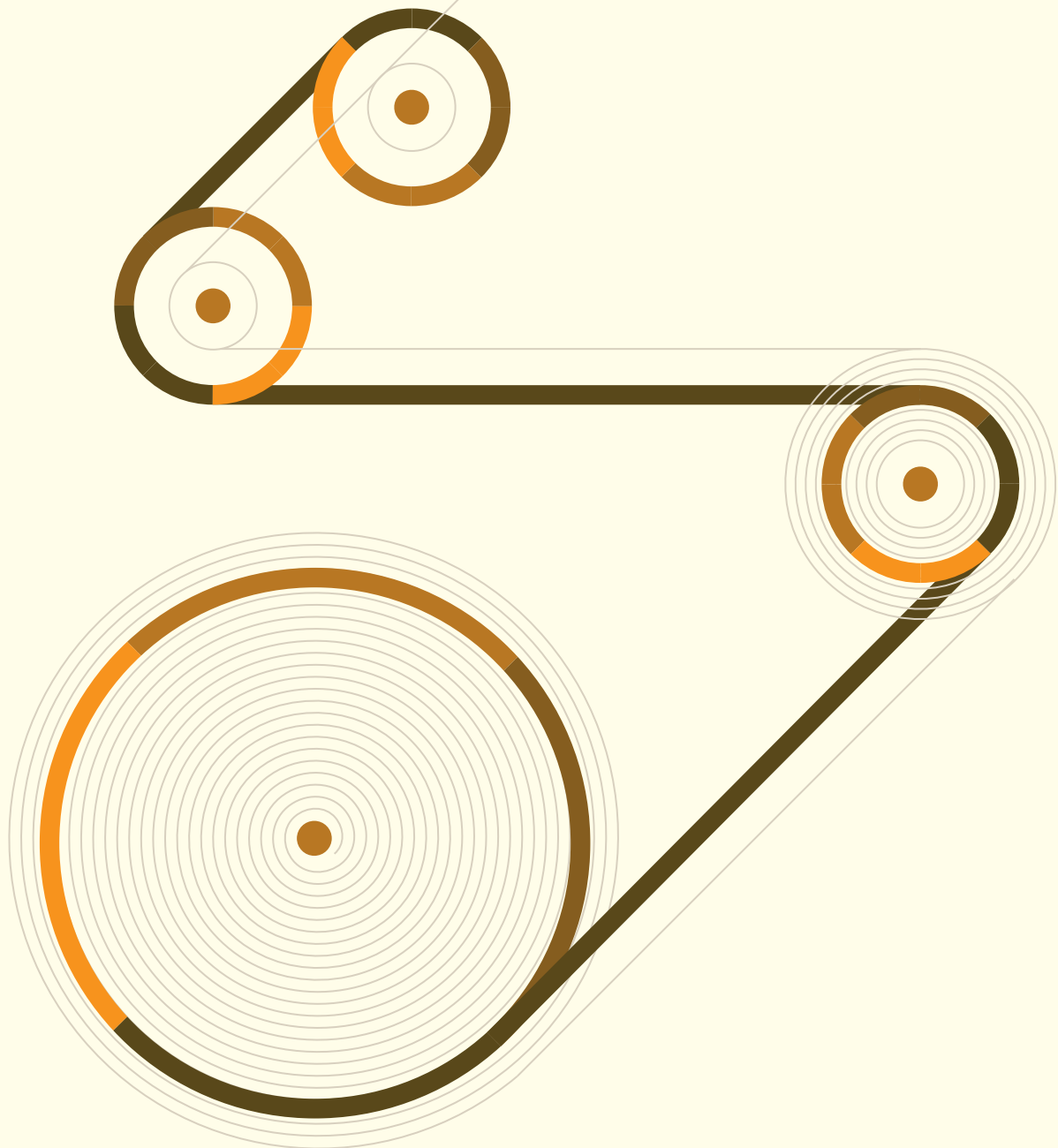
SFI received the JCI-UN Socially Responsible Company (SRC) Awards 2012 for the community initiatives.

Agro-forestry Interventions in Koraput district of Odisha has been registered with the United Nations' Framework Convention on Climate Change (UNFCCC) as a Clean Development Mechanism (CDM) Project under the category (CDM -SSC-AR).



SFI RECEIVED the JCI-UN Socially Responsible Company (SRC) Awards 2012 for the community initiatives.

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 based upon a common set of strong ethical values. These principles govern the Company's relationships with customers, employees, shareholders, suppliers, regulatory authorities and the communities that it operates in.

BILT is led by a strong and independent Board of Directors providing the Company strong oversight and strategic counsel. The Company has well established systems and procedures to ensure that the Board remains well-informed and well-equipped to fulfil its governance responsibilities and provide management with the strategic direction required to create long-term shareholder value.

The corporate secretarial department and the internal audit function of the Company remain committed to adopting best-in-class corporate governance practices and internal controls. In 2012-2013, as BILT continued to deploy competitive corporate strategies, it remained focussed on regular monitoring of strategic issues and risk management which included both 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 spirit of Clause 49.

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

BOARD OF DIRECTORS

COMPOSITION

As on 30 June 2013, the Company had an eight member Board of Directors. The Chairman, Mr. Gautam Thapar is a Non-Executive Director and Member of the Promoter Group. The Company has two Executive Directors - Mr. R. R. Vederah (Managing Director & Executive Vice Chairman) and Mr. B. Hariharan (Group Director-Finance). The other five Non-Executive Independent Directors are Mr. Sanjay Labroo, Mr. P.V Bhide, Mr. A. S. Dulat, Mr. Ashish Guha and Mr. A.

P. Singh (Nominee Director of the Life Insurance Corporation of India (LIC)). The Directors are eminent personalities and experienced professionals in business, law, finance and corporate management. 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 2012-2013: 3 July 2012, 29 August 2012, 30 October 2012, 5 February 2013 and 15 May 2013. The Board of Directors of the Company is provided with all the statutory and other significant and material information 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 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 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 Chairman 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.



IN 2012-2013, as BILT continued to deploy competitive corporate strategies, it remained focussed on regular monitoring of strategic issues and risk management which included both evaluation and mitigation.

TABLE 1

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	Non-Executive, Promoter	5	4	No	6	3	1
Mr. R. R. Vederah	Managing Director & Executive Vice Chairman	Executive	5	5	No	6	4	-
Mr. B. Hariharan	Group Director (Finance)	Executive	5	5	Yes	14	6	3
Mr. Sanjay Labroo	Director	Independent	5	3	No	10	3	-
Mr. A. S. Dulat	Director	Independent	5	4	Yes	1	-	-
Mr. A. P. Singh	Director (LIC nominee)	Independent	5	3	No	-	-	-
Mr. Ashish Guha	Director	Independent	5	2	No	2	3	-
Mr. P. V. Bhide	Director	Independent	5	5	Yes	8	6	1

* Committees included are Audit and Investors'/ Shareholders' Grievance Committee.
67th Annual General Meeting held on 18 December 2012.

TABLE 2

DETAILS OF REMUNERATION OF THE DIRECTORS

NAME OF THE DIRECTORS	SALARY AND PERQUISITES	PROVIDENT FUND AND SUPERANNUATION FUND	COMMISSION PAYABLE	SITTING FEES	AMOUNT IN RS.
					TOTAL
Mr. Gautam Thapar	-	-	1,835,000	100,000	19,35,000
Mr. R.R. Vederah	19,645,948	1,757,148	-	-	21,403,096
Mr. B. Hariharan	18,143,687	2,801,244	-	-	20,944,931
Mr. Sanjay Labroo	-	-	400,000	60,000	460,000
Mr. A. S. Dulat	-	-	600,000	240,000	840,000
Mr. Ashish Guha	-	-	400,000	60,000	460,000
Mr. A. P. Singh*	-	-	400,000	160,000	560,000
Mr. P. V. Bhide	-	-	600,000	280,000	880,000

*Sitting fees paid and commission shall be paid to LIC, as per terms of appointment.

The Shareholders, at the 66th Annual General Meeting held on 16 December 2011, approved payment of remuneration by way of commission and/or other means to the Non-Executive Directors including Independent Directors of the Company (as a percentage of profits or otherwise, prescribed from time to time), in addition to fees for attending the meetings of the Board of Directors and/

or duly authorised Committees thereof, for each of the five financial years commencing from 1 July 2011 as may be permitted pursuant to Section 309 & any other applicable provisions, if any, of the Companies Act, 1956, The remuneration paid/payable to the Directors for the financial year 2012-2013 is given in Table 2.

NON-EXECUTIVE DIRECTORS' SHAREHOLDING

As on 30 June 2013, Mr. Gautam Thapar held 11,61,216 Equity Shares, 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.

TABLE 3

COMPOSITION OF BOARD-LEVEL COMMITTEES

NAME OF THE DIRECTORS	CATEGORY	AUDIT	INVESTORS'/ SHAREHOLDERS' GRIEVANCE	REMUNERATION	RISK MANAGEMENT
Mr. Gautam Thapar	Non-Executive	-	Member	Member	-
Mr. R. R. Vederah	Executive	-	-	-	Chairman
Mr. B. Hariharan	Executive	Member	Member	-	Member
Mr. Sanjay Labroo	Independent	-	-	-	-
Mr. A. S. Dulat	Independent	Member	Chairman	-	Member
Mr. Ashish Guha	Independent	-	-	Member	Member
Mr. A. P. Singh	Independent	Member	-	Chairman*	-
Mr. P. V. Bhide	Independent	Chairman	-	-	-

*Resigned as Member & Chairman with effect from 2 July 2013.

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 (www.bilt.com). All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct for the financial year 2012-2013. A declaration signed by the Managing Director & Executive Vice Chairman to this effect is annexed to this Report.

COMMITTEES OF THE BOARD

The composition of BILT's Audit Committee, Remuneration Committee, Investors'/Shareholders' Grievance Committee and Risk Management Committee as on 30 June 2013 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 mandate of these Committees and appointment of members are taken by the Board of Directors.

Further, the Board had constituted a Committee of Directors comprising Messrs P. V. Bhide, Ashish Guha and B. Hariharan to explore, examine and finalize internal restructuring of manufacturing assets, including power assets. During the year, the Committee met on 2 July 2012, which was attended by Messrs P. V. Bhide and B. Hariharan.

Further, the Board had constituted a Committee of Directors comprising Messrs P.V Bhide, R.R. Vederah, Ashish Guha, B. Hariharan and Yogesh Agarwal (representing Bilt Graphic Paper Products Limited) for evaluating proposals for enhancing growth and

unlocking shareholders value. During the year, the Committee met on 25 February 2013, which was attended by all the Members.

AUDIT COMMITTEE

During the year, the Committee met seven times: 29 August 2012, 8 October 2012, 30 October 2012, 19 November 2012, 7 January 2013, 4 February 2013 and 15 May 2013. 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 & Executive Vice Chairman, Chief Operating Officer, Chief Financial Officer, Head of internal audit, other relevant officials of the Company and the representatives of the Statutory Auditors and Cost Auditors had attended the meeting(s) as invitees, whenever required.

In addition to review of the financial results of the Company, update on

internal audits of various functions, review of internal control systems, applicability and compliance of various laws, review of pulp mill expansions, reappointment and remuneration of statutory auditors/branch auditors/cost auditors, cost accounting systems, audit reports features on the Audit Committee's Agenda.

REMUNERATION COMMITTEE

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.

RISK MANAGEMENT COMMITTEE

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

TABLE 4

ATTENDANCE RECORD OF THE AUDIT COMMITTEE

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED
Mr. P. V. Bhide	Chairman	7
Mr. B. Hariharan	Member	7
Mr. A.S. Dulat	Member	7
Mr. A.P. Singh	Member	5

business of the Company and periodic review of the management control procedures/ tools used to mitigate such risks.

INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

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

MANAGEMENT

MANAGEMENT DISCUSSION & 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 pursuant to Section 299 of the Companies Act, 1956 and changes are placed before the Board at its meetings.

ACCOUNTING POLICIES

The Company has adopted accounting treatments, which are in conformity with those prescribed by the applicable 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. Gautam Thapar and Mr. Sanjay Labroo, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, seek re-election. Their brief profiles are as under and other directorships are given in Table 5.

MR. GAUTAM THAPAR

Mr. Gautam Thapar is the Chairman and CEO of one of India's foremost diversified Groups, the Avantha Group. The USD 4 billion Avantha Group has business interests in diverse areas, including pulp and paper, power transmission and distribution equipment and services, food

processing, farm forestry, chemicals, energy, infrastructure, information technology (IT) and IT-enabled services. With an impressive global footprint, the Group operates in 90 countries with more than 25,000 employees. Mr. Thapar is the Chairman of the Company & Crompton Greaves Limited and is also on the Board of various domestic & international Companies.

Mr. Thapar is an alumnus of the prestigious Doon School and completed his Chemical Engineering from Pratt University, USA and has 25 years of industrial experience.

Mr. Thapar is also a Board Member of the National Security Advisory Board (Government of India), a key component of the National Security Council of India, the apex agency looking into the nation's political, economic, energy and strategic security concerns.

Keen on giving back to society, Mr. Thapar takes his social responsibilities very seriously. This is manifested in his involvement across three sectors: education, leadership development and sports. Mr. Thapar is also the President of Thapar University, one of the top twenty technical schools in India and Chairman of The ASPEN Institute India, which aims to internationalize India's business, political and cultural leadership. Mr. Thapar is also the Chairman of the Board of Governors of the National Institute of Industrial Engineering (NITIE), past Member of the Board of Governors of the Indian Institute of Management – Rohtak & Bangalore and past President of the All India Management Association (AIMA), the apex body of professional management in India. Mr. Thapar also has an avid interest in promoting the game of golf, and is the President of the Professional Golf Tour of India (PGTI).

In 2008, Mr. Thapar received the coveted Ernst & Young Entrepreneur of the Year Award for Manufacturing.

MR. SANJAY LABROO

Mr. Sanjay Labroo is a Doon School alumnus and a graduate in Finance and Management from the Wharton School of Business & Finance, Pennsylvania, USA. Mr. Labroo is the promoter entrepreneur of Asahi India Glass Limited (AIS), and has been the Managing Director & CEO of AIS since 1990. As the promoter entrepreneur of AIS, Mr. Labroo has been instrumental in transforming AIS from being supplier of one product, automotive tempered glass, to one customer, Maruti

Suzuki India Ltd., when it started in 1987, to its current position of India's largest integrated glass Company.

Mr. Labroo is a Director on the Boards of various companies. He also served as a Director on the Central Board of Reserve Bank of India (2007–2011) and was a member of the Board for Financial Supervision and Monetary Policy Committee. He was the President of ACMA for 2007–2008 and Chairman of the Architectural Glass Panel of All India Glass Manufacturers' Federation (AIGMF) for 2012–2013. Mr. Labroo continues to be an active Member of these associations and is currently the Chairman of OEM Committee of ACMA and a member of the Architectural Glass Panel of AIGMF.

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 a regulatory exemption.

The Ministry of Corporate Affairs (MCA) has promoted "Green Initiative"

to encourage e-enabled regulatory compliances. In furtherance of this important initiative, the MCA has permitted Companies to provide its shareholders documents, including the Annual Report, by electronic mode. In support of MCA's endeavours in this direction, the Company sends its Annual Report as well as other shareholder correspondence by email, to those shareholders whose e-mail addresses are registered with the Company/their depository participants. However, in case Shareholders desire to receive a physical copy of the Annual Report, the Company will be happy to provide the same upon request.

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 and Mumbai edition), The Hitavada (Nagpur: English edition) and Lokmat (Nagpur: English, Hindi and Marathi editions) and are simultaneously uploaded on the Company's website (www.bilt.com). The Company also sends the results and announcements to the Luxembourg Stock Exchange for the benefit of the GDS holders.

TABLE 5 **DETAILS OF OTHERS DIRECTORSHIPS AND MEMBERSHIPS OF COMMITTEES OF BOARDS**

NAME OF THE DIRECTOR	DIRECTORSHIPS IN OTHER PUBLIC LIMITED COMPANIES	COMMITTEE MEMBERSHIP/ CHAIRMANSHIP	
		Audit	Investors'/ Shareholders' Grievance
Mr. Gautam Thapar	Asahi India Glass Limited	Member	
	Avantha Holdings Limited		
	Crompton Greaves Limited	Member	Chairman
	Global Green Company Limited		
	Lavasa Corporation Limited		
	Salient Business Solutions Limited		
Mr. Sanjay Labroo	Asahi India Glass Limited		Member
	Asahi India Map Auto Glass Limited		
	AIS Adhesives limited		
	AIS Glass Solutions Limited		
	Crompton Greaves Limited	Member	
	Krishna Maruti Limited		
	Mahindra First Choice Wheels Limited	Member	
	Maltex Malsters Limited		
	Shield Autoglass Limited		
SKH Metals Limited			

Clause 41 of the Listing Agreement requires a Company to only publish standalone financial results and gives an option to a Company, having subsidiaries, not to publish, but to only submit consolidated financial 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 and general investor community.

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

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 AGMs and approved by Shareholders with requisite majority:

2010

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

2011

Payment of remuneration by way of commission and/or other means to the Non Executive Directors including Independent directors of the Company (as a percentage of profits or otherwise, prescribed from time to time), in addition to fees for attending the meetings of the Board of Directors and/or duly authorised Committees thereof, for each of the five financial years commencing from 1 July 2011 as may be permitted pursuant to Section 309 & any other

applicable provisions, if any, of the Companies Act, 1956.

2012

Re-appointment of Mr. R.R. Vederah as Managing Director & Executive Vice Chairman and approval for payment of remuneration w.e.f 1 July 2012 for a period of 2 years, not liable to retire by rotation.

POSTAL BALLOT

During the year, the Shareholders of the Company had approved, by an overwhelming majority based on the result of Postal Ballot declared on 24 August 2012, transfer by way of slump exchange basis as a going concern, the then business undertakings of the Company comprising Units Sewa & Ashti with Unit Kamalapuram, the then business undertaking of Bilt Graphic Paper Products Limited, a step down subsidiary of the Company with effect from 1 July 2012.

Mr. Piyush Katariya, a Company Secretary in Practice was the Scrutinizer for conducting the Postal Ballot in accordance with law and in a fair and transparent manner. The voting pattern of the said postal ballot is as given in Table 7.

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.

TABLE 6 **DETAILS OF GENERAL MEETINGS HELD DURING THE LAST THREE YEARS**

YEAR	CATEGORY*	LOCATION OF THE MEETING	DATE
2010	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	1 December 2010
2011	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	16 December 2011
2012	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	18 December 2012

*AGM – Annual General Meeting, Time of Meetings – 12.00 Noon

TABLE 7 **RESULT OF POSTAL BALLOT**

DATE OF PASSING RESOLUTION	TOTAL VOTES RECEIVED	TOTAL INVALID VOTES	TOTAL VOTES IN FAVOUR	TOTAL VOTES AGAINST
24 August 2012	43,42,92,651	3,19,186	43,38,34,859	1,38,606

INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

The Investors'/ Shareholders' Grievance Committee comprises Mr. A. S. Dulat as Chairman, Mr. Gautam Thapar and Mr. B. Hariharan as its members.

During the year, a meeting was held on 25 May 2013 and was attended by Messrs A. S. Dulat and Gautam Thapar.

During the financial year ended 30 June 2013, 12 complaints were received from Investors/ Shareholders and all of them were redressed/resolved.

UNCLAIMED SHARES

Clause 5A of the Listing Agreement with Stock Exchanges requires a listed Company to transfer shares, which have remained unclaimed pursuant to public issue or any other issue to an Unclaimed Suspense account with a Depository Participant. The voting rights with respect to the shares held in the Unclaimed Suspense account would be frozen and future share allotments (if any) would also be issued directly to such account. This clause requires a Company to send three reminders in this regard before the transfer.

The Registrar and Transfer Agent of the Company had sent a letter dated 21 September 2011 to 4,825 Members, followed by first reminder on 5 March 2012 to 4,748 Members, second reminder on 13 October 2012 to 4,669 Members and shall be sending the third & final reminder shortly to the concerned Members to claim the aforesaid Share Certificate(s). Members may write to the Company to claim the said Share Certificates which shall be despatched, after completion of documentation.

The equity shares remaining unclaimed after the third and final reminder shall be transferred to a

separate dematerialised account viz. Unclaimed Suspense Account, after following the prescribed procedure and voting rights shall be suspended thereon. The genuine Members would be entitled to claim their shares from the Unclaimed Suspense Account after submission of the requisite documentary proof of their identity to the Company.

GOVERNANCE OF SUBSIDIARIES

The subsidiaries of the Company are managed by an experienced Board of Directors. The minutes of 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, Mr. P. V. Bhide, Independent Director is representative of the Company on the Board of Directors of BILT Graphic Paper Products Limited, a material non-listed Indian subsidiary.

CEO/CFO CERTIFICATION

The Managing Director & Executive Vice Chairman and Group Director (Finance) 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, constitutes the compliance report on Corporate Governance for the Financial Year 2012-2013.

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 12 December 2013

Time 12:00 noon

Venue P.O. Ballarpur Paper Mills – 442 901, Distt. Chandrapur, Maharashtra

FINANCIAL CALENDAR 2013-14

Financial year July – June

Financial Results Normally within 45 days of end of the Quarter, except 4th Quarter and audited annual results which shall be published within 60 days.

