K.K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SABAH FOREST INDUSTRIES SDN. BHD

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Sabah Forest Industries SDN. BHD** ("the Company"), which comprise the balance sheet as at 31st 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 143(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

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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.

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.

Emphasis of Matter

We draw attention to Note 2.1 in the financial statements, which indicates that the company's current liabilities exceeded its current assets position. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our report is not modified/qualified in respect of this matter.

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, 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:

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i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;

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 & 44(III)(i) 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 8th November, 2016 to 30th December, 2016 is not applicable to the Company (Refer note -45).

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

K.K. Mankeshwar & Co. Chartered Accountants

Gurgaon, dated the
20th May, 2017

SABAH FOREST INDUSTRIES SDN. BHD.

BALANCE SHEET AS AT MARCH 31, 2017		INR	INR	INR
Particulars	**Note No.**	**As at**	**As at**	**As at**
		31-Mar-17	**31-Mar-16**	**01-Apr-15**
ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	5	17,223,804,264	20,326,459,307	20,962,205,529
(b) Capital work-in-progress	6	5,520,847	7,565,963	18,026,803
(c) Leasehold land	7	424,088,289	500,886,252	509,355,866
(d) Biological assets other than bearer plants	8	6,825,036,367	7,047,195,712	7,424,284,168
(e) Deferred tax assets (net)	9	-	1,831,274,595	1,832,958,601
Total Non Current Assets		**24,478,449,767**	**29,713,381,829**	**30,746,830,967**
(2) Current Assets				
(a) Inventories	10	1,318,332,041	1,645,672,288	2,023,459,299
(b) Financial assets				
(i) Trade receivables	11	4,481,105	170,766,635	422,918,270
(ii) Cash and cash equivalents	12	9,701,731	18,083,141	20,353,818
(iii) Loans	13	459,163	18,142	3,081,745
(iv) Others	14	2,492,548	2,977,569	3,609,845
(c) Other current assets	15	141,968,937	93,250,990	230,589,747
Total Current Assets		**1,477,435,525**	**1,930,768,765**	**2,704,012,724**
Total Assets		**25,955,885,292**	**31,644,150,594**	**33,450,843,691**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	17,908,236,095	17,908,236,095	17,908,236,095
(b) Other equity	17	(6,221,137,817)	139,016,330	3,518,455,818
Net Shareholder's Equity		**11,687,098,278**	**18,047,252,425**	**21,426,691,913**
Liabilities				
(1) Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	18	1,070,528,951	2,912,532,401	5,306,045,077
(ii) Other financial liabilities	19	4,212,629	33,169,038	43,821,893
(2) Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	18	501,505,680	798,218,943	1,058,027,749
(ii) Trade payables	20	1,852,784,161	2,725,637,077	2,519,409,516
(iii) Other financial liabilities	21	10,747,877,595	7,021,165,992	3,004,045,874
(b) Other current liabilities	22	75,600,036	87,368,554	74,068,450
(c) Provisions	23	16,277,962	18,806,164	18,733,219
Total Current Liabilities		**13,194,045,434**	**10,651,196,730**	**6,674,284,808**
Total Liabilities		**14,268,787,014**	**13,596,898,169**	**12,024,151,778**
Total Equity and Liabilities		**25,955,885,292**	**31,644,150,594**	**33,450,843,691**

Significant accounting policies and notes to IND AS Financial Statements 1-46

As per our report of even date attached

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

K.K. Mankeshwar & Co. Chartered Accountants

Director

Director

Gurgaon, dated the
20th May, 2017

SABAH FOREST INDUSTRIES SDN. BHD.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars		**Note No.**	**Year ended 31-Mar-17**	**Year ended 31-Mar-16**
I	Revenue from operations	**24**	1,101,570,711	4,862,820,866
II	Other income	**25**	3,007,142	6,006,390
III	Total Income (I+II)		**1,104,577,853**	**4,868,827,256**
IV	Expenses			
	Gain/(Loss) on changes in fair valuation of biological Assets		(669,094,145)	651,098,141
	Cost of materials consumed	**26**	458,093,707	2,002,791,621
	Changes in inventories of finished goods, stock-in -trade and work- in-progress	**27**	(4,322,414)	131,676,489
	Employee benefits expense	**28**	752,858,545	836,704,003
	Finance costs	**29**	774,852,764	626,024,711
	Depreciation and amortisation expense	**30**	1,174,011,352	1,431,474,741
	Other expenses	**31**	1,159,017,669	2,482,224,102
	Total expenses (IV)		**3,645,417,478**	**8,161,993,808**
V	Profit/ (loss) before exceptional items and tax (III- IV)		(2,540,839,625)	(3,293,166,552)
VI	Exceptional items		-	-
VII	Profit/ (loss) before tax (V-VI)		**(2,540,839,625)**	**(3,293,166,552)**
VIII	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		1,728,727,493	9,433,874
	Total Tax Expense (VIII)		**1,728,727,493**	**9,433,874**
IX	Profit/ (loss) for the Year		**(4,269,567,118)**	**(3,302,600,426)**
X	Other Comprehensive Income/(loss)			
	A. Items that will not be reclassified to profit and loss			
	(i) Foreign Currency Translation Reserve		(2,090,587,029)	(76,839,062)
	(ii) Income tax effect on above		-	-
	Total Other Comprehensive Income/(Loss)		(2,090,587,029)	(76,839,062)
XI	Total Comprehensive Income/(Loss) for the year (IX+X) (Comprising profit and other comprehensive income/(Loss) for the year)		(6,360,154,147)	(3,379,439,488)
XII	Earnings per equity share			
	(1) Basic in Rs.		(2.17)	(1.68)
	(2) Diluted in Rs.		(2.17)	(1.68)
	Significant accounting policies and notes to IND AS Financial Statements	1-46		

As per our report of even date attached

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

K.K. Mankeshwar Chartered Accountants

Gurgaon, dated the
20th May, 2017

For and on behalf of the Board of Directors

Director

Director

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
17,908,236,095	-	17,908,236,095

Balance as at 1st April, 2016	Changes in Equity Share Capital	Balance as at 31st March, 2017
17,908,236,095	-	17,908,236,095

B. Other Equity

Particulars	Reserves and Surplus	Items of Other Comprehensive Income	Total
	Retained Earnings	Items that will not be reclassified to profit and loss	
		Foreign Currency Translation Reserve	
Balance as at April 1, 2015	(8,580,502,308)	12,098,958,127	**3,518,455,818**
Profit for the year	(3,302,600,426)	-	(3,302,600,426)
Foreign Currency Translation Reserve	-	(76,839,062)	(76,839,062)
Balance as at March 31, 2016	**(11,883,102,734)**	**12,022,119,065**	**139,016,330**
Profit for the year	(4,269,567,118)	-	(4,269,567,118)
Foreign Currency Translation Reserve	-	(2,090,587,029)	(2,090,587,029)
Balance as at March 31, 2017	**(16,152,669,852)**	**9,931,532,036**	**(6,221,137,817)**

As per our report of even date attached

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

K.K. Mankeshwar & Co. Chartered Accountants

Gurgaon, dated the
20th May, 2017

For and on behalf of the Board of Directors

Director

Director

SABAH FOREST INDUSTRIES SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 CORPORATE GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The Company is principally involved in integrated wood-based activities, sawmill, ply mill and pulp and paper mill operations in Sabah, Malaysia.

The Company owns two timber licenses granted by the State Government of Sabah for the extraction of timber and tree plantation in Sabah, Malaysia.

There have been no significant changes in the nature of the principal activities of the Company during the financial year.

The Registered office and Principal place of business of the Company are located at Kompleks S.F.I. No. 10, Jalan Jeti, 89859 Sipitang, Sabah, Malaysia.

