

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF BALLARPUR INTERNATIONAL HOLDINGS B.V.**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **M/S Ballarpur International Holdings B.V.** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 43(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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



**OFFICES AT :**


- 243, "SHRIKA RESIDENCY" CANAL ROAD, DHARAMPETH, NAGPUR- 440010.
- BLOCK-E, NEW R D A BUILDING, BOMBAY MARKET, G.E. ROAD, RAIPUR- 492001
- A- 425, SARITA VIHAR, NEW DELHI-110076.
- 331, KALIANDAS UDYOG BHAWAN, CENTURY BAZAR LANE, PRABHADEVI, MUMBAI- 400025.
- PRABHATARAAPTS, 3rd FLOOR, WR, PARANJAPE LANE, NEAR HOTEL VAISHALI, SHIVAJINAGAR PUNE- 411004
- COSMOS REGENCY, JUPITER II, 102 WAGHBILL NAKA GHODBUNDER ROAD, THANE-(W)- 400607

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act is not applicable to the company for the year under review.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - e) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 19.1 to the Ind AS financial statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
    - iv. The disclosure of holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 is not applicable to the Company (Refer Note 23).

  
**ASHWIN MANKESHWAR**  
Partner  
Membership No. 046219  
For and on behalf of  
**K. K. Mankeshwar & Co.,**  
Chartered Accountants  
FRN: 106009W



Gurgaon, dated the  
22<sup>nd</sup> May, 2017

**BALLARPUR INTERNATIONAL HOLDINGS B.V.**  
**BALANCE SHEET AS AT MARCH 31, 2017**

(Amount in INR)

Particulars	Note No.	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
<b>ASSETS</b>				
(1) Non-current Assets				
(a) Financial assets				
(i) Investment	4	15,723,517,732	16,056,823,359	15,189,951,973
(ii) Loan	5	1,483,551,065	1,402,572,596	-
(b) Other non-current assets	6	3,239,918	12,806,485	11,963,801
(2) Current assets				
(a) Financial assets				
(i) Cash and cash equivalents	7	1,623,728	3,724,948	1,035,284
(ii) Others	8	200,996,326	291,599,605	128,030,599
<b>Total Assets</b>		<b>17,412,928,769</b>	<b>17,767,526,993</b>	<b>15,330,981,657</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(1) Equity share capital	9	7,320,372,617	7,320,372,617	7,320,372,617
(2) Other equity		(920,565,516)	(20,945,309)	375,893,424
<b>Liabilities</b>				
(3) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	10	9,452,560,912	10,014,343,031	7,503,176,873
(ii) Others	11	104,505,244	106,720,536	1,753,377
(4) Current liabilities				
(a) Financial liabilities				
(i) Others	12	1,456,055,512	347,036,118	129,785,366
<b>Total Equity and Liabilities</b>		<b>17,412,928,769</b>	<b>17,767,526,993</b>	<b>15,330,981,657</b>

Significant accounting policies and Notes to Ind AS financial statements

2-27

As per our report attached

*Ashwin Mankeshwar*  
**ASHWIN MANKESHWAR**  
 Partner  
 Membership No. 046219  
 For and on behalf of  
**K.K. MANKESHWAR & CO.**  
 Chartered Accountants  
 FARN: 106009W



For and on behalf of the Board of Directors

Director

Director

*[Signature]*  
*[Signature]*

Gurgaon, dated the  
 22nd May, 2017

**BALLARPUR INTERNATIONAL HOLDINGS B.V.**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

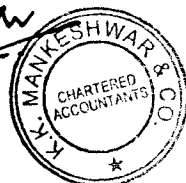
(Amount in INR)