BOOK CLOSURE

The dates of book closure are from 28 November 2013 to 12 December 2013, both days inclusive.

DIVIDEND PAYMENT

A final dividend of Rs. 0.30 per Equity Share will be paid within the prescribed statutory period, subject to declaration by the Shareholders at the ensuing Annual General Meeting.

UNCLAIMED DIVIDENDS

Dividends pertaining to the financial years 2005-06 onwards, as detailed in Table 8, which remain unclaimed and unpaid 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 amount transferred. To enable the members to claim their dividend before its transfer to the above Fund, the details of unpaid/unclaimed dividends along with a

TABLE 8

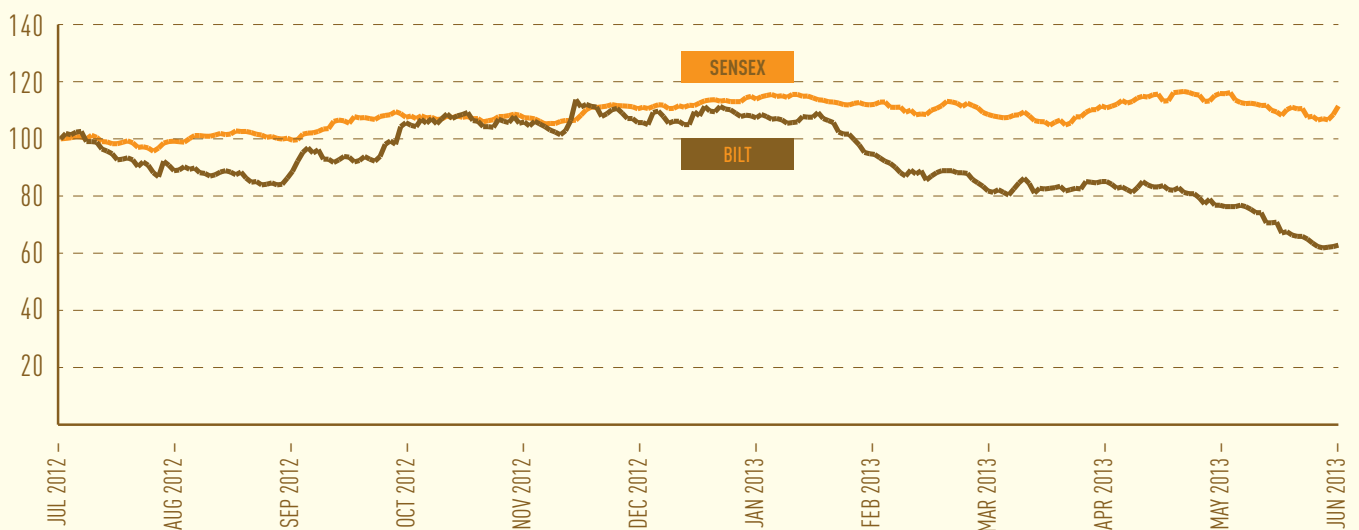
UNCLAIMED DIVIDENDS

DATE OF DECLARATION OF DIVIDEND	DIVIDEND FOR THE FINANCIAL YEAR	TENTATIVE SCHEDULE FOR TRANSFER TO IEPF
12 December 2006	2005-06	January 2014
29 January 2007	2006-07 (interim)	February 2014
4 December 2007	2006-07	December 2014
2 December 2008	2007-08	December 2015
18 December 2009	2008-09	January 2017
1 December 2010	2009-10	December 2017
16 December 2011	2010-11	January 2019
18 December 2012	2011-12	January 2020

TABLE 9

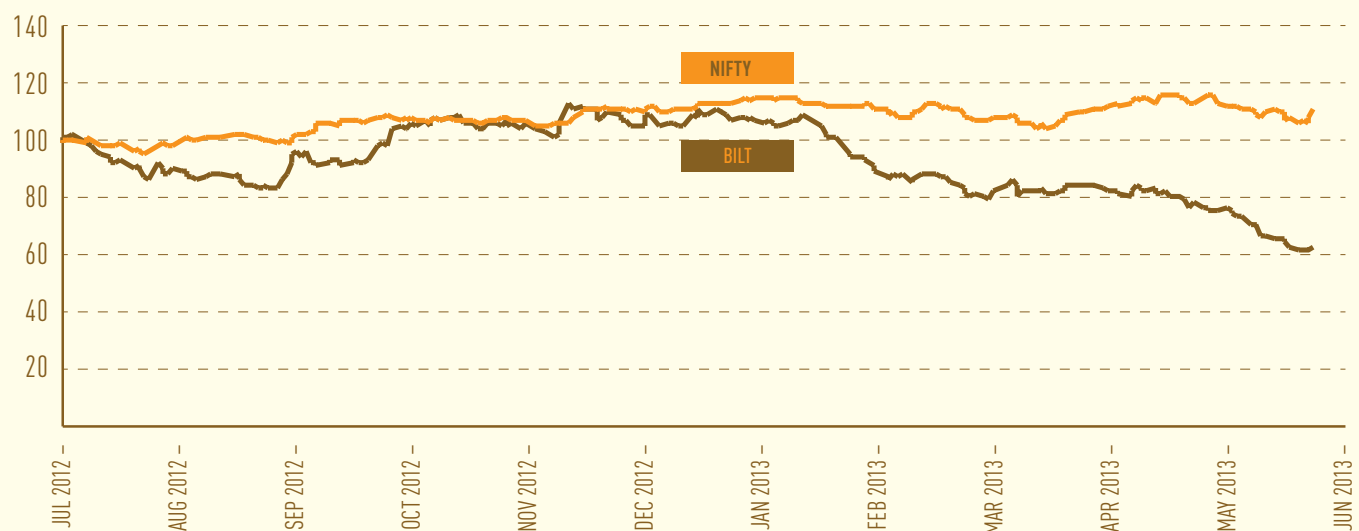
ISIN	INE294A01037
Bombay Stock Exchange	500102
National Stock Exchange	BALLARPUR
Luxembourg Stock Exchange	US0585883020
Bloomberg	BILT.IN
Reuters Code	BILT.BO for BSE, BILT.NS for NSE

CHART A



Note: Both BILT's share price at the BSE and the SENSEX have been indexed to 100 as of 1 July 2012

CHART B



Note: Both BILT's share price at the NSE and the NIFTY have been indexed to 100 as of 1 July 2012

TABLE 10 MONTHLY PRICE AND VOLUMES OF BILT'S SHARES FOR 2012-13 AT BSE AND NSE, INCLUDING INDICES

MONTH	BOMBAY STOCK EXCHANGE LIMITED				NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
	High (Rs.)	Low (Rs.)	Volume (Lacs)	Sensex (Close)	High (Rs.)	Low (Rs.)	Volume (Lacs)	Nifty (Close)
Jul-12	22.70	18.05	59.83	17,236.18	22.50	18.15	130.52	5,229.00
Aug-12	19.55	17.50	13.84	17,429.56	19.65	17.45	32.48	5,258.50
Sep-12	20.65	17.55	41.36	18,762.74	20.80	17.60	90.40	5,703.30
Oct-12	23.65	19.70	99.03	18,505.38	23.70	19.60	266.91	5,619.70
Nov-12	24.40	20.95	34.21	19,339.90	24.40	21.00	93.66	5,879.85
Dec-12	24.00	21.90	19.69	19,426.71	24.00	21.95	73.69	5,905.10
Jan-13	23.90	22.15	25.55	19,894.98	23.90	22.10	63.62	6,034.75
Feb-13	23.25	18.05	10.20	18,861.54	23.30	18.20	42.12	5,693.05
Mar-13	19.60	15.80	35.02	18,835.77	19.30	15.70	35.91	5,682.55
Apr-13	17.50	18.20	4.09	19,504.18	18.30	16.85	13.34	5,930.20
May-13	18.20	16.00	11.98	19,760.30	18.20	15.95	23.25	5,985.95
Jun-13	16.50	12.90	11.09	19,395.81	16.60	13.00	51.23	5,842.20

tentative schedule for transfer is as given in Table 8. The details are also available on the website of the Company (www.bilt.com).

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.

LISTING DETAILS

At present, the Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) in India. The annual listing fee for the financial year 2013-14 has been paid to both the Stock Exchanges. The Company's stock codes are given in Table 9.

Table 10 gives the details of monthly price and volumes traded of BILT's shares at BSE and NSE, while Charts A and B compare the price movements of BILT's share with respect to BSE SENSEX and the NSE NIFTY, respectively.

NON CONVERTIBLE DEBENTURES (NCDs)

The unsecured NCDs of Rs. 200 Crore are in dematerialised form and are listed on Bombay Stock Exchange Limited. These NCDs were rated as AA -(ind) with stable outlook by FITCH. As on date of this Report, NCDs of Rs. 125 Crore are outstanding.

REGISTRAR AND TRANSFER AGENT

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

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

SHARE TRANSFER SYSTEM

The Committee of Directors for Shares approves the transfer of shares and other related issues regularly on a weekly basis. The share transfer is processed within 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 and are available for holding in the depository systems of National Securities Depository Limited and Central Depository Services (India) Limited. As on 30 June 2013, 98.42% of the total Equity Shares of the Company were held in dematerialised form, as compared to 98.39% last year.

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 2013.

OUTSTANDING GLOBAL DEPOSITARY SHARES (GDS)

As on 30 June 2013, there were 41 outstanding GDS which represent 123 underlying equity shares.

REGISTERED OFFICE

Ballarpur Industries Limited
P.O. Ballarpur Paper Mills - 442 901
Distt. Chandrapur, Maharashtra
Tel +91-7172-240262/240200
Extn. 234/339
Fax +91-7172-240548
Email sectdiv@bilt.com

PLANT LOCATIONS

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

UNIT KAMALAPURAM

Township - SO, Distt. Warangal, Andhra Pradesh - 506172

ADDRESS FOR CORRESPONDENCE

For share transfer, dematerialisation of shares, payment of dividend and any other related queries of Analysts, FIIs, Institutions, Mutual Funds, Banks and fixed deposits is:

TABLE 11

SHAREHOLDING PATTERN BY SIZE AS ON 30 JUNE 2013

NUMBER OF EQUITY SHARES HELD	NUMBER OF SHARE HOLDERS #	PER CENT OF SHARE HOLDERS	NUMBER OF SHARES #	PER CENT OF SHAREHOLDING
1-1000	67,952	88.88	16,331,801	2.49
1001-5000	6,786	8.88	15,034,326	2.29
5001-10,000	871	1.14	6,357,680	0.97
10,001 and above	843	1.10	617,800,032	94.25
Total	76,452	100.00	655,523,839	100.00

56,076 shareholders hold 645,156,334 equity shares (98.42%) in demat form.

TABLE 12

SHAREHOLDING PATTERN BY OWNERSHIP AS ON 30 JUNE 2013

CATEGORY	NO. OF SHARE HOLDERS	PER CENT OF SHARE HOLDERS	NO. OF SHARES HELD	PER CENT OF SHARE HOLDING
Promoters and Promoter Group	7	0.01	324,010,667	49.43
FIs and FFIs	74	0.09	117,547,517	17.93
Mutual Funds	28	0.04	47,399,724	7.24
Financial Institutions/Banks	39	0.05	211,624	0.03
Insurance Companies	6	0.01	65,176,669	9.94
NRIs	1,365	1.78	11,224,649	1.71
Corporates	977	1.28	29,520,994	4.50
Individuals and Others	73,956	96.74	60,431,995	9.22
Total	76,452	100.00	655,523,839	100.00

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
Tel +91-124-4099208
Fax + 91-124-2804261
Email sectdiv@bilt.com

For and on behalf of the Board of
Directors

GAUTAM THAPAR

Chairman
DIN No. 00012289

R.R. VEDERAH

Managing Director & Executive Vice
Chairman
DIN No.00012252

B. HARIHARAN

Group Director (Finance)
DIN No.00012432
Date 29 August 2013
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 & Executive Vice
Chairman
Date 29 August 2013
Place New Delhi

CERTIFICATE

THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Ballarpur Industries Limited, (the "Company"), for the year ended 30th June, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K.K. MANKESHWAR & CO.,

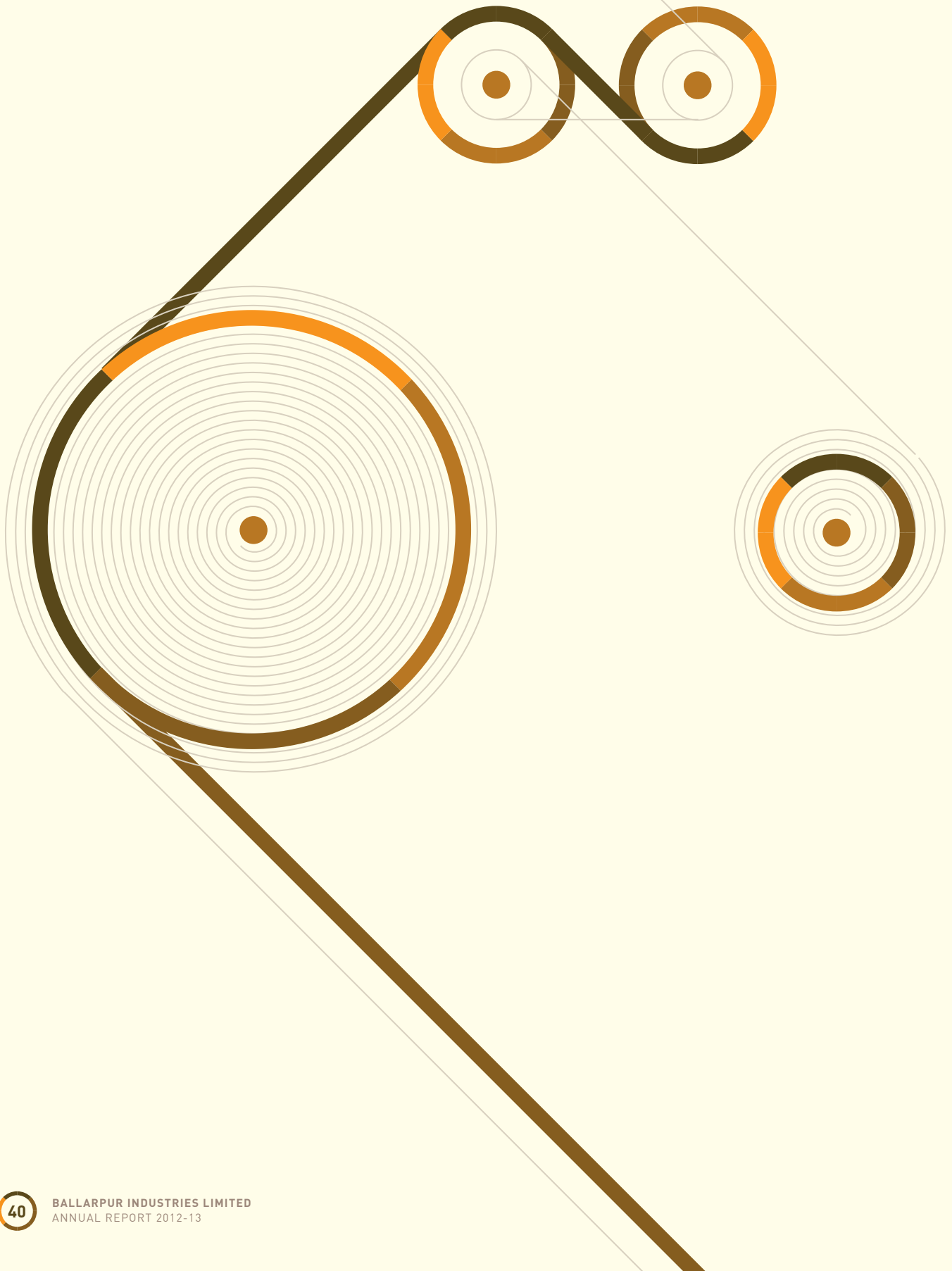
Chartered Accountants

FRN- 106009W

Date 29 August 2013

Place New Delhi

DIRECTORS' REPORT



Your Directors have pleasure in presenting the Sixty Eighth Annual Report together with the Audited Statement of Accounts for the financial year ended 30 June 2013.

FINANCIAL HIGHLIGHTS

Particulars	IN RS. CRORE			
	STANDALONE		CONSOLIDATED	
	2012-13	2011-12	2012-13	2011-12
Net Sales	981.14	1,090.23	4,854.81	4,732.25
Profit before Interest, Depreciation, Amortisation and Taxes	161.22	128.43	875.58	800.90
Less: Finance Cost	42.64	26.40	346.71	265.63
Profit before Depreciation, Amortisation and Taxes	118.58	102.03	528.87	535.27
Less: Depreciation and Amortisation	80.89	89.83	451.70	364.01
Profit for the year before Tax	37.69	12.20	77.17	171.26
Less: Tax Expense	4.50	5.63	(16.38)	12.19
Profit after Tax	33.19	6.57	93.55	159.07
Less: Minority Interest	—	—	15.67	35.98
Add: Balance brought forward from the previous year	248.87	290.78	625.48	618.53
Add: Debenture Redemption Reserve no longer required	20.00	7.50	40.00	7.50
Leaving a surplus of	302.06	304.85	743.36	749.12
Which your directors recommend, be appropriated as follows:				
Transfer to General Reserve	1.70	1.00	1.70	1.00
Distribution on unsecured perpetual securities	—	—	90.41	67.66
Transfer to Debenture Redemption Reserve	21.88	16.88	21.88	16.88
Payment of Dividend:				
Proposed Dividend on 65,55,23,839 Equity Shares of Rs. 2/- each @ 15 per cent	19.67	32.78	19.67	32.78
Add: Dividend Tax	3.34	5.32	9.14	5.32
Balance carried forward to next year's Account	255.47	248.87	600.56	625.48

OPERATIONS

A detailed review of the operations and performance of the Company is provided in the Management Discussion & Analysis Report, which is given as a separate chapter in the Annual Report.

INTERNAL RESTRUCTURING OF THE BUSINESSES

The Company completed the transfer by way of slump exchange basis, as a going concern, the then business undertakings of the Company comprising Units Sewa and Ashti with Unit Kamalapuram, which was then a part of BILT Graphic Paper Products Limited (BGPPL), a step down subsidiary of the Company. The transfer was executed on 1 October 2012 with

effect from 1 July 2012, pursuant to approval of Members of the Company by an overwhelming majority as per the votes cast through a Postal Ballot. Post completion of the Slump Exchange, the shareholding of the Company in BGPPL remains unchanged and hence there is no impact on the consolidated financials of the Company.

During the financial year 2012-13, the Company completed acquisition of captive power plant (CPP) of Avantha Power & Infrastructure Limited (APIL) situated at Unit Shree Gopal and BGPPL had also completed acquisition of CPPs of APIL situated at Units Ballarpur, Bhigwan and Sewa.

Consequently, the performance of the Company, both standalone and consolidated, for the financial year ended 30 June 2013 is not strictly comparable with that of the previous financial year.

DIVIDEND

Your Directors have recommended payment of dividend of Rs.0.30 per equity share of Rs.2/- each (previous year Re.0.50 per equity share) on the equity share capital of the Company for the financial year ended 30 June 2013.

DIRECTORATE

Mr. Gautam Thapar and Mr. Sanjay Labroo, Directors retire by rotation at the forthcoming Annual General Meeting

and being eligible, offer themselves for re-appointment.

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

PROMOTER GROUP

The Company is a part of the Avantha Group, one of India's leading business conglomerates led by the Chairman, Mr Gautam Thapar. The Avantha Group has a worldwide presence in 90 countries with more than 25,000 employees. As required by the Listing Agreement with the Stock Exchanges, the Company periodically discloses its Promoter Group and persons acting in concert in the shareholding pattern and other filings with the Stock Exchanges.

SUBSIDIARY COMPANIES

The Company has three Indian subsidiaries viz. BILT Graphic Paper Products Limited (BGPPL), BILT Tree Tech Limited (BTTL) and Premier Tissues (India) Limited (PTIL) 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 Speciality Paper Holdings B.V. (BSPH); Sabah Forest Industries Sdn. Bhd. (SFI) based in Malaysia. BTTL and PTIL are direct subsidiaries and BGPPL is a step down subsidiary of the Company.

During the year, erstwhile Ballarpur Packaging Holdings B.V. (subsidiary of the Company) was merged into BSPH on 8 June 2013 with effect from 1 July 2012.

Pursuant to a general exemption granted by the Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956, the Company is not required to annex to this Report, the Annual Reports of the abovementioned subsidiaries for the financial year ended 30 June 2013. However, if any Member of the Company desires to obtain the Annual Reports of its subsidiaries, the Company will make the same available, upon request. The aforesaid Annual Reports will also be available for inspection at the Registered and Head Office of the Company and at Registered Office of the 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 Financial Section of 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 reflecting the consolidation of the Accounts of the Company and its 8 subsidiaries mentioned above are annexed to this Report.

CONSERVATION OF ENERGY, RESEARCH & 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 & 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, 2011, 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

Your 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.

Your 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 the 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 and are recommended for re-appointment.