The financial statements of the Company for the year ended 31st March, 2017 were approved for issue in accordance with the resolution of the Board of Directors on ....

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards and the Provisions of the Companies Act, 2013

2.1 The Company incurred a net loss of Rs. 6,360,154,147 during the year ended March 31, 2017 and as of that date, the Company's current liabilities exceeded it current assets by of Rs. 11,716,609,909. Furthermore, the Company had breached the financial covenants set by its bankers for the outstanding term loans of RM 6,484,569,571 and had temporarily ceased its mill operations due to disruption of supplies as a result of failing, refusing, and/or neglecting to make payments in regards to supplies that have been supplied. However, the financial statements have been drawn up on the basis of accounting principles applicable to a going concern. This basis presumes that the Company will continue to receive financial support from its holding and related companies and that the business operations will be profitable in the foreseeable future and, consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business

2.2 Adoption of the Indian Accounting Standard (Ind-AS)

The financial statements (AFS) of the company have been prepared in 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 AFS.

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. Refer to notes for information on how the company adopted Ind AS.

The company has consistently applied the accounting policies used in the preparation of its opening IND AS Balance Sheet at April 1, 2016 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 Notes to these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, The Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or Liability at the measurement date.

In addition, for Financial reporting purposes, fair value measurement are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significant of the inputs to the Fair value measurement in its entirety, which are described as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

K.K. Mankeshwar & Co.
Chartered Accountants

3.2 Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable and represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and outgoing sales tax and are recognized either on delivery or on transfer of significant risk and rewards of ownership of the goods. Revenue is inclusive of excise duty.

(A) Sale of Goods

Revenue represents gross invoiced value of uncoated wood-free printing and writing paper, sawn timber, veneer, plywood, pulp sheet, commercial logs and other products net of trade discounts and allowances

Revenue from the sale of goods is recognised when all the following conditions are satisfied

(a) when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transactions will flow to the Company; and

(e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

(B) Rent and License Fee Recognition

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.3 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Lease are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the years in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

Company as a Lessor

Rental Income from operating leases is recognised on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.4 Current versus Non-Current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

3.5 Foreign Currencies

The company's standalone financial statements are presented in **INR**, which is the **presentation currency** of the Company whereas **functional currency** of the Company is **MYR,** the currency of the primary economic environment in which the Company operates.

K.K. Mankeshwar & Co. Chartered Accountants

Transactions and Balances

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).

3.6 Borrowing Costs

(i) Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial year of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a year does not exceed the amount of borrowing cost incurred during that year.

All other borrowing costs are expensed in profit or loss in the year in which they occur.

3.7 Employee Benefits

Short-Term Employee Benefits
Wages, salaries, paid annual leave, bonuses and social contributions are recognized in the year in which the associated services are rendered by employees of the Company.

Defined Contribution Plan
The Company is required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Company's contributions to EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages. The said contributions are recognised as an expense when employee hav rendered service entitling them to the contributions. The company has no further payment obligation once these contributions have been paid.

3.8 Taxes

Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management yearically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
(a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

K.K. Mankeshwar & Co. Chartered Accountants

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.9 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Capital Work-in-progress is not depreciates. Assets are depreciated to the residual values on a straight line basis over the estimated useful lives based on technical estimates which is different from one specified in Schedule II of the Companies Act, 2013. Assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets and benchmarking analysis or whenever there are indicators for review of residual value and useful life.

Depreciation charged so as to write off the depreciable amounts of the assets over their estimated useful lives using the straight line method.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

3.10 Prepaid Land Lease Payments

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid land lease payments and amortised evenly over the lease terms of the land.

Prepaid land lease payments are amortised evenly over the lease period based on an annual rate of 1.64%.

3.11 Biological Assets

Plantation development and planting expenditure incurred in the cultivation and reforestation of the tree plantation, including a proportion of the Company's forestry division general charges incurred in relation to the planning of trees, are deferred and charged to plantation development expenditure and classified as biological assets. This expenditure is charged to the statement of Profit or loss and other comprehensive income when the trees are harvested upon maturity based on the volume of logs harvested and consumed.

3.12 Impairment of non-financial assets

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating Company to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use).The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting year is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

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3.13 Inventories

Finished goods, consisting of paper, veneer, sawn timber, plywood and pulp sheet inventories, are stated at the lower of cost and Net realisable value. Cost is determined on the weighted average method. The cost of Work-in-progress and finished goods comprises the cost of new materials, direct labour and a proportion of factory conversion costs

Chemicals, raw material for paper productions, stores & spares i.e. fuels and lubricants and other inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost represents purchase price plus costs incurred in bringing the inventories to their present location and condition.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent year government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an assets if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised, but are disclosed in the notes. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.16 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. Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instruments.

(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.

The Financial assets of the Company are classified as "Loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed of determinable payments that are not quoted in an active market. Loans and receivable are measured at amortised cost using the effective interest methods, less any impairment. interest income is recognised by applying the effective interest rate, except for short-term receivable when the recognition of interest would be immaterial.

(ii) Impairment of financial assets

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating Company to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting year is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

For Financial assets carried at amortised costs, the amount of the impairment loss recognised is the deference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

(iii) De-recognition of financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfer the financial asset and substantially all the risks and rewards of ownership of the assets to another entry.

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(b) Financial liabilities and equity instruments

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.

(i) 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 Statement of Profit and Loss.

(ii) 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. 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 Statement of Profit and Loss.

(iii) Equity instruments

an equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issued costs.

(iv) 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.

1) 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.

Instruments which have no contractual obligations towards principal redemption and interest distributions and meets the definition of equity instrument are also classified as Equity.

Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

For foreign currency trade receivable, impairment is assessed after reinstatement at closing rates.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

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.

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.

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4 Critical accounting estimates, assumptions and judgements

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement, Actual results may differ from these estimates.

(i) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial period.

Property, plant and equipment

External adviser or internal technical team assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

Impairment of Property, plant and equipment

Determining whether Property, plant and equipment value is impaired requires an estimation of the value of the Property, plant and equipment in use. This requires the Company to estimate the future cash flows expected from the Property, plant and equipment and an appropriate discount rate in order to calculate the present value of the future cash flows. the carrying amount of Property, plant and equipment at the end of the reporting period is disclosed in Notes 5.

Useful lives of Property, plant and equipment

The Company regularly reviews the estimated useful lives of Property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimated brought about by changes in the factors mentioned above.

Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Amortisation of Biological Assets

Plantation development expenditure are amortised based on the projected yield of the plantation. Determining the projected yield requires an estimation of harvestable area of the plantation, age of trees and mean annual increment. The Company considers trees to be matured and can be harvested if the age of the trees has reached 8 years. Mean annual increment is a conservative rate estimated by the Company based on the selected sample block range of plantation.