Particulars	Note No.	As at 31-Mar-17	As at 31-Mar-16
I Revenue from Operation	13	139,224,848	101,898,747
II Other Income	14	24,171,930	-
<b>III Total Income (I+II)</b>		<b>163,396,778</b>	<b>101,898,747</b>
IV Expenses			
Finance costs	15	923,329,391	914,902,291
Other expenses	16	14,344,533	13,577,338
<b>Total expenses (IV)</b>		<b>937,673,924</b>	<b>928,479,629</b>
V Profit/ (loss) before exceptional items and tax (III- IV)		(774,277,146)	(826,580,882)
VI Exceptional items		-	-
<b>VII Profit/ (loss) before tax (V-VI)</b>		<b>(774,277,146)</b>	<b>(826,580,882)</b>
VIII Tax expenses:			
(1) Current tax		-	-
Total Tax Expenses (VIII)		-	-
<b>IX Profit/ (loss) for the year (VII-VIII)</b>		<b>(774,277,146)</b>	<b>(826,580,882)</b>
X Other Comprehensive Income			
<b>(A) Items that will not be reclassified to profit and loss</b>			
(i) Foreign Currency Translation Reserve		(125,343,061)	429,742,149
(ii) Income tax effect on above		-	-
Total Other comprehensive income		(125,343,061)	429,742,149
Total Comprehensive Income for the year (IX+X)		(899,620,207)	(396,838,733)
XI (Comprising profit/(loss) and other comprehensive income for the year)			
XII Earnings per equity share			
(1) Basic (in Rs.)	17	(4.59)	(4.90)
(2) Diluted (in Rs.)	18	(4.59)	(4.90)
Significant accounting policies and Notes to Ind AS financial statements	2-27		

As per our report attached

For and on behalf of the Board of Directors

*Ashwin Mankeshwar*  
**ASHWIN MANKESHWAR**  
 Partner  
 Membership No. 046219  
 For and on behalf of  
**K.K. MANKESHWAR & CO.**  
 Chartered Accountants  
 FRN: 106009W



*[Signature]*  
 Director

Director x *[Signature]*

Gurgaon, dated the  
 22nd May, 2017

**BALLARPUR INTERNATIONAL HOLDINGS B.V.**  
**Statement of changes in equity for the year ended March 31, 2017**

**A. EQUITY SHARE CAPITAL**

Balance as at 1st April, 2015	Changes in Equity Share Capital	Balance as at 31st March, 2016
7,320,372,617	-	7,320,372,617

Balance as at 1st April, 2016	Changes in Equity Share Capital	Balance as at 31st March, 2017
7,320,372,617	-	7,320,372,617

**B. OTHER EQUITY**

Particulars	Reserve & Surplus		Items of Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings	Items that will be reclassified to profit and Loss	
			Foreign Currency Translation Reserve	
Balance as at April 1, 2015	30,962,209	(1,587,840,076)	1,932,771,291	375,893,424
Profit for the year	-	(826,580,882)	429,742,149	(396,838,733)
<b>Balance as at March 31, 2016</b>	<b>30,962,209</b>	<b>(2,414,420,958)</b>	<b>2,362,513,440</b>	<b>(20,945,309)</b>
Profit for the year	-	(774,277,146)	(125,343,061)	(899,620,207)
<b>Balance as at March 31, 2017</b>	<b>30,962,209</b>	<b>(3,188,698,104)</b>	<b>2,237,170,379</b>	<b>(920,565,516)</b>

As per our report attached

*Ashwin Mankeshwar*

ASHWIN MANKESHWAR  
 Partner  
 Membership No. 046219  
 For and on behalf of  
**K.K. MANKESHWAR & CO.**  
 Chartered Accountants  
 FRN: 106009W



For and on behalf of the Board of Directors

Director

*[Signature]*

Director

*[Signature]*

Gurgaon, dated the

22nd May, 2017

BALLARPUR INTERNATIONAL HOLDINGS B.V.  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

PARTICULARS	For the Year Ended March 31, 2017 Rs.	For the Year Ended March 31, 2016 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before exceptional items, tax, minority interest and appropriations	(774,277,146)	(826,580,882)
<b>Adjustments for:</b>		
Finance Cost	-	-
Finance Income	-	-
Operating Profit / (Loss) Before Working Capital Changes	(774,277,146)	(826,580,882)
<b>Adjustments for:</b>		
(Increase)/decrease in current assets	5,467,747	(1,520,311,710)
(Increase)/decrease in other current liability	365,697,707	121,318,343
(Increase)/decrease in other current assets	(22,277,966)	(21,016,993)
Increase/(decrease) in liabilities and provisions	789,584,399	189,826,562
<b>Cash generated from Operations</b>	<b>364,194,741</b>	<b>(2,056,764,680)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	-	-
<b>Cash From/(used in) Investing Activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from/ (repayment of) other borrowings	(366,289,475)	2,059,365,454
<b>Cash From/(used in) Financing Activities</b>	<b>(366,289,475)</b>	<b>2,059,365,454</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(2,094,734)</b>	<b>2,600,773</b>
Foreign Currency Translation Reserve	(6,486)	88,891
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(2,101,220)</b>	<b>2,689,664</b>
Cash and cash equivalents at beginning of period/ year	3,724,948	1,035,284
<b>Cash and cash equivalents at end of period/ year</b>	<b>1,623,728</b>	<b>3,724,948</b>

Significant accounting policies and Notes to Ind AS financial statements

2-27

As per our report of even date

For and on behalf of the Board of Directors



ASHWIN MANKESHWAR

Partner

Membership No. 046219

For and on behalf of

K.K.MANKESHWAR & CO.