The Company had appointed Messrs S. Gupta & Co., Bahadur Murao & Co. and Ramanath Iyer & Co., Cost Accountants, to audit the Cost Accounts related to paper manufactured by the Company at its three Units i.e. Sewa, Shree Gopal and Ashti respectively, for the financial year ended 30 June 2012. M/s Bahadur Murao & Co. was designated as the lead Cost Auditor for consolidation of aforesaid reports of the Cost Auditors and filing of the same. The due date for filing consolidated Cost Audit Report was 31 January 2013, which was filed on 2 January 2013.

The Company had appointed Messrs Bahadur Murao & Co. to audit the Cost Accounts related to paper manufactured at Unit Shree Gopal for the financial year ending 30 June 2013. The due date for filing the Cost Audit Report for the said financial year is 27 December 2013.

CORPORATE GOVERNANCE

The Auditors, M/s. K. K. Mankeshwar & Co., have certified compliance of the Company with the provisions 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

The Company had, effective August 2004, discontinued acceptance of fresh deposits/renewal of deposits. There is no deposit due for maturity. Deposits of Rs. 18.40 lac due for repayment as of 30 June 2013 were unclaimed by 70 depositors. As on the date of this Report, Rs.15.58 lac is unclaimed.

ACKNOWLEDGEMENT

The Directors wish to convey their gratitude and appreciation to all of the Company's employees for their tremendous individual efforts as well as their collective dedication and contribution to the Company's performance.

The Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, government and all the other business associates for their continued support extended to the Company and their confidence in the Management.

For and on behalf of the Board of Directors

GAUTAM THAPAR

Chairman
DIN No.00012289

R. R. VEDERAH

Managing Director & Executive Vice Chairman
DIN No.00012252

B. HARIHARAN

Group Director (Finance)
DIN No.00012432

Date 29 August 2013
Place New Delhi

ANNEXURE TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A) POWER AND FUEL CONSUMPTION	CURRENT YEAR 2012-13		PREVIOUS YEAR 2011-12
	PAPER	RAYON GRADE PULP	PAPER
I. ELECTRICITY			
a) Purchased			
Units (000 KWH)	2,085	11,395	228,918
Total Amount (Rs. Lacs.)	237	713	13,947
Rate/Unit (Rs.)	11.37	6.26	6.09
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)	90,736	87,677	-
Units of Power per MT of coal (KWH)	1,242	587	-
Cost per unit (Rs.)	6.45	5.03	-
II. COAL (QUALITY USED IN BOILERS-GRADES: B,C,D, ETC.)			
Quantity (M.T.)	92,543	149,423	34,635
Total Cost (Rs. Lacs)	6,600	4,406	1,349
Average rate (Rs./M.T.)	7,132	2,949	3,895
III. FURNACE OIL/LSHS/LDO/RFO			
Quantity (K.L.)	1,602	5,751	6,127
Total Cost (Rs. Lacs.)	667	2,023	2,437
Average Rate (Rs./K.L.)	41,635	35,178	39,783
IV. OTHERS/INTERNAL GENERATION ETC. (BLACK LIQUOR, SOLIDS FIRED, WASTE HEAT RECOVERY, LPG)			
Quantity (Coal Equivalent) (M.T.)	-	-	-
Total Cost (Rs. Lacs)	-	-	-
Average Rate (Rs/M.T.)	-	-	-

B) CONSUMPTION PER UNIT OF PRODUCTION

	ELECTRICITY (KWH/TONNE)		COAL (M.T./TONNE)		FURNACE OIL (K.L./TONNE)		OTHERS/INTERNAL GENERATION (M.T./TONNE)	
	CURRENT YEAR 2012-2013	PREVIOUS YEAR 2011-2012	CURRENT YEAR 2012-2013	PREVIOUS YEAR 2011-2012	CURRENT YEAR 2012-2013	PREVIOUS YEAR 2011-2012	CURRENT YEAR 2012-2013	PREVIOUS YEAR 2011-2012
	Paper	1,155	1,165	0.040	0.176	0.020	0.031	0.000
Rayon Grade Pulp	1,225	-	1.848	-	0.071	-	-	-

Energy conservation measures taken, results achieved & plans for the future and specific measures taken during the financial year 2012–2013. All business Units continued their efforts to improve energy usages efficiency and increase contributions from renewable sources of energy. Innovative ways and new technologies were constantly explored to reduce energy consumption. Some of the measures adopted across the Company were:

A. UNIT SHREE GOPAL:

1. Reduced power consumption by 270 KWH by optimization of running equipments as below:

- a) Provided timer in UTM pulper Paper Machine (PM) -7 for auto stop after 20 minutes.
- b) Broke chest agitator 15 KW of PM-7 interlocked with running of its pump.
- c) Shut 45KW cooling air fan PM-5 back side after installation of 36" four nos. wall exhaust fans.
- d) Rag chest-1 pump & agitator 15KW each PM-5 broke handling plant made shut by diverting pulp line directly to chest no.2.
- e) Permanently shut mixing chest agitator PM-1 & PM-4 by modifying agitator design of next chest.
- f) Optimized Variable Frequency Drive (VFD) of Back water pump of PM-1, 1440 RPM, Replaced motor pulley and made RPM 1000.
- g) Replaced 132KW/1000RPM motor of Hydra pulper PM-5 with 75KW/750RPM motor. RPM reduced by 20% by changing pulley dia.
- h) Replaced HT TDR motor of TDR24" PM-4 400KW 1000RPM with 400KW 750RPM motor.
- i) Controlled start/stop logic of Aerators of ETP with PLC. One extra aerator will remain shut with a predefined sequence.
- j) Provided timer of 40 minutes for putting off heaters of Bundling machine PM-4 to avoid idle running of machine.
- k) Made centralized drive room for S/Recovery and PM-7 by shifting VFD panels at one location. Interlocked Boiler-7 drive A/C with running of its ID Fan.
- l) Stopped coated broke pulper 37KW of rewinder BCP after diverting its trim line directly to hydra Pulper PM-5.
- m) Stopped coated broke pulper 55KW of synchro sheeter BCP and its discharge pump 15KW after diverting its trim line directly to hydra Pulper PM-5.

n) Replaced 200KW, 1000RPM motor with 200KW, 700RPM motor at TDR 24" of PM-5.

o) Replaced DC drive with AC drive of PM-1 and 7 along with motor.

p) Installed new 37KW pulper to replace two beaters of PM-1 & 2 having 110KW motors.

q) Provided 37KW VFD at condensate pump old power plant & started at 1200 RPM.

r) Provided 150KVAR H.T .Capacitor 3.3KV in chipper house.

2. Reduced power consumption by 86 KWH by installing VFDs at:

a) Couch pit pump PM-1 with VFD at 48HZ.

b) Provided VFD for machine chest pump 2B PM-4 with close loop of CLB level controller.

c) Provided VFD at rectifier rolls PM-2 after providing AC motors & removed two Dyno drive motors of 1.5KW each.

d) Started Couch pit pump PM-2 with VFD at 48HZ.

e) Started Machine chest pump 15KW PM-2 with VFD in close loop with CLB controller.

f) Provided VFD at 22 KW motor of machine chest pump PM-5 and taken in close loop with CLB.

g) Provided VFD at 15 KW motor of couch pit pump PM-5.

h) Installed VFD 75KW at Primary Centricleaner Pump PM-7.

i) Provided VFD in New Condensate pump 18.5 KW motor in de-mineralised (DM) Plant.

j) Installed 37KW VFD at Hydra treated service pump no.1 in SPM area.

k) Provided VFD in Decarburizing pump 37KW motor in DM Plant.

l) Installed VFD at DM Transfer pump 37KW motor in DM Plant.

m) Provided VFD at FD fan motor of JMW boiler.

B. UNIT KAMALAPURAM:

a) Installed CELLECO TWISTER™ Hydro cyclone Satellite System at the Bleaching stage to reduce the "Acid Insoluble's" of Rayon Grade Pulp. The innovative and state-of-the-art-technology has resulted in meeting the Acid Insoluble's Norms of the Customer.

b) Reduced power consumption by installation of energy efficient motors. Achieved savings of over 8.5 Lac units/year by optimizing 9 motors at 9 locations.

c) 12.04 MW TG Governor & PLC upgradation and effective monitoring of condenser resulted in higher self generation.

d) Improved the Black liquor spills collection system across the mills and thereby reduced the influent load through unbleached common drain (COD from 1030 to 700 mg/L.).

e) Improved the Evaporation rate from 160 to 175 M3/Hr by system modifications.

f) Drum Displacement washer revamped thereby reduction in soda loss – over all reduction of bleaching chemicals and increase in recovery efficiency. Also reduced ETP influent COD/ Colour.

g) Fresh water consumption reduced by 7000 M3/day.

h) Achieved EnMS 50001 certification by adhering to standards. Promoted energy audit.

i) Steam consumption per Metric Tonne (MT) of pulp reduced by 0.5 MT by effective monitoring and arresting the line losses.

j) Implemented individual blow lines for 9 digesters for safe operation and thereby reduced the MP steam consumption by 0.36MT/ TOP.

k) Scheme for white water heating almost completed. Gains expected in the year 2013–14.

ENERGY CONSERVATION MEASURES PLANNED

The following projects have been planned for implementation to further reduce energy & water consumption:

A. UNIT SHREE GOPAL:

- a) Installation of VFD's at 14 identified locations.
- b) Replace 5 DC drives & motors with AC motors controlled with VFD.
- c) Replace 15 dyno drive motors with induction motor controlled with VFD.
- d) Replace 5 old inefficient motors.
- e) Replace old inefficient air conditioners of plant.
- f) Optimization/idle running of equipments.

B. UNIT KAMALAPURAM:

- a) Installation of heat exchanger to heat warm water at digester house to recover flash vapour of condensate recovery system.
- b) Replacement of Electrolyser cell after renovation to increase the rate of production.
- c) Installation of VFD for SRB ID fan to reduce power consumption.
- d) Installation of VFD for FBC ID fan to reduce power consumption.
- e) Installation of smaller standby agitator & pump for wet pulper.
- f) Installation of Homogeneous mixing tank before DD washer to improve washing efficiency.
- g) Upgradation of PGP jaw crusher with impact Crusher to improve PGP efficiency.
- h) Upgradation of table feeder to meet the available log size/poles in the market.
- i) Further reduction of fresh water consumption by 6000 M3/Day.
- j) Reduction of coal consumption by increasing the boiler efficiency by 0.5%.
- k) De-bottleneck evaporator cooling tower capacity thereby avoiding unproductive second time pumping of water.
- l) Procurement of new HDP roll to maintain uniform moisture across the width in final sheet and gain 5 MT/Day production.

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT (R&D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

A. UNIT SHREE GOPAL:

- a) Development of REB Chain Laid 95 GSM for export and domestic market.
- b) Bilt Maplitho High Bulk 60 GSM for executive diary and Novel.
- c) Introduced Pre flocculation technology.
- d) Introduced specialty chemicals at wet end on PM-5 for improving printability of uncoated paper.
- e) Reduced OWA and sizing consumption in BCB base.
- f) Increased sheet Ash by 2% for fiber saving.
- g) Increase starch solid by 2% at PM-1.
- h) Introduced Di Sulpho OWA at wet end.
- i) Optimizing cleaning equipment like pressure screen and centricleaners.
- j) Installed two new refiners at PM-4 and 5.
- k) Introduced BCTMP pulp in the furnish playing card segments to improve stiffness and sheet flatness.
- l) Increased coat weight in BCB for fiber saving.
- m) Ceramic Blades (Acecoat) in place of Steel Blades for uniform coating.
- n) Introduced Bleaching Enzyme technology at bleached pulp in pulp mill.
- o) Reduced effluent colour by introducing specialty chemicals Zetag-816.
- p) Optimizing of bleaching chemical by introducing Sulphuric Acid at pulp mill.
- q) Study of pulping with different ratio of raw material along with imported chips.
- r) Install new evaporation body ID in recovery.

B. UNIT KAMALAPURAM:

- a) Installed CELLECO TWISTER™ Hydro cyclone Satellite System at the Bleaching stage to reduce the "Acid Insoluble's" of the Rayon Grade Pulp. The innovative and state-of-the-art-technology has resulted in meeting the Acid Insoluble's Norms of the Customer.
- b) In reduction of the "Reactive Index" of the Rayon Grade pulp through Enzymatic treatment in bleaching resulted in encouraging results in the plant trial conducted along with TCIRD team. There is substantial reduction of 20-25% in the "Reactivity Index".

- c) Two plant scale trials were conducted related to Pre-Hydrolysis Liquor recirculation to reduce the Active Alkali consumption and increase WBL Solids to Evaporator along with TCIRD team. Results are encouraging.
- d) Improved the DD washer performance by replacing hydraulic motors, seals and adjusting sealing elements.
- e) Epoxy lining done for white water of sheeting machine resulting in reduction of acid insoluble.
- f) Trials for EOP back water treatment to reduce COD and color of bleached effluent.
- g) Usage of 10% WBC in wood furnishes keeping the same quality parameters.
- h) Plant scale trials using enzyme and enhancer to reduce color and COD of effluent.
- i) Pilot plant scale trials for dewatering of generated chemical sludge is in progress.
- j) Development of plantation to utilize treated effluent.

2. BENEFITS DERIVED AS A RESULT OF ABOVE R&D

A. UNIT SHREE GOPAL:

- a) Increased product basket with introduction of new product in the market.
- b) Improved Z directional strength of paper and uniform distribution of filler in paper by introducing pre flocculation technology.
- c) Improved printability of paper.
- d) Improved optical properties of paper by Di Sulpho OWA.
- e) Reduction in variable cost by substitution of chemicals.
- f) Improved cleanliness of paper.
- g) Surface strength of paper improved with increase of size press solids.
- h) Reduced variation in refining at PM-4 and 5.
- i) Reduced effluent colour of ETP.
- j) Improved pulp whiteness of pulp by 3.0 point.
- k) Yield increased by 0.4 point with the Pulping/bleaching process optimization & increase of Veneer waste while maintaining pulp quality.
- l) Increased Concentrated Black Liquor (CBL) solids by 2%.

B. UNIT KAMALAPURAM:

- a) Reduced off grade pulp on account of acid insoluble to meet customer norms.
- b) Reduced reactive index of rayon grade pulp to meet customer norms.
- c) Reduced active alkali consumption and increased WBL solids.
- d) Optimized all bleaching chemical usage.
- e) Reduced acid insoluble in final sheet.
- f) Results are encouraging in reducing COD/color of effluent.
- g) Cost reduction.
- h) Adapting to changed raw material availability scenario in the market.
- i) Meeting regulatory norms.
- j) Utilization of treated effluent.

3. FUTURE PLAN OF ACTION

A. UNIT SHREE GOPAL:

- a) Develop carry bag and pigmented paper.
- b) Introduce PCC filler.
- c) Reduce filler consumption and increased sheet ash further by 2%.
- d) Optimization of refining to meet desired pulp refining.
- e) Substitution with cost effective chemicals.
- f) Optimization of pulping and bleaching process.
- g) Study of new fibrous raw material suitable for paper making.
- h) Continuation of certification of EMS ISO 14001: 2004, OHSAS 18001:2007, by DNV and FSC COC from Forest Stewardship Council.

B. UNIT KAMALAPURAM:

- a) Optimizing the performance of ClO₂ plant by removing bottlenecks.
- b) Narrowing down the variation in pulp quality.
- c) Improve pulp yield from existing pulp facilities using the existing fibrous raw material.
- d) Reduce chemical consumption in bleaching process.
- e) Further reduction in water and energy consumption.

4. EXPENDITURE ON R&D (INCLUDING THROUGH APPROVED AGENCIES)

IN RS LACS

- | | |
|---|--------|
| • Revenue: | 138.81 |
| • Total Expense as a percent of turnover: | 0.14 |

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

1. EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

A. UNIT SHREE GOPAL:

- a) Pre flocculation technology.
- b) ASA sizing at PM-4.
- c) Micro polymer Retention aid technology (Taloform) at PM-4.
- d) Ceramic Blades (Acecoat) in place of Steel Blades at Coating.
- e) Introduced Bleaching Enzyme technology at bleached pulp in pulp mill.
- f) Installed new evaporator body 1D in recovery.

B. UNIT KAMALAPURAM:

- a) Installed CELLECO TWISTER™ Hydro cyclone Satellite System at the Bleaching stage.
- b) Pulp mill & Sheeting DCS operating stations upgraded from old UNIX based system to new window based ESP.
- c) 12.04 MW TG PLC Upgraded from A series to Q series.
- d) 12.04 MW TG Woodward governor upgraded from 505 E to 505.
- e) D tower inlet Khazani brightness meter up graded from Cormec-C to Cormec-I.
- f) Installed online moisture scanner at sheeting machine.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE

A. UNIT SHREE GOPAL:

- a) Better product quality.
- b) Energy saving.
- c) Increase in production volume.
- d) Better process efficiency.
- e) Better resource utilisation.
- f) Cost reduction.
- g) Sustenance in business through:
 - i) Improved product quality.
 - ii) New product development.
 - iii) Environment protection.
 - iv) Cost competitiveness.
- h) Stakeholder's satisfaction.
- i) Customer satisfaction.

B. UNIT KAMALAPURAM:

- a) Acid insoluble's in final sheet reduced. and meeting norms of the customer.
- b) Improved plant reliability.
- c) Reduction in ClO₂ consumption.
- d) Better monitoring and controlling final sheet moisture to meet the norms of customer.

3. IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING LAST 5 YEARS RECKONED FROM THE BEGINNING OF THE FINANCIAL YEAR)

- Technology imported: New Gapcon Calendars provided in PM-4 & 5 in FY 2010-11.
- Has technology been fully absorbed: Yes.
- If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action: N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO

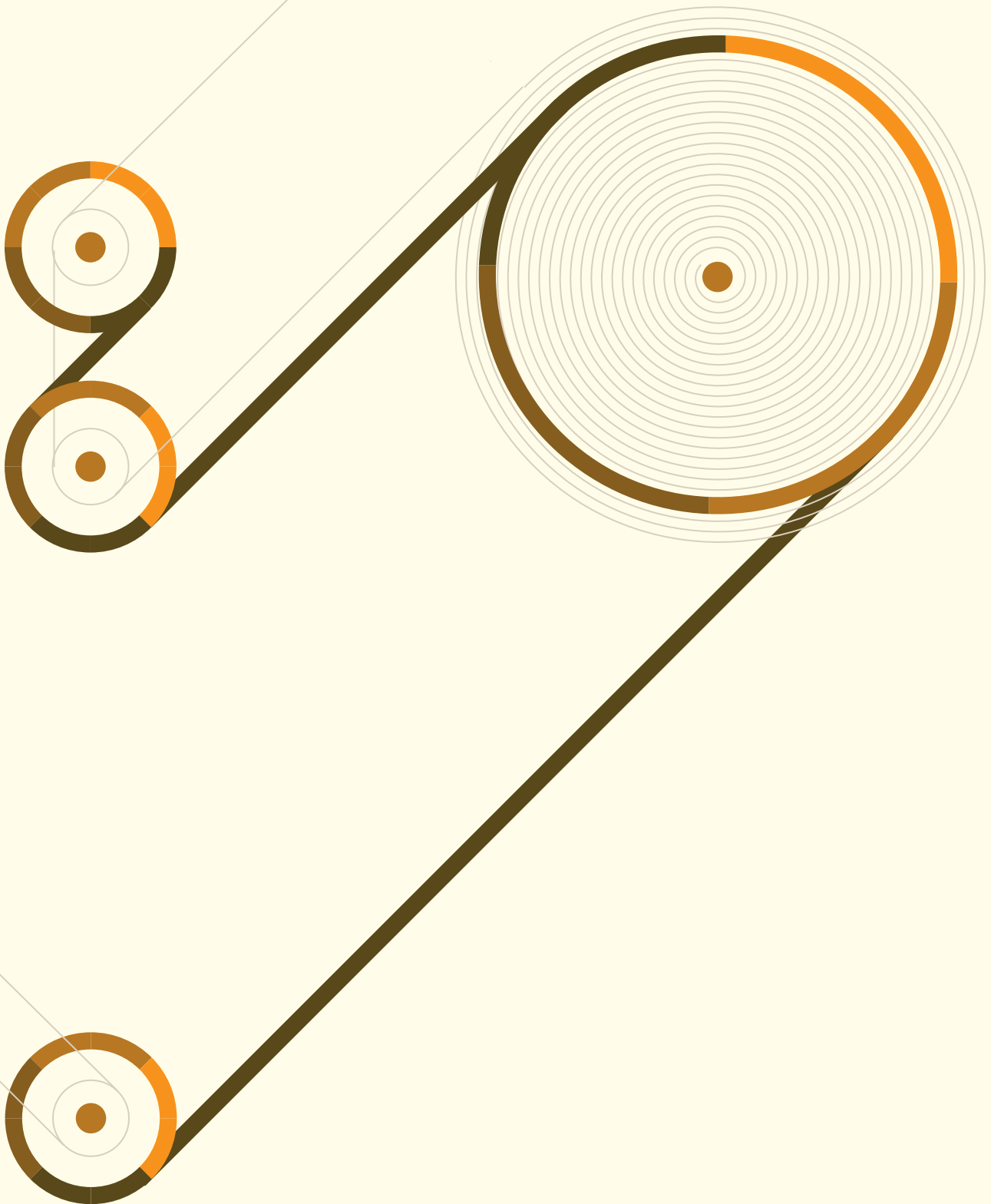
1. ACTIVITIES RELATING TO EXPORTS, INITIATIVES TAKEN TO INCREASE

The Company continues to grow its export volumes in specialty woodfree grades with a strategic focus in the markets of Australia, Asia and Africa. It has further consolidated its presence in premium stationery paper category. BILT brands such as Copy Power, Royal Executive Bond, Matrix Multi-Purpose paper are now well known with a wide reach & acceptability.

