

The background of the cover is a stylized illustration. It features a red and orange gradient sky. In the upper left, a white, stepped structure resembling a waterfall or a series of platforms is shown. Below this, a row of stylized white trees with grey foliage is depicted. In the center, a large, white, multi-story building with many windows is shown, resembling a factory or industrial complex. The building is partially obscured by a large, white, spiral-shaped object that looks like a roll of paper or a large wheel. The entire scene is set against a red background with a white dotted pattern.

STAYING IN TO WIN

ANNUAL REPORT
2013-2014



AVANTHA
GROUP COMPANY

CONTENTS

02 BOARD OF
DIRECTORS

04 CONSOLIDATED
HIGHLIGHTS

06 CHAIRMAN'S
LETTER

08 MANAGEMENT
DISCUSSION
& ANALYSIS

20 CORPORATE
SOCIAL
RESPONSIBILITY

24 CORPORATE
GOVERNANCE

34 DIRECTORS'
REPORT

42 INDEPENDENT
AUDITORS'
REPORT

FINANCIALS

46 BALANCE
SHEET

47 STATEMENT
OF PROFIT
AND LOSS

48 CASH FLOW
STATEMENT

49 SIGNIFICANT
ACCOUNTING
POLICIES

51 NOTES TO
THE FINANCIAL
STATEMENTS

69 CONSOLIDATED
FINANCIALS

BOARD OF DIRECTORS



Gautam Thapar
CHAIRMAN



R.R. Vederah
NON EXECUTIVE VICE CHAIRMAN



B. Hariharan
GROUP DIRECTOR (FINANCE)



Sanjay Labroo



A.S. Dulat



Ashish Guha



A.P. Singh
NOMINEE OF LIC



COMPANY INFORMATION



Registered Office

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

Operating Office

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



Head Office

Thapar House, 124 Janpath,
New Delhi-110001

Auditors

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



LISTING ON STOCK EXCHANGES

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



BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001

National Stock Exchange of India Limited

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



CONSOLIDATED HIGHLIGHTS

AWARDS & CERTIFICATIONS

UNIT BHIGWAN

International award for "Environment Award-Mill" from RISI (Resource Information Systems Inc.).

First Prize in Excellence in Energy Management Award 2012-13 from MEDA (Maharashtra Energy Development Agency, Pune).

Quality excellence and Leadership, Pan Pacific Singapore "Safety and Environmental Sustainability Award".

Winners of "India Corporate Governance & Sustainability Vision Award for Water Stewardship.

Good Green Governance Award by Srishti Publication Limited, New Delhi.

Integrated Management System of ISO 9001:2008, ISO 14001:2004, ISO 50001:2011 and OHSAS 18001:2007.

'FSC COC' Certification by the Forest Stewardship Council.

UNIT BALLARPUR

Energy Efficient Award 2013 from CII GBC Hyderabad for Excellence in Energy Management.

Second prize in Energy Conservation Award 2011-12 from MEDA (Maharashtra Energy Development Agency, Pune).

First integrated pulp and paper industry in India to implement and certified Energy Management System (EnMS) as per ISO 50001:2011.

Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

'FSC COC' and Control Wood certificate by the Forest Stewardship Council.

Shortlisted among top five companies globally by RISI-Pulp and Paper International for the Environmental Strategy of the Year Award.

UNIT SEWA

ISO-9001:2008, Quality Management System, ISO- 14001:2004, Environment Management System and OHSAS-18001:2007, Safety and Health Management system.

FSC COC-CW by the Forest Stewardship Council.

ISO 50001:2011, Energy management system.

2nd runners up in the global RISI award-2013 under the category of "Innovative product of the Year" award.

Safety award from Government of Odisha for longest accident free period.

SFI

ISO 9001-2008, OSHAS 18001-2007 & MS 1711:2011 and ISO 14001-2004.

Occupational Health and Safety Gold Class (1) - 2012 award from MSOSH in September 2013.

RTW (Return To Work) award in June 2014 from Ministry of Human Resources in participation with SOCSO, being the First Malaysian company to implement the RTW programme.

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

ITC division certified as PEFC/COC by SCS Global in June 2014.

UNIT ASHTI

Third Prize in Excellence in Energy Management Award 2012 from MEDA (Maharashtra Energy Development Agency, Pune).

Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

FSC COC' and Control Wood certificate by the Forest Stewardship Council.

BILT TREE TECH LIMITED (BTTL)

Prakruti Mitra Award by the Odisha Government for its plantation programme with tribal farmers in the Koraput district of Odisha.

FINANCIALS

PAPER SALES

Decreased marginally from 830,342 MTPA in 2012-13 to 830,337 MTPA in 2013-14.

NET SALES

increased by 7.5% from Rs. 4,854.8 Crore in 2012-13 to Rs. 5,220.3 Crore in 2013-14.

PBDIT

Increased by 8.3% from Rs. 875.6 Crore in 2012-13 to Rs. 948 Crore in 2013-14.

2013-14



CHAIRMAN'S LETTER

Dear Shareholder As in my letter in the previous year's annual report, let me focus on three key themes. The first is on the political and economic condition of India as we see today, and why I have reasons to be hopeful over the near future. The second is on the scale of the transformation that has been brought about across your Company, and what it means for BILT. The third is on the challenges ahead — which the management should look out for, and deal with swiftly and appropriately.

Since 2009 and the national elections in 2014, the lack of executive and legislative governance in India has left the country with only one arm of the democratic institutions functioning, namely the judiciary. While this certainly showed that at least one of the three elements of our democratic institutions worked, it was hardly the way for the country to progress, especially at a time when global economic growth was extremely muted after the financial crises of 2007.

Soon enough, GDP growth started trending downwards, which continued unabated quarter after quarter.

Go back a few months to consider the economic situation of India at the end of March 2014. GDP had already declined from its 9%-plus levels a quarterly growth rate of 7.5% in April-June 2011. It fell further. It was 4.6% in January-March 2014 — with seven out of eight quarters in the previous two years showing less than 5% growth. The annual rates of growth

were just as poor: 6.2% in FY2012, followed by 4.5% in FY2013 and 4.7% in FY2014.

Even worse was the state of manufacturing, which is the core of your Company's business. According to the Central Statistical Organisation, the rates of growth in manufacturing were: -1.2% (April-June 2013); 1.3% (July-September 2013); -1.5% (October-December 2013); and -1.4% (January-March 2014). For FY2014, manufacturing growth was -0.7%, coming after a poor 1.1% growth in the previous year.

Given this, why do I have reasons to be hopeful over the next few years? It is because the country's electorate has decisively chosen to put an end to political and economic non-performance. For the first time in 30 years, India has put an end to vexatious alliance politics and elected a Lok Sabha where a single party — the Bharatiya Janata Party (BJP) under Mr Narendra Modi — has a clear majority with 282 seats. With the ruling National Democratic Alliance winning 336 seats, and with a determined



person like Mr Modi at the helm, I believe that India will again see governance, reforms and performance at the centre.

It will not be a miracle. Over the last few years, there has been significant deterioration in the economic sinews of the nation. These will first need fixing before higher growth gets back on track. Although growth has risen to 5.7% in April-June 2014, I believe that it will need four more quarters before we get to the region of 7% growth. Once we get there, however, this government should have put in place most, if not all, the enabling administrative levers to attain a self-sustaining rate of 7.5% per year — which can double real GDP in less than a decade. I feel reasonably confident that it will happen under a government led by Mr Modi. I also believe that we will see less divisive 'vote-bank' politics over the next five years — where the interests of sub-groups dominated those of the nation's.

Now for the second theme — the scale of transformation that has occurred in your company over the last few years, and why this is so important for BILT's future. With expansion of the pulp facility at Ballarpur completed in February 2014, the large US\$ 850 million expansion programme undertaken by your subsidiary, Bilt Paper B.V. over the last few years across various key capacities is now complete.

Your Company now has a completely integrated pulp and paper set up that can best leverage the growth in the Indian market for paper — a market that is growing much faster than the developed world and, given the expectation of higher GDP growth going forward, assumes significance. I believe that BILT is well positioned in one of the fastest growing paper markets of the world, the more so in an environment where the global paper industry is going through a

very difficult phase with contraction in total production and even consumption.

With the pulping modernisation in Sabah (Malaysia) and Ballarpur (India), fully completed and operational and other necessary capital equipment in place, the current capital cycle has come to an end. In the process, your Company now has much greater internal access to its key raw material which will reduce its dependence on the vicissitudes of the global pulp market. Completed under very trying circumstances, the capital expenditure has helped to secure your Company's medium term future.

Despite going through this large scale and complex modernisation programme across two countries and several facilities, I am happy to share that BILT has displayed resilience to overcome difficult conditions. For the year ended June 2014 (FY2014), net sales grew by 7.5% to Rs. 5,220 Crore; EBIDTA rose by 8.3% to Rs. 948 Crore; and operating margins (EBIDTA/Net Sales) increased by 20 basis points to 18.2%.

However, your Company is yet to strike a balance between its higher capacities and cash flows. For FY2014, higher interest costs on the capital outlay accompanied by higher depreciation charges led to a downturn in PAT, which decreased 34.1% to Rs. 61.7 Crore.

This brings me to my third point, which is a message to the management of your Company. Two years earlier, I had written, "Your Company's management must focus on 'sweating' the additional capital to produce more output at lower unit costs and earn better returns". The capital cycle was delayed by two years. But it is now over. The time for sweating this incremental capital has begun.

There can be absolutely no delays on this score. I expect the management of BILT to

collectively use all its production, marketing, sales, distribution and product platform skills to earn higher returns on every type of paper it sells over the next few years. I recognise that it may be a challenge, especially in an environment of freer imports and higher domestic capacities. However, your Company's management no longer suffers from two long standing constraints — of not having adequate state-of-the-art pulping facilities as well as old equipment. Today, BILT is a completely integrated and modern pulp and paper manufacturer linked step-by-step from forestry to the final products.

Therefore, I expect that the management, now liberated from its old shackles, will find ways of leveraging higher productivity and better marketing and sales to generate higher returns on capital employed, and thus reduce the impact of interest and depreciation. This is a fundamental task; and I am confident that BILT's reinvigorated management team has the ability to rise to the occasion.

As I have written earlier, it has been a long journey in bringing the old BILT to the new 21st century world. True, events have not always provided us with the tailwinds. But we have doggedly persevered.

Today we have world class end-to-end facilities to be the significant player in our chosen geographies. We will succeed only by delivering higher growth, superior products at lower cost and better profits.

Thank you for your long standing support.
With best wishes,

GAUTAM THAPAR
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Overview BILT is one of India's leading players in the paper and pulp industry with a strong presence across the entire value chain. Globally, the industry is undergoing a structural transformation.

On the one hand, advanced economies are witnessing pressure on demand due to deep penetration of the digital media which has often made the use of paper redundant. On the other, emerging economies like China and India with higher economic growth, stress on school and college education, large and thriving networks of newspapers and print media coupled with relatively low paper penetration base are witnessing healthy increases in paper demand.

While the longer term structural trend stated above is correct, it is also important to note that prevalent macro-economic conditions play a significant role in defining the shorter term status of the pulp and paper industry. On that score, the situation was not particularly positive even for the emerging markets.

Global economic growth was stifled in calendar year (CY) 2013. World GDP growth had reduced to 3.1% in CY2012. Unfortunately, it declined further to 3% in CY2013. This time, the major drop in GDP growth was in the emerging markets and developing economies, which witnessed a reduction from 4.9% in CY2012 to 4.7% in CY2013.

India, too, went through a difficult time. The country recorded its

second consecutive year of below 5% growth: 4.7% for the period April 2013 to March 2014, with manufacturing output declining by 0.7% compared to the same period in the previous year. Not surprisingly, paper demand was adversely affected in India — and it occurred at a time when the domestic paper industry had already made large scale investments in enhancing capacities. Thus, the market conditions were highly competitive.

BILT, too, completed its present round of large scale investments with the pulping facility coming on stream in Ballarpur in February 2014. This was the last of the US\$ 850 million investment programme, which was being executed over the last five years. With these investments, BILT and its subsidiaries are now ready to leverage the benefits of integration right across the pulp and paper value chain by catering to specific segments of the Indian and Malaysian paper markets—which rank among the fastest growing paper markets in the world.

In a sense, FY2014 was a watershed year for BILT. It saw the completion of a long phase of strategic investments, acquisitions and expansion of capacities; and, with it, there is a clear change in emphasis to consolidation, and focus on efficient

Note: For BILT, the financial year is from 1 July of a year to 30 June of the following. Thus, in this Management Discussion and Analysis, as well in subsequent sections of this Annual Report FY2014 refers to July 2013–June 2014, and analogously FY2013.

execution to best deliver enhanced value for the businesses and the stakeholders.

Going forward, the Company is actively focusing on the following drivers to take its business to the next level:

- Consolidating its market leadership in India, which is one of the fastest growing paper markets in the world.
- Continuous new product development to offer a diverse product range with premium positioning in India.
- Vertical integration across the pulp and paper value chain from fibre to retail, which will evolve highly competitive cost structures.
- Leveraging and building on its extensive and deep rooted distribution network.
- Day to day focus on improving cash flows and optimising the capital structure.
- Building on the rich experience of its management team.

BILT has also evolved appropriate corporate structures to raise capital at optimal cost. The International Finance Corporation (IFC) announced a proposed investment in Bilt Paper B.V., the step-down international subsidiary of BILT. This comprises a combination of an equity investment of US\$ 100 million and long term loans of up to US\$ 150 million. The announcement is part of IFC's standard practice of publicly announcing a proposed investment two months prior to its actual execution. This flow of international capital into BILT's system will help optimise capital costs and reduce pressure on debt servicing.

FINANCIAL HIGHLIGHTS

To its credit, even under difficult market conditions, BILT was successful in growing its revenues and maintaining operating profit margins. Net profits dipped on account of increased interest and depreciation costs. However, the management is confident that with significantly increased scale of operations over the next few years, the effect of

interest and depreciation will be less than before. Table 1 gives the abridged profit and loss statement for BILT as consolidated entity.

The salient features of the financial performance are:

- Net sales increased by 7.5% to Rs. 5,220.32 Crore in FY2014.
- Earnings before interest, depreciation, taxes and amortisation (EBIDTA) rose by 8.3% to reach Rs. 948.05 Crore in FY2014.
- In FY2014, with cost saving measures, operating margins (EBIDTA/Net Sales) grew by 20 basis points to 18.2%.
- Profit after tax (PAT), however, decreased by 34.1% to Rs. 61.66 Crore in FY2014, primarily on account of higher depreciation and finance cost.

BUSINESS PORTFOLIO

In a mature industry like pulp paper, it is imperative for companies like BILT who operate across a wide spectrum of sub-segments in the market, to create company and organisation structures that can best utilise market opportunities and create value. The objective of creating such corporate structures is to fulfil several critical goals, which include:

- Optimising operations through forward and backward integration to create an efficient, best-in-class cost structure.
- Creating additional focus in certain businesses that have unique profitability and non-competitive characteristics.
- Mobilising global capital to create an appropriate scale of operations that can continuously service markets in what is a very capital intensive industry
- Developing an organisation structure that is best suited to carry out different key functions across the entire pulp and paper value chain.

With these objectives in mind, BILT has undergone an organisation restructuring over the last few years. Primarily, this has created two separate business blocks—one

TABLE 1

ABRIDGED CONSOLIDATED PROFIT AND LOSS STATEMENT RS. CRORE

	FY2014	FY2013
Net Sales	5,220.32	4,854.81
Other Operating Income	75.68	65.78
Income from Operations	5,296.00	4,920.59
EBIDTA	948.05	875.58
Depreciation	495.64	451.70
EBIT	452.41	423.88
Interest	422.86	346.71
PBT	29.55	77.17
Tax (net of MAT entitlement credit)	-32.11	-16.38
PAT	61.66	93.55
Minority Interest	11.89	15.67
PAT (after minority interest)	49.77	77.88

WRITING AND PRINTING PAPER BUSINESS

The business is supported by a unique distribution network. The Company has a multi-tiered distribution network with over 440 distributors in India, with most of the volume being sold by exclusive distributors. In Malaysia, sales is handled through around 40 widely spread distributors. In addition, the Company enjoys a strong market presence in the Middle East and Africa.

under BILT and one under its step down subsidiary, Bilt Paper B.V.

BILT's direct assets include the speciality paper business operating from the Shree Gopal facility in Haryana, the Rayon Grade Pulp business operating out of Kamalapuram in Andhra Pradesh and the tissue paper business operated through its subsidiary Premier Tissues Limited. These businesses target the industrial and FMCG markets.

The other value driver is the Bilt Paper business, which is operated by a step down subsidiary Bilt Paper B.V. (earlier Ballarpur International Graphic Paper Holdings B.V.), which focuses on the wood-free printing and writing paper, coated and uncoated. This is the Company's primary business portfolio. The focus is on the reel or sheet commercial printing business and desktop printing business through copier paper. There is also focus on high value bio-degradable high-end packaging. The business assets in India is with a step down subsidiary of Bilt Paper B.V., namely BILT Graphic Paper Products Limited (BGPPL) that has four plants in India—Ballarpur (Maharashtra), Bhigwan (Maharashtra), Ashti (Maharashtra) and Sewa (Odisha). Bilt Paper has another subsidiary, namely Sabah Forest Industries (SFI) that operates the Malaysian business. In the next sections, developments across each of these businesses are detailed out.

WRITING AND PRINTING PAPER BUSINESS

Today, BILT is India's largest producer of writing and printing paper and Malaysia's largest producer of uncoated wood-free paper products. In India, the Company has approximately 38% market share in coated wood-free, 42% market share in blade coated wood-free and 25% share in the high-end uncoated wood-free market. In Malaysia, it has around 24% market share in the uncoated wood-free segment.

The business's competitive strength emanates from the vertical integration of its operations and strong marketing distribution network. In terms of fibre security, BILT is the only Indian Company to have access to its own plantations outside India with SFI's 288,138 hectares of licensed plantations and forests. It also has access to procuring from farmers in India through its social farm forestry programme, which has been developed over several years. BILT is now fully self-sufficient in hard-wood pulp production with three of the five units having integrated pulp producing facilities namely Ballarpur, SFI and Sewa, while Bhigwan and Ashti obtain

pulp produced at SFI and Ballarpur. The production system also includes captive energy and part chemicals (on-site) at certain facilities. This integrated structure right from procuring wood to producing paper provides scope for flexibilities in operating decisions that optimises costs.

The business is supported by a unique distribution network. The Company has a multi-tiered distribution network with over 440 distributors in India, with most of the volume being sold by exclusive distributors. In Malaysia, sales is handled through around 40 widely spread distributors. In addition, the Company enjoys a strong market presence in the Middle East and Africa.

INDIA MARKET DEVELOPMENTS

Globally, the paper industry is facing the most difficult challenge of shrinking demand. This has been evident in the recent past and the trend has continued in 2013-14. In CY2013, demand reduced by 0.6%, while for the first seven months of CY2014, it further reduced by 0.4%. However, this trend has several regional disparities across the globe. Broadly, the advanced countries have greater digitization and are witnessing shrinking demand while emerging economies mainly in Asia, the Middle-East and Africa is seeing demand growth. Data for the first seven months of CY2014 clearly outlines this development. North America and Europe registered declining demand of 3% and 2.3% respectively, while the Asian economies, including India and China, grew by 2.5%.

In this backdrop, there has been several closures of high cost plants in the western world, while the developing countries have seen increased investments in the paper industry primarily to integrate across the chain and reduce costs. These developments have created a delicate balance between global demand and supply in the industry.

Despite digitisation across the economy, India happens to be one of the fastest growing paper markets in the world. Estimates suggest that paper demand in India will grow by 53% over the next six years, increasing from today's levels of 13 million metric tons (MT) to 20 million MT by 2020. This will be primarily because of massive under-penetration of paper use in India. According to a report by 'India Ratings', India's per capita paper consumption is at 9 kg, against 22 kg in Indonesia, 25 kg in Malaysia and 42 kg in China. The global average stands at 58 kg. Policy factors also have a key role to play in

the growth of the domestic paper industry in India. The government's sustained focus on literacy, increased consumer packaging, continued need for documentation for Indian Companies and expansion in organised retail continue to positively affect paper consumption and demand in India. Thus, there is considerable headroom for growth — with every one kg incremental per capita consumption in India translating to an additional demand of over one million MT per year.

At an industry level, over the last five years, the Indian paper industry has invested around Rs. 20,000 Crore towards capacity enhancement, technology up-gradation and various acquisitions. With these capacities coming on stream in a short span of time, there has been an immediate effect of intense market competition. However, this is expected to settle down as Companies focus on leveraging these assets without making much additional investments in the short to medium term.

With India's Free-Trade Agreement (FTA) with the Association of Southeast Asian Nations (ASEAN) coming into effect from 1 January 2014, the import duty on paper supplied from countries in this region to India has been practically waived. As it stands today, there is zero duty on import of coated-sheet products and 6% on import of coated-reel products. For import of both sheet and reel uncoated products, there is zero duty. Consequently, there has been an increase in volume of imported paper from ASEAN countries in 2014. This has exerted some additional competitive pressures on domestic paper manufacturers.

The Company also strategically exports some of its output to leverage global opportunities, develop a market position in some countries, and balance-out the supply in India. In FY2014, BILT exported to 80 countries across the globe — with exports accounting for over 8% of its volumes produced in India.

BILT's writing and printing paper business can be divided into five categories: coated wood-free, uncoated wood-free, copier paper and creamwove. In addition, there is the business stationery and retail operations.

Coated Wood-Free

Coated wood-free consumption in India increased by around 6% to 660,000 MT per annum (MTPA) in FY2014. The segment includes blade coated, air knife and cast coated products. While the high technology blade coated products grew by 8%, air knife coated products grew by 6%.

The coated market can be segregated in two ways. One is in terms of one-side coated (C1S) and both-sides coated (C2S). The second is a division in terms of paper products and board products. Within blade coated products, which is the higher order technology, the C2S paper market grew by over 9% to 343,300 MTPA and the C2S board market grew by over 10% to 128,000 MTPA in FY2014. BILT continued to maintain and develop its leadership position across the segment.

Essentially, coated wood-free paper is a value-added product, and traditionally enjoyed a market premium. However, with rapid market expansion and rise in import volumes, especially from China, it is getting transformed into a competitive, commodity-like product where price is becoming the critical factor. BILT counters this by continuously introducing new products such as C1S paper for sachet packaging. It is also enhancing customer service through a multi-format distribution network, and focusing on reducing costs through larger scale of operations and better efficiencies in production.

Uncoated Wood-Free

During FY2014, the Indian uncoated market — comprising Low Bright and Hi Bright segments — grew by 5% to 1,244,000 MTPA. The market is largely restricted to domestic players and is highly fragmented with a multitude of products and manufacturers. The zero duty South-East Asian imports have also started making an impact in this market.