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5 Property, Plant and Equipment, as at March 31, 2017

Amount in INR

Particulars	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Computers	Total
Gross Block						
As at April 1, 2015	5,828,719,078	37,498,640,418	323,791,649	155,327,116	104,126,479	**43,910,604,740**
Additions	20,987,003	507,560,606	5,275,487	-	4,852,752	**538,675,848**
Disposal	-	53,838	-	-	-	**53,838**
Foreign Currency Translation Reserve	23,598,006	167,819,135	1,487,456	604,826	613,943	**194,123,365**
As at March 31, 2016	**5,873,304,087**	**38,173,966,321**	**330,554,592**	**155,931,942**	**109,593,174**	**44,643,350,115**
Additions during the year						
Additions	9,937,757	754,648,683	-	-	-	**764,586,440**
Disposal	-	-	-	-	-	**-**
Foreign Currency Translation Reserve	(795,512,743)	(5,228,464,612)	(44,725,152)	(21,098,118)	(14,828,326)	**(6,104,628,951)**
As at March 31, 2017	**5,087,729,101**	**33,700,150,392**	**285,829,440**	**134,833,824**	**94,764,848**	**39,303,307,604**
Accumulated Depreciation						
As at April 1, 2015	4,306,702,698	18,157,989,567	268,821,536	144,510,443	70,374,967	**22,948,399,211**
Charge for the year	176,567,818	1,027,323,993	11,102,466	6,491,416	5,003,174	**1,226,488,866**
Disposal	-	46,795	-	-	-	**46,795**
Foreign Currency Translation Reserve	24,355,612	114,839,587	1,523,751	841,595	488,981	**142,049,526**
As at March 31, 2016	**4,507,626,128**	**19,300,106,352**	**281,447,753**	**151,843,454**	**75,867,122**	**24,316,890,808**
For the year						
Charge for the year	120,172,424	1,015,657,401	5,201,380	3,088,841	5,204,787	**1,149,324,832**
Disposal	-	-	-	-	-	**-**
Foreign Currency Translation Reserve	(619,992,726)	(2,696,695,017)	(38,517,799)	(20,804,426)	(10,702,332)	**(3,386,712,300)**
As at March 31, 2017	**4,007,805,827**	**17,619,068,736**	**248,131,334**	**134,127,869**	**70,369,576**	**22,079,503,340**
Net Carrying Amount						
As at April 1, 2015	**1,522,016,380**	**19,340,650,851**	**54,970,113**	**10,816,673**	**33,751,512**	**20,962,205,529**
As at March 31, 2016	**1,365,677,959**	**18,873,859,969**	**49,106,839**	**4,088,488**	**33,726,052**	**20,326,459,307**
As at March 31, 2017	**1,079,923,275**	**16,081,081,656**	**37,698,106**	**705,955**	**24,395,272**	**17,223,804,264**

i) Rs. 305 Lacs (Previous Year Rs. 263 Lacs) charge to inventories.

ii) Rs. 329 Lacs (Previous Year Rs. 392Lacs) charge to biological assets.

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6 Capital work in progress

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Work-in-progress			
Opening net book amount	7,565,963	18,026,803	140,626,084
Additions	53,283,435	44,483,795	111,377,701
Transferred to PPE	(54,304,851)	(55,014,829)	(233,976,982)
Foreign Currency Translation Reserve	(1,023,700)	70,194	-
	5,520,847	**7,565,963**	**18,026,803**

7 Prepaid Land Lease Payment

Prepaid land lease payments are amortised evenly over the lease period based on an annual rate of 1.64%.

The movement in prepaid land lease payments during the financial year are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cost			
At the beginning and at end of year	626,483,404	626,483,404	626,483,404
Foreign Currency Translation Reserve	(82,655,933)	2,439,453	(875,192)
	543,827,471	**628,922,857**	**625,608,212**
Accumulated Amortisation			
At beginning of year	128,036,605	116,252,346	109,332,001
Charge for the year	9,854,213	10,022,398	7,807,014
Foreign Currency Translation Reserve	(18,151,636)	1,761,861	(886,669)
At end of year	**119,739,182**	**128,036,605**	**116,252,346**
Carrying Amount	**424,088,289**	**500,886,252**	**509,355,866**

Prepaid land lease payments consist of the following — **Amount in '000**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cost:			
Long leasehold land	554,197	554,197	554,197
Short leasehold land	72,291	72,291	72,291
Accumulated Amortisation:			
Long leasehold land	92,081	97,239	87,651
Short leasehold land	27,659	30,797	29,488
Carrying Amount:			
Long leasehold land	462,116	456,958	466,545
Short leasehold land	44,632	41,493	42,803

As of March 31, 2017, the title to leasehold land of the Company with carrying amounts totaling approximately INR 5,530,138/- (Previous Year 2016 : INR 6,615,999/-) have not yet been issued to the Company.

Leasehold land of the Company with carrying totaling approximately INR 476,442,624/- (Previous Year 2016 : INR 56,660,094/-) have been pledged as security for bank borrowing of the Company.

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8 **Biological assets other than bearer plants**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cost			
At the beginning of the year	9,629,563,211	9,756,480,867	7,149,560,652
Additions	188,611,430	514,164,907	598,597,224
Foreign Currency Translation Reserve	(1,357,741,507)	10,015,574	(732,258,528)
Gain/(loss) arising from changes in Fair Value	669,084,096	(651,098,137)	2,740,581,519
At the end of the Year	**9,129,517,230**	**9,629,563,211**	**9,756,480,867**
Accumulated Amortisation			
At the beginning of the Year	2,582,367,499	2,332,196,699	2,265,446,452
Charge for the Year	78,252,648	260,523,327	307,363,599
Foreign Currency Translation Reserve	(356,139,284)	(10,352,527)	(240,613,352)
At the end of the Year	**2,304,480,863**	**2,582,367,499**	**2,332,196,699**
	6,825,036,367	**7,047,195,712**	**7,424,284,168**

The cumulative fair value of the biological assets has increased primarily due to increase in prices of logs to be extracted. Further the carrying amount of the biological assets decreased due to currency movement.

9 **Deferred tax assets (net)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At the beginning of the year	1,831,274,595	1,832,958,601	2,042,200,000
Transfer to statement of profit or loss and other comprehensive income	(1,728,727,493)	(9,433,874)	(13,673,550)
Foreign Currency Translation Reserve	(102,547,102)	7,749,868	(195,567,849)
	-	**1,831,274,595**	**1,832,958,601**

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10 Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	120,536,164	124,894,584	340,516,233
Work in progress	24,498,617	13,121,131	121,888,654
Finished goods	9,692,732	16,747,804	39,656,769
Stock in trade	-	685,584	-
Stores and spares	966,863,778	1,490,223,185	1,521,397,643
Chemicals	196,740,750	-	-
	1,318,332,041	**1,645,672,288**	**2,023,459,299**

Stores and spares includes goods in transit Rs. Nil (Previous Year ended 31.03.2016 of Rs. 6/- lacs and Previous Year ended 31.03.2015 of Rs 112/- lacs).

11 Trade receivable

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Considered good :-			
From related party	-	-	-
- Due from others (more than 6 months)	-	-	-
- Due from others (less than 6 months)	4,481,105	170,766,635	422,918,270
Total Unsecured	**4,481,105**	**170,766,635**	**422,918,270**
Total Trade Receivables	**4,481,105**	**170,766,635**	**422,918,270**

Trade Receivable comprise amounts receivable for the sale of uncoated wood free printing and writing paper, sawn timber, veneer, plywood and pulp sheet. The credit period granted for sale of goods ranges from 0 day to 14 days . No interest was charged on overdue outstanding balances of trade receivables.

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The ageing of trade and other receivables which are past due but not impaired as of the reporting date are as follows

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Number of days past due:			
1-15 days	1,293,613	79,866,983	59,532,711
16-45 days	810,385	12,790,931	48,802,290
46-75 days	-	73,986,444	310,882,541
76-105 days	858,205	2,816,041	1,960,203
above 106 days	1,518,902	1,306,236	1,740,525
	4,481,105	**170,766,635**	**422,918,270**

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The company has also taken advances and security deposits from its customers, which mitigate the credit risk to an extent.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from date credit was initially granted up to the reporting date.