2. TOTAL FOREIGN EXCHANGE USED AND EARNED

- Foreign Exchange used —Rs. 18.16 Crore
- Foreign Exchange earned —Rs. 0.42 Crore.

INDEPENDENT AUDITORS' REPORT



TO THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of M/s Ballarpur Industries Limited ("the Company"), which comprise the Balance Sheet as at June 30, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the audited Financial Statements of the Unit of the Company, audited by other auditors.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to

the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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 those books and the reports on the Financial Statements audited by Unit's Auditor, have been properly dealt with by us while preparing our report;
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow

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

- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e) On the basis of written representations received from the directors as on June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

ABHAY UPADHYE

Partner
Membership No. 049354
For and on behalf of
K.K.MANKESHWAR & CO.,
Chartered Accountants
FRN 106009W

New Delhi, dated the
29th August 2013

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

(The Annexure 'A' referred to in our report to the members of Ballarpur Industries Limited ('the Company') for the year ended June 30, 2013.)

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

- 1a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) During the year, the Company has disposed off a substantial part of its fixed assets in respect of Unit Sewa & Unit Ashti of the Company with Unit Kamalapuram of Bilt Graphics Paper Products Limited in pursuance of slump exchange agreement and such disposal has, in our opinion, not

affected the going concern status of the Company.

- 2a) The inventory were physically verified during the year by the Management at reasonable intervals. Materials lying with third parties have substantially been physically verified or confirmed by the third parties. In our opinion, the frequency of verification is reasonable.
- b) The procedure of physical verification of inventories followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) 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.
- 3 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.
- 4 There are adequate internal control systems 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, except 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. During the course of our audit, no major weakness has been noticed in the internal control system.
- 5 In respect of the transactions entered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956:

 - a) Transactions that needed to be entered into the register have been so entered.
 - b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except certain transactions of purchase of goods/ services availed and material of special nature for which alternative quotations are not available.
- 6 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.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed the books of account and records maintained by the Company relating to the products of the Company 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.
- 9a) The Company is generally 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, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- b) No undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding, as on June 30, 2013 for a period of more than six months from the date they became payable.
- c) The particulars of dues of sales tax, excise duty, income tax and entry tax as on June 30, 2013 which have not been deposited on account of disputes have been stated in Annexure B.
10. The Company has no accumulated losses as on June 30, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 11 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 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 The Company has not given guarantee for loans taken by others from banks or financial institutions.
- 16 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 an overall examination of the Balance Sheet of the Company,

there are no funds raised on a short-term basis which have been used for long-term investment other than temporary deployment of such funds.

- 18 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 does not have any secured debenture during the year, accordingly, paragraph 4 (xix) of the Companies (Auditor's Report) Order are not applicable to the Company.
- 20 The Company has not raised any money by public issue during the year.
- 21 In accordance with the generally accepted auditing practices in India, 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.

ABHAY UPADHYE
Partner
Membership No. 049354
For and on behalf of
K.K.MANKESHWAR & CO.,
Chartered Accountants
FRN- 106009W

New Delhi, dated the
29th August 2013

ANNEXURE 'B' TO PARA 9 (C) OF ANNEXURE - 'A' OF OUR REPORT OF EVEN DATE.

NAME OF THE STATUTE	NATURE OF DISPUTED DUES	AMOUNT (IN LACS)	PERIODS TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
Central Excise Tariff Act, 1985	Excise duty	189.84	2001-02 to 2010-11	Addl. Commissioner, Panchkula
Central Excise Tariff Act, 1985	Excise duty	20.75	1996-97, 2001-02 & 2002-03	Asst. Commissioner, Yamuna Nagar
Central Excise Tariff Act, 1985	Excise duty	159.11	2003-04 to 2010-11	CESTAT, New Delhi Tribunal
Central Excise Tariff Act, 1985	Excise duty	126.63	2005-06 to 2010-11	Commissioner, Panchkula Tribunal
Central Excise Tariff Act, 1985	Excise duty	11.32	1996-97	Joint Commissioner, Panchkula
Punjab General Sales Tax Act, 1948	Sale Tax	522.95	1988-89 to 1994-95	Punjab VAT Tribunal, Chandigarh
Central Sales Tax Act, 1956	Sales Tax	0.53	2008-09	Dy. Commissioner (Appeals), Patiala
UP Trade Tax, 1948	Sales Tax	13.89	1997-98 to 2000-01 & 2002-03	Trade Tax Tribunal, Saharanpur
UP Tax on Entry of Goods Act, 2000	Entry Tax	1.92	2001-02	Trade Tax Tribunal, Saharanpur
UP VAT Act, 2008	Sales Tax	1.22	2008-09	Joint Commissioner (Appeals), Saharanpur
UP VAT Act, 2008	Sales Tax	1.47	2008-09	Trade Tax Tribunal, Saharanpur
UP Trade Tax, 1948	Sales Tax	11.74	1994-95	High Court, Nainital
UP Tax on Entry of Goods Act, 2000	Entry Tax	4.33	2009-10	Dy. Commissioner (Asstt.), Saharanpur
Central Sales Tax	Sales Tax	14.70	2001-2002	Sales Tax Appellate Tribunal, Hyderabad division
Income Tax Act, 1961	Income Tax	3156.28	1981-82 to 1990-91, 1997-98, 1999-2000, 2000-01, 2002-03, 2003-04, 2004-05	Pending before high court
Income Tax Act, 1961	Income Tax	981.78	1994-95, 2005-06, 2006-07	Pending before the tribunal
TOTAL		5218.46		

BALANCE SHEET

AS AT JUNE 30, 2013

	NOTE NO.	30.06.2013	₹ IN LACS 30.06.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	B-1	13,112	13,112
Reserves and surplus	B-2	146,614	145,596
		159,726	158,708
Non - Current Liabilities			
Long-term borrowings	B-3	31,792	26,501
Deferred tax liabilities (Net)	B-4	10,352	10,648
Other long-term liabilities	B-5	367	1,174
Long-term provisions	B-6	3,384	2,940
		45,895	41,263
Current Liabilities			
Short-term borrowings	B-7	40,215	33,573
Trade payables	B-8	13,517	12,164
Other current liabilities	B-9	23,265	24,397
Short-term provisions	B-10	2,949	4,313
		79,946	74,447
TOTAL		285,567	274,418
ASSETS			
Non - Current Assets			
Fixed assets			
- Tangible assets	B-11	118,232	89,313
- Intangible assets	B-11	3,308	7
Capital work-in-progress		13,687	14,159
Intangible assets under development		-	3,299
		135,227	106,778
Non-current investments	B-12	81,378	81,389
Long-term loans and advances	B-13	4,274	16,920
Other non-current assets	B-14	-	11
		85,652	98,320
Current Assets			
Inventories	B-15	26,151	25,126
Trade receivables	B-16	21,296	23,537
Cash and bank balances	B-17	1,778	1,463
Short-term loans and advances	B-18	15,445	19,094
Other current assets	B-19	18	100
		64,688	69,320
TOTAL		285,567	274,418
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

As per our report attached
ABHAY UPADHYE
 Partner
 Membership No. 049354
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

New Delhi, dated the
 29th August, 2013

For Ballarpur Industries Limited
GAUTAM THAPAR
 chairman
R. R. VEDERAH
 managing director & executive vice chairman
B. HARIHARAN
 group director (finance)
VIVEK KUMAR GOYAL
 chief financial officer
AKHIL MAHAJAN
 company secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2013

	NOTE NO.	30.06.2013	₹ IN LACS 30.06.2012
REVENUE			
Sales		103,593	114,620
less: Excise duty		5,479	5,597
Net sales		98,114	109,023
Other operating revenue		354	412
Revenue from operations	B-20	98,468	109,435
Other Income	B-21	365	510
TOTAL		98,833	109,945
EXPENSES			
Cost of materials consumed	B-22	38,516	46,930
Purchases of stock-in-trade		10,393	8,838
Changes in inventories of finished goods, work-in-progress and stock-in-trade	B-23	(1,598)	387
Employee benefits expense	B-24	9,799	7,239
Finance cost	B-25	4,264	2,640
Depreciation and amortization expense	B-11	8,089	8,983
Other expenses	B-26	25,601	33,708
TOTAL		95,064	108,725
Profit before tax		3,769	1,220
Tax Expense:			
Current tax		746	402
Deferred tax		(296)	161
		450	563
Profit/(Loss) for the year		3,319	657
Earning per equity share			
(1) Basic (₹)	B-27	0.51	0.10
(2) Diluted (₹)		0.51	0.10
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

As per our report attached
ABHAY UPADHYE
 Partner
 Membership No. 049354
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

New Delhi, dated the
 29th August, 2013

For Ballarpur Industries Limited
GAUTAM THAPAR
 chairman
R. R. VEDERAH
 managing director & executive vice chairman
B. HARIHARAN
 group director (finance)
VIVEK KUMAR GOYAL
 chief financial officer
AKHIL MAHAJAN
 company secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

	₹ IN LACS	
	30.06.2013	30.06.2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,769	1,220
Adjustments for:		
(Profit) / Loss on sale of fixed assets (investing activity)	(10)	(1)
(Profit) / Loss on sale of investments	11	-
Unspent liabilities and excess provisions of earlier years written back	-	(9)
Depreciation & amortisation expense	8,089	8,983
Assets discarded	2	-
Interest and finance costs (net)	4,264	2,640
Operating profit before working capital changes	16,125	12,833
Adjustments for working capital changes:		
(Increase)/ decrease in trade receivables	750	592
(Increase)/ decrease in loan, advances and other current assets	418	10,154
(Increase)/ decrease in inventories	(6,589)	1,814
Increase/ (decrease) in liabilities and provisions	8,065	(4,422)
	2,644	8,138
Cash generated from operations	18,769	20,971
Income taxes paid	(2,804)	(1,564)
Net cash from operating activities (A)	15,965	19,407
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed assets, capital work-in-progress and capital advances	(15,109)	(26,974)
Payment of differential amount of slump exchange	(3,730)	-
Sale of assets (Net)	51	3
(Purchase) /redemption of investments	-	38,236
(Increase) / decrease in bank deposits	(1,147)	6
Interest received	680	1,920
Net cash from investing activities (B)	(19,255)	13,191
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in long term and other borrowings (Net)	11,546	(23,218)
Payment for buy back (compulsory and optional)	(1)	-
Interest paid (Net)	(5,368)	(4,570)
Dividend paid (including dividend tax)	(3,837)	(4,579)
Net cash from financing activities (C)	2,340	(32,367)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(950)	231
Cash and cash equivalents at beginning of reporting year	1,401	1,170
Add : Due to purchase of captive power plant and slump exchange	107	-
Cash and cash equivalents at end of reporting year	558	1,401
Significant Accounting Policies	"A"	
Notes to Financial Statements	"B"	

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the

29th August, 2013

For Ballarpur Industries Limited

GAUTAM THAPAR

chairman

R. R. VEDERAH

managing director & executive vice chairman

B. HARIHARAN

group director (finance)

VIVEK KUMAR GOYAL

chief financial officer

AKHIL MAHAJAN

company secretary

SIGNIFICANT ACCOUNTING POLICIES

COMPANY OVERVIEW

Ballarpur Industries Limited ('BILT' or the company), a public limited company is engaged primarily in the business of manufacturing of writing and printing (W&P) paper, pulp and paper products.

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared on accrual basis as a going concern under historical cost convention to comply with the Accounting Standards as notified by Companies (Accounting Standards), Rules 2006 and the relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as at the date of the Financial Statements and the reported amount of revenues and expenses during the reporting year. The differences between the actual results and estimates are recognised in the year in which the results are known/materialise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

3. CASH FLOW STATEMENT

Cash flows are reported using the Indirect Method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

5. FIXED ASSETS - TANGIBLE

- i) Fixed Assets are stated at cost net of CENVAT/Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.
- ii) All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contract and adjustments arising from exchange rate variations attributable to fixed assets are capitalized.
- iii) Preoperative expenditure: Indirect expenditure incurred during construction period is capitalized under the respective asset head as a part of the indirect construction cost, to the extent to which the expenditure is indirectly related to the assets head. Other Indirect expenditure incurred during the construction period, which is not related to the construction activities or which is not incidental thereto is written off in the Statement of Profit and Loss.

6. 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 Financial Statements.

7. INTANGIBLE ASSETS AND AMORTISATION

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

(a) Specialized Software

Expenditure on specialized software are amortised over a period of seven years.

(b) Research and development cost

1. Research Cost:
Revenue expenditure on research is expensed under the respective heads of accounts in the period in which it is incurred.
2. Development Cost:
Development expenditure on new product is capitalized as intangible assets, if all of the following can be demonstrated.
 - (i) the technical feasibility of completing the intangible asset so that it will be available for the use or sale;
 - (ii) the Company has intention to complete the development of intangible asset and use or sale it;
 - (iii) the company has ability to use or sell the intangible asset;
 - (iv) the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the Intangible asset itself or if it is to be used internally, the usefulness of the Intangible asset;
 - (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
 - (vi) the company has ability to measure the expenditure attributable to the intangible asset during the development reliably.Development cost on the intangible asset, fulfilling the criteria are amortised over a period of five years, otherwise are expensed in the period in which they are incurred.

SIGNIFICANT ACCOUNTING POLICIES

8. INVENTORY VALUATION

Raw Materials, Stores, Spare Parts, Chemicals, Packing Materials 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.

9. 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 depletion in the Book Value of such Investments, till continuation of the relationship 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 depletion 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.

10. DIVIDEND

Provision for dividend, as proposed by the Board of Directors, is made in the books of accounts, pending approval of the shareholders at the Annual General Meeting.

11. 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 are related to the acquisition of a depreciable capital assets which are adjusted to the cost of the assets.

12. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (i) Sales
Revenue from sale of goods is recognised when the risks and rewards of ownership have passed to the customers.
- (ii) 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.
- (iii) Advance license, import entitlements etc.
Advance license, import entitlements etc. are recognized at the time of export and the benefit in respect of advance license received by the Company against export made by it are recognized as and when goods are imported against them.

13. 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 The Statement of Profit and Loss.

14. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

15. LEASES

Lease payments under an operating lease are recognized as an expense in Statement of Profit and Loss on a straight line basis over the lease term.

16. 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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

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.

17. IMPAIRMENT OF ASSETS

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

18. PROVISION AND CONTINGENCIES

Provision is made 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.

19. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. SECURITIES PREMIUM RESERVE: 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 Reserve as permitted by section 78(2) of the Companies Act, 1956.

₹ IN LACS

B-1 SHARE CAPITAL:

	30.06.2013	30.06.2012
Authorised:		
1,487,500,000 (Jun 30,2012: 1,487,500,000) Equity shares of ₹ 2/- each	29,750	29,750
10,250,000 (Jun 30,2012: 10,250,000) Preference shares of ₹ 100/- each	10,250	10,250
	40,000	40,000
Issued:		
1,030,005,910 (Jun 30,2012: 1,030,005,910) Equity shares of ₹ 2/- each	20,600	20,600
	20,600	20,600
Subscribed and Paid up:		
655,773,584 (Jun 30,2012: 655,773,584) Equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Less: Forfeited shares - 249,745 (Jun 30,2012: 249,745) Equity shares of ₹ 2/- each	5	5
655,523,839 (Jun 30,2012: 655,523,839) Equity shares of ₹ 2/- each	13,110	13,110
Add: Amount originally paid up on forfeited shares	2	2
	13,112	13,112

1.1 Reconciliation of number of Shares

₹ in Lacs except share data

EQUITY SHARES:	30.06.2013		30.06.2012	
	NO. OF SHARES	AMOUNT	NO. OF SHARES	AMOUNT
Balance as at the beginning of the year	655,523,839	13,112	655,523,839	13,112
Balance as at the end of the year	655,523,839	13,112	655,523,839	13,112

1.2 Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

1.3 Details of shares held by shareholders holding more than 5% of the aggregate shares as on 30.06.2013 in the Company:

NAME OF SHAREHOLDER	30.06.2013		30.06.2012	
	NO. OF SHARES	HOLDING [%]	NO. OF SHARES	HOLDING [%]
1. Avantha Holdings Limited	322,689,019	49.23	322,689,019	49.23
2. Life Insurance Corporation of India	44,134,423	6.73	44,134,423	6.73
3. Samena Special Situations Mauritius	41,515,609	6.33	41,515,609	6.33
4. Platinum Investment Management Ltd. A/c Platinum Asia Fund	35,282,244	5.38	35,282,244	5.38
5. HDFC Trustee Company Ltd. - HDFC Various Funds	-	-	33,163,287	5.06

1.4 123 equity shares of ₹ 2/-each represent 41 underlying Global Depository Receipts

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-2 RESERVES AND SURPLUS :		
	30.06.2013	30.06.2012
1) Capital reserve		
At the beginning of the reporting year	1,515	1,515
At the close of the reporting year	1,515	1,515
2) Preference share capital redemption reserve		
At the beginning of the reporting year	7,385	7,385
At the close of the reporting year	7,385	7,385
3) Securities premium reserve		
At the beginning of the reporting year	27,607	27,607
At the close of the reporting year	27,607	27,607
4) Debenture redemption reserve		
At the beginning of the reporting year	3,563	2,625
Less: Transferred to balance in statement of profit and loss	2,000	750
Add: Transferred from balance in statement of profit and loss	2,188	1,688
At the close of the reporting year	3,751	3,563
5) General reserve		
At the beginning of the reporting year	80,639	80,539
Add: Transferred from balance in statement of profit and loss	170	100
At the close of the reporting year	80,809	80,639
6) Balance in Statement of Profit and Loss		
At the beginning of the reporting year	24,887	29,078
Add:		
Profit for the year as per statement of profit and loss	3,319	657
Transfer from debenture redemption reserve	2,000	750
Less:		
Transferred to debenture redemption reserve	2,188	1,688
Transfer to general reserve	170	100
Proposed dividend on 655,523,839 Equity shares @ 15% [Previous year :- on 655,523,839 Equity shares @ 25%]	1,967	3,278
Tax on distributed profits	334	532
At the close of the reporting year	25,547	24,887
TOTAL	146,614	145,596

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-3 LONG TERM BORROWINGS :		
	30.06.2013	30.06.2012
1) Secured Loans		
a. External commercial borrowings (ECB) from banks	-	5,561
b. Term loans from financial institutions	19,000	940
	19,000	6,501
2) Unsecured Loans		
c. Non-convertible debentures	12,500	20,000
d. Deferred payment liabilities	292	-
	12,792	20,000
TOTAL (1+2)	31,792	26,501

Other Information:

a) External Commercial Borrowings (ECB) from Banks

External Commercial Borrowings (ECB) from HSBC is secured by the first pari-passu charged on all moveable properties of the Company both present and future. The current portion of ECB - ₹ 5,966.70 Lacs

b) Term Loans

The term loans from financial institutions are secured by pari-passu first charge created/to be created on all moveable properties of the Company both present and future.

MATURITY PROFILE

CURRENT	NON-CURRENT						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1440	3143	3857	3857	3857	2857	1429	

c) Maturity profile and rate of interest of non-convertible debentures are as set out below:

MATURITY PROFILE

RATE OF INTEREST	CURRENT	NON-CURRENT	
	2013-14	2014-15	2015-16
9.05%	7500	-	-
9.60%	-	7500	-
9.90%	-	-	5000

d) Deferred Payment Liabilities

The Company has opted for the deferred scheme of sales tax, which is payable as per the scheme framed by State Government.

B-4 DEFERRED TAX LIABILITIES (NET) :

In term of Accounting Standard 22, the computation has been made to the extent there is a reasonable certainty that these will be realised in future. The deferred tax asset and liability as on 30th June 2013 comprises of timing difference on account of :

	30.06.2013	30.06.2012
Deferred Tax liability:		
Higher depreciation claimed under tax laws	11,704	11,967
TOTAL	11,704	11,967
Deferred Tax Asset:		
Expenses allowable on payment basis	1,352	1,319
TOTAL	1,352	1,319
Net deferred tax liability (net)	10,352	10,648

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-5 OTHER LONG TERM LIABILITIES:		
	30.06.2013	30.06.2012
Security deposits	367	1,174
TOTAL	367	1,174

B-6 LONG TERM PROVISIONS:		
	30.06.2013	30.06.2012
Provisions for employee benefits:		
- Provision for gratuity	2,928	2,649
- Provision for leave encashment	456	291
TOTAL	3,384	2,940

B-7 SHORT TERM BORROWINGS:		
	30.06.2013	30.06.2012
Unsecured Loans:		
Working capital loan	40,197	33,542
Fixed deposits*	18	31
TOTAL	40,215	33,573

* 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 date.