BILT remains the largest organised player in this space by continuing to offer a wide range of products. While maintaining a commanding presence in each product category, the Company has laid greater importance on optimising its product mix for greater profitability. Consequently, BILT has been focusing on the higher value Hi Bright segment, which accounts for around 75% of the entire uncoated maplitho segment. Hi Bright grew by 8% in FY2014, and BILT maintained its leadership position in the category.

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

MARKET DEVELOPMENTS

Thus, there is considerable headroom for growth with every one kg incremental per capita consumption in India translating to an additional demand of over one million MT per year.

Copier

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

This is a fast growing segment. The mill packed copier market in India grew by 13% during FY2014 to 650,000 MTPA. Today, there is intense competition in this category with participation from all major players in the Indian paper industry. There are almost 40 brands at various price points.

With four major brands in the market — Copy Power, Image Copier, Ten on Ten and BILT Matrix — BILT remains positioned to maintain its market leadership in this segment.

Creamwove

This is a high volume, low value product segment. In volume terms, it is by far the largest segment in India. It is characterized by several producers, each with sub-optimal capacities, and a highly price sensitive market. This market is stagnant and is estimated at 1.6 million MTPA in FY2014. BILT has strategically maintained a minimal presence in this segment.

OPERATIONS IN INDIA

BILT's writing and printing paper manufacturing operations under its operating step-down subsidiary Bilt Paper has four production units across India. These include Ballarpur (Maharashtra), Bhigwan (Maharashtra), Sewa (Odisha) and Ashti (Maharashtra). The details of operational developments across the different units are given below.



Unit: Ballarpur

Ballarpur's paper production increased marginally from 2,44,228 MT in FY2013 to 2,45,587 MT in FY2014. The state-of-the-art paper machine no.7, which was the new equipment commissioned as part of the latest investment plan, produced 1,28,719 MT of paper. This machine and its finishing section has enhanced paper quality and provided better cut and packing with improved productivity levels. A higher scale of production was achieved despite manufacturing a lower grammage product mix to meet market demand.

On the product development front, Ballarpur successfully developed new products such as BILT Edge paper for carry bags, Copier grade for the stationery segment and new shades of ESKP for the packaging segment.

During FY2014, the new pulp mill with latest pulping technology comprising continuous digester and ECF bleaching process was commissioned and the machine is in the process of stabilisation. With the commissioning of this pulp mill, the Ballarpur and Ashti mills are now fully integrated with respect to hardwood pulp. Bleached pulp production increased from was 1,15,917 ADMT (air dried metric ton) in FY2013 to 1,89,055 ADMT in FY2014. Improved technology and process controls in operations resulted in better pulp quality with consistent brightness and increased pulp strength resulting in better operational efficiencies of paper machines.

As part of cost reduction initiatives, there was continued focus on energy and fibre conservation. Ash levels in paper were further increased through incorporation of new process technologies.

Environment Management and Resource Conservation: Ballarpur

■ The mill continuously works to reduce water consumption by adopting water efficient technologies and deploying 3-R (Reduce-Reuse-Recycle) methodology in water conservation. Installation of the modernized pulp mill along with wash presses has resulted in significant reduction in specific water consumption, which is far below the national norms.

■ Reductions in steam and power consumption were brought about through implementation of various energy conservation initiatives across the pulp and paper manufacturing process. Some of these include: thermo-compressors at paper machines, higher energy efficient vacuum pumps, compressors and electric motors, LED lightings, use of enzymes for refining and implementation of Energy Management System (EnMS) ISO 50001:2011 for better operational controls. As a result of these measures steam consumption on paper machines per MT of paper produced was reduced by 5.5% and power consumption went down by 1.4%.

■ As part of technology up-gradation for energy and environmental sustainability, advanced energy and resource efficient equipment have been incorporated in the new pulp mill such as Continuous Cooking Digester, Oxygen De-lignification system, ECF Bleaching and Single High Pressure Recovery Boiler, with all commensurate control systems. These have brought about significant reduction in steam with consumption per MT of bleached pulp falling by 29%.

■ Along with the modernisation of the pulp mill, the Effluent Treatment Plant (ETP) at Ballarpur has also been upgraded with MBBR (Moving Bed Bio-film Reactor) and DAF (Dissolved Air Floatation) effluent treatment process technologies. These technologies have significantly improved the final treated effluent quality including significant reduction in effluent colour.

Awards and Achievements: Ballarpur

■ Energy Efficient Award 2013 from CII GBC Hyderabad for Excellence in Energy Management.

■ Second prize in Energy Conservation Award 2011-12 from MEDA (Maharashtra Energy Development Agency, Pune).

■ First integrated pulp and paper industry in India to implement and certified Energy Management System (EnMS) as per ISO 50001:2011.

■ Certified Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

■ Certified for 'FSC COC' and Control Wood certificate by the Forest Stewardship Council.

■ Shortlisted among top five Companies globally by RISI-Pulp and Paper International for the Environmental Strategy of the Year 2013 Award.



Unit: Bhigwan

During FY2014, the PM-1 line at Bhigwan produced 1,44,553 MT of coated paper and coated boards, while the new PM-2 line produced 1,29,100 MT of coated paper. Total production was higher at 273,653 MT in FY2014 compared to 267,257 MT in FY2013. This was inspite of higher quantities of lower grammage products manufactured to meet changing demand conditions.

On the product development front, the mill successfully developed and manufactured 50 gsm high strength C1S paper for flexible packaging, 350 gsm C2S art board and 180 gsm matt board for graphics application. These new products have significantly enhanced BILT's product basket.

The Unit continued to focus on cost reduction. Wet end chemicals usage has been optimised which has resulted in reduction in usage by almost 5%. Coating slip cost was optimised through introduction of cost effective synthetic binders at the C1S grades. Overall coating chemical consumption was reduced by 1.8% per MT of paper produced. In addition, finishing

losses were significantly reduced, especially on PM2.

In order to improve the product quality, a modern web inspection system was installed on the paper machine to reduce breaks at the coater and also physical defects in the paper. It has helped us to significantly improve the quality.

Environment Management and Resource Conservation: Bhigwan

- Resource conservation was taken up with renewed focus in the areas of downtime reduction, optimisation of wet end and coating chemicals, lower maintenance cost, increased manpower productivity and reduction of production losses.
- Fibre usage was brought down by increasing ash levels in paper and board and overall ash levels were increased in finished paper through incorporation of new process technologies.
- Energy conservation activities carried out in the plant include installing four Triton aerators in the ETP, strengthening monitoring by installing an on line energy monitoring system, installing VFDs and replacement of calendar blowers, use of bio-refining, and change in refiner plate design. These initiatives translated into reduction in power consumption by 1.6% per MT of paper produced.
- Steam consumption has also reduced by 3.3% per MT of paper produced. This was achieved by optimising the performance of steam and condensate recovery system, reducing leakages and regulating moisture in paper.
- For conserving fresh water, the unit has invested in an RO plant of capacity of 1,320 m³/day for recycling ETP treated water.

Awards and Achievements: Bhigwan

- International award for "Environment Award-Mill" from RISI (Resource Information Systems Inc.)
- First Prize in Excellence in Energy Management Award 2012-13 from MEDA (Maharashtra Energy Development Agency, Pune).
- International award for Quality excellence and Leadership, Pan Pacific Singapore "Safety and Environmental Sustainability Award".
- Winners of "India Corporate Governance & Sustainability Vision Award for Water Stewardship.
- Good Green Governance Award by Srishti Publication Limited, New Delhi.
- Certified Integrated Management System of ISO 9001:2008, ISO

14001:2004, ISO 50001:2011 and OHSAS 18001:2007.

- 'FSC COC' Certification by the Forest Stewardship Council.



Unit: Sewa

Sewa produced 69,947 MT of paper in FY2014 compared to 68,614 MT in FY2013. Captive bleached pulp production increased from 50,687 ADMT in FY2013 to 56,951 ADMT in FY2014.

The mill undertook several initiatives for quality improvement and new product development. New grades of paper including SSML-HB 65, 74, 88, 120 and 165 gsm were developed in line with market demand. In addition, FSC copy paper under the brand name 'P3 Go Green Multipurpose Paper' was introduced.

A major initiative was undertaken to modify the pulp bleaching sequence. This has resulted in a significant reduction in elemental chlorine reduction making the pulp manufacturing process more environment friendly. In addition, there is an improvement in the quality of pulp-brightness — thereby improving the final paper brightness.

In addition, efforts were undertaken to reduce fibre consumption, which was brought down by 2.7% per MT of paper. This was achieved by improving the strength of pulp and incorporating new process technology.

Environment Management and Resource Conservation: Sewa

Significant improvements were achieved in resources conservation including:

- Improvement in chemical recovery efficiency resulting in lower caustic consumption.
- Reduction of almost 15% in steam consumption through modification of steam and condensate system of one of the paper machines.
- Installation and commissioning of energy conservation turbine helping reduce 800 KW purchased power from grid. This turbine is using un-utilised heat energy of steam being supplied for the de-aeration system of boilers.
- Installation of energy efficient pump at river intake resulting in power saving.

In terms of environment protection, Sewa has continuously ensured compliance with the norms laid down by Odisha State Pollution Control Board. Specifically, in FY2014, it started supply of fly ash to local brick manufacturers and worked further in coordination with the

UNIT: BHIGWAN

Fibre usage was brought down by increasing ash levels in paper and board and overall ash levels were increased in finished paper through incorporation of new process technologies.

OSSB

OSSB's stationery business continued to make significant strides by strengthening its portfolio through extensions and new launches in the Executive and Student Stationery categories.

government authorities to make use of 100% fly ash. In addition, steps were taken to improve the green belt area inside and near the plant.

Awards and Achievements: Sewa

- Certified for ISO-9001:2008, Quality Management System, ISO-14001:2004, Environment Management System and OHSAS-18001:2007, Safety and Health Management system.
- Certified for FSC COC-Control Wood by the Forest Stewardship Council.
- Certified for ISO 50001:2011, Energy Management System.
- 2nd runners up in the global RISI award- 2013 under the category of "Innovative product of the Year" award.
- Safety award from Government of Odisha for longest accident free period.



Unit: Ashti

Ashti produced 48,920 MT of paper in FY2014, which was 2,432 MT higher than what was produced in FY2013.

On the product development front, Ashti successfully developed and manufactured new shades and products in writing and printing segment such as Wisdom Print, Magna Print and Copier grade paper for digital printing. During FY2014, it introduced new process technologies including nano-particle technology for RDA system and pigmented OBA technology for better quality of paper. Shrink packing of copier products was also introduced, which resulted in improved quality of packing and lower production costs.

As part of fibre conservation, ash levels in paper have been increased. Also, fibre development through enzyme technology resulted in lower consumption of softwood pulp. These initiatives helped in reduction of fibre consumption along with improvement in paper quality.

Environment Management and Resource Conservation: Ashti

- The mill reduced energy consumption by 10%. Coal consumption decreased by improving boiler efficiency through adopting automation and control software. Power consumption fell by 6% per MT of paper and there are various initiatives planned to achieve further reduction in power consumption.
- Fibre consumption got reduced by 17 Kg/MT of paper produced. Fibre losses from the plant have been further controlled by optimising disc filter operations to reduce sludge generation and ETP load.

Awards and Achievements: Ashti

- Third Prize in Excellence in Energy Management Award 2012 from MEDA (Maharashtra Energy Development Agency, Pune).
- Certified Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- Certified for 'FSC COC' and Control Wood certificate by the Forest Stewardship Council.

OFFICE SUPPLY AND STATIONERY BUSINESS (OSSB)

The Office Supply and Stationery Business (OSSB) recorded yet another year of robust growth in FY2014. The Company's flagship brand Royal Executive Bond (REB), 'Matrix', 'Ten on Ten' continue to record impressive growth and strong market presence. This has helped strengthen BILT's market positioning.

Enabling factors such as increasing literacy, enhanced thrust in education from government's side, improved public-private initiatives, higher corporate spending in the education sector, increasing income levels and greater urbanization are expected to drive rapid growth in the Indian office supplies and stationery product industry.

For the last five years, OSSB has been growing at a CAGR of 25%. In FY2014, there was impressive revenue growth with improved profit margins. The rapid growth in the business has been achieved by leveraging its institutional strengths including in-depth consumer insights, proven brand building capability, deep and wide distribution network, and its paper and packaging expertise.

The OSSB product portfolio offers a wide range of paper products — Value Added Papers (VAP) and Copier as well as an array of stationery items for offices and schools. In the VAP category, while Company's flagship brand REB continued its market leadership in the premium business paper segment and Matrix Multipurpose Paper category continued to enjoy remarkable market standing in multipurpose printing.

OSSB's stationery business continued to make significant strides by strengthening its portfolio through extensions and new launches in the Executive and Student Stationery categories. The business rolls out its product offerings under the 'Matrix' and 'Ten on Ten' brands across different geographies while maintaining focus on consumer led product differentiation and product quality.

In the executive stationery segment, the market standing of the 'Matrix' brand has

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

In the student stationery segment, portfolio enrichment has been driven through the launch of 'Ten on Ten' and 'Matrix Junior' in new and attractive notebook cover designs. Their innovative, first-to-market designs, based on branding of popular children's characters like Dora, Sponge Bob, Barbie, Hot Wheels, Ben 10, Mickey Mouse, etc. have created excitement among school-going children and thus, significantly enhanced the consumer franchise of the brands. During the year under review, 'Ten on Ten' registered impressive growth through its exciting product portfolio, school contact programmes and strong visibility drives at outlet levels, product development capabilities, responsive supply chain and strong distribution network.

As in FY2013, in recognition of excellence in product quality and innovation, OSSB has been again awarded the 'Product of the Year' for stationery product categories in FY2014. The award is based on a consumer survey of over 25,000 respondents, across India.

The business continued to focus on its distribution infrastructure to support large scale distribution as well as to improve reach and availability. The products are presently marketed across India through a well-established network of more than 300 distributors, reaching in excess of 40,000 retail outlets. OSSB also strengthened its export operations and supplied to developed and developing markets — even becoming a supplier to global retailers, like Coles and Office Depot.

While market opportunities were there in FY2014, the business had to deal with the challenge of high input costs on the back of inflationary pressures. These were, however, largely mitigated through a combination of product mix enrichment, improvements in products and process efficiencies, supply chain initiatives and smart sourcing.

Office products and student stationery segments in India continues to be on a long term growth path, driven by rising disposable income, ever evolving consumer preference, growing literacy and thrust in the education sector. OSSB is also well poised to drive its accelerated growth

and seize opportunities by drawing upon its strong portfolio of Copier, VAP and Notebooks, collaborative linkages with small and medium enterprises, sales and distribution competencies and product development capabilities.

RETAIL: P3

P3 is a unique offering that successfully combines world class stationery merchandise, convenience of buying & price integrity and direct office sales. BILT continues to rapidly scale up this relatively new business line by primarily leveraging its robust product portfolio, strong and efficient delivery capability on a pan-India basis and its own heritage of paper and printing expertise.

Today, P3 has emerged as one of the leading players engaged in office product merchandising space by supplying an array of office product requirements directly to over 475 corporate customers spanning sectors like FMCG, Banking, Insurance, Health Care, Power, Automobiles, Metal, Consumer Durables, Aviation and Education.

P3 increased its scale of operations and recorded strong growth in revenues in FY2014, despite there being significant deceleration in industry growth and volume declines in certain segments.

Efforts in expanding its customer base and building an efficient supply chain have enabled P3 to stay on the growth trajectory. It has also been well supported with a wide portfolio of office products encapsulating categories like Copier, Specialty Paper, Office Stationery, Technology Products, Corporate Gifting and Print Services.

With its increasing customer base, growing understanding of consumer insights, a large and relevant portfolio and a responsive supply chain, the business is well poised to expand its footprint in B2B space and accelerate growth in the business.

MALAYSIA: SABAH FOREST INDUSTRIES SDN. BHD. (SFI)

During FY2014, SFI produced 129,642 MT of paper, out of which, 32,974 MT paper was exported. SFI successfully ramped up production from the upgraded Pulp Mill having continuous digester and ECF bleaching process. Production levels have reached around 80% capacity utilisation. Total bleached pulp production was 191,847 MT in FY2014, which was 8.8% higher than FY2013.

In line with the strategy of vertical integration across BILT's different entities,

RETAIL: P3
P3 increased its scale of operations and recorded strong growth in revenues in FY2014, despite there being significant deceleration in industry growth and volume declines in certain segments.

SFI

In FY2014, SFI planted trees across 7,403 hectares. Construction of the first phase of the new central nursery at the mill premises is now complete and with its full productivity, recovery has improved.

SFI exported 83,371 MT of sheeted pulp to BILT's paper manufacturing unit in India.

As part of the pulping process optimisation initiatives to improve the quality and reduce costs, SFI improved cooking yield that brought down the wood consumption by 7.9% of ADMT of bleached pulp produced. Specific consumption of caustic (cooking chemical) was also reduced by 10.3% of bleached pulp and CIO₂ (bleaching chemical) by 11.1% of bleached pulp.

Also as part of the resource conservation initiatives, SFI increased the ash levels in the paper by using new technologies for saving fibre consumption — which reduced by 1.6% of tonne of paper produced. Specific power consumption reduced by 10.5% of output in the paper manufacturing process.

Environment Activities at SFI: Plantation

■ In FY2014, SFI planted trees across 7,403 hectares. Construction of the first phase of the new central nursery at the mill premises is now complete and with its full productivity, recovery has improved. Tree cutting protocols are fully developed and conversion of an existing greenhouse to a misting chamber during FY2015 will increase the production of selected hybrid clones for commercial planting.

■ Work is also going on to establish the Clonal Multiplication Area (CMA) to provide better quality of propagation material to increase the production of cuttings for the nursery. This will continue to allow SFI to capture productivity gains available from clonal forestry similar to those obtained by BILT's extension program in India. SFI was awarded a compliance certificate by the Sabah Forestry Department.

■ The Forestry Stewardship Council Controlled Wood (FSC-CW) certification for the Natural Forest Management Unit (FMU), Verified Legal Compliance (VLC) certification for the established plantations in the Industrial Tree Plantation and Titled Land FMU's was also retained during FY2014.

■ The PEFC endorsed MTCS (Malaysian Timber Certification Scheme) audit to cover all the FMUs was conducted and the certificate is likely to be received shortly.

Awards and Certifications: SFI

■ ISO 9001-2008, OSHAS 18001-2007 & MS 1711:2011 and ISO 14001-2004 certified.

■ Occupational Health and Safety Gold Class (1) - 2012 award from MSOSH in September 2013.

■ RTW (Return To Work) award in June 2014 from Ministry of Human Resources in participation with SOCSO, being the First Malaysian Company to implement the RTW programme for employee welfare.

■ Forest Stewardship Council's (FSC's) Chain of Custody, or COC certification to sell the products as 100% FSC and FSC mix. First production of 100% FSC pulp and paper was done in January 2013.

■ ITC division certified as PEFC/COC by SCS Global in June 2014.

SPECIALTY PAPER BUSINESS

The specialty paper business focuses on the industrial segment of paper use that deals with specialised paper like bond paper. The assets of this business is directly under BILT and comprises the plant at Shree Gopal (Haryana), India.



Unit: Shree Gopal

Production at this unit was 79,686 MT of paper in FY2014, which was marginally lower than the 80,336 MT in FY2013. The lower production was primarily due to a dip in demand for specialty paper given the significant slowdown in industrial activity in India during FY2014.

The mill continued to undertake several quality enhancing initiatives to improve customer servicing and satisfaction. Some of these include:

■ Developed Sunshine Super Printing (natural shade), additional variant in REB Basket (80, 90 gsm chain laid, 250 gsm REB for digital printing) and BCB 350 gsm.

■ Introduced micro-polymer based three component retention aid programs.

■ Substituted 50% GCC filler with talc at one of the machines.

■ ASA sizing-alkaline sized paper.

■ Installed new pressure screen in approach flow in a machine that further improved paper cleanliness.

■ Commissioned a new thermo compressor based cascade system resulting in steam saving.

Environment Management and Resource Conservation: Shree Gopal

■ Shree Gopal has continuously ensured compliance with the Corporate Responsibility for Environment Protection (CREP) norms and has achieved levels of treated effluent and boiler stacks emissions which are below those laid down by Haryana State Pollution Control Board.

■ In terms of natural resource conservation, the unit reduced fibre consumption per MT of paper by 16kg/MT through increasing sheet ash. Veneer waste segment in raw material furnish was also further optimised. Overall, water consumption in the mill reduced by 4% per MT of paper produced. Specific energy consumption per MT of paper manufactured was reduced by 3%. This was achieved by optimisation of equipment, modification in the steam condensate system, replacing inefficient motors with energy efficient ones and installing variable frequency drives.

TISSUE PAPER BUSINESS

The Indian tissue market recovered in FY2014 after a dismal FY2013. Premier Tissues (India) Limited (PTIL), BILT's subsidiary in this business segment, made gains and improved market share. This was achieved with continuous focus on modern trade and national quick service restaurant (QSR) customers, leveraging its manufacturing and pan-India distribution capabilities. The business in modern trade grew by 35% while PTIL made major breakthroughs in some of the top QSR customers in India with segment growth of 20%. The overall PTIL business grew at a healthy rate of 18% inspite of the tough economic conditions.

PTIL was under severe cost pressure during the year primarily on account of higher wages to workmen as well as steep increase in logistics cost. The cost increase was partially offset by several measures such as price hikes, focus on manufacturing efficiencies and other overhead costs.

RAYON GRADE PULP BUSINESS

The Indian pulp business is primarily based on rayon grade pulp for manufacture of VSF & VSY with manufacturing base at Kamalapuram. The market has been under pressure for nearly two years now. During FY2014, increased supply relative to demand further depressed international market prices. This happened due to:

- Continued supply build-up of capacity mainly in China.
- Imposition of safeguard duty on North and South American suppliers by China that resulted in these players flooding other markets.
- Regular availability of stock lots at deep discounts.

Production during FY2014 was 57,053 MT, which was lower than FY2013. The primary reasons for the shortfall were problems with availability and quality of

raw material in the first three quarter and suspension of operations at the unit since May 2014, which was necessitated by market factors.

The management of this business is working on multiple options including exploring other products and market segments while keeping an eye on the prevailing situation in rayon grade pulp market.

HUMAN RESOURCES

The speed of change in today's business world makes it imperative to focus on forward-looking policies, lean processes, shaping talents for tomorrow and invest in futuristic systems and applications. Future success of BILT is dependent on its ability to attract talent, hire them as per the business needs, motivate and develop them for their effectiveness in current and future roles, and retain them through appropriate engagement.

Learning and development opportunity to each employee is one of the key human resource development strategies of our company. Our comprehensive in-house training calendar of Management Development Programs covers a blend of functional and behavioural or soft skills development of employees. We partner with the 'best in class' trainer fraternity to address the competencies of employees. In addition, we collaborated with ISB, Hyderabad for a customised 'General Management' Program to prepare the senior functional managers as good business managers in their current and future roles. The leadership pool of BILT is also put through a development centre for competency mapping, feedback and development. These initiatives are a part of succession planning and professional development.