12 Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with Banks :			
On current accounts	1,441,393	17,758,424	20,037,846
On deposit accounts (margin money or security with banks)	7,334,400	-	-
Cash on hand	925,938	324,717	315,972
	9,701,731	**18,083,141**	**20,353,818**

Cash and cash equivalents in the balance sheet comprise cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

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13 Current Loans

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
- **Loan to others**	459,163	18,142	3,081,745
	459,163	**18,142**	**3,081,745**

14 Other financial assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits - Goods	2,492,548	2,977,569	3,609,845
	2,492,548	**2,977,569**	**3,609,845**

15 Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid Expenses	57,224,650	72,954,014	153,228,209
Current Portion Of Unamortized Expenses	-	-	958,612
Advances To Employees	568,308	305,487	1,273,878
Advances To Trade Creditors	41,118,906	12,738,328	51,526,620
Balance with government authorities	43,057,073	7,253,161	23,602,428
	141,968,937	**93,250,990**	**230,589,747**

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16 **Equity share capital :**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
1,054,000,000 Class A ordinary shares of RM 1.00 each	10,017,945,000	10,017,945,000	10,017,945,000
10,000,000,000 Class B ordinary shares of RM 0.10 each	11,168,500,000	11,168,500,000	11,168,500,000
146,000,000 deferred shares of RM 1.00 each	1,813,116,000	1,813,116,000	1,813,116,000
	22,999,561,000	**22,999,561,000**	**22,999,561,000**
Issued, Subscribed and fully paid-up			
940,665,514 Class A ordinary shares of RM 1.00 each	8,551,105,506	8,551,105,506	8,551,105,506
8,83,33,24,120 Class B ordinary shares of RM 0.10 each	8,029,919,817	8,029,919,817	8,029,919,817
146,000,000 deferred shares of RM 1.00 each	1,327,210,772	1,327,210,772	1,327,210,772
	17,908,236,095	**17,908,236,095**	**17,908,236,095**

a) **Reconciliation of the number of shares :-**

Particulars	No. of Shares	As at March 31, 2017	No. of Shares	As at March 31, 2016	No. of Shares	As at April 1, 2015
a) Class A ordinary shares						
Balance as at the beginning of the year/period	940,665,514	8,551,105,506	940,665,514	8,551,105,506	940,665,514	8,551,105,506
Add:- Issued during the Year	-	-	-	-	-	-
Balance as at the end of the year/period	**940,665,514**	**8,551,105,506**	**940,665,514**	**8,551,105,506**	**940,665,514**	**8,551,105,506**
b) Class B ordinary shares						
Balance as at the beginning of the year/period	8,833,324,120	8,029,919,817	8,833,324,120	8,029,919,817	8,833,324,120	8,029,919,817
Add:- Issued during the Year	-	-	-	-	-	-
Balance as at the end of the year/period	**8,833,324,120**	**8,029,919,817**	**8,833,324,120**	**8,029,919,817**	**8,833,324,120**	**8,029,919,817**
c) Deferred Shares						
Balance as at the beginning of the year/period	146,000,000	1,327,210,772	146,000,000	1,327,210,772	146,000,000	1,327,210,772
Add:- Issued during the Year	-	-	-	-	-	-
Balance as at the end of the year/period	**146,000,000**	**1,327,210,772**	**146,000,000**	**1,327,210,772**	**146,000,000**	**1,327,210,772**

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b) Rights, preferences and restrictions attached to shares:

The company has three different class of equity shares having different par values.

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

Name of shareholders	As at March 31, 2017 No. of Shares	As at March 31, 2016 No. of Shares	As at April 1, 2015 No. of Shares
Ballarpur Paper Holding B.V.			
a) Class A ordinary shares	752,532,412	752,532,412	752,532,412
b) Class B ordinary shares	8,833,324,120	8,833,324,120	8,833,324,120
c) Deferred Shares	146,000,000	146,000,000	146,000,000

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 1, 2015	
	No. of Shares	Holding %	No. of Shares	Holding %	No. of Shares	Holding %
a) Class A ordinary shares						
Ballarpur paper holding B.V.	752,532,412	80.00%	752,532,412	80.00%	752,532,412	80.00%
b) Class B ordinary shares						
Ballarpur paper holding B.V.	8,833,324,120	100.00%	8,833,324,120	100.00%	8,833,324,120	100.00%
c) Deferred Shares						
Ballarpur paper holding B.V.	146,000,000	100.00%	146,000,000	100.00%	146,000,000	100.00%

Notes

(i) Rights, Preferences and restrictions to shares

a) Class A ordinary shares

Each holder of class A ordinary shares of RM 1.00 each is entitles to one vote per share.

b) Class B ordinary shares

Class B ordinary shares of RM 1.00 each are rank pari passu in all respects with the class A ordinary shares of the Company

c) Deferred Shares

Deferred shares of RM 1.00 each have the following limitations,
(a) no entitlement to dividend,
(b) no voting rights, and
(c) no rights to receive notice of meetings

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17. Other Equity

Particulars	Reserves and Surplus	Items of Other Comprehensive	Total
	Retained Earnings	Items that will be reclassified to profit and loss	
		Foreign Currency Translation Reserve	
Balance as at April 1, 2015	(8,580,502,308)	12,098,958,126	**3,518,455,818**
Profit for the year	(3,302,600,426)	-	(3,302,600,426)
Foreign Currency Translation Reserve		(76,839,062)	(76,839,062)
Balance as at March 31, 2016	**(11,883,102,734)**	**12,022,119,064**	**139,016,330**
Profit for the year	(4,269,567,118)	-	(4,269,567,118)
Foreign Currency Translation Reserve	-	(2,090,587,029)	(2,090,587,029)
Balance as at March 31, 2017	**(16,152,669,852)**	**9,931,532,035**	**(6,221,137,817)**

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18 Borrowings

A Non Current Portion:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured Loans			
Term loan from :-			
Bank	-	2,912,532,401	5,306,045,077
Loans from related parties	1,070,528,951	-	-
	1,070,528,951	**2,912,532,401**	**5,306,045,077**

B Current Portion:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Working Capital Loan from Banks	501,505,680	798,218,943	1,058,027,749
	501,505,680	**798,218,943**	**1,058,027,749**

No waiver of right to demand payment was obtained from the bankers. Consequently, the above mentioned term loans were classified as current portions

As of March 31, 2017, the Company had breached the financial covenants set by its bankers for the outstanding term loans amounting to Rs. 5,414,040,620/-

The foreign currency exposure profile of bank borrowings is as follows: **(Figures in INR '000)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
United States Doller	501,506	6,682,498	8,440,752
Euro	-	17,677	55,832
Pound Sterling	-	848	-

The term loan, loans against import, revolving credits and bank overdraft are arranged at floating rates. The interest rate per annum are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans	3.52-7.66	3.43-6.54	3.42-5.73
Loans against import	4.00-5.42	3.52-7.66	3.54-7.65
Revolving credits	5.00	3.59-5.15	4.37-4.50
Bank overdraft	4.00	4.00	4.00

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As of March 31, 2017, the Company has obtained banking facilities from local and foreign licensed banks as follows:

(a) a term loan of US$ 50,000,000, which is repayable by 8 equal semi-annual instalments commencing from March 15, 2013;
(b) a term loan of US$ 20,000,000, which is repayable by 8 equal semi-annual installments commencing from January 4, 2014;
(c) a term loan of US$ 25,000,000, which is repayable by 5 equal semi-annual instalments commencing from September 28, 2013;
(d) a term loan of US$ 25,000,000, which is repayable by 10 equal semi-annual instalments commencing from 8 February, 2013;
(e) a term loan of US$ 50,000,000, which is repayable by 19 unequal quarterly instalments commencing from December 28, 2013;
(f) a term loan of US$ 25,000,000, which is repayable by 24 unequal quarterly instalments commencing from January 31, 2014;
(g) a term loan of US$ 150,000,000, which is repayable by 14 equal semi-annual instalment commencing from June 15, 2018;
(h) Multi-option trade facilities of up to US$ 20,000,000 for the year ended 31 March 2016 consisting of the following; but in year ended 31 March 2017, borrowing are shifted to Current Liability due to Breach and conflict for paying the borrowings.