B-8 TRADE PAYABLES:		
	30.06.2013	30.06.2012
To Micro, Small and Medium Enterprises (Refer Note 8.1)	53	117
Other payables	13,464	12,047
TOTAL	13,517	12,164

Note: 8.1: The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

	30.06.2013	30.06.2012
(i) Principal amount due and remaining unpaid	-	17
(ii) Interest due on above and the unpaid interest	-	2
(iii) Interest paid on all delayed payments under the MSMED Act	-	-
(iv) Payment made beyond the appointed day during the year	-	-
(v) Interest due and payable for the period of delay	-	2
(vi) Interest accrued and remaining unpaid	-	2
(vii) Amount of further interest remaining due and payable in succeeding years	-	2

B-9 OTHER CURRENT LIABILITIES:		
	30.06.2013	30.06.2012
Current maturities of long term debt	15,358	15,001
Interest accrued but not due on borrowings	1,846	2,270
Unpaid dividends	98	125
Security deposits	767	664
Interest accrued on security deposit	10	12
Advance received from customers	128	160
Director commission payable	42	14
Liability for compulsory / optional buyback	187	188
Payables for capital goods	133	33
Bank book overdrawn	220	416
Statutory dues	2,569	1,796
Payable to employees	1,658	1,613
Other payables	249	2,105
TOTAL	23,265	24,397

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-10 SHORT TERM PROVISIONS:

	30.06.2013	30.06.2012
Provisions for employee benefits :-		
Provision for gratuity	471	355
Provision for leave encashment	124	101
Provision for proposed dividend	1,967	3,278
Provision for dividend tax	334	532
Others provisions (Net of payment) [Refer Note 10.1]	53	47
TOTAL	2,949	4,313

Note 10.1: The Company is carrying provision for obligation as on balance sheet date , which may result in outflow of resources. The following is the disclosure of such provisions covered under Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets:-

PARTICULAR	AS AT 1ST JULY 2012	PROVISION DURING THE YEAR	PROVISION UTILISED / REVERSED DURING THE YEAR	AS AT 30TH JUNE,2013
Provision for sales tax*	47	6	-	53

*Represents provision against cases for which appeals have been filed before Punjab VAT Tribunal at Chandigarh

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

B-11 FIXED ASSETS:

	₹ IN LACS											
	GROSS BLOCK (AT COST)					DEPRECIATION					NET BLOCK	
	AS AT 01.07.2012	ADDITIONS DURING THE YEAR	DELETION DURING THE YEAR	AS AT 30.06.2013	AS AT 01.07.2012	FOR THE YEAR	DELETION DURING THE YEAR	AS AT 30.06.2013	AS AT 30.06.2013	AS AT 30.06.2012		
A. Tangible Assets												
Freehold Land	1,716	6,789	60	8,445	-	-	-	8,445	-	1,716		
Leasehold Land	43	9	43	9	-	-	-	9	-	43		
Buildings	14,298	7,328	6,102	15,524	5,680	392	1,873	11,325	4,199	8,618		
Plant & Equipments	138,549	68,669	74,276	132,942	61,373	7,170	32,466	96,865	36,077	77,176		
Furniture & Fixtures	1,626	39	143	1,522	815	208	113	612	910	811		
Vehicles	516	194	12	698	324	70	9	385	385	192		
Office Equipment	2,240	94	-	2,334	1,488	239	-	607	1,727	752		
Computer	-	11	-	11	-	4	-	7	4	-		
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	19	48	-	67	14	4	-	49	18	5		
	159,007	83,181	80,636	161,552	69,694	8,087	34,461	118,232	43,320	89,313		
B. Intangible Assets												
Computer Software	5,407	3,303	-	8,710	5,400	2	-	3,308	5,402	7		
	5,407	3,303	-	8,710	5,400	2	-	3,308	5,402	7		
TOTAL	164,414	86,484	80,636	170,262	75,094	8,089	34,461	121,540	48,722	89,320		
Previous Year	162,504	9,504	7,594	164,414	67,516	8,983	1,405	89,320	75,094	89,320		

Notes:-

- Buildings include ₹ 293 Lacs (Previous year ₹ 293 Lacs) towards revalued value of ownership flats in Cooperative Housing Societies.
- Additions during the year include ₹ 5,502 Lacs and ₹ 53,789 Lacs due to purchase of Captive Power Plant situated at Yamunanagar from Avantha Power & Infrastructure Ltd pursuant to business transfer agreement and exchange of unit Kamalapuram of BLIT Graphic Paper Products Limited with units Sewa & Ashti of the Company, pursuant to slump exchange agreement respectively.
- Deletion during the year include ₹ 80,459 Lacs in Gross Block and ₹ 34,327 Lacs in Accumulated Depreciation due to exchange of unit Kamalapuram of BLIT Graphic Paper Products Limited with units Sewa & Ashti of the Company, pursuant to slump exchange agreement respectively.

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-12 NON CURRENT INVESTMENTS:		30.06.2013	30.06.2012
DETAILS OF INVESTMENTS	NAME OF THE COMPANY		
Unquoted, Non-trade investment			
Investments in Equity Instruments:			
i) Subsidiaries			
990,000 (Jun 30, 2012: 990,000) fully paid Equity shares of ₹ 10/- each	Bilt Tree Tech Limited	40	40
168,679,093 (Jun 30, 2012: 168,679,093) fully paid equity shares of Euro 0.65 each	Ballarpur International Holdings B.V.	76,048	76,048
50,000 (Jun 30, 2012: 50,000) fully paid Equity shares of ₹ 10/- each	Bilt Graphic Paper Products Limited	5	5
18,000 (Jun 30, 2012: 18,000) fully paid Equity shares of Euro 1 each	Ballarpur Speciality Paper Holdings	12	12
NIL (Jun 30, 2012: 18,000 fully paid Equity shares of Euro 1 each) [Refer Note 12.1]	Ballarpur Packaging Holdings B.V.	-	11
5,620,427 (Jun 30, 2012: 5,620,427) fully paid Equity shares of ₹ 10/- each	Premier Tissue (India) Limited	4,522	4,522
ii) Other Companies			
5,000 (Jun 30, 2012: 5,000) fully paid Equity shares of ₹ 10/- each	Blue Horizon Investments Limited	3	3
86,54,186, (Jun 30, 2012: 8,372,750) fully paid Equity shares of ₹ 10/- each [Refer Note 12.2]	Avantha Power & Infrastructure Limited	748	748
TOTAL		81,378	81,389
Additional Information:			
- Aggregate value of unquoted investments:			
Cost		81,378	81,389

Note :-

12.1 18,000 shares of wholly owned subsidiary (WOS), Ballarpur Packaging Holdings B.V., were sold by the Company to its WOS, Ballarpur Speciality Paper Holdings B.V. for a consideration of Euro 1,000 during the year.

12.2 2,81,436 Equity Shares (₹ 10/- each) were allotted by Avantha Power & Infrastructure Ltd as Bonus Shares during the year.

B-13 LONG TERM LOANS AND ADVANCES:

	30.06.2013	30.06.2012
Unsecured, Considered Good		
Capital advances	45	14,011
Security deposits	335	496
Advance tax, tax deducted at source (net of provision for tax)	3,889	1,831
Prepaid expenses	5	-
Balance with govt authorities	-	582
TOTAL	4,274	16,920

B-14 OTHER NON CURRENT ASSETS:

	30.06.2013	30.06.2012
Long-term deposits with banks with maturity more than 12 months	-	11
TOTAL	-	11

B-15 INVENTORIES:

	30.06.2013	30.06.2012
Raw materials [Refer Note 15.1]	4,412	4,471
Work-in-progress	1,247	2,699
Finished goods / Stock in trade	7,026	5,860
Stores and spares [Refer Note 15.2]	5,212	6,186
Block stores	-	75
Chemicals [Refer Note 15.3]	6,837	4,239
Packing material	1,417	1,596
TOTAL	26,151	25,126

Note:-

15.1 Includes raw material-in-transit of ₹ 74 Lacs (Previous Year NIL)

15.2 Includes stores & spares-in-transit of NIL (Previous Year ₹ 1 Lacs)

15.3 Includes chemicals-in-transit of ₹ 538 Lacs (Previous Year ₹ 96 Lacs)

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-16 TRADE RECEIVABLES:		
	30.06.2013	30.06.2012
Trade receivables -exceeding six months from the date they are due for payment		
Secured, considered good	-	24
Unsecured, considered good	225	481
Trade receivables -others		
Secured, considered good	591	1,290
Unsecured, considered good	20,480	21,742
TOTAL	21,296	23,537

B-17 CASH AND BANK BALANCES:		
	30.06.2013	30.06.2012
Cash & Cash Equivalents		
Balances with banks:		
- In current accounts	261	1,075
Cheques, drafts on hand	-	2
Cash on hand	12	11
Earmarked Balance with Banks		
- In unpaid dividend accounts	98	125
- In unclaimed compulsory /optional buy back consideration accounts	187	188
	558	1,401
Other Bank Balances		
In margin money, security for borrowings, guarantees and other commitments	59	59
In deposit accounts exceeding three months but less than twelve months	1,161	3
	1,220	62
TOTAL	1,778	1,463

B-18 SHORT TERM LOANS AND ADVANCES:		
	30.06.2013	30.06.2012
Unsecured, considered good		
Loans and advances to related parties *	6,961	8,767
Balance with government authorities	743	1,459
Prepaid expenses	88	90
Advances to trade creditors	3,769	1,425
Advances to employees	189	170
Security deposits	797	576
Other advances recoverable in cash or in kind for value to be received	2,898	6,607
TOTAL	15,445	19,094

*Includes amount advanced to Directors ₹ 22 Lacs (Previous Year ₹ 27 Lacs)

B-19 OTHER CURRENT ASSETS:		
	30.06.2013	30.06.2012
Interest accrued on deposits	4	4
Assets held for sale (at lower of cost and net realizable value)	11	13
Export Incentive under duty draw back recoverable	-	83
Other current assets	3	-
TOTAL	18	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-20 REVENUE FROM OPERATIONS:		
	30.06.2013	30.06.2012
Sale of products		
Paper (including coated)	53,989	105,577
Rayon grade pulp	43,647	-
Others	5,957	9,043
	103,593	114,620
Less: Excise duty	5,479	5,597
Sub Total	98,114	109,023
Others operating revenue		
Scrap sales / export incentive	354	412
TOTAL	98,468	109,435

B-21 OTHER INCOME:		
	30.06.2013	30.06.2012
Dividend income*	0	-
Gain on foreign currency fluctuations (Net)	7	-
Rent and license fee	-	14
Provision no longer required written back	-	9
Profit on sale of fixed assets (Net)	10	1
Miscellaneous income	348	486
TOTAL	365	510

*₹ 0 represents amount below ₹ 50,000/-.

B-22 COST OF MATERIALS CONSUMED:		
	30.06.2013	30.06.2012
Bamboo	1,808	2,855
Wood and wood species	25,664	11,908
Wood pulp	643	15,319
Chemicals	9,380	12,688
Packing materials	1,021	4,160
TOTAL	38,516	46,930

B-23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE:		
	30.06.2013	30.06.2012
Stocks at the beginning of the year		
Finished goods / Stock in trade		
Paper	5,860	7,249
Pulp	-	-
Work in progress		
Paper	2,699	1,697
Pulp	-	-
Add: Due to slump exchange of unit Kamalapuram with units Sewa & Ashti (net)		
Finished goods / Stock in trade		
Paper	(986)	-
Pulp	834	-
Work in progress		
Paper	(2,240)	-
Pulp	508	-
TOTAL (A)	6,675	8,946
Stocks at the end of the year		
Finished goods / Stock in trade		
Paper	6,255	5,860
Pulp	771	-
Work in progress		
Paper	918	2,699
Pulp	329	-
TOTAL (B)	8,273	8,559
Net (Increase)/Decrease in Stocks (A-B)	(1,598)	387

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-24 EMPLOYEE BENEFITS EXPENSE:

	30.06.2013	30.06.2012
Salaries and wages	8,145	6,501
Contribution to provident and other funds	766	426
Staff welfare expense	888	312
TOTAL	9,799	7,239

Defined Contribution Plan*

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

	30.06.2013	30.06.2012
Employer's contribution to provident fund	400	368
Employer's contribution to superannuation fund	88	47
Employer's contribution to pension scheme	238	180

* Includes charged to other Accounts

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.

	YEAR ENDED 30.06.2013		YEAR ENDED 30.06.2012	
	GRATUITY (UNFUNDED)	LEAVE ENCASHMENT (UNFUNDED)	GRATUITY (UNFUNDED)	LEAVE ENCASHMENT (UNFUNDED)
a. Reconciliation of Opening and closing balance of Defined Benefit Obligation				
Defined benefit obligation at beginning of the year	3,004	392	2,972	434
Transferred in as pursuant to scheme	787	96	-	-
Current service cost	212	82	125	9
Interest cost	224	36	250	37
Acquisitions	145	20	-	-
Actuarial (gain)/loss	305	118	4	33
Benefit paid	(344)	(152)	(347)	(121)
Plan amendments	-	-	-	-
Transferred out as pursuant to scheme	(934)	(12)	-	-
Defined benefit obligation at year end	3,399	580	3,004	392
b. Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain/ (loss)	-	-	-	-
Employer contribution	344	152	347	121
Benefit paid	(344)	(152)	(347)	(121)
Fair value of plan assets at year end	-	-	-	-
Actual return on plan assets	-	-	-	-
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at 30th June, 2013	-	-	-	-
Present value of obligation as at 30th June, 2013	3,399	580	3,004	392
Amount recognized in balance sheet	3,399	580	3,004	392
d. Expenses recognized during the year (under the Note "Employee Benefits Expense")				
Current service cost	212	82	125	9
Interest cost	224	36	250	37
Expected return on plan assets	-	-	-	-
Actuarial (gain)/loss	305	118	4	33
Plan amendments	-	-	-	-
Past service cost	-	-	-	-
Net cost	741	236	379	79
e. Discount rate (per annum)	7.75%	7.75%	8.50%	8.50%
Expected rate of return on plan assets (per annum)	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-25 FINANCE COST:		
	30.06.2013	30.06.2012
Interest expenses	4,544	4,360
Other borrowing costs	188	254
Net loss / (gain) in foreign currency transaction and translation	212	(53)
	4,944	4,561
Less:- Interest income	680	1,921
TOTAL	4,264	2,640

B-26 OTHER EXPENSES:		
	30.06.2013	30.06.2012
Consumption of stores and spare parts	899	556
Power and fuel	20,502	25,906
Excise duty on year end inventory of finished Goods	42	(26)
Rent	3	14
Repairs to buildings	200	89
Repairs to machinery	884	963
Repairs others	456	144
Insurance	166	186
Rates and taxes	110	143
Loss in foreign currency transaction and translation (Net)	-	442
Loss on sale of investments	11	-
Other manufacturing expenses	802	728
Office & other expenses	415	1,003
Commission	207	-
Selling expenses	32	880
Assets discarded	2	-
Carriage and freight	717	2,473
Legal and professional charges*	102	184
Directors sitting fees	9	9
Directors commission on profit	42	14
TOTAL	25,601	33,708

Note :-

* Legal & professional charges include auditors' remuneration as under :

Auditors' Remuneration		
	30.06.2013	30.06.2012
- Audit fees (including cost audit fees)	38	44
- Tax audit fees	8	10
- Limited review	11	11
- Certification fees	26	23
- Reimbursement of expenses	4	5
TOTAL	87	93

B-27 EARNINGS PER SHARE:		
	30.06.2013	30.06.2012
Profit for the year (₹ in Lacs)	3,319	657
No. of equity shares outstanding	655,523,839	655,523,839
Face value of equity share (₹/share)	2	2
Earnings per share (basic and diluted)	0.51	0.10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-28 CONTINGENT LIABILITIES AND COMMITMENTS:

	30.06.2013	30.06.2012
(to the extent not provided for)		
1) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts	10,831	10,210
(b) Guarantees	1,856	1,379
TOTAL (A)	12,687	11,589
2) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	161	569
TOTAL (B)	161	569
TOTAL (A+B)	12,848	12,158
3) In respect of loan availed by its foreign wholly owned subsidiary, Ballarpur International Holdings B.V.:		
i) The Company has granted to the lender an irrevocable and unconditional right to require it to purchase loan wholly or in part(s), as may be required by lender through exercise of put option given to lender subject to a maximum limit of USD 70 Million.		
ii) The Company has granted to the lender a corporate guarantee of USD 35.10 Million.		

B-29 TOTAL VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL, SPARE PARTS & COMPONENTS CONSUMED:

	AMOUNT		PERCENTAGE	
	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2012
Raw Materials				
- Imported	1,476	15,392	3.83	32.80
- Indigeneous	37,040	31,538	96.17	67.20
TOTAL	38,516	46,930	100	100
Spare parts & Components*				
- Imported	402	351	12.40	17.89
- Indigeneous	2,841	1,611	87.60	82.11
TOTAL	3,243	1,962	100	100

* Includes charged to other Accounts

B-30 VALUE OF IMPORTS CALCULATED ON CIF BASIS:

	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2012
Material	394	11,384
Components and spare parts	1,081	2,001
Capital Goods	97	-
TOTAL	1,572	13,385

B-31 EXPENDITURE IN FOREIGN CURRENCY (NET OF WITHHOLDING TAX):

	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2012
Interest on foreign currency loans	160	283
Foreign travel commission claims, consultancy fees etc.	84	98
TOTAL	244	381

B-32 EARNINGS IN FOREIGN CURRENCY (ON CASH BASIS):

	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2012
Export of goods calculated on FOB basis	42	1,893
TOTAL	42	1,893

B-33 DETAILS OF DIVIDEND REMITTED TO NON-RESIDENT SHAREHOLDERS IN FOREIGN CURRENCY:

	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2012
Number of non-resident share holders	3	3
Number of shares held by such non-resident shareholders	5,723,025	5,723,025
Amount remitted during the year in foreign currency on account of dividends (₹ in Lacs)	29	34
Year to which dividend relates to	2011-12	2010-11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-34 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	TOTAL
Revenues					
Gross sale to external customers	2012-13	41,212	18,733	43,648	103,593
	2011-12	70,093	44,527	-	114,620
Excise duty	2012-13	(2,566)	(364)	(2,549)	(5,479)
	2011-12	(3,850)	(1,747)	-	(5,597)
Total segment revenues (Net of excise)	2012-13	38,646	18,369	41,099	98,114
	2011-12	66,243	42,780	-	109,023
Segment results	2012-13	4,507	736	3,345	8,588
	2011-12	2,566	1,886	-	4,452
Less: Unallocated corporate expenses	2012-13				555
	2011-12				592
Profit before interest, tax and exceptional items	2012-13				8,033
	2011-12				3,860
Interest and finance cost (net)	2012-13				4,264
	2011-12				2,640
Profit before tax and exceptional items	2012-13				3,769
	2011-12				1,220
Provision for tax:					
-Current tax (Net of MAT credit entitlement)	2012-13				746
	2011-12				402
-Deferred tax	2012-13				(296)
	2011-12				161
Net profit	2012-13				3,319
	2011-12				657
Other Information					
Segmental assets	2012-13	116,468	15,418	66,669	198,555
	2011-12	137,855	51,955	-	189,810
Unallocated corporate assets	2012-13				87,012
	2011-12				84,608
Total assets	2012-13				285,567
	2011-12				274,418
Segmental liabilities	2012-13	9,308	2,852	6,355	18,515
	2011-12	4,375	11,195	-	15,570
Unallocated corporate liabilities	2012-13				10,352
	2011-12				14,417
Total liabilities	2012-13				28,867
	2011-12				29,987
Capital expenditure during the year	2012-13				15,109
	2011-12				26,974
Depreciation	2012-13				8,089
	2011-12				8,983
Total liabilities excludes					
Long term borrowings	2012-13				31,500
	2011-12				26,501
Short term borrowing	2012-13				40,215
	2011-12				33,573
Current maturities of long term debts	2012-13				14,907
	2011-12				15,001
Deferred tax liabilities (Net)	2012-13				10,352
	2011-12				10,648

B-35 INFORMATION ON RELATED PARTIES AS REQUIRED BY ACCOUNTING STANDARD-AS 18 "RELATED PARTY DISCLOSURES":

a) List of Related Parties over which control exists

Subsidiary Companies (Including Step Down Subsidiaries)

Ballarpur International Holdings B.V.
 Ballarpur International Graphic Paper Holdings B.V.
 Ballarpur Paper Holdings B.V.
 Ballarpur Speciality Paper Holdings B.V. (BSPH)
 Ballarpur Packaging Holdings B.V. (merged with BSPH w.e.f 8th June,2013)
 Sabah Forest Industries Sdn. Bhd.
 Bilt Tree Tech Limited
 Bilt Graphic Paper Products Limited
 Premier Tissues (India) Limited

b) Name of the Related Parties with whom transactions were carried out during the year and nature of Relationship