To improve the connect with employees, BILT embarked on getting objective feedback from employees through 'Employee Satisfaction Survey' for improving employee engagement. Our endeavour is to improve on our strengths and address the right concerns of employees for improvement in organizational culture and work life of employees through partnering with them. Furthermore, we have initiated coffee sessions with MD & CEO for upward feedback and mentoring support for employees. The Job Evaluation exercise with the HAY Group is under progress for assessing the relative worth of jobs and resultant management actions.

The organisation structure, work and people allocation are being periodically re-calibrated to cater to current and

future business requirements, and to further improve efficiency and focus on key business areas requiring specialised expertise for execution. The focus is to have lean right structure to support the business with adequate responsibility and accountability for performance deliveries. Towards this end, talent rationalisation is a continuous exercise through which we drive for optimum employee engagement and productivity.

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

BILT believes in a strong performance driven culture and the Performance Management System (PMS) ensures that we derive the best from our talent. With an aim to align individual competencies with available organisational opportunities, we continue to provide career planning support for employee development and organizational growth. Further, in our continuous endeavour to improve and develop the PMS effectiveness, we administered the 'Appraisal Process Feedback Survey' to get a deep dive perspective, strengthen the Goal-Setting and Performance review process and to make our system more robust, reaping the right benefits/purposes for which it is designed.

Regarding industrial relations, HR continues to manage the process without work disruption, by ensuring continuity of operations in all the units and maintaining industrial peace. At the end of FY2014, BILT had 1,731 permanent employees on its rolls.

INFORMATION TECHNOLOGY

FY2014 was a year of utilization of IT for improving the communication with customers through multiple automated interactions with them on their orders, queries/complaints, dispatches etc. and improvement of company manpower decision making by enabling them with relevant analytics dashboards. This enabled all functions viz. supply chain planning, sales, exports, production and finance taking more informed decisions about strategic and tactical measures in the organization.

To keep the organizational IT Infrastructure risk free and of latest technology, a new Disaster Recovery Site was implemented for the core applications

like ERP and Mailing Solution. In addition, application upgrades were also executed for the same purpose for the organization's intranet portal for employees, Business Intelligence system as well as the corporate mailing solution. An upgrade of all IT Server Rooms at all manufacturing locations and head office was also completed in FY2014 to make them free from fire and related risks.

As part of the long term plan of moving towards one consolidated IT platform for all operations in the organization, sales and production movement to existing ERP was also initiated and is currently in progress to be implemented at all manufacturing locations. This will be completed in FY2015.

FARM FORESTRY

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

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

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

The production programme is supported by strong R&D to improve the genetic stock of planting material to yield more productivity. BTTL has formed research collaborations with premier Indian research institutes like Institute of Forest Genetics and Tree Breeding (IFGTB), Coimbatore, and the Forest Research Institute (FRI), Dehradun. It is also collaborating with scientists from South Africa for its eucalyptus tree breeding programme.

BTTL also facilitates financial assistance for small and marginal farmers through bank loans to encourage them to take up plantations in their rain fed fallow lands.

It gives assured buy back of wood at a declared support/market price, whichever is higher.

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

In FY2014, BTTL raised pulpwood plantations in approximately 10,500 hectares (26,000 acres) of farmland — thus benefiting around 15,000–18,000 small and marginal farmers in the catchment area of BILT's paper mill units.

BTTL has been awarded Prakruti Mitra Award by the Odisha Government for its plantation programme with tribal farmers in the Koraput district of Odisha.

RESEARCH AND DEVELOPMENT (R&D)

In FY2014, the following projects sponsored by the Company were carried out at the Avantha Centre for Industrial Research and Development, Yamuna Nagar.

Completed Projects

- Improvement in washing efficiency of BSW with suitable chemical/wash aid.
- Evaluation of bombax ceiba (Sesal wood) for its chemical composition, pulping behaviour, bleaching response and physical strength properties.
- Study on prediction of unbleached pulp yield by carbohydrate analysis of pulp (BGPPL, Unit-Ballarpur).
- Functional pre-coat approach for gloss grade coated paper.
- Improvement in green liquor clarification for perfection in chemical recovery and causticisation process.
- Evaluation of different approaches for removal of recalcitrant compounds from waste-water.
- Techno-economical process for waste-water treatment to meet the discharge norms at BILT Unit- Kamalapuram.

On-Going Projects

- Study on ozone bleaching of hardwood and bamboo pulps.
- Development of appropriate analytical methods for pulping, bleaching and deinking.

■ Evaluation of wood chips received from BILT (Unit Kamalapuram) for rayon grade pulp.

- Studies on ASA sizing to improve the emulsion stability and hydrophobicity in paper.
- Use of BCTMP in papermaking.
- Studies on starch modification techniques for its use in wet-end and size press.
- Selection of appropriate OWA(s) for wet-end and size press applications for enhancing optical properties.
- Extraction of hemicelluloses prior to kraft pulping for production of value added products.
- Abatement of colour due to dye and lignin compounds in pulp and paper mill waste-water.
- Suitability of indigenous raw materials for making fluff pulp and comparison with commercially available fluff pulp.

INTERNAL CONTROLS AND THEIR ADEQUACY

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

The internal controls are designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

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

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

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

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

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

RISKS

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

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

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

Third, India has witnessed large levels of capacity expansion across all paper segments, but mainly uncoated wood-free. There will be intense competition to penetrate markets with products from the newly installed capacities. Thus, there is an increasing risk of having to face market pressures in an industry characterised by over-supply. BILT has been proactively pre-empting this risk and its businesses strategy is geared to overcome this challenge.

CAUTIONARY STATEMENT

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

GAUTAM THAPAR

Chairman
DIN 00012289

B. HARIHARAN

Group Director (Finance)
DIN 00012432

DATE 27 August 2014
PLACE New Delhi

IT

As part of the long term plan of moving towards one consolidated IT platform for all operations in the organization, sales and production movement to existing ERP was also initiated and is currently in progress to be implemented at all manufacturing locations. This will be completed in FY2015.

CORPORATE SOCIAL RESPONSIBILITY

CSR at the Avantha group is operational at both the individual company level and through the Avantha Foundation. Each company has been conducting CSR activities based on the philosophy of sustainable development. The Avantha Foundation has been set up to work on issues that are critical to the overall development of the country.

At BILT Corporate Social Responsibility (CSR) is based on the belief that business sustainability is closely connected to the sustainable development of the communities that the business is a part of and the environment in which the business operates.

As an intrinsic part of its commitment to its stakeholders, BILT uses CSR to integrate economic, environmental and social objectives with the company's operations and growth.

BILT CSR INITIATIVES COMMUNITY ENGAGEMENTS & SOCIAL INVESTMENTS

As we have reported earlier, CSR at BILT is a crucial area of its business processes. BILT has been working with the neighbouring communities through its partner NGOs. The company has been implementing CSR with a dedicated team and with commitment from its top management and its CSR

initiatives are part of the Company's well defined CSR policy.

BILT reaches out to more than 4,00,000 people in more than 400 villages and 32 Urban Slums. BILT is engaged with the communities with issues that are crucial to the communities for their development as well as issues that are critical for the country as a whole. The communities that BILT works with are predominantly Scheduled Tribes, Scheduled Castes and Other Backward Castes. When we started out interventions around 2001-02, majority of the communities lived with only around Rs. 25-45 (US\$ 0.5-1) a day. Subsistence farming & wage employment were the only sources of food and incomes for the communities. This would result in large scale distress migration. The health indicators showed infant mortality rates that were much higher than the national & state averages, with most of the communities not accessing even the existing government services. Levels of literacy were at abysmally low in some areas (with female



Bumper Crop – Improved Paddy Cultivation Methods

literacy ranging between 15 to 30 percent and male literacy less than 50 percent).

Against this backdrop, BILT decided to initiate its CSR activities with Empowerment Based Models that focussed on Livelihood, Health, Education & Natural Resources Management.

INITIATIVES ON LIVELIHOOD CREATION & ENHANCEMENT

BILT initiated a range of initiatives on creating/supplementing/enhancing livelihoods of the communities through farm based, off-farm as well as vocational initiatives. As it became evident during the Needs Assessment studies, absence of dependable and assured livelihoods brings a whole of lot complex problems for the communities leading to distress migration, living with poor health status and also depriving them of education. The vicious cycle of poverty needed to be broken with some initiatives that could act as a trigger to bring the change that was needed. BILT undertook a series of dialogues with the communities for possible solutions. These initiatives culminated into forming community based organisations like co-operatives.

Farm Based Activities

Agriculture (food crops), horticulture, vegetable cultivation, pulpwood plantation (agro-forestry) on degraded land

Objective

To enable the Community to have dependable and assured sources of livelihood

Impact

- Reduction in abject poverty from earlier 35% to 25% now and distress migration >35% to <20%.
- Enabled assured livelihoods for more than 4000 farmers associated with the Agro-forestry intervention.
- Company is able to source more than 44,000 MT of pulpwood from the vicinity & enable >900 Farmers able to earn Rs. 1 Lakh Average Income in 5 Years against Rs. 6,000 earlier.

Off Farm Activities

Dairy development, poultry, goat rearing

Impact

Dependence on Money lenders significantly reduced from earlier >75% to <10% now. SHGs serve the critical small credit needs.

Entrepreneurship Based Activities

Welding, motor repair, tailoring, grocery etc.

Impact

- Patterns of Loans taken have shown a shift from consumption to productive (business/agri.) e.g. in 2003 Consumption Loan was 75%. In 2013 Business/Agri. Loan is 80%.

- Increase in participation of women in income generation activities from <10% to >35%.

INITIATIVES ON HEALTH

Our intervention with the issue of Maternal and Child Health is by empowering local women (popularly known as Arogyasakhis or Swasthyamitras) to identify and diagnose health problems faced by women and children. The project works on simple premise that local community members if involved in the health projects, creates a low cost monitoring model the results of which are seen in the improvement of health status especially amongst women and children.

Community Based Preventive & Curative Care

Targeted Intervention with Mother & Child, Referral Services & Awareness

Objective

To reduce Infant Mortality (IMR) & Maternal Morbidity Rate (MMR) & Malnutrition. Ensure that the government facilities & services are availed by the communities. Ensure awareness amongst pregnant women & their families on home based care of mother and newborn. Improve Statistics of Institutional Deliveries. Improve health seeking behaviour amongst communities.

Impact

- Increase in access to health facilities, Coverage of RCH increased from <30% to >80%.
- Increase in Institutional Deliveries (from <25% to >86%) leading to decrease in IMR & MMR.
- Reduction in Low Birth weight babies by more than 60%.
- 100% Immunization.
- Reduction in malnutrition in children by 80%.
- Improved Collaboration & Convergence between Govt. Depts. leading to better facilities at village level.



Renovation of Water Harvesting Structure



Rain Water Harvested in Renovated Structure

Minor Ailments Treatment & Promotion of Herbal Medicines.

Objective

Instituting a health fund to deal with catastrophic illness.

Impact

Availability of money for emergencies reducing indebtedness due to health reasons.

INITIATIVES ON EDUCATION

BILT's education initiatives work at two levels. At the community level enabling the children at the primary level to improve their learning abilities and levels appropriate to their grade and arrest drop outs. Community libraries are run to inculcate their interest in reading and improving their knowledge. The Mobile Computer Literacy program is run at the middle school level in government schools to prepare children for the future.

Bridge Classes

Objective

Ensure all Children 6–14 Yrs complete primary level of education.

Impact

Enrolment has increased from 60% to 100%.

Remedial Classes

Objective

Enable out of School Children to access age appropriate basic education.

Impact

- Drop-out rate has decreased from 40% to almost NIL.
- 24,300 out of schools children have been brought into the mainstream.

Community Libraries

Impact

Learning levels show consistent upward trends (Pre-test <35% to Post-test >85%) with clear reading & writing skills.

Mobile Computer Education in Government Schools.

Objective

Basic Computer Literacy for Children in Govt. Schools.

Impact

80% Children have improved performances in Subjects in middle schools (English, Mathematics & Science).

Village Education Committees (Formation & Revival)

Objective

Form, re-activate and energise the Village Education Committees (VECs). Make education a priority agenda for the community.

Impact

- 60% Village Education Committees are active in monitoring & Supervision of education centre's/schools.
- Improvement in reach & functioning of the Mid-day Meal Scheme (from 30% to 70%).

INITIATIVES ON WATER

CONSERVATION & MANAGEMENT

Effective management of scarce natural resources like water is critical to the local areas and the country at large. Rain Water Harvesting is an important area that we are taking ahead with participation of the communities. We have been working in the area for about three years only but the initial outcomes are very encouraging. We will continue to report on this in the subsequent years.

Participatory Water Management

Water Harvesting Structure (Check Dams, Nala Bunding, Percolation Tanks, Farm Ponds etc.)

Objective

- To find community based solutions for managing & replenishing scarce Natural Resources.

- To innovate & find solutions to issues concerning water use efficiency.

Outcome (short term)

- Increased availability of water for multi-usage (bathing/domestic use/irrigation for winter crops etc.).
- Enabled storage of 150 Lakhs Litres of rain water through 8 structures.
- Promotion of Drip — Irrigation and farmers adapting to best water management practices.

Sustainable Land Use

Objective

To Identify suitable crops & techniques for sustainable land use.

Sustainable Forest Management

Objective

Enrich the forest management with effective community engagement.

Solid Waste Management

Objective

To convert waste into organic manure & promote its use with farmers.

The following table indicates the reach of the diverse initiatives that BILT has taken up over the last decade.

KEY PERFORMANCE INDICATORS

TYPES OF GROUPS	UNIT	DURING 2013–14 (JULY'13–JUNE'14)	CUMULATIVE AS ON 1 JULY 2014 (SINCE BEGINNING) FROM 2002–03
COMMUNITY MOBILISATION FOR SOCIAL EMPOWERMENT			
SHGs Formed	Number	81	983
Youth Groups Formed	Number	0	123
Farmers' Groups Formed	Number	2	492
Community Based Organisation (VDCs & VECs Formed)	Number	10	108
COMMUNITY MOBILISATION FOR ECONOMIC EMPOWERMENT			
SHGs linked to Banks	Number	111	902
Co-operative Linked to Banks	Number	0	4
Producer Company of Farmers' Linked to Banks	Number	0	1
Voluntary Savings mobilised by SHGs	Rs. In lakhs	88.7	429.93
Voluntary Deposits mobilised by Credit Co-operative Society	Rs. In lakhs	15.61	302.52
Loans leveraged from banks	Rs. In lakhs	113.02	974.07
Grants received from government	Rs. In lakhs	3.1	64.83
Internal Loans rotated by SHGs & Co-operatives	Rs. In lakhs	232.39	1,480.85
Loans disbursed to members of Credit Co-operative Society	Rs. In lakhs	22.83	231.93
Community Corpus Funds Created	Rs. In lakhs	0	79.68
COMMUNITY BASED EDUCATION FOR EMPOWERMENT			
Non-formal community education centres set up	Number	131	2,291
Number of children covered through education initiatives	Number	11,558	1,96,008
Community libraries started	Number	15	986
Children mainstreamed into formal schools	Number	748	24382
Mobile Computer Literacy Programme (Government Schools)	Number	1,088	1,183
Students covered through mobile computer literacy programme	Number	2,114	25,237
COMMUNITY HEALTH			
Children provided immunization support and basic healthcare	Number	4,343	51,980
Pregnant and lactating mothers provided with healthcare	Number	4,753	29,390
Minor ailment treatment given by CHWs	Number	629	22,749
Referral cases for treatment in government hospitals	Number	1,535	5,257
LIVELIHOOD ENHANCEMENT INITIATIVES			
Number of AI Services Done with the Eligible Livestock	Number	4,982	7,084
Number of Deliveries from AI Services (Hybrid Animals)	Number	1,465	3,443
Number of Cattle attended with Clinical Services	Number	4,966	14,297
ENTREPRENEURSHIP DEVELOPMENT FOR EMPOWERMENT			
Entrepreneurs	Number	35	946
Youth covered through vocational training programme	Number	397	2,722
PULPWOOD PLANTATION WITH MARGINAL & SMALL FARMERS			
Plantation on degraded land with marginal & small farmers	Acres	1,250	6,232
Farmers engaged in pulpwood plantation	Number	843	4,072
Quantity of pulpwood supplied by the marginal & small farmers from earlier plantations	MT	21,385.96	44,056.52
Farmers who have supplied pulpwood to the mill	Number	496	974
HIV/AIDS PREVENTION PROGRAMME			
Patients enrolled for ART	Number	409	3,016
Referral Cases for treatment in government hospitals	Number	339	4,411

CORPORATE GOVERNANCE

Ballarpur Industries Limited ('the Company' or 'BILT') remains focused on developing sustainable value for all its stakeholders including customers, employees, shareholders, suppliers, regulatory authorities and the communities that it operates in. In this endeavour, it believes in operating a business with strong value systems.

Adopting the highest standards of corporate governance based on the principles of accountability, transparency, responsibility and fairness in all aspects of its operations is the corner stone of this business philosophy.

The Company has an active and independent Board of Directors that provide supervisory and strategic advice and direction. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across different levels of management.

The corporate secretarial department and the internal audit function of the Company are ISO 9001:2008 certified and remain committed to adopting best-in-class practices corporate governance and internal controls.

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

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

BOARD OF DIRECTORS COMPOSITION

As on 30 June 2014, the Company had a seven member Board of Directors. The Chairman, Mr. Gautam Thapar is a Non Executive Director and Member of the Promoter Group. The Company had two Executive Directors — Mr. R.R. Vederah (Managing Director & Executive Vice Chairman) and Mr. B. Hariharan (Group Director-Finance). The other four Non Executive Independent Directors are Mr. Sanjay Labroo, Mr. A.S. Dulat, Mr. Ashish Guha and Mr. A.P. Singh {Nominee Director of the Life Insurance Corporation of India (LIC)}. The Directors are eminent personalities and experienced professionals in business, law, finance and corporate management.

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

TABLE 1 DETAILS OF THE BOARD

NAME OF THE DIRECTORS	DESIGNATION	CATEGORY	ATTENDANCE PARTICULARS			NO. OF DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS/ CHAIRMANSHIPS IN OTHER PUBLIC LIMITED COMPANIES*		
			NUMBER OF BOARD MEETINGS UNDER TENURE		LAST AGM*	DIRECTORSHIPS	COMMITTEE	
			HELD	ATTENDED			MEMBERSHIPS	CHAIRMANSHIPS
Mr. Gautam Thapar	Chairman	Non Executive, Promoter	5	5	No	6	2	1
Mr. R.R. Vederah [^]	Managing Director & Executive Vice Chairman	Executive	5	5	Yes	5	4	-
Mr. B. Hariharan	Group Director (Finance)	Executive	5	5	Yes	14	6	3
Mr. Sanjay Labroo	Director	Independent	5	2	No	10	3	-
Mr. A.S. Dulat	Director	Independent	5	5	No	1	-	-
Mr. A.P. Singh	Director (LIC nominee)	Independent	5	2	No	-	-	-
Mr. Ashish Guha	Director	Independent	5	2	No	-	-	-
Mr. P.V. Bhide [§]	Director	Independent	4	4	Yes	N.A.	N.A.	N.A.
Ms. Jane Fields Wicker-Miurin [®]	Director	Independent	3	3	No	-	-	-

* Committees included are Audit and Investors'/Shareholders' Grievance Committee.

[^] 68th Annual General Meeting held on 12 December 2013.

[^] Demitted the office of Managing Director & Executive Vice Chairman on 30 June 2014 and continues as Non Executive Vice Chairman of the Company w.e.f. 1 July 2014.

[§] Resigned with effect from 31 March 2014.

[®] Appointed as additional Director on 12 November 2013 & confirmed by Shareholders as a Director in the AGM held on 12 December 2013 and resigned with effect from 31 March 2014.

BOARD MEETINGS

There were five Board Meetings held in the financial year 2013-14: 29 August 2013, 12 November 2013, 31 January 2014, 28 March 2014 and 12 May 2014. The Board of Directors of the Company is provided with all the statutory and other significant and material information to enable it to discharge its responsibilities as trustees of the Shareholders.

Table 1 gives the details of Directors' attendance at the Board Meetings and Annual General Meeting held during the

year, the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies. Other directorships do not include alternate directorship, directorship of private limited companies, Section 8 companies and companies incorporated outside India.

DIRECTORS' COMPENSATION

The Directors are paid compensation, as approved by the Board and Shareholders

within the ceilings prescribed under the Companies Act, 1956.

The Executive Directors of the Company are paid salary, perquisites, performance linked incentive and other retiral benefits. The Non Executive Directors are paid sitting fees for attending meetings of the Board and its Committees and commission. In addition, the Chairman of Audit Committee and Investors'/Shareholders' Grievance Committee are paid a variable component, over and above the aforesaid normal

TABLE 2 DETAILS OF REMUNERATION OF THE DIRECTORS

AMOUNT IN RS.

NAME OF THE DIRECTORS	SALARY AND PERQUISITES	PROVIDENT FUND AND SUPERANNUATION FUND	COMMISSION PAYABLE	SITTING FEES	TOTAL
Mr. Gautam Thapar	-	-	252,000	1,20,000	372,000
Mr. R.R. Vederah*	4,584,228	550,107	-	-	5,134,335
Mr. B. Hariharan†	5,048,291	1,363,039	-	-	6,411,330
Mr. Sanjay Labroo	-	-	150,000	40,000	190,000
Mr. A.S. Dulat	-	-	225,000	2,20,000	445,000
Mr. Ashish Guha	-	-	150,000	40,000	190,000
Mr. A.P. Singh*	-	-	150,000	1,00,000	250,000
Mr. P.V. Bhide‡	-	-	169,000	1,60,000	329,000
Ms. Jane Fields Wicker-Miurin®	-	-	58,000	80,000	138,000

* Net of recovery

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

‡ Resigned with effect from 31 March 2014.

® Appointed as an additional Director on 12 November 2013 and resigned with effect from 31 March 2014.

commission, for their guidance, expertise and valuable contribution.

The Shareholders, at the 66th Annual General Meeting held on 16 December 2011, approved payment of remuneration by way of commission and/or other means to the Non Executive Directors including Independent Directors of the Company (as a percentage of profits or otherwise, prescribed from time to time), in addition to fees for attending the meetings of the Board of Directors and/or duly authorised Committees thereof, for each of the five financial years commencing from 1 July 2011 as may be permitted pursuant to Section 309 & any other applicable provisions, if any, of the Companies Act, 1956. The remuneration paid/payable to the Directors for the financial year 2013–2014 is given in Table 2.

NON EXECUTIVE DIRECTORS' SHAREHOLDING

As on 30 June 2014, Mr. Gautam Thapar held 11,61,216 Equity Shares and Mr. Sanjay Labroo held 4,95,802 Equity Shares in the Company.

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

CODE OF CONDUCT

The Company has a Code of Conduct for its Directors and designated senior management personnel. The Code of Conduct is available on the website of the Company (www.bilt.com). All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct for the financial year 2013–2014. A declaration signed by Mr. Anup Kansal,

Chief Executive Officer to this effect is annexed to this Report.