	Approved Limit US$
(i) Revolving credit	7,500,000*
(ii) Letter of credit	17,500,000*
(iii) Loans against import	17,500,000*
(iv) Guarantee/Bonds	17,500,000*
(v) Export bills discounting - documents against acceptance	17,500,000*
(vi) Export bills discounting- documents against payment	17,500,000*

* Limits are interchangeable with total amount not exceeding US$ 20,000,000.

(i) foreign exchange facility for spot and forward transactions of up to 365 days; and
(j) trade credit facilities of up to US$ 10,000,000 from a local licensed bank consisting of the following

	Approved Limit US$
Import line credit facilities:	
(i) Documentary credit	10,000,000*
(ii) Deferred payment credit	10,000,000*
(iii) Banker' acceptance	10,000,000*
(iv) Loan against import	10,000,000*
(v) Foreign currency loans against imports	10,000,000*
Export line credit facilities:	
(vi) Bankers' acceptance export	10,000,000*
(vii) Loan against export	10,000,000*
(viii) Export credit refinance	10,000,000*
(ix) Overdraft	3,000,000*
(x) Revolving loan	3,000,000*
(xi) Total gross foreign exchange contract limit	33,333,333*

* Combined limits are interchangeable with total amount not exceeding US$ 10,000,000.

The above mentioned facilities are secured by charges over the current assets, fixed assets, land and receivables of the Company, offtake agreement assignment and any other document designated as such by the Joint Security Agent and the Company.

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CURRENT FINANCIAL LIABILITY

19 Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial instruments (Derivative -ICICI Bank)	4,212,629	33,169,038	43,821,893
	4,212,629	**33,169,038**	**43,821,893**

20 Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
For Acceptances			
Other payables	1,852,784,161	2,725,637,077	2,519,409,516
	1,852,784,161	**2,725,637,077**	**2,519,409,516**

Trade and other payables comprise amounts outstanding for trade purchases, royalty and log extraction premium fee payable and ongoing costs. The average credit period granted to the Company for trade purchases is 30 days.

21 Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of long term debt	5,414,040,620	2,930,425,048	2,243,305,951
Interest accrued but not due on borrowings	327,879,945	91,661,052	27,723,690
Bank book overdrawn	203,133,609	217,859,652	184,277,243
Security deposits	3,263,114	486,870	829,068
Payable to employees	273,195,821	109,739,387	68,852,014
Payable to Related Parties (refer note 21.1)	4,526,364,486	3,670,993,983	479,057,908
	10,747,877,595	**7,021,165,992**	**3,004,045,874**

21.1 Payables to related parties

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to Related Parties*			
Subsidiary Companies			
Ballarpur Paper Holdings B.V.	123,516,990	131,815,025	30,700,751
BILT Graphic Paper Products Ltd	3,396,713,465	2,951,204,527	315,851,824
Ballarpur Industries Limited	461,403,592	377,757,971	29,282,582
Other Related Parties			
Avantha Holdings Limited	87,023,512	77,951,966	61,226,652
Mirabelle Trading Pte. Ltd.	392,197,375	70,153,095	-
MTP New Ocean Mauritius Ltd	65,509,552	62,111,397	42,201,675
Crompton Greaves Ltd.	-	-	(205,576)
	4,526,364,486	**3,670,993,983**	**479,057,908**

* Due to Related Parties include amounts owing to Related Company arose mainly from advances payment made by the Related Company for the purchase of pulp sheet. The amount owing is unsecured, bears interest at the rate of 14% (Previous Year 2016: 14%) (Previous Year 2015: 14%)per annum and repayable on demand.

* Due to Related Parties include amounts owing to Related Parties arose mainly from brand royalties payable, advances received and payment made on behalf. The amount owing is unsecured, interest free and repayable on demand.

22 Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance received from customers	2,701,714	16,361,870	-
Payables for capital goods	37,062,869	35,399,739	39,911,540
Statutory Dues	605,324	4,526,982	595,890
Other payable	35,230,129	31,079,964	33,561,020
	75,600,036	**87,368,554**	**74,068,450**

23 Provisions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for employee benefits:			
- Provision for leave encashment	16,277,962	18,806,164	18,733,219
	16,277,962	**18,806,164**	**18,733,219**

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24 Revenue from Operations

Particulars	As at March 31, 2017	As at March 31, 2016
Sale of products		
Paper (including coated)	1,037,336,227	3,516,361,498
Pulp	-	1,173,841,422
Others	64,234,484	172,617,946
	1,101,570,711	**4,862,820,866**

25 Other income

Particulars	As at March 31, 2017	As at March 31, 2016
Rent and license fee	3,007,142	6,006,390
	3,007,142	**6,006,390**

Rental income derived from jetty facilities and Premises.

26 Cost of material consumed

Particulars	As at March 31, 2017	As at March 31, 2016
Wood and wood species	238,325,848	1,176,542,874
Chemicals	193,576,702	710,658,105
Packing materials	26,191,157	115,590,642
	458,093,707	**2,002,791,621**

27 Changes in inventories of finished goods, work in progress and stock in trade:

Particulars	As at March 31, 2017	As at March 31, 2016
Stocks at the beginning of the year		
Finished goods		
Paper	9,588,587	13,504,581
Pulp	-	9,177,855
ITC	7,159,218	4,831,613
Work in progress		
Paper	708,532	103,839,800
Pulp	-	21,320,585
Wood Chips	5,001,078	-
ITC	7,411,520	8,870,990
Total (A)	**29,868,935**	**161,545,424**
Stocks at the end of the year		
Finished goods		
Paper	-	9,588,587
ITC	9,692,732	7,159,218
Work in progress		
Paper	-	708,532
Wood Chips	20,714,181	5,001,078
ITC	3,784,436	7,411,520
Total (B)	**34,191,349**	**29,868,935**
Net (Increase)/Decrease in Stocks (A-B)	**(4,322,414)**	**131,676,489**

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28 Employee benefit expenses

Particulars	As at March 31, 2017	As at March 31, 2016
Salaries and wages	669,733,051	730,506,503
Contribution to provident and other funds	71,513,964	76,948,856
Staff welfare expenses	11,611,530	29,248,644
	752,858,545	**836,704,003**

29 Finance costs

Particulars	As at March 31, 2017	As at March 31, 2016
Interest expenses : -		
Interest on Term loans	349,877,952	357,087,389
Interest on ST loans	168,046,999	56,692,366
Interest expense on loans from related parties	233,799,237	188,085,065
Interest on bank over draft	5,307,680	6,052,153
Brok in icd/finance arrangement	17,820,896	18,107,738
	774,852,764	**626,024,711**

30 Depreciation and amortisation expense

Particulars	As at March 31, 2017	As at March 31, 2016
Depreciation on tangible assets	1,085,904,492	1,160,929,016
Amortisation of Leasehold Land	9,854,213	10,022,398
Amortisation of Biological Assets	78,252,647	260,523,327
	1,174,011,352	**1,431,474,741**

31 Other expenses

Particulars	As at March 31, 2017	As at March 31, 2016
Consumption of stores and spare parts	105,508,770	261,900,046
Power and fuel	440,074,818	1,389,578,602
Rent	43,674,455	130,944,481
Repairs to machinery	70,218,344	87,831,673
Repairs others	14,966,107	61,047,341
Insurance	100,931,379	101,698,114
Office & other expenses	73,150,532	133,963,043
Selling expenses	249,037,623	147,436,083
Carriage and freight	46,463,288	161,861,374
Legal and professional charges (including audit fees refer note- 36)	14,608,013	16,794,978
Directors sitting fees	384,340	390,367
	1,159,017,669	**2,493,446,102**

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32 Financial risk management

(1) Financial risk factors

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

Various risk management policies are approved by the Board for monitoring on the day-to-day operations for the control and management of the risks associated with financial instruments.

i) Market risk

The Company faces competition from Local and foreign competitors. Nevertheless, the Company believes that it has competitive advantage in terms of high quality products and by continually upgrading its expertise and development efforts.