Chartered Accountants

FRN - 106009W



Director

Director



Gurgaon, dated the

22nd May, 2017

**Financial liabilities measured at amortised cost**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR) except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statements of Profit and Loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting year.

**Trade and other payables**

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**De-recognition of financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

**(ii) Cash Flow statements**

Cash flows are reported using the Indirect Method, where by 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.

**(iii) 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.

**(iv) Investment in subsidiaries**

Subsidiaries are those entities (including special purpose entities) in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. Then existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the company controls another entity.

Investment in subsidiaries is shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount it is written down immediately to its recoverable amount and the difference is transferred to the statements of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amounts is charge or credited to profit or loss.

**(v) Share capital, share premium and perpetual securities**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

**(vi) Revenue recognition**

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized using the effective interest method.

**(vii) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.



**Ballarpur International Holdings B.V.**

**1. LEGAL STATUS AND BUSINESS ACTIVITY**

Ballarpur International Holdings B.V. ("the Company"), was incorporated on 12th October 2006 in Amstredam, the Netherlands, as a Private Company with limited liability.

The principle activity of the company is that of investment holding.

The financial statements were authorised for issue in accordance with a resolution of the directors on.....

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements are prepared in the accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

For all years up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind-AS.

The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet at April 1, 2015 throughout all years presented, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Indian GAAP") which is considered as the previous GAAP, as defined in Ind AS 101.

The reconciliation of effects of the transition from Indian GAAP on the equity as at April 1, 2015 and March 31, 2016 and on the net profit and cash flows for the year ended March 31, 2016 is disclosed in financial statements.

The financial statements are presented in Indian National Rupees (INR) which is the company's presentation currency. The USD (United States Dollar) is the company's functional currency as this is the most faithfully reflects the underlying transactions, events and conditions that the relevant to the Company.

**2.1 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 difference 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 III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities

**2.2 SUMMARY OF SINGNIFICANT ACCOUNTING POLICIES**

**(i) Financial instruments – initial recognition, subsequent measurement and impairment**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial Assets**

Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively that share similar credit risk characteristics.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Subsequent recoveries of amounts previously written off are credited to other Income.

**(b) Financial liabilities**

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the statements of Profit and Loss.





(viii) **Taxation**

Provision for tax consists of current tax and deferred tax. Current tax provision is computed for current income based on the tax liability after considering allowances and exemptions. Deferred tax assets and liabilities are computed on the basis of timing differences at the Balance Sheet date between the carrying amount of assets and liabilities and their respective tax basis. Deferred tax assets are recognized based on Management estimates of available future taxable income and assessing its certainty.

(ix) **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 period/ 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.

(x) **Foreign Currency Transactions and Translations**

Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the company's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The company makes estimates and judgments that affect the reporting amounts of assets and liabilities within the next year. Estimates and judgments are continually evaluated and are based on historical experience and other factor, including expectations of future events that are believed to be reasonable under the circumstance.



**BALLARPUR INTERNATIONAL HOLDINGS B.V.**

Notes forming part of Ind AS Financial statement for the Year ended on 31st March 2017

**4 Non Current Investments**

Particulars	As at March 31, 2017			As at March 31, 2016			As at 1st April, 2015		
	No. of Shares	Face Value	Amount	No. of Shares	Face Value	Amount	No. of Shares	Face Value	Amount
<b>Long Term - Non Trade (At Cost) - Unquoted</b>									
<b>Equity Shares</b>									
<b>(i) Subsidiary Companies</b>									
Investment in Bilt Paper B.V.	435,454,413	Euro 0.01	15,723,517,732	435,454,413	Euro 0.01	16,056,823,359	447,454,413	Euro 0.01	15,189,951,973
	<b>435,454,413</b>		<b>15,723,517,732</b>	<b>435,454,413</b>		<b>16,056,823,359</b>	<b>447,454,413</b>		<b>15,189,951,973</b>



**BALLARPUR INTERNATIONAL HOLDINGS B.V.**

Notes forming part of Ind AS Financial statement for the Year ended on 31st March 2017

**5 Non Current Loans**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered goods</b>			
Loans to subsidiary *	1,483,551,065	1,402,572,596	-
	<u>1,483,551,065</u>	<u>1,402,572,596</u>	<u>-</u>

\* Loan of USD 23.5 Million provided to Ballarpur Paper Holdings B. V. (subsidiary) @ 1.9% p.a. with one time repayment after 5 years.