COMMITTEES OF THE BOARD

The composition of BILT's Audit Committee, Remuneration Committee, Investors'/Shareholders' Grievance Committee and Risk Management Committee as on 30 June 2014 are given in Table 3.

Apart from the above, BILT also has other Board level committees to manage the day to day decisions pertaining to operations/ business of the Company. All decisions pertaining to the mandate of these Committees and appointment of members are taken by the Board of Directors.

AUDIT COMMITTEE

During the year, the Committee met five times: 29 August 2013, 15 October 2013, 12 November 2013, 31 January 2014 and 12 May 2014. The attendance record is given in Table 4.

All members of the Audit Committee have accounting and financial management expertise. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information. The Company Secretary of the Company acted as the Secretary to the Committee. The Non Executive Vice Chairman, Chief Operating Officer, Chief Financial Officer, Head of internal audit, other relevant officials of the Company and the representatives of the Statutory Auditors and Cost Auditors had attended the meeting(s) as invitees, whenever required.

In addition to review of the financial results of the Company, update on internal audits of various functions, review of internal control systems, applicability and

TABLE 3 COMPOSITION OF BOARD-LEVEL COMMITTEES

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

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

* Resigned as Member & Chairman with effect from 31 March 2014

® Resigned as Member with effect from 31 March 2014.

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

REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

INVESTORS'/SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has an Investors'/Shareholders' Grievance Committee,

details of which are given under the Section 'Shareholders' in this Report.

MANAGEMENT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DISCLOSURES OF MATERIAL TRANSACTIONS

Considering the size and nature of operations, there were no related party transactions of a materially significant nature in terms of the Listing Agreement with Stock Exchanges that could have a potential conflict with the interests of the Company at large.

ACCOUNTING POLICIES

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

INSIDER TRADING

In compliance with the SEBI regulations on prevention of insider trading, the Company has a Code on Insider Trading for its Directors, Management and designated

TABLE 4 ATTENDANCE RECORD OF THE AUDIT COMMITTEE

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED
Mr. P.V. Bhide*	Chairman	4
Mr. B. Hariharan	Member	5
Mr. A.S. Dulat	Member	5
Mr. A.P. Singh	Member	3
Ms. Fields Wicker-Miurin®	Member	1

* Resigned as Member & Chairman with effect from 31 March 2014

® Resigned as Member with effect from 31 March 2014 and one meeting was held during her tenure.

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

NAME OF THE DIRECTOR	DIRECTORSHIPS IN OTHER PUBLIC LIMITED COMPANIES	COMMITTEE MEMBERSHIP/CHAIRMANSHIP	
		AUDIT	INVESTORS'/SHAREHOLDERS' GRIEVANCE
Mr. R.R. Vederah	BILT Industrial Packaging Company Limited	Member	-
	BILT Graphic Paper Products Limited	Member	-
	Premier Tissues (India) Limited	Member	-
	Solaris Chemtech Industries Limited	Member	-
	Talbro Automotive Components Limited	-	-
Mr. Sanjay Labroo	AIS Adhesives Ltd.	-	-
	AIS Glass Solutions Ltd.	-	-
	Asahi India Map Auto Glass Ltd.	-	-
	Asahi India Glass Ltd.	-	Member
	Crompton Greaves Ltd.	Member	-
	Maltex Malsters Ltd.	-	-
	Krishna Maruti Ltd.	-	-
	Mahindra First Choice Wheels Ltd.	Member	-
	Shield Autoglass Ltd.	-	-
	SKH Metals Ltd.	-	-
Mr. A.S. Dulat	Onicra Credit Rating Agency of India Ltd.	-	-
Mr. Ashish Guha	Cosmo Films Limited	Member	-

Executives. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

SHAREHOLDERS DISCLOSURE REGARDING APPOINTMENT AND/OR RE-APPOINTMENT

As per the provisions of the Companies Act, 2013, Mr. R.R. Vederah retires by rotation at the forthcoming Annual General Meeting.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, all Independent Directors of the Company must be appointed in accordance with the provisions of Companies Act, 2013 at a General Meeting of the Company within 1st year of the commencement of the Act i.e. 1 April 2014.

Accordingly, Mr. Sanjay Labroo, Mr. A.S. Dulat and Mr. Ashish Guha, Independent Directors are recommended for confirmation of appointment as Independent Directors by Shareholders at the forthcoming Annual General Meeting, as per the provisions of the Companies Act, 2013.

Their brief profiles are as under and other directorships are given in Table 5.

Mr. R.R. Vederah

Mr. Vederah has more than 40 years of experience in the paper and other

industries, and had been part of the senior management of several paper companies, including more than 30 years with BILT. Mr. Vederah is the Non Executive Vice Chairman of BILT and is also a director on the boards of various subsidiaries of Avantha and BILT. Further, Mr. Vederah is the Chairman of Thapar University, Patiala (India).

Mr. Vederah is an independent director of Talbro Automotive Components Limited (India), a company listed on the BSE Limited and the National Stock Exchange of India Limited.

Mr. Vederah began his career at M/s. Larsen & Toubro Ltd in 1971, where his last position with the company was Senior Manager. In 1981, Mr. Vederah joined BILT, where he served in various positions until his departure in 1993 as a Vice President of Operations. He joined Sinar Mas Pulp & Paper (India) Ltd. as an executive director, heading the entry strategy function until 1996. In 1996, Mr. Vederah joined Shree Rayal-Seema Paper Mills Ltd. where he was the joint chief executive officer, overseeing the management and operations of the company until 1997.

From 1997, Mr. Vederah served in various senior management positions within BILT, holding the last position as Managing Director and Executive Vice Chairman until June 2014. At BILT, Mr. Vederah was responsible for overall management and

operations, implementation of business strategy, new technology and quality initiatives aimed at achieving market leadership position in the South Asian Region, acquisitions & integration of SFI and major expansions at Units Bhigwan, Ballarpur and SFI.

Mr. Vederah was named as Asian CEO for the Year 2011 by RISI, the definitive source for information on the global forest products industry and was consecutively ranked in Global Pulp and Paper Industry Power 50 list of RISI from 2009 to 2012. Mr. Vederah holds a Bachelor of Technology (Chemical) from the Indian Institute of Technology in New Delhi, India and a Master of Science from the University of Aston in Birmingham, United Kingdom.

Mr. Sanjay Labroo

Mr. Sanjay Labroo is a Doon School alumnus and a graduate in Finance and Management from the Wharton School of Business & Finance, Pennsylvania, USA.

Mr. Labroo is the promoter entrepreneur of Asahi India Glass Limited (AIS), and has been the Managing Director & CEO of AIS since 1990. As the promoter entrepreneur of AIS, Mr. Labroo has been instrumental in transforming AIS from being supplier of one product, automotive tempered glass, to one customer, Maruti Suzuki India Ltd., when it started in 1987, to its current position of an integrated glass Company in India.

Mr. Labroo is a Director on the Boards of various companies. He also served as a Director on the Central Board of Reserve Bank of India (2007–11) and was a member of the Board for Financial Supervision and Monetary Policy Committee. He was the President of ACMA for 2007–08 and Chairman of the Architectural Glass Panel of All India Glass Manufacturers' Federation (AIGMF) for 2012–13. Mr. Labroo was also the Chairman of OEM Committee of ACMA for 2011–13 and continues to be an active member of these associations.

Mr. A.S. Dulat

Mr. Dulat, former Chief of Research and Analysis Wing (RAW), has done his Masters in History from Punjab University,

Chandigarh. He joined the Indian Police Service (Rajasthan Cadre) in 1965 and after a short stint of couple of years in the state, he was seconded to the Ministry of Home Affairs (Intelligence Bureau) in March 1969.

Mr. Dulat served in the security service for 30 years and First Secretary in the Indian Embassy in Kathmandu (1976–80).

He was Head RAW in 1999–2000. On superannuation, he was re-employed as advisor on Kashmir in the Prime Ministers' Office from January 2001 to May 2004. He was a member of the National Security Advisory Board for two years.

He was inducted as a Director of the Company in the year 2006.

Mr. Ashish Guha

Mr. Ashish Guha, aged 57 years, holds a Bachelor's degree in Economics (Hons.). He has rich experience of 28 years in Investment Banking, having been the CEO of Lazard India Ltd., a leading international investment bank and Senior Partner at Ambit Corporate Finance.

Mr. Guha has the experience of advising a large number of M&A and Capital Market transactions in India. He also headed the privatization practice at Lazard India Ltd.

Mr. Guha had been the CEO & Managing Director of HeidelbergCement India Limited (formerly Mysore Cements Limited and Indorama Cement) since August 2006.

Mr. Guha had the distinction of:

- Integrating the cultures and processes of the companies;
- Turning around the company in a record time of less than an year;
- Initiating and completing the major expansion project of 3 million tonnes;
- Effectively led the post expansion production and sales stabilization.

He is a Director on the Board of Ballarpur Industries Limited (BILT) as well as a member of Risk Management Committee and Remuneration Committee of BILT.

Mr. Guha has recently joined the board of Cosmo Films Limited.

Mr. Guha has been a part of several international forums, including having been to Davos.

COMMUNICATION TO SHAREHOLDERS

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

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

The financial results of the Company are usually published in The Financial Express (all editions) & LokSatta (Nagpur: Marathi edition) and are simultaneously uploaded on the Company's website (www.bilt.com). The Company also sends the results and announcements to the Luxembourg Stock Exchange for the benefit of the GDS holders.

GENERAL BODY MEETINGS

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

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

2011

Payment of remuneration by way of commission and/or other means to the Non Executive Directors including Independent directors of the Company (as a percentage of profits or otherwise, prescribed from time to time), in addition to fees for attending the meetings of the

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

YEAR	CATEGORY*	LOCATION OF THE MEETING	DATE
2011	AGM	P.O. Ballarpur Paper Mills 442901, Distt. Chandrapur, Maharashtra	16 December 2011
2012	AGM	P.O. Ballarpur Paper Mills 442901, Distt. Chandrapur, Maharashtra	18 December 2012
2013	AGM	P.O. Ballarpur Paper Mills 442901, Distt. Chandrapur, Maharashtra	12 December 2013

*AGM—Annual General Meeting, Time of Meetings: 12.00 Noon

TABLE 7 UNCLAIMED DIVIDENDS

DATE OF DECLARATION OF DIVIDEND	DIVIDEND FOR THE FINANCIAL YEAR	TENTATIVE SCHEDULE FOR TRANSFER TO IEPF
4 December 2007	2006–07	December 2014
2 December 2008	2007–08	December 2015
18 December 2009	2008–09	January 2017
1 December 2010	2009–10	December 2017
16 December 2011	2010–11	January 2019
18 December 2012	2011–12	January 2020
12 December 2013	2012–13	January 2021

TABLE 8 BILT'S STOCK CODES

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

Board of Directors and/or duly authorised Committees thereof, for each of the five financial years commencing from 1 July 2011 as may be permitted pursuant to Section 309 & any other applicable provisions, if any, of the Companies Act, 1956.

2012

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

2013

Approval for borrowings under Section 180(1)(c) of the Companies Act, 2013.

POSTAL BALLOT

No resolution through postal ballot has been passed during the year under review.

CAPITAL MARKET COMPLIANCE

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

INVESTORS'/SHAREHOLDERS' GRIEVANCE COMMITTEE

The Investors'/Shareholders' Grievance Committee comprises Mr. A.S. Dulat

as Chairman, Mr. Gautam Thapar and Mr. B. Hariharan as its members, details of which are given under the section 'Shareholders' in this chapter.

During the year, a meeting was held on 30 May 2014 and was attended by all its members.

During the financial year ended 30 June 2014, 9 complaints were received from the Investors/Shareholders and all of them were redressed/resolved.

UNCLAIMED SHARES

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

The Registrar and Transfer Agent of the Company had sent a letter dated 21 September 2011 to 4,825 Members, followed by first reminder on 5 March 2012 to 4,748 Members, second reminder on 13 October 2012 to 4,669 Members and final reminder on 10 October 2013 to 4,610 members to claim the aforesaid Share Certificate(s). Members may write to the Company to claim the said Share Certificates which shall be despatched, after completion of documentation.

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

GOVERNANCE OF SUBSIDIARIES

The subsidiaries of the Company are managed by an experienced Board of Directors. The minutes of the subsidiaries are reviewed by the Board of Directors of the Company on a regular basis. In compliance with Clause 49 of the Listing Agreement, Mr. P.V. Bhide, Independent Director had also been representative of the Company on the Board of Directors of BILT Graphic Paper Products Limited (BGPPL), a material non-listed Indian subsidiary. With effect from 31 March 2014, Mr. P.V. Bhide has resigned from the Board of the BGPPL. The Company is in the process of appointing an Independent Director as a representative of the Company on the Board of Directors of BGPPL.

CEO/CFO CERTIFICATION

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

REPORT ON CORPORATE GOVERNANCE

This chapter, read with the information given in the section titled Additional Shareholders' Information, constitutes the compliance report on Corporate Governance for the Financial Year 2013–14.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance for the FY2013–14, as prescribed by Clause 49 of the Listing Agreement with Stock Exchanges, which is attached herewith.

ADDITIONAL SHAREHOLDERS' INFORMATION ANNUAL GENERAL MEETING

DATE 19 December 2014

TIME 12:00 noon

VENUE P.O. Ballarpur Paper Mills-442901, Distt. Chandrapur, Maharashtra

FINANCIAL CALENDAR 2014–15

FINANCIAL YEAR July–March*

*change in accounting year.

FINANCIAL RESULTS Normally within 45 days of end of the Quarter, except last Quarter and audited annual results which shall be published within 60 days.

BOOK CLOSURE

The dates of book closure are from 5 December 2014 to 19 December 2014, both days inclusive.

DIVIDEND PAYMENT

A final dividend of Re. 0.20 per Equity Share will be paid within the prescribed statutory period, subject to declaration by the Shareholders at the ensuing Annual General Meeting.

UNCLAIMED DIVIDENDS

Dividends pertaining to the financial years 2006–07 onwards, as detailed in Table 7, which remain unclaimed and unpaid for a period of seven years, will be transferred to the Investor Education and Protection Fund (IEPF), as required statutorily. To enable the members to claim their dividend before its transfer to the above Fund, the tentative schedule for transfer is given in Table 7. The details are also available on the website of the Company i.e. www.bilt.com.

UNCLAIMED BUY BACK CONSIDERATION

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

LISTING DETAILS

At present, the Equity Shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India. The annual listing fee for the financial year 2013–14 has been paid to both the Stock Exchanges. The Company's stock codes at various exchanges are given in Table 8.

Table 9 gives the details of monthly price and volumes traded of BILT's shares at the BSE and the NSE, while Charts A and B compare the price movements of BILT's share with respect to the BSE SENSEX and the NSE NIFTY, respectively.

NON CONVERTIBLE DEBENTURES (NCDs)

The unsecured NCDs of Rs. 125 Crores are in dematerialized form and are listed on Bombay Stock Exchange Limited. These NCDs were rated as A+(ind) with stable outlook by India ratings (FITCH group). As on date of this Report, NCDs of Rs. 50 Crore are outstanding.

During the year, the Company raised Rs. 150 Crores by private placement of Secured redeemable non-convertible debentures (NCDs) of face value of Rs. 10 lac each. These NCDs are rated as A+ (ind) with stable outlook by India ratings (FITCH group) which are in dematerialised form and listed on BSE Limited (BSE).

REGISTRAR AND TRANSFER AGENT

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

M/s. RCMC Share Registry (P) Limited
B-25/1, First Floor, Okhla Industrial Area,
Phase 2 New Delhi-110020
TEL +91 11 26387320, 26387321,
26387323

FAX +91 11 26387322

SHARE TRANSFER SYSTEM

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

DEMATERIALISATION OF SHARES

The Equity Shares of the Company are compulsorily traded on the Stock Exchanges, only in dematerialised form and are available for holding in the depository systems of National Securities Depository Limited and Central Depository Services (India) Limited. As on 30 June 2014, 98.44 percent of the total Equity Shares of the Company were held in dematerialised form, as compared to 98.42 percent last year.

OUTSTANDING GLOBAL DEPOSITORY SHARES (GDS)

As on 30 June 2014, there were 41 outstanding GDS which represent 123 underlying equity shares.

DISTRIBUTION OF SHAREHOLDING

Tables 10 and 11 give the distribution of shareholding of the equity shares of the Company by size and ownership as on 30 June 2014.

REGISTERED OFFICE

Ballarpur Industries Limited
P.O. Ballarpur Paper Mills-442901
Distt. Chandrapur, Maharashtra
TEL +91 7172 240262/200
Extn. 234/339
FAX + 91 7172 240548
EMAIL sectdiv@bilt.com

PLANT LOCATIONS

UNIT SHREE GOPAL

P.O. Yamunanagar, Distt. Yamunanagar, Haryana 135001

UNIT KAMALAPURAM

Mangapet Mandal,
Distt. Warangal - 506172,
Telangana.

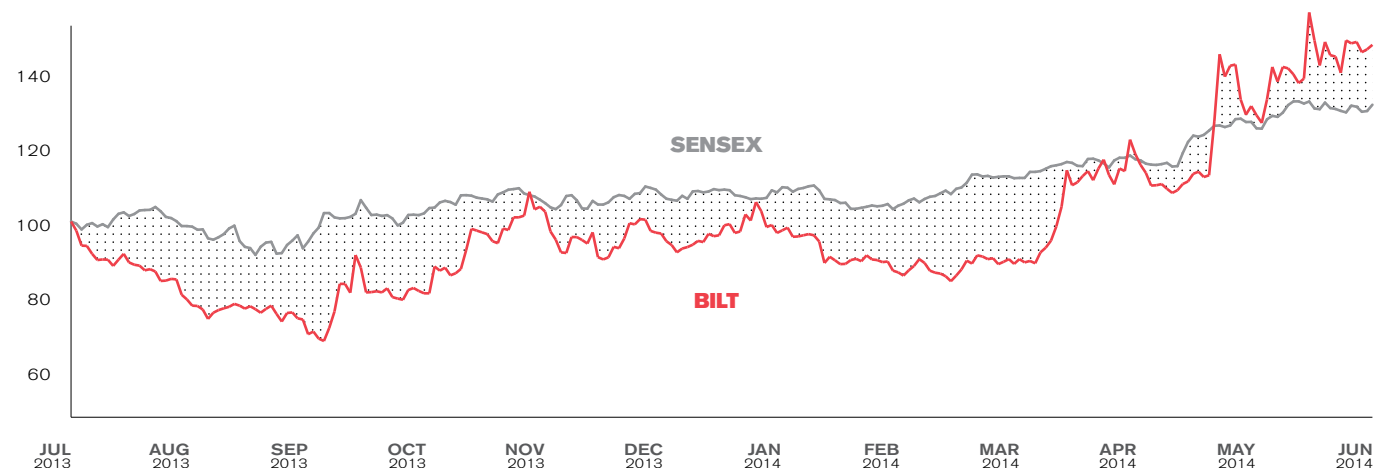
ADDRESS FOR CORRESPONDENCE

For share transfer, dematerialisation of shares, payment of dividend and any other related queries of Analysts, Fills, Institutions, Mutual Funds, Banks and Fixed Deposits is:

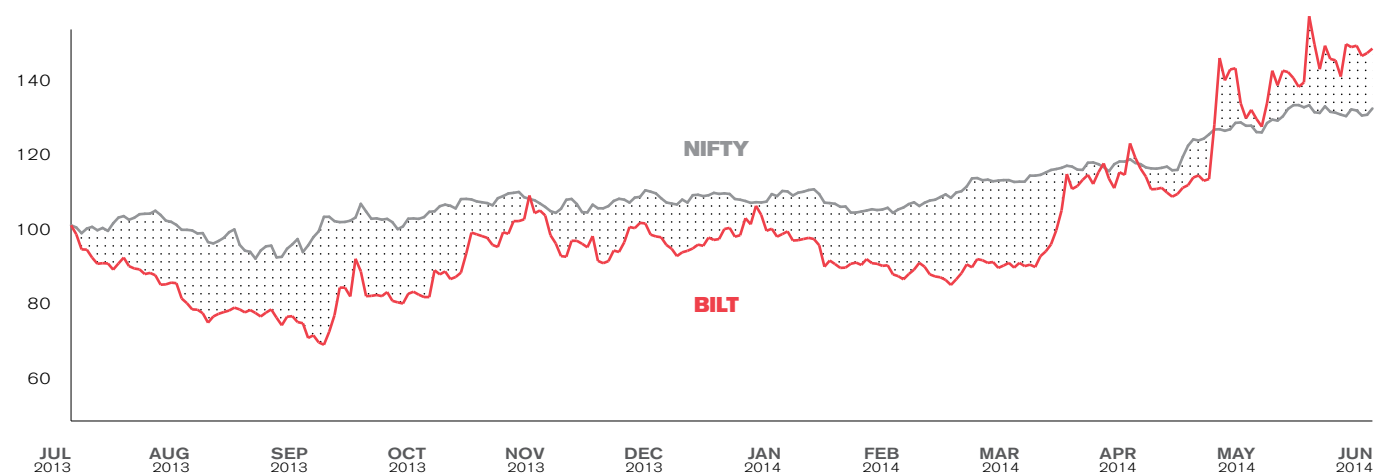
Corporate Secretarial Department,
Ballarpur Industries Limited, First India
Place, Tower-C, Block-A, Sushant
Lok-1, Mehrauli-Gurgaon Road,
Gurgaon-122002.
TEL +91 124 2804242/43
TEL +91 124 4099208
FAX +91 124 2804261
EMAIL sectdiv@bilt.com

TABLE 9 MONTHLY PRICE & VOLUMES OF BILT'S SHARES FOR 2013-14 AT BSE AND NSE, INCLUDING INDICES

MONTH	BSE LIMITED				NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
	HIGH (RS.)	LOW (RS.)	VOLUME (LACS)	SENSEX (CLOSE)	HIGH (RS.)	LOW (RS.)	VOLUME (LACS)	NIFTY (CLOSE)
Jul-13	13.95	10.45	13.27	19,345.70	14.00	10.50	8.50	5,742.00
Aug-13	11.88	8.90	10.11	18,619.72	11.15	8.40	3.21	5,471.80
Sep-13	13.00	9.08	31.98	19,379.77	12.60	9.05	96.15	5,735.30
Oct-13	13.65	10.45	52.86	21,164.52	13.70	10.50	118.25	6,299.15
Nov-13	15.37	11.75	106.10	20,791.93	15.45	11.75	229.13	6,176.10
Dec-13	14.10	12.17	89.79	21,170.68	13.95	12.10	207.28	6,304.00
Jan-14	14.38	11.76	98.94	20,513.85	14.40	11.50	203.24	6,089.50
Feb-14	12.65	11.22	36.73	21,120.12	12.65	11.35	82.86	6,276.95
Mar-14	13.30	11.21	47.34	22,386.27	13.25	11.20	97.80	6,704.20
Apr-14	17.40	13.20	136.74	22,417.80	16.35	13.10	300.28	6,696.40
May-14	19.40	14.12	119.85	24,217.34	19.50	14.15	248.01	7,229.95
Jun-14	21.80	16.75	302.68	25,413.78	21.80	16.65	776.78	7,611.35

CHART A BILT'S SHARE WITH RESPECT TO THE BSE SENSEX

Note: Both BILT's share price at the BSE and the SENSEX have been indexed to 100 as of 1 July 2013

CHART B CHART A BILT'S SHARE WITH RESPECT TO THE NSE NIFTY

Note: Both BILT's share price at the NSE and the NIFTY have been indexed to 100 as of 1 July 2013

TABLE 10 SHAREHOLDING PATTERN BY SIZE AS ON 30 JUNE 2014

NUMBER OF EQUITY SHARES HELD	NUMBER OF SHARE HOLDERS*	PER CENT OF SHARE HOLDERS	NUMBER OF SHARES*	PER CENT OF SHAREHOLDING
1-1000	70,786	86.46	1,83,75,701	2.80
1001-5000	8,557	10.45	1,99,01,997	3.04
5001-10,000	1,262	1.54	94,43,605	1.44
10,001 and above	1,266	1.55	60,78,02,536	92.72
Total	81,871	100.00	65,55,23,839	100.00

* 61,876 shareholders hold 64,52,94,729 equity shares (98.44%) in demat form.