The Company has in place policies to manage the Company's exposure to fluctuation in the prices of the key materials and commodities used in the operations. The Company enters into the fixed price contracts to establish determinable prices for new materials and consumables used. The management does not consider the Company's exposure to market risk significant as of March 31, 2017. Therefore, sensitivity analysis for market risk is not disclosed.

ii) Credit risk

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of the financial year in relation to each class of recognised financial assets is the carrying amount of the those assets as stated in the statement of the financial position. The Company does not hold any collateral on the balance outstanding.

The Company extend credit to its customers based upon careful evaluation of the customer's financial condition and credit history. Receivable balances are monitored on an on-going basis.

iii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's principal source of liquidity has been cash flow from operations and financing activities. Historically, the Company has applied a significant portion of its cash flows to fund its capital expenditure and working capital.

The company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom.

Risk management is carried out by the treasury department under policies approved by the board of directors. The treasury team identifies, evaluates and hedges financial risks in close co-operation with the Unit's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Foreign exchange risk and sensitivity

The major currencies that the Company deals in the United States Dollar, Euro, Indian Rupees, Singapore, Dollar, South African Rand, Pound Sterling, Japanese Yen and Australian Dollar. To minimise the risk, the Company will engage in forward buying and hedging when necessary. During the financial year, the Company has not entered into any currency forward contracts.

The carrying amounts of the Company's foreign currency denominated monitory assets and monetary liabilities at the end of the reporting year are disclosed herewith.

(A) The foreign currency exposure profile of trade and other receivable is as follows:

(Figures in '000)

Particular	31.03.2017	31.03.2016	01.04.2015
United States Dollar	-	42,275	72,933

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(B) Foreign currency exposure profile for cash and bank balances is as follows:

(Figures in '000)

Particular	31.03.2017	31.03.2016	01.04.2015
United States Dollar	121	1,912	7,372
Singapore Dollar	12	105	181
Euro	-	-	326

(C) Foreign currency exposure profile of trade and other payables is as follows:

(Figures in '000)

Particular	31.03.2017	31.03.2016	01.04.2015
United States Dollar	2,259,282	194,103	393,054
Singapore Dollar	5,973	75,524	14,347
Euro	18,756	29,348	22,306
Indian Rupees	119,583	21,612	3,059
South African Rand	110	119	118
Australian Dollar	1,304	-	-

(D) Foreign currency exposure profile of amounts owing to ultimate holding company and immediate company is as follows:

(Figures in '000)

Particular	31.03.2017	31.03.2016	01.04.2015
United States Dollar	1,070,529	449,345	-
Indian Rupees	-	29,399	29,285

(E) Foreign currency exposure profile of bank borrowing is as follows:

(Figures in '000)

Particular	31.03.2017	31.03.2016	01.04.2015
United States Dollar	6,986,075	6,682,498	8,440,752
Euro	-	17,677	55,832
Pound Sterling	-	50	-

33 **Foreign currency sensitivity analysis**

The following table demonstrates the sensitivity in the RM to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:

Particulars	Change in currency exchange rate	Effect on profit before tax	Change in currency exchange rate	Effect on profit before tax
For the year ended March 31, 2017				
USD	0.05	(112,964,088)	-5%	112,964,088
EUR	0.05	(937,796)	-5%	937,796
AUD	0.05	(65,188)	-5%	65,188
SGD	0.05	(298,647)	-5%	298,647
RM	0.05	(240,410,193)	-5%	240,410,193

(a) Interest rate risk and sensitivity

The borrowing part has been taken care at company level, accordingly this disclosure has been given at company level.

Particulars	Change in currency exchange rate	Effect on profit before tax	Change in currency exchange rate	Effect on profit before tax
For the year ended March 31, 2017				
RM	0.05	9,340,308	-5%	(9,340,308)

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(b) Interest Rate Risk and Sensitivity

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to bank borrowing comprising term loans, loans against import and revolving credits which are at the aggregate of LIBOR and the applicable margin. The interest rates for the said bank borrowings are disclosed in Notes. The Company envisages that advances will be received from holding companies and sufficient operational cash flows will be generated to meet its finance costs

With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings and loans on which interest rate swaps are taken.

Interest rate sensitivity	Increase/ Decrease in basis points	Effect on profit before tax
For the year ended March 31, 2017		
RM borrowings	+50	(1,015,668)
	-50	1,015,668
USD borrowings	+50	(34,930,376)
	-50	34,930,376
For the year ended March 31, 2016		
INR borrowings	+50	(1,089,298)
	-50	1,089,298
USD borrowings	+50	(33,205,882)
	-50	33,205,882

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Commodity Price Risk and Sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company enter into contracts for procurement of material, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

(d) Credit Risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions and other financial instruments.

33.1 Financial Instruments and Cash Deposits

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operations.

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Particulars	As at March 31, 2017					
	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	7,517,088,805	-	129,349,478	6,317,210,376	1,070,528,951	**7,517,088,805**
Total	**7,517,088,805**	**-**	**129,349,478**	**6,317,210,376**	**1,070,528,951**	**7,517,088,805**

Particulars	As at March 31, 2016					
	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Interest bearing borrowings (including current maturities)	6,950,697,095	-	-	4,038,164,694	2,912,532,401	**6,950,697,095**
Total	**6,950,697,095**	**-**	**-**	**4,038,164,694**	**2,912,532,401**	**6,950,697,095**

Trade and other payable comprise amounts outstanding for trade purchases, royalty and log extraction premium fees payable and ongoing costs.

Other liabilities include the Amounts owing to related company arose mainly from advance payment made by the related company for the purchase of pulp sheet. The amount owing is unsecured, and repayable on demand.

Other liabilities include the Amounts owing to related parties arose mainly from the brand royalties payable, advance received and payments made on behalf. The amount owing is unsecured, interest free and repayable on demand.

Interest Rate and Currency of Borrowings

The below details do not necessarily represent foreign currency or interest rate exposure to the income statement, since the Company has taken derivatives for offsetting the foreign currency and interest rate exposure.

(Amount in INR)

Particulars	Total borrowings	Floating rate borrowings	Fixed rate borrowings
MYR	203,133,608	-	203,133,608
USD	6,986,075,250	7,189,208,858	(203,133,608)
Total as at March 31, 2017	**7,189,208,858**	**7,189,208,858**	**-**
MYR	217,859,653	-	217,859,653
USD	6,641,176,391	6,859,036,044	(217,859,653)
	-	-	-
Total as at March 31, 2016	**6,859,036,044**	**6,859,036,044**	**-**

33.2 Competition and Price Risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

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Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities designated at amortised cost						
Borrowings - fixed rate	-	-	-	-	-	-
Borrowings - floating rate	7,189,208,858	7,189,208,858	6,859,036,044	6,859,036,044	8,791,656,021	8,791,656,021
Trade & other payables	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Total	**7,189,208,858**	**7,189,208,858**	**6,859,036,044**	**6,859,036,044**	**8,791,656,021**	**8,791,656,021**

34 Financial Instruments

Capital Risk Management

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. This disclosure has been given at company level.

The capital structure of the Company consists of net debt (advances received from the ultimate and immediate holding companies and related parties and bank borrowing as detailed in Note 17, 18 and Note 20 respectively offset by the cash and bank balance in Note 11) and equity of the Company.

34.1 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Notes.

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34.2 Fair Value of Financial Assets and Liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the company's financial instruments that are recognised in the financial statements.