**6 Other non-current assets**

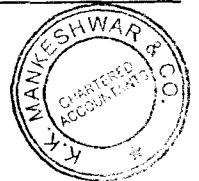
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered goods</b>			
Prepaid expenses	3,239,918	12,806,485	11,963,801
	<u>3,239,918</u>	<u>12,806,485</u>	<u>11,963,801</u>

**7 Cash and cash equivalents**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balances with Banks :			
- in current accounts	1,623,728	3,724,948	1,035,284
	<u>1,623,728</u>	<u>3,724,948</u>	<u>1,035,284</u>

**8 Other financial assets**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest Receivable from Related Party	50,188,128	29,270,962	7,580,470
Advances to related parties	150,808,198	246,207,979	105,199,783
Advances to others	-	16,120,664	15,250,346
	<u>200,996,326</u>	<u>291,599,605</u>	<u>128,030,599</u>



**BALLARPUR INTERNATIONAL HOLDINGS B.V.**

Notes forming part of Ind AS Financial statement for the Year ended on 31st March 2017

**9 Equity share capital**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Authorised:</b>			
Ordinary Shares: 500,000,000 Ordinary Shares of Euro 0.65/- each (Previous year 2016 - 500,000,000)(Previous year 2015 - 500,000,000)	21,593,696,015	21,593,696,015	21,593,696,015
<b>Issued, Subscribed and fully paid up :</b>			
168,679,093 Ordinary Shares of Euro 0.65/- each (Previous year 2016 - 168,679,093)(Previous year 2015 - 168,679,093)	7,320,372,617	7,320,372,617	7,320,372,617
	<u>7,320,372,617</u>	<u>7,320,372,617</u>	<u>7,320,372,617</u>

**a) Reconciliation of the number of equity shares**

Name of shareholders	No. of Shares	As at March 31, 2017	No. of Shares	As at March 31, 2016	No. of Shares	As at April 01, 2015
Balance as at the beginning of the year/period	168,679,093	7,320,372,617	168,679,093	7,320,372,617	168,679,093	7,320,372,617
Add: Issued during the Year						
<b>Balance as at the end of the year/period</b>	<b>168,679,093</b>	<b>7,320,372,617</b>	<b>168,679,093</b>	<b>7,320,372,617</b>	<b>168,679,093</b>	<b>7,320,372,617</b>

**b) Rights, preferences and restrictions attached to shares**

The company has one class of equity shares having a par value of Euro 0.65 (Sixty five Euro Cent) per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the company, the holder of the equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts.

**c) Shares held by holding company and Ultimate holding company:**

Name of shareholders	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	No. of Shares	No. of Shares	No. of Shares
Ballarpur Industries Limited	168,679,093	168,679,093	168,679,093
<b>Balance as at the end of the year/period</b>	<b>168,679,093</b>	<b>168,679,093</b>	<b>168,679,093</b>

**d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:**

Name of shareholders	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of Shares	Holding %	No. of Shares	Holding %	No. of Shares	Holding %
Ballarpur Industries Limited	168,679,093	100.00%	168,679,093	100.00%	168,679,093	100.00%
	<u>168,679,093</u>	<u>100.00%</u>	<u>168,679,093</u>	<u>100.00%</u>	<u>168,679,093</u>	<u>100.00%</u>



**BALLARPUR INTERNATIONAL HOLDINGS B.V.**

Notes forming part of Ind AS Financial statement for the Year ended on 31st March 2017

**10 Non-current Borrowings**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>a) Secured</b>			
Term loan from banks	7,229,805,455	7,764,346,550	4,452,234,171
<b>b) Unsecured</b>			
Term loan from banks			1,462,035,122
Zero coupon compulsory convertible bonds	973,207,050	993,837,000	940,182,000
Loan from related parties	1,249,548,407	1,256,159,481	648,725,580
<b>Total</b>	<b>9,452,560,912</b>	<b>10,014,343,031</b>	<b>7,503,176,873</b>