TABLE 11 SHAREHOLDING PATTERN BY OWNERSHIP AS ON 30 JUNE 2014

CATEGORY	NO. OF SHARE HOLDERS	PER CENT OF SHARE HOLDERS	NO. OF SHARES HELD	PER CENT OF SHARE HOLDING
Promoters and Promoter Group	6	0.01	32,39,83,396	49.43
FII and FFI	49	0.06	10,91,18,403	16.65
Mutual Funds	22	0.03	3,27,36,871	4.99
Financial Institutions/Banks	38	0.05	5,38,756	0.08
Insurance Companies	6	0.01	6,39,16,669	9.75
NRIs	1,320	1.61	1,23,76,472	1.89
Corporates	1,126	1.38	2,70,36,673	4.12
Individuals and Others	79,304	96.85	8,58,16,599	13.09
Total	81,871	100.00	65,55,23,839	100.00

For and on behalf of the Board of Directors

DATE 27 August 2014

PLACE New Delhi

GAUTAM THAPAR

Chairman

DIN 00012289

B. HARIHARAN

Group Director (Finance)

DIN 00012432

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

The Members of Ballarpur Industries Limited

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

For Ballarpur Industries Limited

ANUP KANSAL

Chief Executive Officer

DATE 27 August 2014

PLACE New Delhi

CERTIFICATE

The Members of Ballarpur Industries Limited

We have examined the compliance of conditions of Corporate Governance by Ballarpur Industries Limited, (the "Company"), for the year ended 30 June 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or

effectiveness with which the Management has conducted the affairs of the Company.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN 106009W

DATE 27 August 2014

PLACE New Delhi

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixty Ninth Annual Report together with the Audited Statement of Accounts for the financial year ended 30 June 2014.

OPERATIONS

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

DIVIDEND

Your Directors have recommended payment of dividend of Re. 0.20 per equity share of Rs. 2/- each (previous year Re. 0.30 per equity share) on the equity share capital of the Company for the financial year ended 30 June 2014.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Jane Fields Wicker-Miurin was appointed as an Additional Director (Independent Director) by the Directors on 12 November 2013 and subsequently appointed as a Director at the Annual General Meeting held on 12 December 2013.

Mr. R.R. Vederah demitted the office of Managing Director & Executive Vice Chairman on 30 June 2014 and continues to be Non Executive Vice Chairman of the Company.

Mr. P.V. Bhide and Ms. Jane Fields Wicker-Miurin, Directors resigned from the Board of Directors of the Company with effect from 31 March 2014, to ensure their significant time commitments as Directors on the Board of Bilt Paper B.V. (BPBV-formerly Ballarpur International Graphic Paper Holdings B.V.), a step down subsidiary of the Company. The Board placed on record its deep appreciation for valuable contributions made and insights provided by them during their tenure as Directors of the Company.

As per the provisions of the Companies Act, 2013 ("the Act"), Mr. R.R. Vederah retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Pursuant to provisions of the Act, all Independent Directors of the Company must be appointed within one year of the commencement of the Act. Accordingly, Mr. Sanjay Labroo, Mr. A.S. Dulat and Mr. Ashish Guha, Independent Directors are recommended for confirmation of appointment as Independent Director for a period of five years as per the provisions of the Act. All the Independent Directors have affirmed compliance thereto.

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

FINANCIAL HIGHLIGHTS

IN RS. CRORE

PARTICULARS	STANDALONE		CONSOLIDATED	
	2013-14	2012-13	2013-14	2012-13
Net Sales	944.81	981.14	5220.32	4,854.81
Profit before Interest, Depreciation, Amortisation and Taxes	135.62	161.22	948.05	875.58
Less: Finance Cost	53.74	42.64	422.86	346.71
Profit before Depreciation, Amortisation and Taxes	81.88	118.58	525.19	528.87
Less: Depreciation and Amortisation	71.74	80.89	495.64	451.70
Profit for the year before Tax	10.14	37.69	29.55	77.17
Less: Tax Expense	(25.08)	4.50	(32.11)	(16.38)
Profit after Tax	35.22	33.19	61.66	93.55
Less: Minority Interest	-	-	11.89	15.67
Add: Balance brought forward from the previous year	255.47	248.87	600.56	625.48
Add: Debenture Redemption Reserve no longer required	18.75	20.00	23.12	40.00
Leaving a surplus of	309.44	302.06	673.45	743.36
Which your directors recommend, be appropriated as follows:				
Transfer to General Reserve	-	1.70	-	1.70
Distribution on unsecured perpetual securities	-	-	101.55	90.41
Transfer to Debenture Redemption Reserve	46.88	21.88	30.00	21.88
Payment of Dividend:				
Proposed Dividend on 65,55,23,839 Equity Shares of Rs. 2/- each @ 10 percent	13.11	19.67	13.11	19.67
Add: Dividend Tax	2.62	3.34	8.70	9.14
Balance carried forward to next year's Account	246.83	255.47	520.09	600.56

PROMOTER GROUP

The Company is a part of US\$ 4 Billion Avantha Group, one of India's leading business conglomerates led by the Chairman, Mr. Gautam Thapar. The Avantha Group has a worldwide presence in 90 countries with more than 25,000 employees. As required by the Listing Agreement with the Stock Exchanges,

the Company periodically discloses its Promoter Group and persons acting in concert in the shareholding pattern and other filings with the Stock Exchanges.

SUBSIDIARY COMPANIES

The Company has three Indian subsidiaries viz. BILT Graphic Paper Products Limited (BGPPL), BILT Tree Tech Limited (BTTL)

and Premier Tissues (India) Limited (PTIL) and five foreign subsidiaries i.e. four based in The Netherlands namely Ballarpur International Holdings B.V. (BIH), Bilt Paper B.V. (BPBV - formerly Ballarpur International Graphic Paper Holdings B.V.), Ballarpur Paper Holdings B.V. (BPH) and Ballarpur Speciality Paper Holdings B.V. (BSPH); Sabah Forest Industries Sdn. Bhd. (SFI) based in Malaysia. BTTL and PTIL are direct subsidiaries and BGPPL is a step down subsidiary of the Company.

BPBV has made its first submission of draft Offer document for possible offer & listing of its equity shares on the main market of the Singapore Stock Exchange (SGX-ST) and Monetary Authority of Singapore (MAS) on 21 July 2014.

Pursuant to a general exemption granted by the Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956, the Company is not required to annex to this Report, the Annual Reports of the abovementioned subsidiaries for the financial year ended 30 June 2014. However, if any Member of the Company desires to obtain the Annual Reports of its subsidiaries, the Company will make the same available, upon request. The aforesaid Annual Reports will also be available for inspection at the Registered and Head Office of the Company and at Registered Office of the subsidiaries during working hours upto the date of the Annual General Meeting.

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

CONSOLIDATION OF ACCOUNTS

As required by Accounting Standards AS-21 and AS-23 of the Institute of Chartered Accountants of India, the financial statements reflecting the consolidation of the Accounts of the Company and its 8 subsidiaries mentioned above are annexed to this Report.

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

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant particulars pertaining to conservation of energy, research & development,

technology absorption and foreign exchange earnings and outgo are given in the prescribed format as an Annexure to this Report.

PARTICULARS OF EMPLOYEES

The statement of particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2011, forms a part of this Report. However, as permitted by the Companies Act, 1956, the Report and Accounts are being sent to all Members and other entitled persons excluding the above statement. Those interested in obtaining a copy of the said statement may write to the Company at its Registered Office and the same will be sent by post. The statement is also available for inspection at the Registered Office, during working hours upto the date of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS

The Statutory Auditors of the Company, M/s. K.K. Mankeshwar & Co., retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment on terms to be recommended by the Audit Committee and Board of Directors. The Company has received requisite certificate to the effect that their re-appointment, if made at the ensuing Annual General Meeting, would be in accordance with Section 141 (3)(g) of the Companies Act, 2013.

The Company had appointed M/s. Bahadur Murao & Co., Cost Accountants, to audit the Cost Accounts

related to paper manufactured by the Company at Unit Shree Gopal, for the financial year ended 30 June 2013. The due date for filing the Cost Audit Report was 27 December 2013, which was filed on 26 December 2013.

The Company had appointed M/s. Bahadur Murao & Co. to audit the Cost Accounts related to paper manufactured at Unit Shree Gopal for the financial year ending 30 June 2014. The due date for filing the Cost Audit Report for the said financial year is 27 December 2014.

For and on behalf of the Board of Directors

GAUTAM THAPAR

Chairman
DIN 00012289

B. HARIHARAN

Group Director (Finance)
DIN 00012432

DATE 27 August 2014

PLACE New Delhi

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

The Company has discontinued acceptance of fresh deposits and also renewal of deposits. There is no deposit due for maturity. Deposit of Rs. 18.40 lacs due for repayment as on 30 June 2013 were unclaimed by 70 depositors. During the financial year 2013-14, the Company has transferred the entire amount of Rs. 11.40 lacs to Investor Education and Protection Fund on completion of seven years and paid Rs. 7.00 lacs to 8 depositors. No amount of principal or interest was outstanding as on 30 June 2014.

ACKNOWLEDGEMENT

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

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

ANNEXURE TO DIRECTORS' REPORT

FORM A DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

POWER AND FUEL CONSUMPTION	CURRENT YEAR 2013-14		PREVIOUS YEAR 2012-13	
	PAPER	RAYON GRADE PULP	PAPER	RAYON GRADE PULP
I. ELECTRICITY				
a) Purchased				
Units (000 KWH)	1,865	17,076	2,085	11,395
Total Amount (Rs. Lacs.)	257	1,131	237	713
Rate/Unit (Rs.)	13.76	6.62	11.37	6.26
b) Own Generation				
(i) Through Generator — D.OIL/LSHS/HSD				
Units (000 KWH)	-	-	-	-
Units per litre of D.Oil/LSHS/HSD (KWH)	-	-	-	-
Cost per unit (Rs.)	-	-	-	-
(ii) Through Steam Turbine/Generator				
Units (000 KWH)	93,324	60,062	90,736	87,677
Units of Power per MT of coal (KWH)	1,354	597	1,242	587
Cost per unit (Rs.)	4.93	6.01	6.45	5.03
II. COAL (QUALITY USED IN BOILERS-GRADES: B,C,D, ETC.)				
Quantity (M.T.)	93,659	1,00,544	92,543	1,49,423
Total Cost (Rs. Lacs)	6,247	3,609	6,600	4,406
Average rate (Rs./M.T.)	6,670	3,590	7,132	2,949
III. FURNACE OIL/LSHS/LDO/RFO				
Quantity (K.L.)	954	2,727	1,602	5,751
Total Cost (Rs. Lacs.)	438	1,219	667	2,023
Average Rate (Rs./K.L.)	45,947	44,700	41,635	35,178
IV. OTHERS/INTERNAL GENERATION ETC. (BLACK LIQUOR, SOLIDS FIRED, WASTE HEAT RECOVERY, LPG)				
Quantity (Coal Equivalent) (M.T.)	-	-	-	-
Total Cost (Rs. Lacs)	-	-	-	-
Average Rate (Rs./M.T.)	-	-	-	-

FORM B CONSUMPTION PER UNIT OF PRODUCTION

	ELECTRICITY		COAL		FURNACE OIL		OTHERS/INTERNAL GENERATION	
	(KWH/TONNE)		(M.T./TONNE)		(K.L./TONNE)		(M.T./TONNE)	
	CURRENT YEAR 2013-14	PREVIOUS YEAR 2012-13	CURRENT YEAR 2013-14	PREVIOUS YEAR 2012-13	CURRENT YEAR 2013-14	PREVIOUS YEAR 2012-13	CURRENT YEAR 2013-14	PREVIOUS YEAR 2012-13
Paper	1,195	1,155	1.175	1.152	0.012	0.020	0.000	0.000
Rayon Grade Pulp	1,352	1,225	1.762	1.848	0.048	0.071	-	-

Energy conservation measures taken, results achieved & plans for the future and specific measures taken during the financial year 2013–2014.

All business Units continued their efforts to improve energy usages efficiency and increase contributions from renewable sources of energy. Innovative ways and new technologies were constantly explored to reduce energy consumption. Some of the measures adopted across the Company were:

Unit: Shree Gopal

Reduced power consumption by 358 KWH as per below details:

- Provided VFD at C.W.Pump No.2 of TG turbine and saved 38 KW.
- Removed Dyno drive unit from Andritz filter ETP and provided induction motor controlled with VFD for speed control and power saving 3 KW.
- Stopped Fire pump running in Evap. House after charging hydrants with treated effluent and saved 30 KW.
- Commissioned AC drive and AC motor at line shaft of PM-2 in place of DC drive & motor and saved 15 KW and reduction in cost of carbon brushes.
- Made two speed control of Couch pit pumps PM-1 & 2 with signal tower annunciation to operate couch pit pumps at slow/fast speed according to paper web status at suction couch and saved 10 KW.
- By-passed 450 m3 broke tower & stopped pumping and agitation function of the tower and saved 10 KW.
- Hooked couch pit pump of PM-4 with controller in auto mode and saved 6 KW.
- Commissioned VFD of UTM Pulper 1PM-4 for energy saving and saved 10 KW.
- Commissioned VFDs for H.P. boilers SA fan 1, 2 & 3 and saved 3X9=27 KW.
- Provided running interlock for hood fans 1, 2, 3, Pre dryer and post dryer fans and PV blower PM-4 with both suction couch vacuum pumps and power saved 2 KW.
- Started all the four coal feeder motors of CFB1,2 & 3 with VFD for energy saving and saved 12 KW.
- Replaced Dyno-drive motor with induction motor controlled with VFD of broke stock thickener and saved 3 KW.
- Provided VFD at Secondary Sludge Pump No-1 ETP and saved 9 KW.
- Replaced 37 KW/4P old open type A class KE make motor of Mix chest pump 2B with F class energy efficient motor and saved 1.5 KW.
- 18.5 KW motor of rewinder BCP trim blower will stop after two minutes of stop command given by operator. Power saving 4 KW.
- Installed VFD at Decker MC Pump 75 KW 2900 RPM motor at 2600 RPM in NPM and saved 10 KW.
- Replaced 18 double tube sets of drive room coating machine with CFL 18 W each and saved 2 KW.
- Replaced 7.5 KW/4P old open type A class KE make motor of outlet conveyor chipper no.3, Machine Chest pump PM-4 37 KW, Soap Stone agitator 7.5 KW with F class energy efficient motor and saved 2.5 KW.
- Started MC pump C/D stage 75 KW 3000 RPM motor with VFD and stabilized at 2700 RPM and saved 10 KW.
- Commissioned VFDs for stoker motors of H.P. boilers 1, 2 & 3 and saved 6 KW.
- Started PDM water pump NPP 30 KW 1500 RPM motor with VFD and stabilized at 1000 RPM in close loop with deaerator water level and saved 10 KW.
- Started oil pump of steam feed water pump 86 Kg NPP 5.5 KW 3000 RPM motor with VFD and stabilized at 1800 RPM with a power saving of 2 KW.

- Started C. T. fan 2 cooling tower T.G 75 KW 1500 RPM motor with VFD and stabilized at 1200 RPM in close loop with temperature of water and saved 11 KW.
- Started UTM pulper PM-7 with VFD and interlocked its speed with paper break and saved 12 KW.
- Started UTM pulper PM-5 with VFD and interlocked its speed with paper break and saved 12 KW.
- Stopped serval rewinder trim pulper permanently after diverting its trim to UTM pulper PM-5. Power saving 12 KW.
- Started PV blower PM-4 with VFD and optimized at 1250 RPM and saved 4 KW.
- Taken VFD service pump no.1 of pump house PM-4 in close loop with water pressure and saved 2 KW.
- Started PV blower PM-5 with VFD and optimized at 1000 RPM. Then replaced its pulley with smaller dia. and 55 KW motor replaced with 37 KW and saved 18 KW.
- Commissioned AC drive and AC motor at rewinder no.1 PM-7 in place of DC drive & motor. Energy saving 12 KW and reduction in cost of brushes used in DC motor.
- Replaced 10 Nos. 400 Watt lights with 70 Watt lights in FH-2 & Bielomatik and saved 3 KW.
- Commissioned AC drive and AC motor at rewinder no.2 PM-7 in place of DC drive & motor and saved 10 KW and reduction in cost of brushes.
- Started 67 KW motor of service pump no.2 SPM pump house and hooked up with line pressure. Now both pumps are with VFD. In case of failure of one pump we will not lose energy in second pump. Taking saving 50%= 10 KW.
- Started rope carrier drive of PM-4 with VFD & AC motor after removing DC motor & DC drive. Energy saving in DC motor CA fan & regular field current=2 KW and maintenance free AC motor. Reduction in cost of C. brushes used in DC motor.
- Replaced Dyno drive motor and controller of PM-2 wire shaker with AC motor controlled with VFD and saved 1 KW.
- Provided VFD in 67 KW continuously running treated effluent pump no.3 of ETP and hooked up with line pressure. To achieve 3.2 Kg pressure optimized RPM at 1200 and saved 12 KW.
- Replaced 10 inefficient motors with En. Eff. F class motors in EE-1 and saved 14 KW power.

Unit: Kamalapuram

- Saving of 0.5 MT/Hr of LP steam by diverting evaporator black liquor product liquor flash tank to 2nd vapour instead of 3rd vapour chamber and auto valve installed with temperature control.
- Saving of LP steam by 1.5 MT/Hr by improvement of evaporator WBL solids from 14.1 to 15.3% by reducing water ingress at Pulp mill, Recovery and Evaporator plants.
- Improvement in HP steam generation from 79 MT to 85 MT/Hr by increase of WBL solids from 14.1 to 15.3%.
- Saving of 30 m3/Hr by recovery of evaporator surface condenser Condensate water and pumping this water to pulpmill for make up.
- Arresting of steam leakages and achieved a saving of 1.0 MT/Hr of LP steam and 0.5 MT of MP steam.
- Chipper house power consumption reduced from 7.33 to 6.29 kwh/ton of chips due to modification of C3 chipper LBC table feeder to handle 3 mts to 6 mts width for poles.
- Provided 1 number 3.3 KV, 300 KVAR capacitor and 1 number 3.3 KV, 125 KVAR capacitor on GRID system to improve the power factor to 0.99 to reduce the GRID power consumption.
- Replacement of old damaged 3x150 Sq.mm HT cable from old HT panel to transformer no: 7 to improve the reliability of the supply to water treatment plant.
- Upgradation of sheeting machine FAN pump drive and motor with AC drive to improve reliability and technological upgradation.
- Procurement of micro processor based controller for Soda recovery boiler ESP field along with its rectifier transformer for reliability improvement and technological upgradation.
- Procurement of 250 KW VFD for FBC boiler ID fan to save 30 KWH power consumption from existing consumption.
- Procurement of imported ratio differential relays for providing to 12.04 MW TG to further improve reliability.
- Procurement of VFD for CFB stocker drive towards an initiative towards energy conservation.
- Renewal of EnMS certification for the unit for the year 2014.

ENERGY CONSERVATION MEASURES PLANNED

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

Unit: Shree Gopal

- Energy saving by installation of VFD's at identified 18 locations.
- Energy saving by replacing inefficient pumps and motors with energy efficient pumps and motors and optimization of equipments.
- Energy saving by replacing DC motor & drives with AC motors controlled with VFD's at 3 locations.
- Energy saving in lighting.

FORM B

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

(1) Specific areas in which R&D carried out by the Company

Unit: Shree Gopal

- Developed additional variant in REB Basket (80, 90 GSM Chain laid paper, 250 GSM laminated for digital printing) : Export/Domestic.
- Developed Sunshine Super Printing (natural shade): Natural shade diary segment.
- Developed BCB 350 GSM: Scratch card.
- Introduced micro polymer based three component retention aid programs.
- Substituted 50% GCC filler with Talc at PM-5.
- ASA sizing at PM-1 & 2.
- New innovation in the areas of ASA emulsification with other chemical in place of starch
- Installed new pressure screen in approach flow system of PM-2 and 4: Further improvement in paper cleanliness.
- Increasing sheet ash by 1.6%.
- Introduced double layer wire at PM-2.
- Installation of New Fan pump of high capacity at PM-2.
- Increased veneer waste segment from 45 to 60% in Raw material furnish.
- Vendor development/Chemical substitution of OWA, Starch, filler etc.
- Optimizing cleaning equipment like pressure screen and centricleaner.

(2) Benefits derived as a result of above R&D

Unit: Shree Gopal

- Increased product basket with introduction of new product in the market.
- Improved first pass fiber and filler retention.
- Increase permanency of paper by implementation of ASA sizing.

- Increased stability of ASA emulsification.
- Reduction in variable cost by substitution of chemicals.
- Improved cleanliness of paper.
- Reduced fiber consumption per MT of paper by increasing sheet ash.
- Improved Surface strength of paper improved with increase of size press cooker capacity.
- Yield increased by 0.4 point with the Pulping/bleaching process optimization & increase of Veneer waste while maintaining pulp quality.

(3) Future plan of action

Unit: Shree Gopal

- Develop transfer paper, cup stock paper, Nature Green paper.
- Introduce PCC filler in paper making.
- Reduce filler consumption and increased sheet ash further by 2%.
- Optimization of refining to meet desired pulp refining.
- Substitution with cost effective chemicals.
- Optimization of pulping and bleaching process.
- Study of new fibrous raw material suitable for paper making.
- Continuation of certification of QMS ISO 9001:2011, EMS ISO 14001:2004, OHSAS 18001:2007, ISO 50001:2011 by DNV and FSC COC from Forest Stewardship Council.