Name of Related Party	Nature of Relationship
APR Sacks Limited	Other Related Parties
Arizona Printers & Packers Pvt. Limited	Other Related Parties
Avantha Holdings Limited	Other Related Parties
Avantha Power & Infrastructure Limited	Other Related Parties
Avantha Realty Limited	Other Related Parties
Avantha Technologies Limited	Other Related Parties
Ballarpur International Holdings B.V.	Subsidiary
Ballarpur Paper Holdings B.V.	Step Down Subsidiary
Bilt Graphic Paper Products Limited	Step Down Subsidiary
Bilt Industrial Packaging Co. Limited	Other Related Parties
Bilt Tree Tech Limited	Subsidiary
Biltech Building Elements Limited	Other Related Parties
Crompton Greaves Limited	Other Related Parties
Global Green Co. Limited	Other Related Parties
Imerys Newquest(India) Private Limited	Other Related Parties
Jhabua Power Limited	Other Related Parties
Korba West Power Company Limited	Other Related Parties
Krebs And Cie India Limited	Other Related Parties
Leading Line Merchant Traders Private Limited	Other Related Parties
Mirabelle Trading Pte. Limited	Other Related Parties
Premier Tissues (India) Limited	Subsidiary
Prestige Wines & Spirits Private Limited	Other Related Parties
Sabah Forest Industries Sdn. Bhd.	Step Down Subsidiary
Salient Business Solutions Limited	Other Related Parties
Saraswati Travels Private Limited	Other Related Parties
SMI Newquest India Private Limited	Other Related Parties
Solaris Chemtech Industries Limited	Other Related Parties
UHL Power Co. Limited	Other Related Parties

Key Management Personnel

Mr. Gautam Thapar
 Mr. R. R. Vederah
 Mr. B. Hariharan
 Mr. Anup Kansal

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

c) Details of transactions with related parties:

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

				₹ IN LACS	
S.NO.	PARTICULARS	RELATIONSHIP	30.06.2013	30.06.2012	
i.	Sales of goods, rent received & allocation of common expenses for rendering corporate service :				
	Bilt Tree Tech Limited	Subsidiary	2	9	
	Premier Tissues (India) Limited	Subsidiary	19	202	
	Bilt Graphic Paper Products Limited	Step Down Subsidiary	206	420	
	APR Sacks Limited	Other Related Parties	-	2	
	Avantha Holdings Limited	Other Related Parties	15	-	
	Avantha Power & Infrastructure Limited	Other Related Parties	1	78	
	Biltech Building Elements Limited	Other Related Parties	1	-	
	Crompton Greaves Limited	Other Related Parties	16	-	
	Jhabua Power Limited	Other Related Parties	1	-	
	Korba West Power Company Limited	Other Related Parties	4	-	
ii.	Purchase of goods & services :				
	Bilt Tree Tech Limited	Subsidiary	2	-	
	Premier Tissues (India) Limited	Subsidiary	16	-	
	Avantha Holdings Limited	Other Related Parties	260	1,579	
	Avantha Power & Infrastructure Limited	Other Related Parties	-	21,398	
	Avantha Technologies Limited	Other Related Parties	-	43	
	Biltech Building Elements Limited	Other Related Parties	47	28	
	Bilt Graphic Paper Products Limited	Step Down Subsidiary	3,685	896	
	Crompton Greaves Limited	Other Related Parties	70	25	
	Imerys Newquest(India) Private Limited	Other Related Parties	-	44	
	Mirabelle Trading Pte. Limited	Other Related Parties	99	5,054	
	Solaris Chemtech Industries Limited	Other Related Parties	14	-	
	SMI Newquest India Private Limited	Other Related Parties	-	1,273	
iii.	Sale/Reduction of Investment :				
	Ballarpur International Holdings B.V.	Subsidiary	-	38,236	
iv.	Interest On Loan Given:				
	Avantha Realty Limited	Other Related Parties	640	1,921	
	Ballarpur International Holdings B.V.	Subsidiary	24	-	
v.	Refund of advances (Advance Against Equity) :				
	Ballarpur International Holdings B.V.	Subsidiary	-	4,984	
vi.	Refund of Advance For Investment				
	Ballarpur Packaging Holdings B.V.	Subsidiary	1	-	
vii.	Advance Given				
	Bilt Tree Tech Limited	Subsidiary	-	199	
viii.	Sale of Assets:				
	Avantha Power & Infrastructure Limited	Other Related Parties	-	6,208	
ix.	Dividend Received				
	Bilt Graphic Paper Products Limited	Step Down Subsidiary	0	-	
x.	Loan Given				
	Ballarpur International Holdings B.V.	Subsidiary	1,790	-	
xi.	Consideration paid for slump exchange of Unit Kamlapuram with Units Ashti and Sewa (Net)		3,730	-	
xii.	Purchase of Captive Power Plant pursuant to business transfer agreement		6,582	-	
xiii.	Remuneration :				
	Mr. Gautam Thapar	Key Management Personnel	1	3	
	Mr. R. R. Vederah	Key Management Personnel	214	70	
	Mr. B. Hariharan	Key Management Personnel	209	68	
	Mr. Anup Kansal	Key Management Personnel	78	-	
xiv.	Outstanding balances as on 30th June 2013:				
	Bilt Tree Tech Limited	Subsidiary	1,793	-	
	Ballarpur International Holdings B.V.	Subsidiary	1,798	-	
	Ballarpur Paper Holdings B.V.	Step Down Subsidiary	12	-	
	Sabah Forest Industries Sdn. Bhd.	Step Down Subsidiary	258	-	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

S.NO.	PARTICULARS	RELATIONSHIP	30.06.2013	30.06.2012
	APR Sacks Limited	Other Related Parties	(999)	143
	Biltech Building Elements Limited	Other Related Parties	881	874
	Avantha Holdings Limited	Other Related Parties	(2,607)	(116)
	Crompton Greaves Limited	Other Related Parties	1	(16)
	Leading Line Merchant Traders Private Limited	Other Related Parties	149	-
	Saraswati Travels Private Limited	Other Related Parties	24	-
	Bilt Industrial Packaging Co. Limited	Other Related Parties	-	858
	Global Green Co. Limited	Other Related Parties	375	357
	Arizona Printers & Packers Private Limited	Other Related Parties	1	-
	Krebs And Cie India Limited	Other Related Parties	23	25
	UHL Power Co. Limited	Other Related Parties	473	473
	Jhabua Power Limited	Other Related Parties	(1,634)	165
	Korba West Power Company Limited	Other Related Parties	-	258
	Solaris Chemtech Industries Limited	Other Related Parties	-	2,230
	Avantha Power & Infrastructure Limited	Other Related Parties	(84)	(917)
	Avantha Realty Limited	Other Related Parties	6,475	5,358
	Imerys Newquest (India) Private Limited	Other Related Parties	-	(44)
	Mirabelle Trading Pte. Limited	Other Related Parties	-	(805)
	SMI Newquest India Private Limited	Other Related Parties	-	(103)
	Mr. R. R. Vederah	Key Management Personnel	17	23
	Mr. B. Hariharan	Key Management Personnel	5	4

B-36 The Company has operating leases for various premises and for other assets, which are renewable on a periodic basis and are cancellable. Rental expenses for operating lease charged to Statement of Profit and Loss for the year are ₹ 3 Lacs (30th June, 2012 ₹ 14 Lacs).

As on 30th June, 2013, the future minimum lease payments for non-cancellable operating leases are as below:-

	30.06.2013	30.06.2012
Not later than one year from 30th June, 2013	Nil	8
Later than one year and not later than five years	Nil	Nil

B-37 In the opinion of the Board of Directors, all assets other than fixed assets and non-current investments are realisable in the ordinary course of business at the value at which they are stated in the Financial Statements.

B-38 Accounts with certain financial institutions, banks and companies are subject to reconciliation, however in the opinion of management, these will not have any significant impact on the profit for the year and the net worth of the Company as on the Balance Sheet date.

B-39 Depreciation charged for the year and debited to the Statement of Profit and Loss includes ₹ nil (Previous Year ₹ 135 Lacs) being depreciation on the revalued portion of fixed assets, since the revaluation reserve stood exhausted in the earlier years.

B-40 Business transfer agreement and slump exchange agreement

A. During the year, the Company has entered into an agreement for purchase of Captive Power Plant (CPP) along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. by way of slump sale from Avantha Power & Infrastructure Limited (APIL) on a going concern basis. Pursuant to Business Transfer Agreement, all the assets and liabilities of CPP were transferred to the Company subject to pending certain formalities. However, pending certain clearances/ approval, APIL had continued to perform obligation/operate CPP unit in trust for and on behalf of the Company.

B. During the year, with effective from 1st July 2012, pursuant to slump exchange agreement between the Company and Bilt Graphic Paper Products Limited (BGPPL), then business undertaking of the Company situated at Units Sewa and Ashti engaged in the business of manufacturing of copier paper have been transferred to BGPPL by way of slump exchange on a going concern, with the then business undertaking of BGPPL situated at Unit Kamlapuram engaged in the business of manufacture of rayon grade pulp.

B-41 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure and due to purchase of captive power plant and slump exchange of Unit KPM with Unit Sewa and Unit Ashti, the same are not comparable with current year figures.

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the

29th August, 2013

For Ballarpur Industries Limited

GAUTAM THAPAR

chairman

R. R. VEDERAH

managing director & executive vice chairman

B. HARIHARAN

group director (finance)

VIVEK KUMAR GOYAL

chief financial officer

AKHIL MAHAJAN

company secretary

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

NAME OF THE SUBSIDIARY	BALLARPUR INTERNATIONAL HOLDINGS B.V.	BALLARPUR INTERNATIONAL GRAPHIC PAPER HOLDINGS B.V.	BALLARPUR PAPER HOLDINGS B.V.	PREMIER TISSUES (INDIA) LIMITED	BILT TREE TECH LIMITED	BILT GRAPHIC PAPER PRODUCTS LIMITED	SABAH FOREST INDUSTRIES SDN. BHD.	BALLARPUR SPECIALITY PAPER HOLDINGS B.V.
1. Financial period/year of the Subsidiary ended on	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013	30.06.2013
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. 168,679,093	1,625,515 (a)	125,192,483 (b)	5,620,427	990,000	550,050,000 (c)	8,277,856,532 (c)	18,000
(b) Share Holding percent in the Subsidiary held by Ballarpur Industries Limited	% 100	79.21 (a)	100 (b)	100	91.67	100 (c)	97.78 (c)	100
3. The net aggregate of profit, 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	₹ In Lacs (2,487)	6,709	(4,262)	(42)	84	15,553	(7,390)	(40)
(ii) For the Previous Financial years / Period since it became a Subsidiary	₹ In Lacs (9,930)	5,040	(22,308)	(119)	49	63,618	(80,477)	(43)
(b) Dealt with in the Accounts of Ballarpur Industries Limited to:								
(i) For the Current Financial year / Period	₹ In Lacs NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) For the Previous Financial years / Period since it became a Subsidiary	₹ In Lacs NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes

- Held through Ballarpur International Holdings B.V.
- Held through Ballarpur International Graphic Paper Holdings B.V.
- Held through Ballarpur Paper Holdings B.V.

INFORMATION IN RESPECT OF SUBSIDIARIES

PARTICULARS	₹ IN LACS							
	BALLARPUR INTERNATIONAL HOLDINGS B.V.	BALLARPUR INTERNATIONAL GRAPHIC PAPER HOLDINGS B.V.	BALLARPUR PAPER HOLDINGS B.V.	PREMIER TISSUES (INDIA) LIMITED	BILT TREE TECH LIMITED	BILT GRAPHIC PAPER PRODUCTS LIMITED	SABAH FOREST INDUSTRIES SDN. BHD.	BALLARPUR SPECIALITY PAPER HOLDINGS B.V.
Capital								
Equity Share Capital	73,204	13	70,536	562	108	55,005	155,253	13
Reserves	3,429	249,550	148,795	327	144	84,206	52,638	(158)
Total Assets	146,212	379,335	355,796	3,502	2,897	624,770	346,628	6
Total Liabilities	146,212	379,335	355,796	3,502	2,897	624,770	346,628	6
Investments								
(Except Investments in Subsidiaries)								
Government or Trust Securities	-	-	-	-	0	-	-	-
Shares, Debentures or Bonds	-	-	-	-	-	3,305	-	-
Turnover	-	-	-	4,292	5,371	345,663	87,522	-
Profit Before Taxation	(2,487)	8,470	(4,262)	(40)	92	17,536	(11,635)	(40)
Provision for Taxation	-	-	-	-	-	-	-	-
Current Tax	-	-	-	-	2	3,438	-	-
Mat Entitlement Credit	-	-	-	-	-	(3,146)	-	-
Deferred Tax	-	-	-	2	0	1,691	(4,077)	-
Provision for Taxation relating to earlier years	-	-	-	-	0	-	-	-
Profit After Taxation	(2,487)	8,470	(4,262)	(42)	90	15,553	(7,558)	(40)
Dividend Paid	-	-	-	-	-	-	-	-
Reporting Currency	USD	USD	USD	INR	INR	INR	RM	USD
Exchange Rate - Balance Sheet items (Closing rate)	59.67	59.67	59.67	1.00	1.00	1.00	18.90	59.67
Exchange Rate - Profit & Loss items (Average rate)	54.85	54.85	54.85	1.00	1.00	1.00	17.87	54.85

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors

Ballarpur Industries Limited

1 We have audited the attached Consolidated Balance Sheet of M/s Ballarpur Industries Limited ('The Company') and its subsidiaries as on 30th June, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto.

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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3 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, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited Financial Statements of Company and its subsidiaries included in the Consolidated Financial Statements.

4 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 on 30th June, 2013;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiaries for the year ended on that date.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the
29th August, 2013

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2013

	NOTE NO.	30.06.2013	₹ IN LACS 30.06.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	B-1	13,112	13,112
Reserves and Surplus	B-2	235,460	267,613
Subordinated Perpetual Capital Securities	B-3	119,334	112,450
Minority Interest		59,315	75,741
		427,221	468,916
Non - Current liabilities			
Long term borrowings	B-4	336,612	246,275
Deferred tax liabilities (Net)	B-5	12,721	16,607
Other long term liabilities	B-6	4,554	2,426
Long term provisions	B-7	6,633	5,442
		360,520	270,750
Current Liabilities			
Short term borrowings	B-8	145,872	108,023
Trade payables	B-9	109,156	98,155
Other current liabilities	B-10	130,272	109,639
Short term provisions	B-11	7,269	6,149
		392,569	321,966
TOTAL		1,180,310	1,061,632
ASSETS			
Non - Current assets			
Fixed Assets			
Tangible assets	B-12	693,491	618,229
Intangible assets	B-12	4,484	2
Capital work in progress		156,652	104,527
Intangible assets under development		1,005	3,298
		855,632	726,056
Non - current investments	B-13	4,056	4,056
Long term loans and advances	B-14	34,019	61,964
Other non current assets	B-15	54,008	46,110
		92,083	112,130
Current Assets			
Inventories	B-16	119,153	104,450
Trade receivables	B-17	45,329	43,338
Cash and bank balances	B-18	7,963	8,786
Short term loans and advances	B-19	57,665	64,426
Other current assets	B-20	2,485	2,446
		232,595	223,446
TOTAL		1,180,310	1,061,632
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

As per our report attached
ABHAY UPADHYE
 Partner
 Membership No. 049354
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

New Delhi, dated the
 29th August, 2013

For Ballarpur Industries Limited
GAUTAM THAPAR
 chairman
R. R. VEDERAH
 managing director & executive vice chairman
B. HARIHARAN
 group director (finance)
VIVEK KUMAR GOYAL
 chief financial officer
AKHIL MAHAJAN
 company secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2013

	NOTE NO.	30.06.2013	₹ IN LACS 30.06.2012
REVENUE			
Sales		510,949	494,873
Less:- Excise Duty		25,468	21,648
Net sales		485,481	473,225
Other Operating Revenue		5,793	7,406
Revenue from operations	B-21	491,274	480,631
Other Income	B-22	785	1,589
TOTAL		492,059	482,220
EXPENSES			
Cost of materials consumed	B-23	234,154	237,466
Purchases of stock in trade		10,928	10,239
Changes in inventories of finished goods, work in progress and stock in trade	B-24	(485)	(2,817)
Employee benefits expenses	B-25	36,434	29,888
Finance cost	B-26	34,671	26,563
Depreciation and amortizations expenses	B-27	45,170	36,401
Other expenses	B-28	123,470	127,354
TOTAL		484,342	465,094
Profit before tax		7,717	17,126
Tax expense:			
Current tax/MAT (Including Wealth Tax)		4,188	3,392
MAT Credit Entitlement available for set off in subsequent years		(3,146)	(2,949)
Deferred tax		(2,680)	768
Excess provision relating to earlier years		-	8
		(1,638)	1,219
Profit/(Loss) after tax for the year		9,355	15,907
Less : Minority Interest		1,567	3,598
Profit/(Loss) for the year after minority interest		7,788	12,309
Earning per equity share:	B-29		
(1) Basic (In ₹)		1.19	1.88
(2) Diluted (In ₹)		1.19	1.88
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

As per our report attached
ABHAY UPADHYE
 Partner
 Membership No. 049354
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

New Delhi, dated the
 29th August, 2013

For Ballarpur Industries Limited
GAUTAM THAPAR
 chairman
R. R. VEDERAH
 managing director & executive vice chairman
B. HARIHARAN
 group director (finance)
VIVEK KUMAR GOYAL
 chief financial officer
AKHIL MAHAJAN
 company secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

	30.06.2013	30.06.2012
₹ IN LACS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before exceptional items, tax, minority interest and appropriations	7,717	17,126
Adjustments for:		
(Profit) / Loss on sale of fixed assets (net)	(30)	(12)
Unspent liabilities and excess provisions of earlier years written back	(224)	(289)
Depreciation & amortisation expenses	45,170	36,401
Assets discarded	23	6
Finance costs (net)	34,671	26,563
Unused stores & spares written off	-	8
	79,610	62,677
Operating Profit before Working Capital Changes	87,327	79,803
Adjustment for Working Capital Changes :		
(Increase)/decrease in trade receivable	(1,991)	(51)
(Increase)/decrease in loans, advances and other current assets	6,492	(3,700)
(Increase)/decrease in inventory	(14,703)	(11,390)
Increase/(decrease) in liabilities and provisions	19,626	2,575
	9,424	(12,566)
Cash generated from operations	96,751	67,237
Income tax paid (net)	(2,868)	(6,285)
Net cash flow from operating activities	93,883	60,952
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in fixed assets, capital work-in-progress and capital advances	(142,604)	(155,266)
Proceed from sale of property plant and equipment	558	100
Interest received	916	2,035
(Increase)/decrease in other bank balances	2,477	(5,456)
Net cash flow from investing activities	(138,653)	(158,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of subordinated perpetual capital securities	-	112,450
Increase/(decrease) in long-term borrowings	154,493	24,157
Payment for buy back (Optional/convertible)	(1)	-
Dividend and distribution on unsecured subordinated perpetual capital Securities (including dividend tax)	(15,570)	(9,434)
Payment for change in minority interest	(49,993)	-
Interest paid (Net)	(34,661)	(23,124)
Net cash flow from financing activities	54,268	104,049
Net increase/(decrease) in cash and cash equivalents	9,498	6,414
Cash and cash equivalents at beginning of reporting year	2,716	11,948
Impact of foreign currency translation reserve	(7,855)	(15,646)
Cash and cash equivalents at end of reporting year	4,359	2,716
Significant Accounting Policies	"A"	
Notes to Financial Statements	"B"	

As per our report attached
ABHAY UPADHYE
 Partner
 Membership No. 049354
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

New Delhi, dated the
 29th August, 2013

For Ballarpur Industries Limited
GAUTAM THAPAR
 chairman
R. R. VEDERAH
 managing director & executive vice chairman
B. HARIHARAN
 group director (finance)
VIVEK KUMAR GOYAL
 chief financial officer
AKHIL MAHAJAN
 company secretary

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

GROUP OVERVIEW

Ballarpur Industries Limited ('BILT' or the company), a public limited company, together with its subsidiaries (collectively referred to as the 'Group') is engaged primarily in the business of manufacturing of writing and printing (W&P) paper, pulp and paper products. BILT's consolidated paper manufacturing operations span across six production units, five of which 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 is located in the State of Sabah. The Rayon Grade Pulp manufacturing unit is located at Kamlapuram (Andhra Pradesh).

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements ("CFS") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply all material aspects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 1956.

The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (the company) for year ended 30th June, 2013 and its following Subsidiaries:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST EITHER DIRECTLY OR THROUGH SUBSIDIARY AS ON	
		30TH JUNE 2013	30TH JUNE 2012
Subsidiary			
Bilt Tree Tech Limited	India	91.67%	91.67%
Ballarpur Packaging Holdings B.V. (Merged with Ballarpur Speciality Paper Holdings B.V., w.e.f. 8th June, 2013)	Netherlands	-	100%
Ballarpur International Holdings B.V.	Netherlands	100%	100%
Ballarpur Speciality Paper Holdings B.V.	Netherlands	100%	100%
Premier Tissues (India) Limited	India	100%	100%
Step down Subsidiary			
Ballarpur International Graphic Paper Holdings B.V. (i)	Netherlands	79.21%	72.30%
Ballarpur Paper Holdings B.V. (ii)	Netherlands	100%	100%
BILT Graphic Paper Products Limited (iii)	India	100%	100%
Sabah Forest Industries Sdn. Bhd.	Malaysia	97.78%	97.78%

(i) Held through Ballarpur International Holdings B.V.

(ii) Held through Ballarpur International Graphic Paper Holdings B.V.

(iii) Held through Ballarpur Paper Holdings B.V.

(a) The Financial Statements of all Indian subsidiaries are prepared in compliance with the Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 (as amended) and other provisions of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable accounting standards.

(b) The Company has disclosed only such Policies and Notes from the individual financial statements, which fairly cover the required disclosures.