**A Secured term loans**

- i) Term loan of USD 24.5 million has been obtained from JP Morgan Chase Bank (rate of interest 1.5% + LIBOR) is secured by corporate guarantee of holding company 'Ballarpur Industries Ltd'. The loan was drawn down on 13 July, 2015 and is repayable after 36 months of utilisation.
- ii) Term loan of USD 20 million has been from IDBI Bank Limited (rate of interest 4.8% + LIBOR) is secured by corporate guarantee of holding company 'Ballarpur Industries Ltd'. The loan is repayable in three annual equal instalments starts at the end of 4th, 5th and 6th year from the date of first utilisation i.e. starting from October 6, 2019.
- iii) Term loan of Credit Agricole Bank USD 55.0 million has been (rate of interest 4.8% + LIBOR) is secured by corporate guarantee of holding company 'Ballarpur Industries Ltd'. The loan is repayable in three equal instalments starts from 48 months of agreement i.e. January 02, 2015.
- iv) The Company has obtained from ICICI Bank a Euro denominated loan equivalent to USD 30 Million loan (rate of interest 2.5% plus EUROBOR) on 13 March 2014. The loan is repayable in 3 equal instalment starting from third year of utilisation date.

**Unsecured term loans**

- i) In accordance with the Subscription and Participation Agreement signed between the Company, BILT and Avantha International Assets B.V. (AIA) (earlier held by JP Morgan Special Situations Asia Corporation), the Company has issued Zero Coupon Convertible bonds.
- ii) The Company has obtained from Ballarpur Industries Limited (holding company) a USD 24.78 Million loan (rate of interest 6.5% + LIBOR). The loan was repayable in 5 years from the date of disbursement.

**B Defaults and Breaches:**

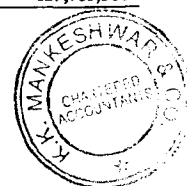
There have been no default in repayment and other terms of Long term borrowings.

**11 Other Non Current Financial Liabilities**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Derivative Financial Instrument	104,505,244	106,720,536	1,753,377
	<b>104,505,244</b>	<b>106,720,536</b>	<b>1,753,377</b>

**12 Current financial liabilities Others**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued but not due on borrowings	456,982,091	105,845,397	83,252,518
Bank book overdrawn	-	175,935	-
Due to related parties	975,305,001	226,961,956	23,375,482
Other payable	23,768,420	14,052,830	23,157,366
	<b>1,456,055,512</b>	<b>347,036,118</b>	<b>129,785,366</b>



**BALLARPUR INTERNATIONAL HOLDINGS B.V.**

Notes forming part of Ind AS Financial statement for the Year ended on 31st March 2017

**13 Revenue From Operations**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest earned	137,569,219	101,898,747
Other operating income	1,655,629	-
	<b>139,224,848</b>	<b>101,898,747</b>

**14 Other Income**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Gain on foreign currency fluctuations	24,171,930	-
	<b>24,171,930</b>	<b>-</b>

**15 Finance costs**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expenses : -		
- to others	465,704,946	486,871,794
Other borrowing costs	457,624,445	426,833,828
Net loss / (gain) in foreign currency transaction and translation	-	1,196,669
	<b>923,329,391</b>	<b>914,902,291</b>

**16 Other expenses**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Legal and professional charges	13,918,740	10,090,919
Bank charges	425,793	3,486,419
	<b>14,344,533</b>	<b>13,577,338</b>

**17 Earning Per Share**

Particulars	for the year ended 31, 2017	for the year ended March 31, 2016
<b>Basic and Diluted</b>		
Profit/(Loss) after Tax (In Rupees)	(774,277,146)	(826,580,882)
Weighted Average number of Ordinary Shares	168,679,093	168,679,093
EPS in Rupees	<b>(4.59)</b>	<b>(4.90)</b>



**BALLARPUR INTERNATIONAL HOLDINGS B.V.****18 Transition to IND AS****Basis of preparation**

For all year up to and including the year ended March 31, 2016, the company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended March 31, 2017 are the company's first annual IND AS financial statements and have been prepared in accordance with IND AS.

Accordingly, the company has prepared financial statements which comply with IND AS applicable for years beginning on or after April 1, 2015 as described in the accounting policies. In preparing these financial statements, the company's Opening Balance Sheet was prepared as at April 1, 2015 the company's date of transition to IND AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP Balance Sheet as at April 1, 2015 and its previously published Indian GAAP financial statements for the quarter ended March 31, 2016 and year ended March 31, 2016.

- I The following reconciliations and explanatory notes thereto describe the effects of the transition on the Ind AS Opening statement of financial position as at April 1, 2015. All explanations should be read in conjunction with the accounting policies of the company as disclosed in the Notes to the Accounts.