(4) Expenditure on R&D (including through approved agencies)

- Revenue: Rs. 138.81 lacs
- Total Expense as a percent of turnover: Rs. 0.14 lacs

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

(1) Efforts made towards technology absorption

Unit: Shree Gopal

- Micro polymer three component retention aid system.
- ASA sizing at PM-1 & 2.
- New innovation in the areas of ASA emulsification with other chemical in place of starch.
- Commissioning of thermo compressor based cascade system.
- Double layer wire at PM-2.

(2) Benefits derived as a result of the above

Unit: Shree Gopal

- Better product quality.
- Energy saving.
- Increase in production volume.

- Better process efficiency.
- Better resource utilization.
- Cost reduction.
- Sustenance in business through:
 - Improved product quality.
 - New product development.
 - Environment protection.
 - Cost competitiveness.
 - Stakeholder's satisfaction.
 - Customer satisfaction.

(3) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year)

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase

The Company continues to grow its export volumes in specialty wood free grades with a strategic focus in the markets of Asia and Africa. It further expanded its footprint in this region through its premium brand — Royal Executive Bond paper.

2. Total foreign exchange used and earned

Foreign Exchange used—Rs. 25.97 Crore
Foreign Exchange earned—Nil.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of M/s. Ballarpur Industries Limited ("the Company"), which comprise the Balance Sheet as at 30 June 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the audited financial Statements of the Unit of the Company, audited by other auditors.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true

and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as

evaluating the overall presentation of the financial statements.

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

OPINION

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30 June 2014;
 - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
 - e) On the basis of written representations received from the directors as on 30 June, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and the reports on the financial statements audited by Unit's Auditor, have been properly dealt with by us while preparing our report;

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN 106009W

PLACE New Delhi

DATE 27 August 2014

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

The Annexure 'A' referred to in our report to the members of Ballarpur Industries Limited ('the Company') for the year ended 30 June 2014.

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

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) We are of the opinion that the fixed assets disposed off during the year do not constitute a substantial part of the fixed assets of the Company and such disposal has not affected the going concern.
- 2a) The inventory were physically verified during the year by the Management at reasonable intervals. Materials lying with third parties, have substantially been physically verified or confirmed by the third parties. In our opinion, the frequency of verification is reasonable.
- b) The procedure of physical verification of inventories followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 The Company has not granted or taken any loan, secured or unsecured, to or from Companies, firms or other parties covered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable to the Company.
- 4 There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods, except having regard to the explanation that certain items purchased/services availed are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations. During the course of our audit, no major

weakness has been noticed in the internal control system.

- 5 In respect of the transactions entered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956:
 - a) Transactions that needed to be entered into the register have been so entered.
 - b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except certain transactions of purchase of goods/services availed and material of special nature for which alternative quotations are not available.
- 6 The Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board on the Company.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 We have broadly reviewed the books of account and records maintained by the Company relating to the products of the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 9a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- b) No undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding, as on 30 June 2014 for a period of more than six months from the date they became payable.
- c) The particulars of dues of sales tax, entry tax, excise duty, income tax, custom duty, water tax and cess as on 30 June 2014 which have not been

- deposited on account of disputes have been stated in **Annexure B**.
- 10 The Company has no accumulated losses as on 30 June 2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 - 11 The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
 - 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - 13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are, in our opinion, not applicable to the Company.
 - 14 In our opinion, the Company is not a dealer in shares, securities, debentures and other investments.
 - 15 In our opinion and according to the information and explanations given to us, the terms and conditions of guarantee given by the Company for

- loans taken by others from banks or financial institution are not prima facie prejudicial to the interests of the Company.
- 16 On an overall basis, the term loans taken and/or utilized during the year have been applied for the purpose for which they were obtained, other than temporary deployment of such funds.
 - 17 On the basis of an overall examination of the balance sheet of the Company, there are no funds raised on a short-term basis which have been used for long-term investment other than temporary deployment of such funds.
 - 18 The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.
 - 19 The Company has created security or charge in respect of secured debentures issued and outstanding at the year-end.
 - 20 The Company has not raised any money by public issue during the year.

- 21 In accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN 106009W

PLACE New Delhi

DATE 27 August 2014

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

NAME OF THE STATUTE	NATURE OF DISPUTED DUES	AMOUNT (IN LACS)	PERIODS TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
Central Excise Tariff Act 1985	Excise duty	118.89	2001-02 to 2010-11	Addl. Commissioner, Panchkula
Central Excise Tariff Act 1985	Excise duty	23.48	1996-97, 2001-02, 2002-03 & 2013-14	Asst. Commissioner, Yamuna Nagar
Central Excise Tariff Act 1985	Excise duty	164.77	2003-04 to 2010-11	CESTAT, New Delhi Tribunal
Central Excise Tariff Act 1985	Excise duty	8.53	2007-08 to 2012-13	Commissioner (Appeals), Gurgaon
Central Excise Tariff Act 1985	Excise duty	90.73	2005-06 to 2008-09	Commissioner, Panchkula Tribunal
Central Excise Tariff Act 1985	Excise duty	11.32	1996-97	Joint Commissioner, Panchkula
Central Sales Tax Act, 1956	Sales Tax	0.53	2008-09	Dy. Commissioner (Appeals), Patiala
Punjab General Sales Tax Act, 1948	Sales Tax	558.64	1988-89 to 1994-95	Punjab VAT Tribunal, Chandigarh
UP Tax on Entry of Goods Act, 2000	Entry Tax	1.92	2001-02	Trade Tax Tribunal, Saharanpur
UP Trade Tax, 1948	Sales Tax	13.89	1997-98 to 2000-01 & 2002-03	Trade Tax Tribunal, Saharanpur
UP Trade Tax, 1948	Sales Tax	11.74	1994-95	High Court, Nainital
UP VAT Act, 2008	Sales Tax	1.22	2008-09	Joint Commissioner (Appeals), Saharanpur
UP VAT Act, 2008	Sales Tax	179.38	2007-08; 2008-09	Trade Tax Tribunal, Saharanpur
Income Tax Act, 1961	Income Tax	3,001.11	1981-82 to 1990-91, 1997-98, 1999-2000, 2000-01, 2002-03, 2003-04, 2004-05	Pending before High Court
Income Tax Act, 1961	Income Tax	981.78	1994-95, 2005-06, 2006-07	Pending before the Tribunal
Central Sales Tax Act, 1956	Sales Tax	14.70	2001-02	Sales Tax Appellate Tribunal, Hyderabad Division
Total		5,182.63		

BALANCE SHEET

AS AT JUNE 30, 2014

₹ In Lacs

	NOTE NO.	30.06.2014	30.06.2013
Equity and Liabilities			
Shareholders' Funds			
Share capital	B-1	13,112	13,112
Reserves and surplus	B-2	148,563	146,614
		161,675	159,726
Non - Current Liabilities			
Long-term borrowings	B-3	40,707	31,792
Deferred tax liabilities (Net)	B-4	7,631	10,352
Other long-term liabilities	B-5	684	367
Long-term provisions	B-6	3,068	3,384
		52,090	45,895
Current Liabilities			
Short-term borrowings	B-7	48,395	40,215
Trade payables	B-8	11,688	13,517
Other current liabilities	B-9	18,627	23,265
Short-term provisions	B-10	2,200	2,949
		80,910	79,946
TOTAL		294,675	285,567
Assets			
Non - Current Assets			
Fixed assets			
-Tangible assets	B-11	121,010	118,232
-Intangible assets	B-11	3,640	3,308
Capital work-in-progress		13,288	13,687
		137,938	135,227
Non-current investments	B-12	81,378	81,378
Long-term loans and advances	B-13	4,894	4,274
		86,272	85,652
Current Assets			
Inventories	B-14	30,633	26,151
Trade receivables	B-15	20,917	21,296
Cash and bank balances	B-16	1,969	1,778
Short-term loans and advances	B-17	16,927	15,445
Other current assets	B-18	19	18
		70,465	64,688
TOTAL		294,675	285,567
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

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

For Ballarpur Industries Limited
GAUTAM THAPAR
 Chairman

B. HARIHARAN
 Group Director (Finance)

New Delhi, dated the
 27th August, 2014

AKHIL MAHAJAN
 Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

	NOTE NO.	30.06.2014	30.06.2013
Revenue			
Sales		99,470	103,593
less: Excise duty		4,989	5,479
Net sales		94,481	98,114
Other operating revenue		568	354
Revenue from operations	B-19	95,049	98,468
Other Income	B-20	438	365
TOTAL		95,487	98,833
Expenses			
Cost of materials consumed	B-21	34,759	38,516
Purchases of stock-in-trade		14,398	10,393
Changes in inventories of finished goods, work-in-progress and stock-in-trade	B-22	(1,488)	(1,598)
Employee benefits expense	B-23	9,686	9,799
Finance cost	B-24	5,374	4,264
Depreciation and amortization expense	B-11	7,174	8,089
Other expenses	B-25	24,570	25,601
TOTAL		94,473	95,064
Profit before tax		1,014	3,769
Tax Expense:			
Current tax		213	746
Deferred tax		(2,721)	(296)
		(2,508)	450
Profit/(Loss) for the year		3,522	3,319
Earning per equity share			
(1) Basic (₹)	B-26	0.54	0.51
(2) Diluted (₹)		0.54	0.51
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

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

For Ballarpur Industries Limited
GAUTAM THAPAR
 Chairman

B. HARIHARAN
 Group Director (Finance)

New Delhi, dated the
 27th August, 2014

AKHIL MAHAJAN
 Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

	30.06.2014	30.06.2013
Cash Flows from Operating Activities		
Profit before taxation	1,014	3,769
Adjustments for:		
(Profit) / Loss on sale of fixed assets (investing activity)	6	(10)
(Profit) / Loss on sale of investments	–	11
Unspent liabilities and excess provisions of earlier years written back	(52)	–
Depreciation & amortisation expense	7,174	8,089
Assets discarded	3	2
Interest and finance costs (net)	5,374	4,264
Operating Profit before working capital changes	13,519	16,125
Adjustment for working capital changes :		
(Increase)/ decrease in trade receivables	379	750
(Increase)/ decrease in loan ,advances and other current assets	(1,490)	418
(Increase)/ decrease in inventories	(4,482)	(6,589)
Increase/ (decrease) in liabilities and provisions	(1,746)	8,065
	(7,339)	2,644
Cash generated from operations	6,180	18,769
Income taxes paid	(766)	(2,804)
Net cash from operating activities (A)	5,414	15,965
Cash Flows from Investing Activities		
Increase in fixed assets, capital work-in-progress, capital advances	(10,051)	(15,109)
Payment of differential amount for slump exchange	–	(3,730)
Sale of assets (Net)	23	51
(Increase) / decrease in bank deposits	(2)	(1,147)
Interest received	1,935	680
Net cash from investing activities (B)	(8,096)	(19,255)
Cash Flow from Financing Activities		
Increase /(decrease)in long term and other borrowings (Net)	12,822	11,546
Payment for buy back (compulsory and optional)	(1)	(1)
Interest paid (Net)	(7,638)	(5,368)
Dividend paid (including dividend tax)	(2,312)	(3,837)
Net cash from financing activities (C)	2,871	2,340
Net increase/(decrease) in cash and cash equivalents (A+B+C)	189	(950)
Cash and cash equivalents at beginning of reporting year	558	1,401
Add : Due to purchase of captive power plant and slump exchange	–	107
Cash and cash equivalents at end of reporting year	747	558
Significant Accounting Policies	"A"	
Notes to Financial Statements	"B"	

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

For Ballarpur Industries Limited
GAUTAM THAPAR
 Chairman

B. HARIHARAN
 Group Director (Finance)

New Delhi, dated the
 27th August, 2014

AKHIL MAHAJAN
 Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

COMPANY OVERVIEW

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

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared on accrual basis as a going concern under historical cost convention to comply with the Accounting Standards as notified by Companies (Accounting Standards), Rules 2006 and the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 (to the extent notified).

2. USE OF ESTIMATES

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

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

3. CASH FLOW STATEMENT

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

4. CASH AND CASH EQUIVALENTS

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

5. FIXED ASSETS -TANGIBLE

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

6. DEPRECIATION

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

7. INTANGIBLE ASSETS AND AMORTISATION

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

(a) Specialized Software

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

(b) Research and development cost:

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

SIGNIFICANT ACCOUNTING POLICIES

8. INVENTORY VALUATION

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

9. INVESTMENTS

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

10. DIVIDEND

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

11. FOREIGN CURRENCY TRANSACTIONS

- (i) Initial Recognition
Foreign currency transaction are recorded in Indian rupees being the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the respective dates of the transaction.
- (ii) Conversion
Foreign currency monetary items are reported using the closing rate as at the year end. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (iii) Exchange Differences
Exchange differences arising on the settlement of monetary items or on reporting the company's monetary items at rates different from those at which they were initially recorded during the financial year are recognized as income or as expenses in the financial year in which they arise except for adjustment of exchange difference arising on reporting of long term foreign currency monetary items in so far they related to the acquisition of a depreciable capital assets which are adjusted to the cost of the assets.

12. REVENUE RECOGNITION

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

- (i) Sales
Revenue from sale of goods is recognised when the risks and rewards of ownership have passed to the customers.
- (ii) Income from investments
Income from Investments, where appropriate, is taken to revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.
- (iii) Advance license, import entitlements etc.
Advance license, import entitlements etc. are recognized at the time of export and the benefit in respect of advance License received by the company against export made by it are recognized as and when goods are imported against them.

13. RETIREMENT BENEFITS

Short term employee benefits are charged off in the year in which the related services are rendered.

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

14. BORROWING COSTS

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

15. LEASES

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

16. TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

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

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

17. IMPAIRMENT OF ASSETS

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

18. PROVISION AND CONTINGENCIES

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

19. EARNINGS PER SHARE

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

20. SECURITIES PREMIUM RESERVE: UTILISATION

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

₹ In Lacs

B-1 Share Capital:		
	30.06.2014	30.06.2013
Authorised:		
1,487,500,000 (Jun 30,2013: 1,487,500,000) Equity shares of ₹ 2/- each	29,750	29,750
10,250,000 (Jun 30,2013: 10,250,000) Preference shares of ₹ 100/- each	10,250	10,250
	40,000	40,000
Issued:		
655,773,584 (Jun 30,2013: 655,773,584) Equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Subscribed and Paid up:		
655,773,584 (Jun 30,2013: 655,773,584) Equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Less: Forfeited shares -2,49,745 (Jun 30,2013: 249,745) Equity shares of ₹ 2/- each	5	5
655,523,839 (Jun 30,2013: 655,523,839) Equity shares of ₹ 2/- each	13,110	13,110
Add: Amount originally paid up on forfeited shares	2	2
	13,112	13,112

1.1 Reconciliation of number of Shares

₹ in Lacs except share data

EQUITY SHARES:	30.06.2014		30.06.2013	
	NO. OF SHARES	AMOUNT	NO. OF SHARES	AMOUNT
Balance as at the beginning of the year	655,523,839	13,112	655,523,839	13,112
Balance as at the end of the year	655,523,839	13,112	655,523,839	13,112

1.2 Rights, preferences and restrictions attached to shares:

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

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

NAME OF SHAREHOLDER	30.06.2014		30.06.2013	
	NO. OF SHARES	HOLDING (%)	NO. OF SHARES	HOLDING (%)
1. Avantha Holdings Limited	322,689,019	49.23	322,689,019	49.23
2. Life Insurance Corporation of India	44,134,423	6.73	44,134,423	6.73
3. Samena Special Situations Mauritius	41,515,609	6.33	41,515,609	6.33
4. Platinum Investment Management Ltd. A/c Platinum Asia Fund	35,282,244	5.38	35,282,244	5.38

1.4 Terms of securities convertible into equity shares:

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-2 Reserves and Surplus :		
	30.06.2014	30.06.2013
1) Capital reserve		
At the beginning of the reporting year	1,515	1,515
At the close of the reporting year	1,515	1,515
2) Preference share capital redemption reserve		
At the beginning of the reporting year	7,385	7,385
At the close of the reporting year	7,385	7,385
3) Securities premium reserve		
At the beginning of the reporting year	27,607	27,607
At the close of the reporting year	27,607	27,607
4) Debenture redemption reserve		
At the beginning of the reporting year	3,751	3,563
Less: Transferred to balance in statement of profit and loss	1,875	2,000
Add: Transferred from balance in statement of profit and loss	4,688	2,188
At the close of the reporting year	6,564	3,751
5) General reserve		
At the beginning of the reporting year	80,809	80,639
Add: Transferred from balance in statement of profit and loss	–	170
At the close of the reporting year	80,809	80,809
6) Balance in Statement of Profit and Loss		
At the beginning of the reporting year	25,547	24,887
Add:		
Profit for the year as per statement of profit and loss	3,522	3,319
Transfer from debenture redemption reserve	1,875	2,000
Less:		
Transfer to debenture redemption reserve	4,688	2,188
Transfer to general reserve	-	170
Proposed dividend on 655,523,839 equity shares @ 10% (Previous year:-on 655,523,839 equity shares @ 15%)	1,311	1,967
Tax on distributed profits	262	334
At the close of the reporting year	24,683	25,547
TOTAL	148,563	146,614

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-3 Long Term Borrowings :		
	30.06.2014	30.06.2013
1) Secured Loans		
a. Non-convertible debentures	15,000	–
b. Term loans from bank	4,850	–
c. Term loans from financial institutions	15,857	19,000
	35,707	19,000
2) Unsecured Loans		
a. Non-convertible debentures	5,000	12,500
b. Deferred payment liabilities	-	292
	5,000	12,792
TOTAL (1+2)	40,707	31,792

Other Information:

a) Debentures

Non-convertible debentures

Maturity Profile					
RATE OF INTEREST	NON-CURRENT				
	2019-20	2020-21	2021-22	2022-23	2023-24
11.75%	3,000	3,000	3,000	3,000	3,000

Debentures are secured by pari-passu first charge created on all moveable properties of the Company both present and future.

b) Term Loans

The Term Loans from bank are secured by pari-passu first charge created / to be created on all moveable properties of the Company both present and future

Maturity Profile							
CURRENT	NON-CURRENT						
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
150	250	500	500	750	750	850	1250

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

Maturity Profile					
CURRENT	NON-CURRENT				
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
3143	3857	3857	3857	2857	1429

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

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

d) Deferred Payment Liabilities

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

₹ In Lacs

B-4 Deferred Tax Liabilities (Net) :

In term of Accounting standard 22, the computation has been made to the extent there is a reasonable certainty that these will be realised in future. The deferred tax asset and liability as on 30th June 2014 comprises of timing difference on account of :

	30.06.2014	30.06.2013
Deferred Tax liability:		
Higher depreciation claimed under tax laws	8,953	11,704
TOTAL	8,953	11,704
Deferred tax asset:		
Expenses allowable on payment basis	1,322	1,352
TOTAL	1,322	1,352
Net deferred tax liability (net)	7,631	10,352

B-5 Other Long term liabilities:

	30.06.2014	30.06.2013
Security deposits	684	367
TOTAL	684	367

B-6 Long Term Provisions:

	30.06.2014	30.06.2013
Provisions for employee benefits:		
– Provision for gratuity	2,601	2,928
– Provision for leave encashment	467	456
TOTAL	3,068	3,384

B-7 Short term Borrowings:

	30.06.2014	30.06.2013
Unsecured Loans:		
Working capital loan	48,395	40,197
Fixed deposits	–	18
TOTAL	48,395	40,215

B-8 Trade Payables:

	30.06.2014	30.06.2013
To micro, small and medium enterprises (Refer Note 8.1)	45	53
Other payables	11,643	13,464
TOTAL	11,688	13,517

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

	30.06.2014	30.06.2013
(i) Principal amount due and remaining unpaid	–	–
(ii) Interest due on above and the unpaid interest	–	–
(iii) Interest paid on all delayed payments under the MSMED Act	–	–
(iv) Payment made beyond the appointed day during the year	–	–
(v) Interest due and payable for the period of delay	–	–
(vi) Interest accrued and remaining unpaid	–	–
(vii) Amount of further interest remaining due and payable in succeeding years	–	–

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-9 Other Current Liabilities:		
	30.06.2014	30.06.2013
Current maturities of long term debt	11,085	15,358
Interest accrued but not due on borrowings	1,517	1,846
Unpaid dividends	87	98
Security deposits	482	767
Interest accrued on security deposit	10	10
Advance received from customers	100	128
Director commission payable	12	42
Liability for compulsory / optional buyback	186	187
Payables for capital goods	57	133
Bank book overdrawn	681	220
Statutory dues	2,840	2,569
Payable to employee	1,268	1,658
Due to related parties	20	5
Other payables	282	244
TOTAL	18,627	23,265

B-10 Short Term Provisions:		
	30.06.2014	30.06.2013
Provisions for employee benefits :-		
Provision for gratuity	487	471
Provision for leave encashment	82	124
Provision for proposed dividend	1,311	1,967
Provision for dividend tax	262	334
Others provisions (Net of payment) (refer Note 10.1)	58	53
TOTAL	2,200	2,949

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

PARTICULAR	AS AT 1ST JULY, 2013	PROVISION DURING THE YEAR	PROVISION UTILISED / REVERSED DURING THE YEAR	AS AT 30TH JUNE, 2014
Provision for sales tax*	53	5	-	58

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

B-11 Fixed Assets:										₹ In Lacs
	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	AS AT 01.07.13	ADDITIONS DURING THE YEAR	DELETION DURING THE YEAR	AS AT 30.06.14	AS AT 01.07.13	FOR THE YEAR	DELETION DURING THE YEAR	AS AT 30.06.14	AS AT 30.06.13	
A. Tangible Assets										
Land - Freehold	8,444	-	15	8,429	-	-	-	8,429	8,444	
Land- Leasehold	9	-	-	9	0	0	-	8	9	
Buildings	15,523	485	-	16,008	4,386	366	-	11,257	11,137	
Plant & Equipments	134,552	9,368	31	143,890	37,498	6,655	20	44,134	99,756	
Furniture & Fixtures	1,572	2	14	1,560	944	57	10	990	570	
Vehicles	697	83	375	406	385	10	375	20	386	
Office equipment	677	6	2	681	85	57	0	142	539	
Computer	11	2	-	13	4	3	-	5	7	
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	67	20	-	87	18	9	-	27	60	
									49	
B. Intangible Assets										
Computer Software	8,710	7	-	8,717	5,402	0	-	5,402	3,315	
Product Development	-	341	-	341	-	16	-	325	-	
TOTAL	170,262	10,314	437	180,141	48,722	7,174	405	55,490	124,650	
Previous Year	164,414	86,484	80,636	170,262	75,094	8,089	34,461	48,722	121,540	

Notes:-

1. Building includes ₹ 293 Lacs(Previous year ₹ 293 Lacs)towards revalued value of ownership flats in cooperative housing societies.