2. USE OF ESTIMATES

The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as at the date of the Financial Statements and the reported amount of revenues and expenses during the reporting year. The differences between the actual results and estimates are recognised in the year in which the results are known/materialise.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

3. CASH FLOW STATEMENT

Cash flows are reported using the Indirect Method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

5. FIXED ASSETS - TANGIBLE

i) Fixed Assets (other than those which have been revalued) are stated at cost net of CENVAT/Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.

ii) All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contract and adjustments arising from exchange rate variations attributable to fixed assets are capitalized.

iii) Preoperative expenditure: Indirect expenditure incurred during construction period is capitalized under the respective asset head as a part of the indirect construction cost, to the extent to which the expenditure is indirectly related to the assets head. Other Indirect expenditure incurred during the construction period, which is not related to the construction activities or which is not incidental thereto is written off in the Statement of Profit and Loss.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

6. 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 Statement of Profit and Loss.

7. INTANGIBLE ASSETS AND AMORTISATION

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

(a) Specialized Software

Expenditure on specialised software are amortised for a period of seven years.

(b) Research and development cost:

1. Research Cost:

Revenue expenditure on research is expensed under the respective heads of accounts in the period in which it is incurred.

2. Development Cost:

Development expenditure on new product is capitalized as intangible assets, if all of the following can be demonstrated.

- (i) the technical feasibility of completing the intangible asset so that it will be available for the use or sale;
- (ii) the Company has intention to complete the development of intangible asset and use or sell it;
- (iii) the Company has ability to use or sell the intangible asset;
- (iv) the manner in which the probable future economic benefit will be generated including the existence of a market for output of the intangible asset or the Intangible asset itself or if it is to be used internally, the usefulness of the Intangible asset;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) the Company has ability to measure the expenditure attributable to the intangible asset during the development reliably.

Development cost on the Intangible asset, fulfilling the criteria are amortised over a period of five years, otherwise are expensed in the period in which they are incurred.

8. 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.

9. 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 depletion in the Book Value of such Investments, till continuation of the relationship 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 depletion 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

10. DIVIDEND

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

11. 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.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

(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.

12. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) SALES

Revenue from sale of goods is recognised when the risks and rewards of ownership have passed to the customers.

(ii) 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.

(iii) ADVANCE LICENSE, IMPORT ENTITLEMENTS, ETC.

Advance license ,Import Entitlements, etc. are recognized at the time of export and the benefit in respect of advance License received by the company against export made by it are recognized as and when goods are imported against them.

13. 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 gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

14. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

15. LEASES

Lease payments under an operating lease are recognized as an expense in Statement of Profit and Loss on a straight line basis over the lease term.

16. 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.

17. IMPAIRMENT OF ASSETS

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

18. PROVISION AND CONTINGENCIES

Provision is made 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.

19. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

20. SECURITIES PREMIUM RESERVE: 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 Reserve as permitted by section 78(2) of the Companies Act, 1956.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2013

₹ IN LACS

B-1 SHARE CAPITAL:	30.06.2013	30.06.2012
Authorised:		
1,487,500,000 (Jun 30,2012: 1,487,500,000) Equity shares of ₹ 2/- each	29,750	29,750
10,250,000 (Jun 30,2012: 10,250,000) Preference shares of ₹ 100/- each	10,250	10,250
	40,000	40,000
Issued:		
1,030,005,910 (Jun 30,2012: 1,030,005,910) Equity shares of ₹ 2/- each	20,600	20,600
	20,600	20,600
Subscribed and Paid up:		
655,773,584 (Jun 30,2012: 655,773,584) Equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Less: Forfeited shares - 249,745 (Jun 30,2012: 249,745) Equity shares of ₹ 2/- each	5	5
655,523,839 (Jun 30,2012: 655,523,839) Equity shares of ₹ 2/- each	13,110	13,110
Add: Amount originally paid up on forfeited shares	2	2
	13,112	13,112

₹ IN LACS

except Share Data

1.1 Reconciliation of number of Shares	30.06.2013		30.06.2012	
EQUITY SHARES:	NO. OF SHARES	AMOUNT	NO. OF SHARES	AMOUNT
Balance as at the beginning of the year	655,523,839	13,112	655,523,839	13,112
Balance as at the end of the year	655,523,839	13,112	655,523,839	13,112

1.2 Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

1.3 Details of shares held by shareholders holding more than 5% of the aggregate shares as on 30.06.2013 in the Company:

NAME OF SHAREHOLDER	30.06.2013		30.06.2012	
	NO. OF SHARES	HOLDING (%)	NO. OF SHARES	HOLDING (%)
1. Avantha Holdings Limited	322,689,019	49.23	322,689,019	49.23
2. Life Insurance Corporation of India	44,134,423	6.73	44,134,423	6.73
3. Samena Special Situations Mauritius	41,515,609	6.33	41,515,609	6.33
4. Platinum Investment Management Ltd. A/c Platinum Asia Fund	35,282,244	5.38	35,282,244	5.38
5. HDFC Trustee Company Ltd. - HDFC Various Funds	-	-	33,163,287	5.06

1.4 123 equity shares of ₹ 2/-each represent 41 underlying Global Depository Receipts

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 20132

₹ IN LACS

B-2 RESERVES AND SURPLUS:	30.06.2013	30.06.2012
Capital Reserve on Consolidation		
At the beginning of the reporting year	59,248	59,248
Less: Adjustment for change in minority interest	20,951	-
At the close of the reporting year	38,297	59,248
Capital Reserve		
At the beginning of the reporting year	1,515	1,515
At the close of the reporting year	1,515	1,515
Securities Premium Reserve		
At the beginning of the reporting year	26,798	26,798
At the close of the reporting year	26,798	26,798
Preference Share Capital Redemption Reserve		
At the beginning of the reporting year	7,385	7,385
At the close of the reporting year	7,385	7,385
Debenture Redemption Reserve		
At the beginning of the reporting year	22,313	21,375
Less: Transferred to balance in Statement of Profit and Loss	4,000	750
Add: Transferred from balance in Statement of Profit and Loss	2,188	1,688
At the close of the reporting year	20,501	22,313
General Reserve		
At the beginning of the reporting year	80,640	80,540
Add: Transferred from balance in Statement of Profit and Loss	170	100
At the close of the reporting year	80,810	80,640
Foreign Currency Transaction Reserve		
At the beginning of the reporting year	7,166	(6,536)
Addition during the year (net)	3,081	13,702
Less :Adjustment for change in minority interest	10,149	-
At the close of the reporting year	98	7,166
Balance in Statement of Profit and Loss		
At the beginning of the reporting year	62,548	61,853
Add:		
Profit for the year as per statement of profit and loss	7,788	12,309
Transferred from Debenture Redemption Reserve	4,000	750
Less:		
Transferred to Debenture Redemption Reserve	2,188	1,688
Transferred to General Reserve	170	100
Distribution on unsecured Subordinated Perpetual Capital Securities (Net of minority interest)	9,041	6,766
Proposed Dividend on 655,523,839 equity shares @ 15% (on 655,523,839 equity shares @ 25%)	1,967	3,278
Tax on distributed profits	914	532
At the close of the reporting year	60,056	62,548
TOTAL	235,460	267,613

B-3 SUBORDINATED PERPETUAL CAPITAL SECURITIES:

	30.06.2013	30.06.2012
Subordinated Perpetual Capital Securities*	119,334	112,450
TOTAL	119,334	112,450

*During the previous year ended 30th June, 2012, the step down subsidiary of Company, Ballarpur International Graphic Paper Holdings B.V. (BIGPH) raised USD 200 Million through issue of Unsecured Dollar denominated 9.75% Subordinated Perpetual Capital Securities (The "Securities"). These Securities are perpetual in nature with no maturity or redemption and are callable only at the option of BIGPH in the 5th/10th year from the date of allotment of Securities and thereafter on every interest payment date. As these Securities are perpetual in nature and ranked senior only to the Share Capital of BIGPH and are therefore considered to be in the nature of equity instrument and are not classified as "Debt" and the distribution on such Securities is not considered under "Interest". BIGPH may, at its sole discretion, opt to defer payment of Interest on such Securities.

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B-4 LONG TERM BORROWINGS:		
	30.06.2013	30.06.2012
1. Secured Loans:		
Debentures (Refer Note 4.1)	59,000	67,000
External commercial borrowings (Refer Note 4.2)	34,261	49,204
Term Loans :		
Banks (Refer Note 4.3)	137,062	63,782
Financial institutions (Refer Note 4.3)	57,636	940
Vehicle loan (Refer Note 4.4)	173	315
	288,132	181,241
2. Unsecured Loans:		
Non-convertible debentures (Refer Note 4.5)	12,500	20,000
Loan from banks (Refer Note 4.6)	23,867	33,736
Zero coupon compulsory convertible bonds (Refer Note 4.7)	8,950	8,434
Deferred payment liabilities (Refer Note 4.8)	3,163	2,864
	48,480	65,034
Total long-term borrowings (1+2)	336,612	246,275

SECURED LOAN:-

4.1 Non-Convertible Debentures

Non Convertible Debentures (NCD) of ₹ 75,000 Lacs which carrying an interest rate ranging from 8.75% to 9.90% depending upon the date and amount drawn, are secured by first pari-passu charge on fixed assets of Bilt Graphic Paper Products Limited, both present and future except for NCD of ₹ 25,000 Lacs allotted on 29th September 2010 which are secured by pari-passu first charge on movable fixed assets of the company, both present and future. NCD are repayable in installments starting from September 2012 to September 2017. Maturity Profile and Rate of interest of Non Convertible Debentures are as set out below:

MATURITY PROFILE					
RATE OF INTEREST	CURRENT	NON-CURRENT			
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
9.00%	2,500	-	-	-	-
9.08%	3,000	-	-	-	-
9.35%	-	3,000	-	-	-
9.50%	-	2,500	5,000	-	-
9.55%	-	-	4,000	-	-
9.65%	2,500	2,500	5,000	12,500	-
9.75%	-	-	-	12,500	-
9.90%	-	-	-	6,000	6,000

4.2 External Commercial Borrowings

- (a) Loan from Consortium led by Rabobank has been refinanced by USD 78.48 Million loan from Consortium led by RABO Bank at LIBOR plus 1.75% repayable by 31st May, 2015 secured by way of hypothecation over the secured movable fixed assets of Bilt Graphic Paper Products Limited.

MATURITY PROFILE		
	2013-2014	2014-2015
External Commercial Borrowings	27,483	19,344

- (b) External Commercial Borrowings (ECB) loan from Rabobank for USD 25 Million at LIBOR plus margin of 3.3% is repayable by nine equal semi annual installments, first installment must be repaid 36 months after the utilisation date. The loan is secured by pari-passu first charge on movable fixed assets of Bilt Graphic Paper Products Limited.
- (c) External Commercial Borrowings (ECB) from HSBC is secured by the first pari-passu charged on all moveable properties of the Company both present and future. The current portion of ECB – ₹ 5,967 Lacs.

4.3 Term Loans From Banks & Financial Institutions

- (a) Term Loan from IDFC Limited of ₹ 25,000 Lacs is repayable in 26 equal quarterly installments starting from 15th October, 2014 to 15th January, 2021. The Loan is secured by way of hypothecation of the entire movable properties (excluding current assets and non-current assets (in the nature of current assets)), both present and future of Bilt Graphic Paper Products Limited.
- (b) Term loan from GE Money Financial Services Private Limited of ₹ 15,000 Lacs is repayable in 22 equal quarterly installments starting from 27th March, 2014 to 27th June, 2019. The Loan is secured by way of a first pari-passu charge over all moveable fixed assets of Bilt Graphic Paper Products Limited.
- (c) The term loans from financial institutions are secured by pari-passu first charge created/to be created on all moveable properties of the Company both present and future.

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MATURITY PROFILE						
CURRENT	NON-CURRENT					
2013-14	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
1,440	3,143	3,857	3,857	3,857	2,857	1,429

- (d) The below mentioned facilities are secured by charges over the current assets, fixed assets, land and receivables of Sabah Forest Industries Sdn. Bhd., offtake agreement assignment etc. and are repayable as under:
- (i) a term loan of USD 30 Million, which is repayable by 8 equal semi-annual installments commencing from 15th March, 2013;
 - (ii) a term loan of USD 20 Million, which is repayable by 8 equal semi-annual installments commencing from 20th October, 2013;
 - (iii) a term loan of USD 20 Million, which is repayable by 8 equal semi-annual installments commencing from 4th December, 2013;
 - (iv) a term loan of USD 25 Million which is repayable by 5 equal semi-annual installments commencing from 28th September, 2014;
 - (v) a term loan of USD 25 Million, which is repayable by 10 equal semi-annual installments commencing from 8th February, 2013; and
 - (vi) a term loan of USD 50 Million, which is repayable by 19 unequal quarterly installments commencing from 28 December, 2013;
- (e) (i) ₹ 1445 Lacs term loan is secured by exclusive charge on the movable fixed assets and immovable fixed assets of Premier Tissues (India) Limited. Repayable in 20 quarterly installments after a moratorium period of 12 months w.e.f. July, 2011 along with interest @ 2.85% plus prime lending rate (present rate is 13.35%)
- (ii) Term loan of USD 35 Million at LIBOR plus a margin of 5.3% from Exim bank is secured against pledge of Ballarpur International Graphic Paper Holdings B.V.'s shares and is repayable in four equal installments starting from January 2015.
- (iii) Term loan of USD 58 Million at LIBOR plus a margin of 5.25% from Standard Chartered Bank is secured against pledge of Ballarpur Packaging Holdings B.V.'s shares and is repayable at the end of three years from first utilisation date.

4.4 Vehicle Loans

The hire-purchase payables are secured by charge over the asset under hire-purchase and average term for hire-purchase ranges from 3 to 7 years.

UNSECURED LOAN:-

4.5 Non-Convertible Debentures

Maturity profile and Rate of interest of Non Convertible Debentures are as set out below:

MATURITY PROFILE			
RATE OF INTEREST	CURRENT	NON - CURRENT	
	2013-2014	2014-2015	2015-2016
9.05%	7,500	-	-
9.60%	-	7,500	-
9.90%	-	-	5,000

4.6 Loan From Banks

A USD 60 Million loan at LIBOR plus a margin of 4.5% was drawn down in installments from March 2011 to April 2011 and is repayable in three equal installments starting from April 2014.

4.7 Zero Coupon Convertible Bonds

Zero Coupon Convertible Bonds of USD 15 Million are due in March, 2017.

4.8 Deferred Payment Liabilities

The Group has opted for the deferral scheme of sales tax, which is payable as per the scheme framed by the State Government.

B-5 DEFERRED TAX LIABILITIES (NET)

In term of Accounting Standard 22, the computation has been made to the extent there is a reasonable certainty that these will be realised in future. The deferred tax asset and liability as on 30th June 2013 comprises of timing difference on account of :

	30.06.2013	30.06.2012
Deferred Tax Liability :		
Higher depreciation claimed under tax laws (net off unabsorbed depreciation & c/f losses)	15,729	19,384
TOTAL	15,729	19,384
Deferred Tax Asset :		
Expenses allowable on payment basis	3,008	2,777
TOTAL	3,008	2,777
Net Deferred Tax Liability*	12,721	16,607

*Includes effect of foreign currency translation.

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B-6 OTHER LONG TERM LIABILITIES:		
	30.06.2013	30.06.2012
Security deposit	4,554	2,426
TOTAL	4,554	2,426

B-7 LONG TERM PROVISIONS:		
	30.06.2013	30.06.2012
Provisions for employee benefits:		
Provision for gratuity	5,882	4,855
Provision for leave encashment	751	587
TOTAL	6,633	5,442

B-8 SHORT TERM BORROWINGS:		
	30.06.2013	30.06.2012
1. Secured Loans:		
Working capital loan (Refer Note 8.1 & 8.2)	9,421	8,627
	9,421	8,627
2. Unsecured Loans:		
Working capital loan	136,433	99,365
Deposits	18	31
	136,451	99,396
Total short-term borrowings (1+2)	145,872	108,023

Note:-

- 8.1) ₹ 9,159 Lacs (Previous Year ₹ 8,515 Lacs) is secured by charges over the current assets, fixed assets, land and receivables of Sabah Forest Industries SDN. BHD., off take agreement assignment etc.
- 8.2) ₹ 262 Lacs (Previous Year ₹ 112 Lacs) is secured against exclusive charge on the current assets of Premier Tissues (India) Limited.

B-9 TRADE PAYABLES:		
	30.06.2013	30.06.2012
To micro, small and medium enterprises (Refer Note 9.1)	100	243
Other payables	109,056	97,912
TOTAL	109,156	98,155

Note :-

- 9.1) The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

	30.06.2013	30.06.2012
Principal amount due and remaining unpaid	6	17
Interest due on above and the unpaid interest	1	2
Interest paid on all delayed payments under the MSMED Act	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	1	2
Interest accrued and remaining unpaid	1	2
Amount of further interest remaining due and payable in succeeding years	-	2

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B-10 OTHER CURRENT LIABILITIES:

	30.06.2013	30.06.2012
Current maturities of long term debt	82,242	55,805
Current maturities of finance lease obligations	169	170
Interest accrued but not due on borrowings	9,593	8,390
Interest accrued but not due on deposits	61	52
Unpaid dividends	98	125
Security deposits	1,613	2,905
Advance received from customers	3,689	5,343
Bank book overdrawn	4,811	1,817
Payables for capital goods	14,992	20,530
Liability for compulsory / optional buyback	187	188
Statutory dues	5,705	4,140
Payable to employees	5,073	3,902
Director commission payable	42	14
Other payables	1,997	6,258
TOTAL	130,272	109,639

B-11 SHORT TERM PROVISIONS:

	30.06.2013	30.06.2012
Provisions for employee benefits:		
- Provision for gratuity	1,093	987
- Provision for leave encashment	175	164
Provision for dividend	1,967	3,278
Provision for dividend tax	334	532
Provision for taxation including MAT	2,733	-
Others provisions [Net of payment] [Refer Note 11.1]	967	1,188
TOTAL	7,269	6,149

11.1) The company is carrying provision for obligation as on balance sheet date, which may result in outflow of resources. The following is the disclosure of such provisions covered under Accounting Standard 29-Provisions, Contingent Liabilities and Contingent Asset issued by Institute of Chartered Accountants of India.

	AS AT 1ST JULY 2012	PROVISION DURING THE YEAR	PROVISION UTILISED/ REVERSED DURING THE YEAR	AS AT 30TH JUNE, 2013
Anti-dumping duty*	27	-	-	27
Water cess	1,114	339	566	887
Provision for sales tax**	47	6	-	53

*Represents provision against anti dumping duty case for which appeal has been filed before CESTAT.

**Represents provision against sales tax cases for which Appeal have been filed before Punjab VAT Tribunal at Chandigarh.

B-12 FIXED ASSETS:

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK		
	AS ON 01.07.2012	ADDITIONS FOR THE YEAR	DELETIONS DURING THE YEAR	TRANS- LATION RESERVE	AS ON 30.06.2013	AS ON 01.07.2012	ADDITIONS FOR THE YEAR	DELETIONS DURING THE YEAR	TRANS- LATION RESERVE	AS ON 30.06.2013	AS ON 30.06.2012
A. Tangible Assets											
Free Hold Land	11,946	8,859	2,904	-	17,901	1,016	-	-	-	1,016	10,930
Lease Hold land	1,140	1,571	52	479	3,138	59	123	-	74	256	1,081
Buildings	97,987	21,868	10,778	4,265	113,342	47,816	3,512	2,975	2,965	51,318	50,171
Plant & Equipment	836,389	149,850	116,052	27,445	897,632	284,002	36,157	42,917	12,360	289,602	552,387
Furniture & Fixtures	5,997	288	1,398	232	5,119	4,569	369	1,339	203	3,802	1,317
Vehicles	3,041	430	155	118	3,434	1,854	288	136	93	2,099	1,187
Office Equipment	2,655	263	93	-	2,825	1,644	281	42	-	1,883	942
Computer	114	21	54	-	81	85	14	45	-	54	27
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	19	48	-	-	67	14	4	-	-	18	49
	959,288	183,1998	131,486	32,539	1,043,539	341,059	40,748	47,454	15,695	350,048	618,229
B. Intangible Assets											
Computer Software	5,868	3,369	-	-	9,237	5,866	12	-	-	5,878	3,359
Product Development	-	1,126	-	-	1,126	-	1	-	-	1	1,125
	5,868	4,495	-	-	10,363	5,866	13	-	-	5,879	4,484
TOTAL	965,156	187,693	131,486	32,539	1,053,902	346,925	40,761	47,454	15,695	355,927	618,231
Previous Year	756,966	161,481	7,772	54,481	965,156	284,023	34,013	1,489	30,378	346,925	618,231

Note:

- 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.
- Buildings include ₹ 293 Lacs (Previous year ₹ 293 Lacs) towards revalued value of ownership flats in Cooperative Housing Societies.
- During the year Addition includes:
 - Capitalisation of Exchange loss amounting to ₹ 3,432 Lacs/- (Previous Year ₹ 13,139 Lacs)
 - ₹ 54,936 Lacs due to purchase of Captive Power Plants situated at units Ballarpur, Bhigwan Sewa & Shreegopal from Avantha Power & Infrastructure Limited, pursuant to business transfer agreement
- Depreciation during the year include
 - ₹ 137 Lacs (previous year ₹ 253 lacs) charged to inventories.
 - ₹ 364 Lacs (previous year ₹ 271 lacs) charged to biological assets.
 - ₹ 3 Lacs (previous year ₹ 21 lacs) charged to capital work in progress.