Particulars	Note No.	1-Apr-15	31-Mar-16
<b>Other Equity as per Previous GAAP</b>		450,385,783	217,202,220
<b>Adjustments to other equity</b>			
i) Impact of effective interest rate on borrowings	III (a)	(71,519,067)	(183,608,757)
ii) Recognition of derivatives	III (b)	(1,180,322)	(49,834,336)
iii) Foreign exchange difference due to Ind AS adjustment	III (c)	(1,792,970)	(4,704,436)
<b>Other Equity as per Ind AS</b>		<b>375,893,424</b>	<b>(20,945,309)</b>

- II. The following reconciliations and explanatory notes thereto describe the effects of the transition on the Ind AS on Statement of Profit and Loss for the year ended March 31, 2016. All explanations should be read in conjunction with the accounting policies of the company as disclosed in the Notes to the Accounts.

Particulars	Note No.	2015-16
<b>Profit / (Loss) as per Previous GAAP</b>		<b>(668,983,244)</b>
<b>Adjustments to other equity</b>		
Impact of effective interest rate on borrowings	III (a)	(157,597,638)
<b>Total adjustments</b>		<b>(157,597,638)</b>
<b>Profit / (Loss) as per Ind AS</b>		<b>(826,580,882)</b>

**III. Notes to the Reconciliation**

- a. Under Previous GAAP, Cost incurred in raising funds are amortised over the year for which Funds have been obtained, using timing proportionate basis. However, as per Ind AS, the transaction cost are amortised using effective interest rate at time of adoption of Ind AS.
- b. As per Ind-AS 109, on transition date, the company recognised the derivative instruments at its fair value and for subsequent years, the fluctuation in fair valuation is recognised as income or expense in Comprehensive Income Statement.
- c. At the time of adoption of IND AS due to different currency of Accounting and reporting there is some translation difference arise due to IND AS adjustments.



**Financial risk factors**

The company's activities expose it to a variety of financial risks; market risk (including currency risks, interest rate risks and price risk), credit risk and liquidity risk. This note presents information about the company's exposure to each of the said risks, the company's objectives, policies and processes for measuring risks and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of director has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the company's activities.

The company's exposure to the various types of risks associated to its activity and financial instruments is detailed below:

**(a) Market risks**

Market risks is the risks that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Currency risk**

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rates. The company invests in securities denominated in Euro. All investments in subsidiaries are accounted at cost and consequently, the company is not exposed to any foreign currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The company receives advance funds fixed at time of disbursements and as such the company is not exposed to any interest rate risk.

**(iii) Price risk**

Equity price risk is the risk of unfavorable change in fair values of equities as the result of change in the value of individual share. The Company has no exposure to price risks at year end.

**(b) Credit risk**

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company. The company limits its credit risks by carrying out transaction through companies within the company. The maximum exposure to credit risk is represented by the carrying amounts of loans receivables from related parties, interest receivable and cash and cash equivalents in the statement of financial positions.

**(c) Liquidity risk**

This refers to availability of funds for the Company to meet its financial obligations as they fall due.

The maturity profile of the Company's non-derivative financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations are as follows:-

	On demand or within one year	One year to five years	Over five years	Total
<b>Non-derivative financial assets:</b>				
Loans to subsidiaries	-	1,483,551,065	-	1,483,551,065
Cash and cash equivalents	1,623,728	-	-	1,623,728
Advances to subsidiaries	-	150,808,198	-	150,808,198
Interest receivable	-	50,188,128	-	50,188,128
<b>Total undiscounted non-derivative financial assets</b>	<b>1,623,728</b>	<b>1,684,547,391</b>	<b>-</b>	<b>1,686,171,119</b>
<b>Non-derivative financial liabilities:</b>				
Long term borrowings	-	9,452,560,912	-	9,452,560,912
Other financial liabilities	1,456,055,512	-	-	1,456,055,512
<b>Total undiscounted non-derivative financial liabilities</b>	<b>1,456,055,512</b>	<b>9,452,560,912</b>	<b>-</b>	<b>10,908,616,424</b>

**19.1** During the July 2015, the company entered into interest rate swap contracts. Under these arrangements, the Group receives a floating LIBOR based interest rate and pays fixed or floating rates, depending on the LIBOR rate falling in one of the four pre-determined band rates. The loss arising from the interest rate swap amounting 10.36 Cr for year ended March 31 2016 has been recognised in the income statement in finance costs.