2. ₹ 0 represent amount below ₹ 50,000/-

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-12 Non Current Investments:				
DETAILS OF INVESTMENTS	NAME OF THE COMPANY	30.06.2014	30.06.2013	
Unquoted, Non-trade investment				
Investments in Equity Instruments:				
i) Subsidiaries				
990,000 (Jun 30, 2013: 990,000) fully paid Equity shares of ₹ 10/- each	Bilt Tree Tech Limited	40	40	
168,679,093 (Jun 30, 2013: 168,679,093) fully paid Equity shares of Euro 0.65 each	Ballarpur International Holdings B.V	76,048	76,048	
50,000 (Jun 30, 2013: 50,000) fully paid Equity shares of ₹ 10/- each	Bilt Graphic Paper Products Limited	5	5	
18,000 (Jun 30, 2013: 18,000) fully paid Equity shares of Euro 1/- each	Ballarpur Speciality Paper Holdings	12	12	
5620,427 (Jun 30, 2013: 5,620,427) fully paid Equity shares of ₹ 10/- each	Premier Tissue (India) Limited	4,522	4,522	
ii) Other Companies				
5000 (Jun 30, 2013: 5000) fully paid Equity shares of ₹ 10/- each	Blue Horizon Investments Limited	3	3	
86,54,186, (Jun 30, 2013: 86,54,186) fully paid Equity shares of ₹ 10/- each	Avantha Power & Infrastructure Limited	748	748	
TOTAL		81,378	81,378	
Additional Information:				
- Aggregate value of unquoted investments:				
Cost		81,378	81,378	

B-13 Long Term Loans and Advances:			
	30.06.2014	30.06.2013	
Unsecured, Considered Good			
Capital advances	105	45	
Security deposits	335	335	
Advance tax, tax deducted at source (net of provision for tax)	4,442	3,889	
Prepaid expenses	12	5	
TOTAL	4,894	4,274	

B-14 Inventories:			
	30.06.2014	30.06.2013	
Raw materials(Refer Note 14.1)	5,886	4,412	
Work-in-progress	1,826	1,247	
Finished goods / stock in trade	7,935	7,026	
Stores and spares (Refer Note 14.2)	6,386	5,212	
Chemicals (Refer Note 14.3)	7,234	6,837	
Packing material (Refer Note 14.4)	1,366	1,417	
TOTAL	30,633	26,151	

Note:-

- 14.1 Includes raw material-in-transit of NIL (Previous Year ₹ 74 Lacs)
- 14.2 Includes stores and spares-in-transit of ₹ 42 Lacs (Previous Year NIL)
- 14.3 Includes chemicals-in-transit of ₹ 345 Lacs (Previous Year ₹ 538 Lacs)
- 14.4 Includes packing material-in-transit of ₹ 59 Lacs (Previous Year Nil)

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-15 Trade Receivables:		
	30.06.2014	30.06.2013
Trade receivables -exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	33	225
Trade receivables -others		
Secured, considered good	849	591
Unsecured, considered good	20,035	20,480
TOTAL	20,917	21,296

B-16 Cash and Bank Balances:		
	30.06.2014	30.06.2013
Cash & Cash Equivalents		
Balances with banks:		
- In current accounts	460	261
Cash on hand	14	12
Earmarked Balance with Banks		
-In unpaid dividend accounts	87	98
-In unclaimed compulsory /optional buy back consideration accounts	186	187
	747	558
Other Bank Balances		
In margin money, security for borrowings, guarantees and other commitments	59	59
In deposit accounts exceeding three months but less than twelve months	1,163	1,161
	1,222	1,220
TOTAL	1,969	1,778

B-17 Short Term Loans and Advances:		
	30.06.2014	30.06.2013
Unsecured, considered good		
Loans and advances to related parties *	7,972	6,961
Balance with government authorities	833	743
Prepaid expenses	151	88
Advances to trade creditors	4,414	3,769
Advances to employees	353	189
Security deposits	747	797
Other advances recoverable in cash or in kind for value to be received	2,457	2,898
TOTAL	16,927	15,445

*Includes amount advanced to Directors ₹ 16 Lacs (Previous Year ₹ 22 Lacs)

B-18 Other Current Assets:		
	30.06.2014	30.06.2013
Interest accrued on deposits	4	4
Assets held for sale (at lower of cost or net realizable value)	11	11
Other current assets	4	3
TOTAL	19	18

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-19 Revenue from Operations:		
	30.06.2014	30.06.2013
Sale of products		
Paper (including coated)	61,907	53,989
Rayon grade pulp	30,153	43,647
Others	7,410	5,957
	99,470	103,593
Less: Excise duty	4,989	5,479
Sub Total	94,481	98,114
Others operating revenue		
Scrap sales / export Incentive	568	354
TOTAL	95,049	98,468

B-20 Other Income:		
	30.06.2014	30.06.2013
Dividend Income*	0	0
Gain on foreign currency fluctuations (Net)	-	7
Rent and license fee	4	-
Provision no longer required written back	52	-
Profit on sale of fixed assets (Net)	-	10
Miscellaneous income	382	348
TOTAL	438	365

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

B-21 Cost Of Materials Consumed:		
	30.06.2014	30.06.2013
Bamboo	1,675	1,808
Wood and wood species	23,942	25,664
Wood pulp	523	643
Chemicals	7,659	9,380
Packing materials	960	1,021
TOTAL	34,759	38,516

B-22 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade:		
	30.06.2014	30.06.2013
Stocks at the beginning of the year		
Finished goods/Stock in trade		
Paper	6,255	5,860
Pulp	771	-
Work in progress		
Paper	918	2,699
Pulp	329	-
Add: Due to slump exchange of unit Kamalapuram with units Sewa & Ashti (Net)		
Finished goods/Stock in trade		
Paper	-	(986)
Pulp	-	834
Work in progress		
Paper	-	(2,240)
Pulp	-	508
TOTAL (A)	8,273	6,675
Stocks at the end of the year		
Finished goods/Stock in trade		
Paper	6,872	6,255
Pulp	1,063	771
Work in progress		
Paper	691	918
Pulp	1,135	329
TOTAL (B)	9,761	8,273
Net (Increase)/Decrease in Stocks (A-B)	(1,488)	(1,598)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-23 Employee Benefits Expenses		
	30.06.2014	30.06.2013
Salaries and wages	7,995	8,145
Contribution to provident and other funds	698	766
Staff welfare expense	993	888
TOTAL	9,686	9,799

Defined Contribution Plan *

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

	30.06.2014	30.06.2013
Employer's contribution to provident fund	351	400
Employer's contribution to superannuation fund	38	88
Employer's contribution to pension scheme	183	238

* Includes charged to other Accounts

DEFINED BENEFIT PLAN:

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

	2013-2014		2012-2013	
	GRATUITY (UNFUNDED)	LEAVE ENCASHMENT (UNFUNDED)	GRATUITY (UNFUNDED)	LEAVE ENCASHMENT (UNFUNDED)
a. Reconciliation of Opening and closing balance of Defined Benefit Obligation				
Defined benefit obligation at beginning of the year	3,399	580	3,004	392
Transferred In as pursuant to scheme	-	-	787	96
Current service cost	181	84	212	82
Interest cost	281	48	224	36
Acquisitions	(195)	(5)	145	20
Actuarial (gain)/loss	(146)	7	305	118
Benefit paid	(432)	(165)	(344)	(152)
Plan amendments	-	-	-	-
Transferred Out as pursuant to scheme	-	-	(934)	(12)
Defined benefit obligation at year end	3,088	549	3,399	580
b. Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain/ (loss)	-	-	-	-
Employer contribution	432	165	344	152
Benefit paid	(432)	(165)	(344)	(152)
Fair value of plan assets at year end	-	-	-	-
Actual return on plan assets	-	-	-	-
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at 30th June, 2014	-	-	-	-
Present value of obligation as at 30th June, 2014	3,088	549	3,399	580
Amount recognized in balance sheet	3,088	549	3,399	580
d. Expenses recognized during the year (under the Note "Employee Benefits Expenses")				
Current service cost	181	84	212	82
Interest cost	281	48	224	36
Expected return on plan assets	-	-	-	-
Actuarial (gain)/loss	(146)	7	305	118
Plan amendments	-	-	-	-
Past service cost	-	-	-	-
Net cost	316	139	741	236
e. Discount rate (per annum)	8.78%/8.70%	8.78%/8.70%	7.75%	7.75%
Expected rate of return on plan assets (per annum)	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-24 Finance Cost:		
	30.06.2014	30.06.2013
Interest expenses	5,824	4,544
Other borrowing costs	942	188
Net loss / (gain) in foreign currency transaction and translation	543	212
	7,309	4,944
Less : Interest earned	1,935	680
TOTAL	5,374	4,264

B-25 Other Expenses:		
	30.06.2014	30.06.2013
Consumption of stores and spare parts	1,103	899
Power and fuel	17,497	20,502
Excise duty on year end inventory of finished goods	(24)	42
Rent	13	3
Repairs to buildings	156	200
Repairs to machinery	810	884
Repairs others	202	456
Insurance	199	166
Rates and taxes	233	110
Loss on sale of investments	-	11
Other manufacturing expenses	884	802
Office and other expenses	1,669	415
Commission	138	207
Selling expenses	570	32
Loss on sale of fixed asset (net)	6	-
Assets discarded	3	2
Prior period expenses	97	-
Carriage and freight	802	717
Legal and professional charges *	192	102
Directors sitting fees	8	9
Directors commission on profit	12	42
TOTAL	24,570	25,601

Note :-

* Legal and Professional charges include auditors' remuneration as under :

Auditors' Remuneration		
	30.06.2014	30.06.2013
- Audit fees (including cost audit fees)	39	38
- Tax audit fees	8	8
- Limited review	17	11
- Other capacity	41	26
- Reimbursement of expenses	3	4
TOTAL	108	87

B-26 Earnings Per Share:		
	30.06.2014	30.06.2013
Profit for the year (₹ in Lacs)	3,522	3319
No. of equity shares outstanding	655,523,839	655,523,839
Face value of equity share (₹/share)	2	2
Earnings per share (basic and diluted)	0.54	0.51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-27 Contingent Liabilities and Commitments:		
	30.06.2014	30.06.2013
(to the extent not provided for)		
1) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts	12,080	10,831
(b) Guarantees	2,101	1,856
TOTAL (A)	14,181	12,687
2) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	89	161
TOTAL (B)	89	161
TOTAL (A+B)	14,270	12,848
3) In respect of loan availed by its foreign wholly owned subsidiary, Ballarpur International Holdings B.V:		
i) The Company has granted to the lender an irrevocable and unconditional right to require it to purchase loan wholly or in part(s), as may be required by lender through exercise of put option given to lender subject to a maximum limit of USD 70 Million.		
ii) The Company has granted to the lender a corporate guarantee of USD 35.10 Million.		
iii) The Company has executed an "indemnity and undertaking" for stand by letter of credit facility of USD 30 Million.		

B-28 Total Value of Imported & Indigenous Raw Material, Spare Parts & Components Consumed:				
	AMOUNT		PERCENTAGE	
	YEAR ENDED 30.06.2014	YEAR ENDED 30.06.2013	YEAR ENDED 30.06.2014	YEAR ENDED 30.06.2013
Raw Materials				
- Imported	1,764	1,476	5.07	3.83
- Indigenous	32,995	37,040	94.93	96.17
TOTAL	34,759	38,516	100	100
Spare parts & Components*				
- Imported	206	402	9.01	12.40
- Indigenous	2,075	2,841	90.99	87.60
TOTAL	2,281	3,243	100	100
* Includes charged to other accounts				

B-29 Value of Imports Calculated on CIF Basis:		
	YEAR ENDED 30.06.2014	YEAR ENDED 30.06.2013
Material	563	394
Components and spare parts	1,930	1,081
Capital Goods	26	97
TOTAL	2,519	1,572

B-30 Expenditure in Foreign Currency (Net of Withholding Tax):		
	YEAR ENDED 30.06.2014	YEAR ENDED 30.06.2013
Interest on foreign currency loans	67	160
Foreign travel commission claims, consultancy fees etc	11	84
TOTAL	78	244

B-31 Earnings in Foreign Currency (On Cash Basis):		
	YEAR ENDED 30.06.2014	YEAR ENDED 30.06.2013
Export of goods calculated on FOB basis	-	42
TOTAL	-	42

B-32 Details of Dividend Remitted to Non-Resident Shareholders in Foreign Currency:		
	YEAR ENDED 30.06.2014	YEAR ENDED 30.06.2013
Number of non-resident share holders	2	3
Number of shares held by such non-resident shareholders	5,722,464	5,723,025
Amount remitted during the year in foreign currency on account of dividends (₹ in Lacs)	17.17	29
Year to which dividend relates to	2012-13	2011-12

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-33 Segment Reporting:

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

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

PARTICULARS	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	TOTAL
Revenues					
Gross sale to external customers	2013-14	47,193	22,124	30,153	99,470
	2012-13	41,213	18,733	43,647	103,593
Excise duty	2013-14	(2,818)	(415)	(1,756)	(4,989)
	2012-13	(2,566)	(364)	(2,549)	(5,479)
Total segment revenues (Net of excise)	2013-14	44,375	21,709	28,397	94,481
	2012-13	38,646	18,369	41,099	98,114
Segment results	2013-14	9,426	868	(3,494)	6,800
	2012-13	4,507	736	3,345	8,588
Less: Unallocated corporate expenses	2013-14				412
	2012-13				555
Profit before interest, tax and exceptional items	2013-14				6,388
	2012-13				8,033
Interest and finance cost (net)	2013-14				5,374
	2012-13				4,264
Profit before tax and exceptional items	2013-14				1,014
	2012-13				3,769
Provision for tax:					
-Current tax (Net of MAT credit entitlement)	2013-14				213
	2012-13				746
-Deferred tax	2013-14				(2,721)
	2012-13				(296)
Net profit	2013-14				3,522
	2012-13				3,319
Other Information					
Segmental assets	2013-14	121,732	15,950	69,204	206,886
	2012-13	116,468	15,418	66,669	198,555
Unallocated corporate assets	2013-14				87,789
	2012-13				87,012
Total assets	2013-14				294,675
	2012-13				285,567
Segmental liabilities	2013-14	9,755	3,748	4,340	17,843
	2012-13	9,308	2,852	6,355	18,515
Unallocated corporate liabilities	2013-14				7,631
	2012-13				10,352
Total liabilities	2013-14				25,474
	2012-13				28,867
Capital expenditure during the year	2013-14				10,052
	2012-13				15,109
Depreciation	2013-14				7,174
	2012-13				8,089
Total liabilities excludes					
Long term borrowings	2013-14				40,707
	2012-13				31,500
Short term borrowing	2013-14				48,395
	2012-13				40,215
Current maturities of long term debts	2013-14				10,793
	2012-13				14,907
Deferred tax liabilities	2013-14				7,631
	2012-13				10,352

B-34 Information on Related Parties as required by Accounting Standard-AS 18 "Related Party Disclosures":

a) List of Related Parties over which control exists

Subsidiary Companies (Including Step Down Subsidiaries)

Ballarpur International Holdings B.V.
 Ballarpur International Graphic Paper Holdings B.V. (now known as BILT Paper B.V.)
 Ballarpur Paper Holdings B.V.
 Ballarpur Speciality Paper Holdings B.V.
 BILT Graphic Paper Products Limited
 BILT Tree Tech Limited
 Sabah Forest Industries Sdn. Bhd.
 Premier Tissues (India) Limited

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

Name of Related Party	Nature of Relationship
-----------------------	------------------------

Ballarpur International Holdings B.V.	Subsidiary
BILT Tree Tech Limited	Subsidiary
Premier Tissues (India) Limited	Subsidiary
Ballarpur Paper Holdings B.V.	Step Down Subsidiary
BILT Graphic Paper Products Limited	Step Down Subsidiary
Sabah Forest Industries Sdn. Bhd.	Step Down Subsidiary
Arizona Printers & Packers Private Limited	Other Related Parties
Avantha Holdings Limited	Other Related Parties
Avantha Power & Infrastructure Limited	Other Related Parties
Avantha Realty Limited	Other Related Parties
BILT Industrial Packaging Company Limited	Other Related Parties
Biltech Building Elements Limited	Other Related Parties
Crompton Greaves Limited	Other Related Parties
Global Green Company Limited	Other Related Parties
Jhabua Power Limited	Other Related Parties
Korba West Power Company Limited	Other Related Parties
Krebs & Cie (India) Limited	Other Related Parties
Leading Line Merchant Traders (P) Limited	Other Related Parties
Mirabelle Trading Pte. Limited	Other Related Parties
Prestige Wines & Spirits Private Limited	Other Related Parties
Saraswati Travels (P) Limited	Other Related Parties
Solaris Chemtech Industries Limited	Other Related Parties
UHL Power Company Limited	Other Related Parties

Key Management Personnel

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

c) Details of transactions with related parties:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

S.NO.	PARTICULARS	RELATIONSHIP	30.06.2014	30.06.2013
i.	Sale of Goods & Services, Royalty and Allocation of common expenses for rendering Corporate Service:			
	BILT Tree Tech Limited	Subsidiary	3	2
	Premier Tissues (India) Limited	Subsidiary	3	19
	BILT Graphic Paper Products Limited	Step Down Subsidiary	178	206
	APR Sacks Limited (now merged with AHL)	Other Related Parties	–	0
	Avantha Holdings Limited	Other Related Parties	13	15
	Avantha Power & Infrastructure Limited	Other Related Parties	–	1
	Biltech Building Elements Limited	Other Related Parties	0	1
	Crompton Greaves Limited	Other Related Parties	9	16
	Global Green Company Limited	Other Related Parties	1	–
	Jhabua Power Limited	Other Related Parties	4	1
	Korba West Power Company Limited	Other Related Parties	5	4
	Prestige Wines & Spirits (P) Limited	Other Related Parties	0	0
	Solaris Chemtech Industries Limited	Other Related Parties	0	0
ii.	Purchase of Goods & Services, Rent & Commission/ Royalty:			
	BILT Tree Tech Limited	Subsidiary	18	2
	Premier Tissues (India) Limited	Subsidiary	34	16
	BILT Graphic Paper Products Limited	Step Down Subsidiary	6,799	3,685
	Avantha Holdings Limited	Other Related Parties	709	260
	Biltech Building Elements Limited	Other Related Parties	44	47
	Crompton Greaves Limited	Other Related Parties	61	70
	Mirabelle Trading Pte. Limited	Other Related Parties	166	99
	Solaris Chemtech Industries Limited	Other Related Parties	–	14
iii.	Loan Given during the year			
	Ballarpur International Holdings B.V.	Subsidiary	4,665	1,790
iv.	Interest on Loan Given:			
	Ballarpur International Holdings B.V.	Subsidiary	399	24
v.	Refund Of Advance For Investment			
	Ballarpur Packaging Holdings B.V.(now merged with Ballarpur Speciality Paper Holdings B.V.)	Subsidiary	–	1
vi.	Advance Given during the year			
	Sabah Forest Industries Sdn. Bhd.	Step down Subsidiary	630	–
vii.	Dividend Received			
	BILT Graphic Paper Products Limited	Step Down Subsidiary	0	0
viii.	Consideration paid for slump exchange of Unit Kamlapuram with Units Ashti and Sewa (Net)		–	3,730
ix.	Purchase of Captive Power Plant pursuant to business Transfer agreement		–	6,582
x.	Remuneration :			
	Mr Gautam Thapar	Key Management Personnel	1	1
	Mr R R Vederah	Key Management Personnel	51*	214
	Mr B Hariharan	Key Management Personnel	64*	209
	Mr Anup Kansal	Key Management Personnel	–	78
xi.	Outstanding balances as on 30th June 2014:			
	BILT Tree Tech Limited	Subsidiary	1,898	1,793
	Premier Tissues (India) Limited	Subsidiary	(3)	(0)
	Ballarpur International Holdings B.V.	Subsidiary	6,886	1,798
	Ballarpur Paper Holdings B.V.	Step Down Subsidiary	12	12
	Sabah Forest Industries Sdn Bhd	Step Down Subsidiary	888	258
	BILT Graphic Paper Products Limited	Step Down Subsidiary	(5,999)	–
	Apr Sacks Limited (now merged with AHL)	Other Related Parties	–	(999)
	Biltech Building Elements Limited	Other Related Parties	958	881
	Avantha Holdings Limited	Other Related Parties	(2,276)	(2,607)
	Crompton Greaves Limited	Other Related Parties	(9)	1
	Leading Line Merchant Traders (P) Limited	Other Related Parties	–	149
	Saraswati Travels (P) Limited	Other Related Parties	24	24
	Global Green Company Limited	Other Related Parties	376	375
	Arizona Printers & Packers Private Limited	Other Related Parties	1	1

* Net of recovery

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

		₹ In Lacs	
S.NO.	PARTICULARS	30.06.2014	30.06.2013
	Krebs & Cie (India) Limited	23	23
	UHL Power Company Limited	473	473
	Salient Business Solutions Limited	0	0
	Jhabua Power Limited	0	(1,634)
	Korba West Power Company Limited	(1,570)	-
	Solaris Chemtech Industries Limited	0	-
	Avantha Power & Infrastructure Limited	(103)	(84)
	Avantha Realty Limited	6,375	6,475
	Mr R R Vederah	11	17
	Mr B Hariharan	5	5

Note: ₹ 0 represents amount below 50,000/-

B-35 The Company has operating leases for various premises and for other assets, which was renewable on a periodic basis and are cancellable. Rental expenses for operating lease charged to Statement of Profit and Loss for the year are ₹13 Lacs (30th June,2013 ₹ 3 Lacs).

As on 30th June, 2014, the future minimum lease payments for non-cancellable operating leases are as below:-

	30.06.2014	30.06.2013
Not later than one year from 30th June, 2014	Nil	Nil
Later than one year and not later than five years	Nil	Nil

B-36 In the opinion of the Board of Directors, all assets other than fixed assets and non-current investment are realisable in the ordinary course of business at the value at which they are stated in the Financial Statements.

B-37 Accounts with certain financial institutions, banks and companies are subject to reconciliation, however in the opinion of management, these will not have any significant impact on the profit for the year and the net worth of the Company as on the Balance Sheet date.

B-38 Business transfer agreement and slump exchange agreement

- A. During the previous year, the Company has entered into an agreement for purchase of Captive Power Plant (CPP) along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. by way of slump sale from Avantha Power & Infrastructure Limited (APIL) on a going concern basis. Pursuant to Business Transfer Agreement, all the assets and liabilities of CPP were transferred to the Company subject to pending certain formalities. However, pending certain clearances/ approval, APIL had continued to perform obligation/operate CPP unit in trust for and on behalf of the Company.
- B) During the previous year, with effective from 1st July 2012, pursuant to slump exchange agreement between the Company and Bilt Graphic Paper Products Limited (BGPPL), The business undertaking of the Company situated at Units Sewa and Ashti engaged in the business of manufacturing of Copier paper have been transferred to BGPPL by way of slump exchange on a going concern, with then business undertaking of BGPPL situated at Unit Kamlapuram engaged in the business of manufacture of Rayon Grade Pulp.