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B-13 NON CURRENT INVESTMENTS:			
	NAME OF THE COMPANY	30.06.2013	30.06.2012
Non-trade, unquoted investment			
a) Investments in Equity Instruments:			
Other Companies			
5,000 (Jun 30, 2012: 5,000) Fully paid Equity shares of ₹ 10/- each	Blue Horizon Investments Limited	3	3
39,880,940 (Jun 30, 2012: 38,584,000) Fully paid Equity shares of ₹ 10/- each	Avantha Power & Infrastructure Limited	4,053	4,053
b) Investments in Government or trust securities			
₹ 2,000, 5 Year Kisan Vikas Patra (Lodged as security deposit)		0	0
₹ 3,000, 6 Year National Saving Certificates		0	0
₹ 3,000, 7 Year National Saving Certificates		0	0
TOTAL		4,056	4,056
Additional Information:			
1. Aggregate value of quoted investments:			
Cost		-	-
Market Value		-	-
2. Aggregate value of unquoted investments:			
Cost		4,056	4,056
Note : ₹ 0 represent amount below ₹ 50,000/-			

B-14 LONG TERM LOANS AND ADVANCES:			
		30.06.2013	30.06.2012
Secured, considered good			
Capital advance		16	-
Unsecured, considered good			
Capital advances		1,039	28,418
Security deposits		1,311	1,276
Prepaid expenses		2,242	1,353
Balance with govt. authorities		10,948	17,016
Mat credit entitlement		14,545	11,399
Advance tax, tax deducted at source (Net of provision for tax)		3,918	2,502
TOTAL		34,019	61,964

B-15 OTHER NON CURRENT ASSETS:			
		30.06.2013	30.06.2012
Biological assets*		44,639	35,603
Unamortized expenses		9,369	10,496
Long term deposits with banks with maturity period more than 12 months		-	11
TOTAL		54,008	46,110

* Biological assets represent plantation development expenditure:-

		30.06.2013	30.06.2012
Cost			
At beginning of year		49,107	36,140
Additions		9,512	6,124
Translation reserve		4,150	6,843
At end of year		62,769	49,107
Accumulated Amortisation			
At beginning of year		13,504	7,209
Charge for the year		3,437	4,697
Translation reserve		1,189	1,598
At end of year		18,130	13,504
Carrying Amount		44,639	35,603

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B-16 INVENTORIES:

	30.06.2013	30.06.2012
Raw materials (Refer Note 16.1)	43,052	44,757
Work in progress	6,843	6,478
Finished goods/ stock-in-trade	17,477	17,357
Stores and spares (Refer Note 16.2)	34,604	28,762
Block stores	291	283
Chemicals (Refer Note 16.3)	13,721	4,841
Packing material (Refer Note 16.4)	3,165	1,972
TOTAL	119,153	104,450

Note:-

Note 16.1) Includes raw material-in-transit of ₹ 8,469 Lacs (Previous Year ₹ 4,570 Lacs)

Note 16.2) Includes stores & spares-in-transit of ₹ 2,666 Lacs (Previous Year ₹ 9,751 Lacs)

Note 16.3) Includes Chemicals-in-transit of ₹ 1,755 Lacs (Previous Year ₹ 843 Lacs)

Note 16.4) Includes packing material-in-transit of ₹ 56 Lacs (Previous Year ₹ Nil)

B-17 TRADE RECEIVABLES:

	30.06.2013	30.06.2012
Trade receivables -exceeding six months from the date they are due for payment		
Secured, considered good	2	24
Unsecured, considered good	549	946
Trade receivables -others		
Secured, considered good	1,238	2,402
Unsecured, considered good	43,540	39,966
TOTAL	45,329	43,338

B-18 CASH AND BANK BALANCES:

	30.06.2013	30.06.2012
Cash & cash equivalents		
Balances with banks		
- In current accounts	4,015	2,359
Cash on hand	39	41
Cheques, drafts on hand	20	3
In unpaid dividend accounts	98	125
Unclaimed compulsory /optional buy back consideration	187	188
	4,359	2,716
Other bank balance		
In margin money, security for borrowings, guarantees and other commitments	561	185
In deposit accounts exceeding three months but less than twelve months	3,043	5,885
	3,604	6,070
TOTAL	7,963	8,786

B-19 SHORT TERM LOANS AND ADVANCES:

	30.06.2013	30.06.2012
Unsecured, considered good		
Loans and advances (Related Parties)*	3,092	6,622
Balance with government authorities	33,565	19,770
Advance tax, tax deducted at source (including income tax refund receivable)	16	1,831
Prepaid expenses	2,028	1,556
Advances to trade creditors	8,969	5,696
Advances to employees	244	88
Insurance claim receivables	571	2
Security deposits	952	608
Other advances recoverable in cash or kind for value to be received	8,228	28,253
TOTAL	57,665	64,426

* Includes Amount Advance to Directors ₹ 22 Lacs (Previous year ₹ 27 Lacs)

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B-20 OTHER CURRENT ASSETS:	30.06.2013	30.06.2012
Interest accrued on deposits	17	-
Assets held for sale (at lower of cost and net realizable value)	13	13
Current portion of unamortised expenses	2,357	2,050
Export incentive under duty draw back recoverable	8	83
Other current assets	90	300
TOTAL	2,485	2,446

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B-21 REVENUE FROM OPERATIONS:		
	30.06.2013	30.06.2012
Sale of products		
Paper (including coated)	457,594	433,428
Caustic soda, chlorine etc.	289	1,414
Rayon grade pulp	43,637	50,978
Others	9,429	9,053
	510,949	494,873
Less:		
Excise duty	25,468	21,648
Sub Total	485,481	473,225
Mega project benefit	3,251	5,850
Export incentive / scrap sale	2,542	1,556
Sub Total	5,793	7,406
TOTAL	491,274	480,631
B-22 OTHER INCOME:		
	30.06.2013	30.06.2012
Profit on sale of fixed assets (Net)	30	12
Gain on foreign currency fluctuations	-	25
Rent and license Fee	234	170
Unspent liabilities and excess provisions of earlier years written back	224	289
Other non operating income (net of expenses directly attributable to such income)	297	1,093
TOTAL	785	1,589
B-23 COST OF MATERIALS CONSUMED:		
	30.06.2013	30.06.2012
Bamboo	7,611	4,758
Wood and wood species	63,134	48,620
Chemicals	73,120	67,889
Wood pulp	76,847	102,653
Packing materials	13,046	13,089
Salt	396	457
TOTAL	234,154	237,466
B-24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE:		
	30.06.2013	30.06.2012
Stocks at the beginning of the year		
Finished goods		
Paper	16,523	14,719
Pulp	834	752
	17,357	15,471
Work in progress		
Paper	5,970	5,080
Pulp	508	467
	6,478	5,547
TOTAL (A)	23,835	21,018
Stocks at the End of the year		
Finished goods		
Paper	15,515	16,523
Pulp	1,962	834
	17,477	17,357
Work in progress		
Paper	5,550	5,970
Pulp	1,293	508
	6,843	6,478
TOTAL (B)	24,320	23,835
Net (Increase) / Decrease in Stocks (A-B)	(485)	(2,817)

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B-25 EMPLOYEE BENEFITS EXPENSES:

	30.06.2013	30.06.2012
Salaries and wages	32,042	25,975
Contribution to provident and other funds	2,331	2,053
Staff welfare expenses	2,061	1,860
TOTAL	36,434	29,888

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 off for the year, are as under :

	30.06.2013	30.06.2012
Employer's contribution to provident fund	788	696
Employer's contribution to superannuation fund	156	196
Employer's contribution to pension scheme	453	419

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.

DEFINED BENEFIT PLAN: PARTICULARS	2012-2013			2011-2012		
	GRATUITY (FUNDED)	GRATUITY (UNFUNDED)	LEAVE EN- CASHMENT (UNFUNDED)	GRATUITY (FUNDED)	GRATUITY (UNFUNDED)	LEAVE EN- CASHMENT (UNFUNDED)
a. Reconciliation of Opening and closing balance of Defined Benefit Obligation						
Defined benefit obligation at beginning of the year	293	5,714	751	259	5,616	755
Transferred in as pursuance to scheme	-	1,719	108	-	-	-
Current service cost	32	420	106	29	313	70
Interest cost	23	445	57	22	471	64
Acquisitions	22	270	43	-	-	-
Actuarial (gain)/loss	11	688	227	(9)	21	84
Benefit paid	(26)	(789)	(258)	(8)	(707)	(222)
Plan amendments	-	51	-	-	-	-
Transferred out as pursuance to scheme	-	(1,721)	(108)	-	-	-
Defined benefit obligation at year end	355	6,797	926	293	5,714	751
b. Reconciliation of opening and closing balance of fair value of plan assets						
Fair value of plan assets at beginning of the year	165	-	-	124	-	-
Expected return on plan assets	17	-	-	10	-	-
Actuarial gain/ (loss)	-	-	-	2	-	-
Employer contribution	21	789	258	37	707	222
Benefit paid	(26)	(789)	(258)	(8)	(707)	(222)
Fair value of plan assets at year end	177	-	-	165	-	-
Actual return on plan assets	14	-	-	13	-	-
c. Reconciliation of fair value of assets and obligations						
Fair value of plan assets as at year end	177	-	-	165	-	-
Present value of obligation as at year end	355	6,797	926	293	5,714	751
Amount recognized in balance sheet	178	6,797	926	128	5,714	751
d. Expenses recognized during the year (under the Note "Employee Benefits Expense")						
Current service cost	32	420	106	29	313	70
Interest cost	23	445	57	22	471	64
Expected return on plan assets	(15)	-	-	(10)	-	-
Actuarial (gain)/loss	11	688	227	(11)	21	84
Net cost	51	1,553	390	30	805	218
e. Discount rate (per annum)	7.75%	7.75%	7.75%	8.50%	8.50%	8.50%
Expected rate of return on plan assets (per annum)	7.75%		7.75%	8.50%		8.50%

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.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-26 FINANCE COSTS:		
	30.06.2013	30.06.2012
Interest expenses	34,550	22,354
Other borrowing costs	823	908
Net loss / (gain) in foreign currency transaction and translation	231	5,399
	35,604	28,661
Less : Interest earned	933	2,098
TOTAL	34,671	26,563

B-27 DEPRECIATION AND AMORTIZATION:		
	30.06.2013	30.06.2012
Depreciation on tangible assets	40,244	33,001
Amortization of intangible assets	13	467
Amortization of biological assets	4,913	2,933
TOTAL	45,170	36,401

B-28 OTHER EXPENSES:		
	30.06.2013	30.06.2012
Consumption of stores and spare parts	5,245	5,407
Power and fuel	84,033	90,063
Excise duty on year end inventory of finished goods	276	(264)
Rent	2,542	1,885
Repairs to buildings	357	356
Repairs to machinery	5,019	6,831
Repairs others	1,675	1,216
Loss on foreign currency fluctuations	96	1,581
Insurance	1,482	1,061
Rates and taxes	629	545
Other manufacturing expenses	1,321	550
Office & other expenses	4,540	3,855
Bank charges	13	15
Commission	207	222
Selling expenses	1,161	1,743
Assets discarded	23	6
Unused stores and spares written off	-	8
Carriage and freight	13,203	10,700
Legal and professional charges (Refer Note 28.1)	1,487	1,492
Directors sitting fees	119	68
Directors commission on profit	42	14
TOTAL	123,470	127,354

Note : 28.1) Legal & Professional Charges include auditors' remuneration as under :

	30.06.2013	30.06.2012
- Statutory audit fees (including cost audit fees)	106	105
- Tax audit fees	22	19
- Certification fees	-	2
- Other capacity	60	56
- Reimbursement of expenses	10	14
TOTAL	198	196

B-29 EARNINGS PER SHARE:		
	30.06.2013	30.06.2012
Profit for the year	7,788	12,309
No. of equity shares outstanding	655,523,839	655,523,839
Earning Per Share		
Basic (In ₹)	1.19	1.88
Diluted (In ₹)	1.19	1.88

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

B-30 CONTINGENT LIABILITIES AND COMMITMENTS:

	30.06.2013	30.06.2012
(to the extent not provided for)		
1) Contingent Liabilities:		
Claims against the Company not acknowledged as debts	55,483	53,213
Guarantees	5,843	4,301
TOTAL (A)	61,326	57,514
2) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3,118	14,133
TOTAL (B)	3,118	14,133
TOTAL (A+B)	64,444	71,647
3) In respect of loan availed by its foreign wholly owned subsidiary, Ballarpur International Holdings B.V.		
i) The Company has granted to the lender an irrevocable and unconditional right to require it to purchase loan wholly or in part(s), as may be required by lender through exercise of put option given to lender subject to a maximum limit of USD 70 Million.		
ii) The Company has granted to the lender a corporate guarantee of USD 35.10 Million.		

B-31 SEGMENT REPORTING

- I. The Company has identified business segment as the primary segment after considering all the relevant factors. 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.

	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	OTHERS	TOTAL
Revenues						
Gross sale to external customers	2012-13	396,515	56,142	43,637	14,655	510,949
Excise duty	2012-13	(21,143)	(1,418)	(2,548)	(359)	(25,468)
Gross sale to external customers	2011-12	387,433	45,985	50,978	10,467	494,873
Excise duty	2011-12	(16,862)	(1,747)	(2,635)	(404)	(21,648)
Total segment revenues (Net of Excise)	2012-13	375,372	54,724	41,089	14,296	485,481
	2011-12	370,581	44,238	48,343	10,063	473,225
Segment Results	2012-13	37,981	2,189	3,345	(572)	42,943
	2011-12	30,804	1,953	12,033	(460)	44,330
Less: Unallocated corporate expenses (Net of other income)	2012-13					555
	2011-12					641
Profit before interest and tax	2012-13					42,388
	2011-12					43,689
Interest (Net of Income)	2012-13					34,671
	2011-12					26,563
Profit before tax	2012-13					7,717
	2011-12					17,126
Provision for tax						
- Current tax (Net of MAT credit entitlement)	2012-13					1,042
	2011-12					443
- Deferred tax	2012-13					(2,680)
	2011-12					768
- Relating to earlier years	2012-13					-
	2011-12					8
Net profit	2012-13					9,355
	2011-12					15,907
Minority interest	2012-13					1,567
	2011-12					3,598
Net profit after minority interest and share of profit in associates	2012-13					7,788
	2011-12					12,309

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

₹ IN LACS

	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	OTHERS	TOTAL
Other Information						
Segmental Assets	2012-13	1,028,145	47,623	66,668	1,330	1,143,766
	2011-12	931,342	51,954	46,729	4,850	1,034,875
Unallocated corporate assets	2012-13					36,544
	2011-12					26,757
Total Assets	2012-13					1,180,310
	2011-12					1,061,632
Segmental Liabilities	2012-13	149,822	7,870	6,354	-	164,046
	2011-12	136,526	11,195	5,187	241	153,149
Unallocated corporate liabilities	2012-13					15,454
	2011-12					16,607
Total Liabilities	2012-13					179,500
	2011-12					169,756
Capital expenditure during the year (Including movements in CWIP & capital advances)	2012-13					113,516
	2011-12					155,266
Depreciation	2012-13					40,244
	2011-12					33,001
Amortisation	2012-13					4,926
	2011-12					3,400
Total Liabilities Exclude						
Long term borrowings	2012-13					333,449
	2011-12					243,411
Short term borrowings	2012-13					145,872
	2011-12					108,023
Current maturities of long term debts	2012-13					81,547
	2011-12					54,919
Deferred tax liabilities (Net)	2012-13					12,721
	2011-12					16,607
Minority interest	2012-13					59,315
	2011-12					75,741

II. Secondary Segments (Geographical Segments)

(a) Segmental Revenue

	30.06.2013	30.06.2012
Domestic	418,789	404,065
Overseas	92,160	92,364
TOTAL	510,949	496,429

(b) The location of tangible/intangible fixed assets:

	30.06.2013	30.06.2012
Domestic	607,489	490,669
Overseas	248,143	235,387
TOTAL	855,632	726,056

B-32 INFORMATION ON RELATED PARTIES AS REQUIRED BY ACCOUNTING STANDARD-AS 18 "RELATED PARTY DISCLOSURES"

a) Name of the Related Parties with whom transactions were carried out during the year and nature of Relationship

(1) Key management personnel

Mr. Gautam Thapar
 Mr. R R Vederah
 Mr. B Hariharan
 Mr. Anup Kansal

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(2) Other related parties*

*Companies over which persons(s) having direct/indirect control or significant influence over the company is able to exercise significant influence

APR Sacks Limited	Other Related Parties
Arizona Printers & Packers Private Limited	Other Related Parties
Avantha Holdings Limited	Other Related Parties
Avantha Power & Infrastructure Limited	Other Related Parties
Avantha Realty Limited	Other Related Parties
Avantha Technologies Limited	Other Related Parties
Bilt Industrial Packaging Co. Limited	Other Related Parties
Biltech Building Elements Limited	Other Related Parties
Crompton Greaves Limited	Other Related Parties
Global Green Co. Limited	Other Related Parties
Imerys Newquest (India) Private Limited	Other Related Parties
Jhabua Power Limited	Other Related Parties
Korba West Power Company Limited	Other Related Parties
Krebs And Cie India Limited	Other Related Parties
Leading Line Merchant Traders Private Limited	Other Related Parties
Mirabelle Trading Pte. Limited	Other Related Parties
Prestige Wines & Spirits Private Limited	Other Related Parties
Salient Business Solutions Limited	Other Related Parties
Saraswati Travels Private Limited	Other Related Parties
SMI Newquest India Private Limited	Other Related Parties
Solaris Chemtech Industries Limited	Other Related Parties
UHL Power Co. Limited	Other Related Parties

b) Details of transactions with related parties:

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

S. NO.	PARTICULARS	₹ IN LACS	
		30.06.2013	30.06.2012
a)	Sale of goods, rent received & allocation of common expenses for rendering corporate service:		
	-Other Related Party	148	9
b)	Purchase of Goods and Services:		
	-Other Related Party	29,855	72,893
c)	Remuneration (net of recovery) :		
	-Key Management Personnel	1,137	377
d)	Assets Sold		
	-Other Related Party	-	6,208
e)	Royalty paid/payable		
	-Other Related Party	-	1,178
f)	Interest Received		
	-Other Related Party	640	1,921
g)	Purchase of Captive Power Plant pursuant to business Transfer agreement		
	-Other Related Party	25,451	-
h)	Out Standing Balances Loan and Advances		
	-Key Management Personnel	22	27
	-Other Related Party	3,070	6,595

B-33 The Group 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 Statement of Profit and Loss for the year are ₹ 109 Lacs (30th June, 2012 ₹ 322 Lacs). As of 30th June, 2013, the future minimum lease payments for non-cancellable operating leases are as below :-

	30.06.2013	30.06.2012
Not later than one year from 30th June, 2013	-	8
Later than one year and not later than five years	NIL	NIL

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

- B-34 Unit Ashti of the Bilt Graphic Paper Products Limited (BGPPL, step down subsidiary of the Company) 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 from 17th March 2005. The unit has achieved total export of USD 12.91 million as on 30.06.2011. The management is in the process of submitting the required documents for the issuance of export obligation discharge certificate from the Director General of Foreign Trade.
- B-35 In the opinion of the board, all assets other than fixed assets and non-current investments are realisable in the ordinary course of business at the value at which they are stated in the Financial Statements.
- B-36 Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various units of the Group.
- B-37 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.
- B-38 During the year, the Company has entered into an agreement for purchase of Captive Power Plant (CPP) along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. by way of slump sale from Avantha Power & Infrastructure Limited (APIL) on a going concern basis. Pursuant to Business Transfer Agreement, all the assets and liabilities of CPP were transferred to the Company subject to pending certain formalities. However, pending certain clearances/ approval, APIL had continued to perform obligation/operate CPP unit in trust for and on behalf of the Company.]
- B-39 On 24th August, 2012, the Members of the Company and BILT Graphic Paper Products Limited (BGPPL, step down subsidiary of the Company) have approved transfer, by way of slump exchange basis as a going concern with effect from 1st July 2012, the business undertakings of the Company situated at Units Sewa and Ashti engaged in the business of manufacture of Copier Paper, with business undertaking of BGPPL, situated at Unit Kamalapuram engaged in the business of manufacture of Rayon Grade Pulp. Accordingly the results of Ballarpur Industries Ltd, stand alone results are not comparable with previous quarters. The shareholding of the Company in BGPPL shall remain unchanged and hence there will be no impact on the consolidated financial statements of the Company, post the exchange of aforesaid business undertakings.
- B-40 Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Company's Financial Statements.
- B-41 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure and due to purchase of captive power plant, the same are not comparable with current year figures.

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the

29th August, 2013

For Ballarpur Industries Limited

GAUTAM THAPAR

chairman

R. R. VEDERAH

managing director & executive vice chairman

B. HARIHARAN

group director (finance)

VIVEK KUMAR GOYAL

chief financial officer

AKHIL MAHAJAN

company secretary

ADDRESS FOR CORRESPONDENCE

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