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated at amortised cost						
Cash and bank balances	9,701,731	9,701,731	18,083,141	18,083,141	20,353,818	20,353,818
Trade and other receivables	4,481,105	4,481,105	170,766,635	170,766,635	422,918,270	422,918,270
Other financial assets	2,951,711	2,951,711	2,995,710	2,995,710	6,691,590	6,691,590
Total	**17,134,547**	**17,134,547**	**191,845,486**	**191,845,486**	**449,963,678**	**449,963,678**

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement approximate their respective fair values due to the relative short term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

34.3 Financial Risk Management Objectives and Policies

The operations of the Company are subject to a variety of financial risks, including market risk, foreign currency risk, credit risk, interest rate risk and liquidity and cash flow risk. The Company has formulated a financial risk management framework whose principal objective is to minimise the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Company.

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34.4 Segment Information

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

The Company is principally involved in integrated wood based activities, sawmill, ply mill and pulp and paper mill operations in Sabah, Malaysia. The Company owns two timber licenses granted by the State Government of Sabah for the extraction of timber and tree plantations in Sabah, Malaysia

In Rs.

Particulars		Paper	Others	Total
Gross Sales to External Customers	2016-17	1,037,336,227	64,234,484	1,101,570,711
	2015-16	4,690,202,920	172,617,946	4,862,820,866
Total Segment Revenues	2016-17	1,037,336,227	64,234,484	1,101,570,711
	2015-16	4,690,202,920	172,617,946	4,862,820,866
Segment Results	2016-17	(629,507,149)	(51,060,195)	(680,567,343)
	2015-16	(1,408,489,856)	(22,484,066)	(1,430,973,922)
Less: Unallocated Corporate Expenses (Net of other income)	2016-17			88,591,835
	2015-16			195,306,822
Profit Before Interest, depreciation and Tax	2016-17			(591,975,509)
	2015-16			(1,235,667,100)
Interest	2016-17			774,852,764
	2015-16			626,024,711
Depreciation & Amortisation	2016-17	1,123,763,752	50,247,600	1,174,011,352
	2015-16	1,381,297,055	50,177,686	1,431,474,741
Profit Before Tax	2016-17			(2,540,839,625)
	2015-16			(3,293,166,552)
Provision For Tax				
- Current tax	2016-17			-
	2015-16			-
-Deffered Tax	2016-17			1,728,727,493
	2015-16			9,433,874
Net Profit	2016-17			(4,269,567,118)
	2015-16			(3,302,600,426)
Other Information				
Segmental Assets	2016-17	25,726,089,093	229,796,199	25,955,885,292
	2015-16	29,496,332,000	316,543,999	29,812,875,999
Unallocated Corporate assets	2016-17			-
	2015-16			1,831,274,595
Total Assets	2016-17	25,726,089,093	229,796,199	25,955,885,292
	2015-16	31,327,606,595	316,543,999	31,644,150,594
Segmental Liabilities	2016-17	7,334,281,771	(51,570,008)	7,282,711,763
	2015-16	7,658,700,135	(31,089,512)	7,627,610,623
Unallocated Corporate Liabilities	2016-17			-
	2015-16			-
Total Liabilities	2016-17	7,334,281,771	(51,570,008)	7,282,711,763
	2015-16	7,658,700,136	(31,089,512)	7,627,610,623
Total Liabilities Excludes				
Long Term Borrowings	2016-17			1,070,528,951
	2015-16			2,912,532,401
Short Term Borrowings	2016-17			501,505,680
	2015-16			798,218,943
Current Maturities of long term borrowings	2016-17			5,414,040,620
	2015-16			2,930,425,048

II Secondary Segments (Geographical Segments)

In Rs.

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Domestic	846,583,241	2,888,205,293
Overseas	254,987,470	1,974,615,573
Total	1,101,570,711	4,862,820,866

35 Retirement benefit obligations

Expense recognised for Defined Contribution plan

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Company's contribution to provident fund	71,513,964	76,948,856
Total	71,513,964	76,948,856

36 Other disclosures

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Auditors Remuneration		
- Audit Fess	3,098,414	5,658,478
- Other capacity	383,923	644,350
Total	3,482,337	6,302,828

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37 Borrowing cost and currency fluctuations capitalised

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Borrowing cost		
Borrowing Cost Capitalised	645,940,681	499,852,176
	645,940,681	**499,852,176**

No general purpose borrowing has been capitalised.

b) Foreign currency fluctuation on long term borrowings
All the borrowings of the company is in USD only, So the same is applicable on the company but company has shifted the loan to current portion from non current portions due to breaches and conflict in repayment.

38 Contingent Liabilities
iii) Other contingent liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the company not acknowledged as debt	428,108,928	660,694,525	395,876
Total	**428,108,928**	**660,694,525**	**395,876**

(a) The former immediate holding company , lion forest industries berhad ("LFIB") , A public listed company incorporated in Malaysia has vide its letter dated December 30, 2008 confirmed to the company that LFIB will accept responsibility and lead the conduct of the defense of the legal claims in respect of back pay Labour claim from 1,070 employees ("claimants"). The proceeding commenced on march 1, 2010 in the Labour court in Sipitang Sabah and the matter was subsequently transferred to the Labour court in kota kinabalu Sabah at the request of the claimants solicitors. The proceedings are currently underway and the claimants are currently adducing their evidence in the Labour court. The next hearing dates for trial have yet to be fixed by the court.

(b) During financial year a total of 11 supplier have taken legal actions against the company for failing refusing and/or neglecting to make payments in regards to supplies that have been supplied or contracted work that have been completed. The proceeding are currently underway and the claimants are currently adducing their evidence in court and therefore have yet to receive fixed decisions by the court.

39 Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, Plant and Equipment	-	-	30,687,313

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40 Related Party Transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported years, are:

A) Names of related parties and description of relationship as at March 31, 2017

I Names of related parties where control exists irrespective of whether transactions have occurred or not

Relation	Name of Party	Country of Incorporation	Principal Activities
Immediate Holding Companies	Ballarpur Paper Holding B.V.	Netherlands	Financial and Investment Company
Ultimate Holding Companies	Ballarpur Industries Limited	India	Manufacturing Paper and Pulp
Subsidiary	BILT Graphic Paper Products Limited	India	Manufacturing Paper and Pulp

II Name of other related parties with whom transactions have taken place during the year

Key Management personnel of Company	Mr. B.Hariharan (Director) Mr. Yogesh Agarwal (Director)		
Key Management personnel of Company	Mr. B.Hariharan (Director) Mr. Yogesh Agarwal (Director)		
Enterprises owned or significantly influenced by key management personnel or their relatives	Crompton Greaves Limited	India	Electronics Goods
	Mirabelle Trading Pte. Ltd.	Singapore	Trading
	MTP New Ocean Mauritius Limited	Mauritius	-
	Avantha Holdings Limited	India	Procurement and Services

B. Related Parties Transactions

Following is a summary of related parties transactions for the year ended 31 March 2017

Particulars	As at March 31, 2017	As at March 31, 2016
Payable to Related Parties		
1 Ballarpur Industries Limited		
Opening Balance	377,757,971	31,576,785
Advances Received	123,242,512	300,810,068
Interest on Advance received	23,874,343	33,201,301
Currency Exchange (Gain)/Loss	(63,471,234)	12,169,818
Closing Balance	**461,403,592**	**377,757,972**
2 BILT Graphic Paper Products Ltd		
Opening Balance	2,951,204,527	340,769,241
Advances Received	774,709,909	3,541,350,975
Interest on Advance received	146,682,697	154,883,766
Advances / Payment Received against Sales	906,705	138,852,458
Pulp Sale	-	(1,309,471,466)
Currency Exchange (Gain)/Loss	(476,790,373)	84,819,552
Closing Balance	**3,396,713,465**	**2,951,204,526**
3 Ballarpur Paper Holdings B.V.		
Opening Balance	131,815,025	33,126,454
Sale of Goods and Services	(49,592,604)	-
Interest on Advance received	60,004,267	-
Loans Received	1,168,712,587	-
Advances Received	-	96,834,465
Currency Exchange (Gain)/Loss	(116,893,335)	1,854,106
Closing Balance	**1,194,045,940**	**131,815,025**
4 MTP New Ocean (Mauritius) Limited		
Opening Balance	62,111,397	41,584,908
Commission value	12,884,462	19,525,696
Currency Exchange (Gain)/Loss	(9,486,306)	1,000,793
Closing Balance	**65,509,553**	**62,111,397**
5 Mirabelle Trading Pte. Ltd.		
Opening Balance	70,153,095	-
Advances Received	358,705,174	67,263,278
Interest on Advance received	3,237,933	-
Currency Exchange (Gain)/Loss	(39,898,826)	2,889,817
Closing Balance	**392,197,376**	**70,153,095**
6 Avantha Holdings Limited		
Opening Balance	77,951,967	61,226,647
Brand Royalty Fee	21,418,041	15,807,773
Currency Exchange (Gain)/Loss	(12,346,496)	917,547
Closing Balance	**87,023,512**	**77,951,967**

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41 Earnings per share

	As at March 31, 2017	As at March 31, 2016
Profit Computation for both Basic and Diluted Earnings		
Net Profit after Tax as per Profit & Loss Account	(4,269,567,118)	(3,302,600,426)
Less: Preference Dividend (Including Dividend Tax thereon)	-	-
Net Profit after Tax available to Equity Shareholders For Basic EPS	(4,269,567,118)	(3,302,600,426)
Adjustment for the purpose of Diluted EPS :-		
Add: Effect of potential equity shares on conversion of Foreign Currency Convertible Bonds/ Debentures	-	-
Net Profit available to Equity Shareholders For Diluted EPS	**(4,269,567,118)**	**(3,302,600,426)**
Weighted Average number of Equity Share for Earning Per Share Share Computation		
A) No. of shares for Basic Earning Per Share	1,969,997,926	1,969,997,926
Adjustment for the purpose of Diluted EPS :-	-	-
B) No. of Shares for Diluted Earning Per Share	1,969,997,926	1,969,997,926
Earning Per Share		
Basic	**(2.17)**	**(1.68)**
Diluted	**(2.17)**	**(1.68)**

42 Impairment review

Assets are tested for impairment whenever there are any internal or external indicators of impairment.

Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the company at which the goodwill or other assets are monitored for internal management purposes, within an operating segment.

The impairment assessment is based on higher of value in use and value from sale calculations.

During the year, the testing did not result in any impairment in the carrying amount of any assets.

The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid term market conditions.

Key assumptions used in value-in-use calculations:
- Operating margins (Earnings before interest and taxes)
- Discount rate
- Growth rates
- Capital expenditures

Operating margins: Operating margins have been estimated based on past experience after considering incremental revenue arising out of adoption of valued added and data services from the existing and new customers, though these benefits are partially offset by decline in tariffs in a hyper competitive scenario. Margins will be positively impacted from the efficiencies and initiatives driven by the unit; at the same time, factors like higher churn, increased cost of operations may impact the margins negatively.

Discount rate: Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs.

Growth rates: The growth rates used are in line with the long term average growth rates of the respective industry and country in which the unit operates and are consistent with the forecasts included in the industry reports.

Capital expenditures: The cash flow forecasts of capital expenditure are based on past experience coupled with additional capital expenditure required

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43 Provisions

Movement in each class of provision during the financial year are provided below:

Particulars	Employee Benefits	Restoration Obligation	Total
As at April 1st, 2015	18,733,219	-	18,733,219
Provision during the year	-	-	-
Remeasurement losses accounted for in OCI	-	-	-
Payment during the year	-	-	-
Foreign Currency Translation Reserve	72,945		72,945
Interest charge	-	-	-
As at March 31, 2016	18,806,164		18,806,164
Provision during the year	-	-	-
Acquisitions / Transfer in/ Transfer out	-	-	-
Remeasurement losses accounted for in OCI	-	-	-
Payment during the year	-	-	-
Foreign Currency Translation Reserve	(2,528,202)		(2,528,202)
Interest charge	-	-	-
As at March 31, 2017	16,277,962		16,277,962
As at March 31, 2016		-	
Current	18,806,164		18,806,164
Non Current	-	-	-
As at March 31, 2017	-	-	-
Current	16,277,962	-	16,277,962
Non Current	-	-	-

"Provision during the year" for asset retirement obligation is after considering the impact of change in discount rate.

The expected outflow of provisions for asset retirement obligation is 45 to 47 years.

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44 **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.

Exemptions Applied

IND AS 101 First-time adoption of Indian Accounting Standards allows first time adopters certain exemptions from the retrospective application of certain IND AS, effective for April 1, 2015 opening balance sheet.

I **RECONCILIATION OF EQUITY**

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.	01-Apr-15	31-Mar-16
	Other equity as per Previous GAAP		798,377,180	(1,897,739,573)
	Adjustments to Other Equity:			
a)	**Through Other Reserve to:**			
	Financial instruments Derivative	III (i)	(43,821,893)	(43,821,893)
	Transaction cost	III (ii)	12,579,320	12,579,320
	Biological Assets (Impact of fair valuation of Biological as on 1.04.2015)	III (iii)	2,740,581,519	2,740,581,519
	Foreign Currency Translation reserve		10,739,692	10,739,692
	Total A		**2,720,078,638**	**2,720,078,638**
b)	**Through retained earnings for:**			
	Financial instruments Derivative	III (i)	-	10,377,642
	Transaction cost Amortised	III (ii)	-	(13,386,830)
	Biological Assets (Impact of fair valuation of Biological as on 31.03.2016)	III (iii)	-	(651,098,142)
	Foreign Currency Translation reserve		-	(29,215,405)
	Total B		**-**	**(683,322,735)**
	Total Adjustment C (A+B)		**2,720,078,638**	**2,036,755,903**
	Other equity as per IND-AS		**3,518,455,818**	**139,016,330**

II **RECONCILIATION OF COMPREHENSIVE INCOME**

Particulars		31-Mar-16
Loss as per Previous GAAP		**(2,659,715,097)**
Adjustments		
Financial instruments Derivative	III (i)	10,377,642
Transaction cost Amortised	III (ii)	(13,386,830)
Biological Assets (Impact of fair valuation of Biological as on 31.03.2016 as per IFRS)	III (iii)	(651,098,141)
Foreign Currency Translation reserve		11,222,000
Total adjustments		**(642,885,329)**
Loss as per IND-AS		**(3,302,600,426)**

III Notes to the Reconciliation

i Financial instruments Derivative is initially recognized at fair value on the date on which a derivative contract is entered into and is subsequently measured at fair value at each reporting date. Gain or loss arising from changes in the fair value of financial instruments derivative is recognized in the Statement of Profit and Loss. financial instruments derivative is recognized as a financial asset in the Balance Sheet if its fair value as at reporting date is positive as compared to carrying value and as a financial liability if its fair value as at reporting date is negative as compared to carrying value.

ii Under Previous GAAP, Costs incurred in raising funds are amortised over the year for which the funds have been obtained, using time proportionate basis. However, as per Ind AS, the transaction costs are accounted using Effective Interest Rate Method.

iii Under Previous GAAP, the Company recognised Biological assets at cost; however, Ind AS requires the company to recognise the Biological asses at fair value and the changes in fair valuation of Biological assets are recognised in Statement of Profit and Loss.

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45 The disclosure of holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 is not applicable to the Company, since the company has no operation in India and is not holding any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017.

46 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

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

K.K. Mankeshwar & Co. Chartered Accountants

Gurgaon, dated the
20th May, 2017

For and on behalf of the Board of Directors

Director

Director