B-39 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

For Ballarpur Industries Limited

GAUTAM THAPAR

Chairman

B. HARIHARAN

Group Director (Finance)

New Delhi, dated the

27th August, 2014

AKHIL MAHAJAN

Company Secretary

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

NAME OF THE SUBSIDIARY	Ballarpur International Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	Ballarpur Paper Holdings B.V.	Premier Tissues India Limited	BILT Tree Tech Limited	BILT Graphic Paper Products Limited	Sabah Forest Industries Sdn. Bhd.	Ballarpur Specialty Paper Holdings B.V.
1. Financial period/year of the Subsidiary ended on	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014	30.06.2014
2. Extent of the interest of the company in the Subsidiary at the end of the Financial Year of each								
(a) Number of shares in the Subsidiary company held by Ballarpur Industries Limited	Nos.	1,625,515 (a)	125,192,483 (b)	56,20,427	9,90,000	55,00,50,000 (c)	8,27,78,56,532	18,000
(b) Share Holding per cent in the Subsidiary held by Ballarpur Industries Limited	%	79.21 (a)	100 (b)	100.00	91.67	100 (c)	97.78 (d)	100
3. The net aggregate of profit, less losses, of the Subsidiaries Company so far as it concerns the member of Ballarpur Industries Limited								
(a) Not dealt with in the Accounts of Ballarpur Industries Limited to:								
(i) For the Current Financial year/Period	₹ In Lacs	7721	(2,371)	38	187	11,336	(8,803)	(29)
(ii) For the Previous Financial years / Period since it became a Subsidiary	₹ In Lacs	11,749	(26,570)	(161.00)	133	79,171	(87,867)	(83)
(b) Dealt with in the Accounts of Ballarpur Industries Limited to:								
(i) For the Current Financial year/Period	₹ In Lacs	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) For the Previous Financial years / Period since it became a Subsidiary	₹ In Lacs	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Notes								
a.	Held through Ballarpur International Holdings B.V.							
b.	Held through Ballarpur International Graphic Paper Holdings B.V.							
c.	Held through Ballarpur Paper Holdings B.V.							
d.	Held through Ballarpur Paper Holdings B.V.							

INFORMATION IN RESPECT OF SUBSIDIARIES

₹ In Lacs

PARTICULARS	BALLARPUR INTERNATIONAL HOLDINGS B.V.	BALLARPUR INTERNATIONAL GRAPHIC PAPER HOLDINGS B.V.	BALLARPUR PAPER HOLDINGS B.V.	PREMIER TISSUES INDIA LIMITED	BILT TREE TECH LIMITED	BILT GRAPHIC PAPER PRODUCTS LIMITED	SABAH FOREST INDUSTRIES SDN. BHD.	BALLARPUR SPECIALITY PAPER HOLDINGS B.V.
Capital								
Equity Share Capital	73,204	13	70,536	562	108	55,005	1,55,253	13
Reserves	236	2,48,132	1,47,680	364	348	91,359	41,571	-187
Total Assets	1,53,012	3,81,935	3,57,739	3,611	3,308	6,80,499	3,40,650	1
Total Liabilities	1,53,012	3,81,935	3,57,739	3,611	3,308	6,80,499	3,40,650	1
Investments								
(Except Investments in Subsidiaries)								
Government or Trust Securities	-	-	-	-	0	-	-	-
Shares, Debentures or Bonds	-	-	-	-	-	3,305	-	-
Turnover	-	-	8,077	4,703	6,871	3,87,471	95,142	-
Profit Before Taxation	(3,765)	9,748	(2,371)	19	216	12,773	(11,136)	(29)
Provision for Taxation								
Current Tax	-	-	-	4	12	2,677	-	-
Mat Entitlement Credit	-	-	-	(4)		(2,362)	-	-
Deferred Tax	-	-	-	(19)	-	1,122	(2,133)	-
Provision for Taxation relating to earlier years	-	-	-	-	-	-	-	-
Profit After Taxation	(3,765)	9,748	(2,371)	38	204	11,336	(9,003)	(29)
Dividend Paid	-	-	-	-	-	-	-	-
Reporting Currency	USD	USD	USD	INR	INR	INR	RM	USD
Exchange Rate - Balance Sheet items (Closing rate)	60.046	60.046	60.046	1.00	1.00	1.00	18.90	60.046
Exchange Rate - Profit & Loss items (Average rate)	61.427	61.427	61.427	1.00	1.00	1.00	17.87	61.427

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors
Ballarpur Industries Limited

We have audited the accompanying consolidated financial statements of Ballarpur Industries Limited (the 'Company') and its subsidiaries, which comprise the consolidated Balance Sheet as at 30th June, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 30th June, 2014;
- ii. in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiaries for the year ended on that date.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the

27th August, 2014

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2014

	NOTE NO.	30.06.2014	₹ In Lacs 30.06.2013
Equity and Liabilities			
SHAREHOLDERS' FUNDS			
Share Capital	B-1	13,112	13,112
Reserves and Surplus	B-2	226,033	235,460
Subordinated Perpetual Capital Securities	B-3	120,092	119,334
Minority Interest		57,105	59,315
		416,342	427,221
NON - CURRENT LIABILITIES			
Long term borrowings	B-4	362,372	336,612
Deferred tax liabilities (Net)	B-5	9,203	12,721
Other long term liabilities	B-6	5,620	4,554
Long term provisions	B-7	6,647	6,633
		383,842	360,520
CURRENT LIABILITIES			
Short term borrowings	B-8	160,997	145,872
Trade payables	B-9	127,897	113,494
Other current liabilities	B-10	135,621	125,934
Short term provisions	B-11	5,170	7,269
		429,685	392,569
TOTAL		1,229,869	1,180,310
Assets			
NON - CURRENT ASSETS			
FIXED ASSETS			
Tangible assets	B-12	819,994	693,491
Intangible assets	B-12	5,876	4,484
Capital work in progress		18,899	156,652
Intangible assets under development		-	1,005
		844,769	855,632
Non - current investments	B-13	4,056	4,056
Long term loans and advances	B-14	36,040	34,019
Other non current assets	B-15	58,297	54,008
		98,393	92,083
CURRENT ASSETS			
Inventories	B-16	146,106	119,153
Trade receivables	B-17	47,321	45,329
Cash and bank balances	B-18	25,924	7,963
Short term loans and advances	B-19	64,268	57,665
Other current assets	B-20	3,088	2,485
		286,707	232,595
TOTAL		1,229,869	1,180,310
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

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

For Ballarpur Industries Limited
GAUTAM THAPAR
 Chairman

B. HARIHARAN
 Group Director (Finance)

New Delhi, dated the
 27th August, 2014

AKHIL MAHAJAN
 Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

	NOTE NO.	30.06.2014	30.06.2013
Revenue			
Sales		549,922	510,949
Less:- Excise Duty		27,890	25,468
Net sales		522,032	485,481
Other operating revenue		6,426	5,793
Revenue from operations	B-21	528,458	491,274
Other Income	B-22	1,142	785
TOTAL		529,600	492,059
Expenses			
Cost of materials consumed	B-23	255,107	234,154
Purchases of stock in trade		15,021	10,928
Changes in inventories of finished goods, work in progress and stock in trade	B-24	(13,414)	(485)
Employee benefits expenses	B-25	39,654	36,434
Finance costs	B-26	42,286	34,671
Depreciation and amortizations expenses	B-27	49,564	45,170
Other expenses	B-28	138,427	123,470
TOTAL		526,645	484,342
Profit before tax		2,955	7,717
Tax expense:			
Current tax/MAT (Including Wealth Tax)		2,905	4,188
MAT Credit Entitlement available for set off in subsequent years		(2,366)	(3,146)
Deferred tax		(3,750)	(2,680)
		(3,211)	(1,638)
Profit/(Loss) after tax for the year		6,166	9,355
Less : Minority Interest		1,189	1,567
Profit/(loss) for the year after minority interest		4,977	7,788
Earning per equity share:	B-29		
(1) Basic (In ₹)		0.76	1.19
(2) Diluted (In ₹)		0.76	1.19
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B"		

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

For Ballarpur Industries Limited
GAUTAM THAPAR
 Chairman

B. HARIHARAN
 Group Director (Finance)

New Delhi, dated the
 27th August, 2014

AKHIL MAHAJAN
 Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	30.06.2014	30.06.2013
₹ In Lacs		
Cash Flows from Operating Activities		
Net Profit before exceptional items, tax, minority interest and appropriations	2,955	7,717
Adjustments for:		
(Profit) / Loss on sale of assets (net)	(18)	(30)
Unspent liabilities and excess provisions of earlier years written back	(60)	(224)
Depreciation & amortisation expenses	49,564	45,170
Assets discarded	16	23
Finance costs (net)	42,286	34,671
	91,787	79,610
Operating Profit before Working Capital Changes	94,742	87,327
Adjustment for Working Capital Changes :		
(Increase)/decrease in trade receivable	(1,992)	(1,991)
(Increase)/decrease in loans, advances and other current assets	14,475	6,492
(Increase)/decrease in inventory	(26,725)	(14,703)
Increase/(decrease) in liabilities and provisions	22,180	19,626
	7,938	9,424
Cash generated from operations	102,680	96,751
Income tax paid (net)	(5,596)	(2,868)
Net cash flow inflow from operating activities	97,084	93,883
Cash Flow from Investing Activities		
Increase in fixed assets, capital work-in-progress and capital advances	(71,697)	(142,604)
Proceed from Sale of property plant and equipment	174	558
Interest received	2,236	916
(Increase)/decrease in other bank balances	(12,556)	2,477
Net cash flow from investing activities	(81,843)	(138,653)
Cash Flows from Financing Activities		
Increase/(decrease) in long-term borrowings	49,173	154,493
Payment for buy back (optional/convertible)	(1)	(1)
Dividend and distribution on unsecured subordinated perpetual capital Securities (including dividend tax)	(15,710)	(15,570)
Payment for change in minority interest	-	(49,993)
Interest paid (Net)	(44,982)	(34,661)
Net cash flow from financing activities	(11,520)	54,268
Net increase/(decrease) in cash and cash equivalents	3,721	9,498
Cash and cash equivalents at beginning of reporting year	4,359	2,716
Impact of foreign currency translation reserve	1,684	(7,855)
Cash and cash equivalents (closing balance)	9,764	4,359
Significant Accounting Policies	"A"	
Notes to Financial Statements	"B"	

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

For Ballarpur Industries Limited

GAUTAM THAPAR

Chairman

B. HARIHARAN

Group Director (Finance)

New Delhi, dated the

27th August, 2014

AKHIL MAHAJAN

Company Secretary

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

Group Overview

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

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements ("CFS") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply all material aspects with the Notified Accounting Standards by Companies (Accounting Standards) Rules,2006 (as amended) and relevant provisions of the Companies Act, 1956 and Companies Act, 2013 (to the extract notified)

The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (the company) for year ended 30th June 2014 and its following Subsidiaries:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST EITHER DIRECTLY OR THROUGH SUBSIDIARY AS ON	
		30TH JUNE 2014	30TH JUNE 2013
Subsidiary			
Bilt Tree Tech Limited	India	91.67%	91.67%
Ballarpur International Holdings B.V.	Netherlands	100%	100%
Ballarpur Speciality Paper Holdings B.V.	Netherlands	100%	100%
Premier Tissues (India) Limited	India	100%	100%
Step down Subsidiary			
Ballarpur International Graphic Paper Holdings B.V. (i)	Netherlands	79.21%	79.21%
Ballarpur Paper Holdings B.V. (ii)	Netherlands	100%	100%
BILT Graphic Paper Products Limited (iii)	India	100%	100%
Sabah Forest Industries Sdn. Bhd. (iii)	Malaysia	97.78%	97.78%

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

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

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

(a) The Financial Statements of all Indian subsidiaries are prepared in compliance with the Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 (as amended) and other provisions of the Companies Act, 1956 and Companies Act, 2013 (to the extract notified) and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable accounting standards.

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

2. USE OF ESTIMATES

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

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

3. CASH FLOW STATEMENT

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

4. CASH AND CASH EQUIVALENTS

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

5. FIXED ASSETS -TANGIBLE

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

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

iii) Preoperative expenditure: Indirect expenditure incurred during construction period is capitalized under the respective asset head as a part

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

of the indirect construction cost, to the extent to which the expenditure is indirectly related to the assets head. Other Indirect expenditure incurred during the construction period, which is not related to the construction activities or which is not incidental thereto is written off in the Statement of Profit and Loss.

6. DEPRECIATION

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

7. INTANGIBLE ASSETS AND AMORTISATION

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

(a) Specialized Software

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

(b) Research and development cost:

1. Research Cost:

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

2. Development Cost

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

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

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

8. INVENTORY VALUATION

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

9. INVESTMENTS

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

10. DIVIDEND

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

11. FOREIGN CURRENCY TRANSACTIONS

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate as at the year end. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

(iii) Exchange Differences

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

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

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

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

12. REVENUE RECOGNITION

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

(i) SALES

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

(ii) INCOME FROM INVESTMENTS

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

(iii) ADVANCE LICENSE, IMPORT ENTITLEMENTS, ETC.

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

13. RETIREMENT BENEFITS

Short term employee benefits are charged off in the year in which the related services are rendered.

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

14. BORROWING COSTS

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

15. LEASES

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

16. TAXATION

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

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

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

17. IMPAIRMENT OF ASSETS

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

18. PROVISION AND CONTINGENCIES

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

19. EARNING PER SHARE

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

20. SECURITIES PREMIUM RESERVE: UTILISATION

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-1 Share Capital:		
	30.06.2014	30.06.2013
Authorised:		
1,487,500,000 (Jun 30,2013: 1,487,500,000) equity shares of ₹ 2/- each	29,750	29,750
10,250,000 (Jun 30,2013: 10,250,000) preference shares of ₹ 100/- each	10,250	10,250
	40,000	40,000
Issued:		
655,773,584 (Jun 30,2013: 655,773,584) equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Subscribed and Paid up:		
655,773,584 (Jun 30,2013: 655,773,584) equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Less: Forfeited shares - 249,745 (Jun 30,2013: 249,745) equity shares of ₹ 2/- each	5	5
655,523,839 (Jun 30,2013: 655,523,839) equity shares of ₹ 2/- each	13,110	13,110
Add: Amount originally paid up on forfeited shares	2	2
	13,112	13,112

1.1 Reconciliation of number of Shares

₹ In Lacs Except Share Data

EQUITY SHARES:	AS ON 30.06.2014		AS ON 30.06.2013	
	NO. OF SHARES	AMOUNT	NO. OF SHARES	AMOUNT
Balance as at the beginning of the year	655,523,839	13,112	655,523,839	13,112
Balance as at the end of the year	655,523,839	13,112	655,523,839	13,112
1.2 Rights, preferences and restrictions attached to shares:				

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

1.3 Details of shares held by shareholders holding more than 5% of the aggregate shares as on 30.06.2014 in the Company:

NAME OF SHAREHOLDER	AS ON 30.06.2014		AS ON 30.06.2013	
	NO. OF SHARES	HOLDING (%)	NO. OF SHARES	HOLDING (%)
1. Avantha Holdings Limited	322,689,019	49.23	322,689,019	49.23
2. Life Insurance Corporation of India	44,134,423	6.73	44,134,423	6.73
3. Samena Special Situations Mauritius	41,515,609	6.33	41,515,609	6.33
4. Platinum Investment Management Ltd. A/c Platinum Asia Fund	35,282,244	5.38	35,282,244	5.38

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-2 Reserves and Surplus:		
	30.06.2014	30.06.2013
Capital Reserve on Consolidation		
At the beginning of the reporting year	38,297	59,248
Less: Adjustment for change in minority interest	-	20,951
At the close of the reporting year	38,297	38,297
Capital Reserve		
At the beginning of the reporting year	1,515	1,515
At the close of the reporting year	1,515	1,515
Share Premium Reserve		
At the beginning of the reporting year	26,798	26,798
At the close of the reporting year	26,798	26,798
Preference Share Capital Redemption Reserve		
At the beginning of the reporting year	7,385	7,385
At the close of the reporting year	7,385	7,385
Debenture Redemption Reserve		
At the beginning of the reporting year	20,501	22,313
Less: Transferred to balance in Statement of Profit and Loss	2,312	4,000
Add: Transferred from balance in Statement of Profit and Loss	3,000	2,188
At the close of the reporting year	21,189	20,501
General Reserve		
At the beginning of the reporting year	80,810	80,640
Add: Transferred from balance in Statement of Profit and Loss	-	170
At the close of the reporting year	80,810	80,810
Foreign Currency Transaction Reserve		
At the beginning of the reporting year	98	7,166
Addition during the year (net)	(2,068)	3,081
Less :Adjustment for change in minority interest	-	10,149
At the close of the reporting year	(1,970)	98
Balance in Statement of Profit and Loss		
At the beginning of the reporting year	60,056	62,548
Add:		
Profit for the year as per statement of profit and loss	4,977	7,788
Transferred from Debenture Redemption Reserve	2,312	4,000
Less:		
Transferred to Debenture Redemption Reserve	3,000	2,188
Transferred to General Reserve	-	170
Distribution on unsecured Subordinated Perpetual Capital Securities (net of minority interest)	10,155	9,041
Proposed Dividend on 655,523,839 equity shares @ 10% (on 655,523,839 equity shares @ 15%)	1,311	1,967
Tax on distributed profits	870	914
At the close of the reporting year	52,009	60,056
TOTAL	226,033	235,460

B-3 Subordinated Perpetual Capital Securities:		
	30.06.2014	30.06.2013
Subordinated Perpetual Capital Securities *	120,092	119,334
TOTAL	120,092	119,334

* The step down subsidiary of Company, Ballarpur International Graphic Paper Holdings B.V. (BIGPH) raised USD 200 Million during the year 2011-12 through issue of Unsecured Dollar denominated 9.75% Subordinated Perpetual Capital Securities (The "Securities"). These Securities are perpetual in nature with no maturity or redemption and are callable only at the option of BIGPH in the 5th/10th year from the date of allotment of Securities and thereafter on every interest payment date. As these Securities are perpetual in nature and ranked senior only to the Share Capital of BIGPH and are therefore considered to be in the nature of equity instrument and are not classified as "Debt" and the distribution on such Securities is not considered under "Interest". BIGPH may, at its sole discretion, opt to defer payment of Interest on such Securities.

₹ In Lacs

B-4 Long Term Borrowings:		
	30.06.2014	30.06.2013
1. Secured Loans:		
Debentures (Refer Note 4.1)	66,000	59,000
External commercial borrowings (Refer Note 4.2)	27,021	34,261
Term Loans :		
Banks (Refer Note 4.3)	180,265	137,062
Financial Institutions (Refer Note 4.3)	59,017	57,636
Vehicle Loan (Refer Note 4.4)	53	173
	332,356	288,132
2. Unsecured Loans:		
Non-convertible debentures (Refer Note 4.5)	5,000	12,500
Loan from banks (Refer Note 4.6)	12,009	23,867
Zero coupon compulsory convertible bonds(Refer Note 4.7)	9,007	8,950
Deferred payment liabilities (Refer Note 4.8)	4,000	3,163
	30,016	48,480
Total long-term borrowings (1+2)	362,372	336,612

SECURED LOAN:-

4.1 Non-Convertible Debentures

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

Maturity Profile				
RATE OF INTEREST	CURRENT	NON-CURRENT		
	2014-2015	2015-2016	2016-2017	2017-2018
9.35%	2,500	-	-	-
9.50%	2,500	5,000	-	-
9.55%	-	4,000	-	-
9.65%	2,500	5,000	12,500	-
9.75%	-	-	12,500	-
9.90%	-	-	6,000	6,000

Debentures are secured by pari-passu first charge created on all moveable properties of the Company both present and future.

Maturity Profile					
RATE OF INTEREST	NON-CURRENT				
	2019-20	2020-21	2021-22	2022-23	2023-24
11.75%	3,000	3,000	3,000	3,000	3,000

4.2 External Commercial Borrowings

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

Current Maturity Profile	
	2014-2015
External Commercial Borrowings	19,467

- (b) External Commercial Borrowings (ECB) loan from Rabo bank for USD 25 Million at LIBOR plus margin of 3.3% is repayable by nine equal semi annual installments first installment must be repaid 36 months after the utilisation date. The loan is secured by pari-passu first charge on movable fixed assets of Bilt Graphic Paper Products Limited.
- (c) External Commercial Borrowings (ECB) loan from DBS Bank Limited for USD 20 Million at 3 Month Libor plus margin 2.7%. The loan is repayable in eight equal semi-annual instalments starting from 07th February, 2016 to 07th August, 2019. The loan is secured by way of first pari-passu charge over all Moveable Fixed Assets of Bilt Graphic Paper Products Limited.

4.3 Term Loans From Banks & Financial Institutions

- (a) Term Loan from IDFC Limited of ₹ 25,000 Lacs is repayable in 26 equal quarterly instalments starting from October 15, 2014 to January 15, 2021. The Loan is secured by way of hypothecation of the entire movable properties (excluding current assets and non-current assets (in the nature of current assets)), both present and future of Bilt Graphic Paper Products Limited.

- (b) Term loan from GE Money Financial Services Private Limited of ₹ 15,000 Lacs is repayable in 22 equal quarterly installments starting from March 27, 2014 to June 27, 2019. The Loan is secured by way of a first pari-passu charge over all moveable fixed assets of Bilt Graphic Paper Products Limited.
- (c) The Company has obtained a Term loan from State Bank of India of ₹ 30,000 Lacs. The loan is repayable in Instalments starting from 30th June, 2014 to 30th June, 2023. The loan is secured by way of first pari passu charge over all Moveable Fixed Assets of Bilt Graphic Paper Products Limited.
- (d) The loan of ₹ 12,692.94 Lacs has been transferred to the company from Avantha Power & Infrastructure Limited, the loan is availed from IDFC Limited. The repayment of the loan is already started and the loan is divided into two parts, the final repayment of Loan 1 and Loan 2 is 15th July, 2020 & 15th September, 2022. The loan is secured by way of first pari-passu charge over all Moveable Fixed Assets of Bilt Graphic Paper Products Limited.
- (e) The Loan of ₹ 8,851 Lacs has been transferred to the company from Avantha Power & Infrastructure Limited, the loan is availed from Axis Bank Limited, the repayment of the loan is already started and the loan is divided into three parts, the final repayment of Loan 1 and Loan 2 is 1st July 2020 and Loan 3 is 03rd September 2020. The loan is secured by way of first pari passu charge over all Moveable Fixed Assets of Bilt Graphic Paper Products Limited.
- (f) The term loans from other financial institutions are secured by pari-passu first charge created/to be created on all moveable properties of the Company both present and future.

₹ In Lacs

Maturity Profile					
CURRENT	NON-CURRENT				
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
3,143	3,857	3,857	3,857	2,857	1,429

- (g) The below mentioned facilities are secured by charges over the current assets, fixed assets, land and receivables of Sabah Forest Industries Sdn. Bhd., offtake agreement assignment etc. and are repayable as under:
- (i) a term loan of USD 50 Million, which is repayable by 8 equal semi-annual instalments commencing from March 15, 2013;
- (ii) a term loan of USD 20 Million, which is repayable by 8 equal semi-annual instalments commencing from October 20, 2013;
- (iii) a term loan of USD 20 Million, which is repayable by 8 equal semi-annual instalments commencing from December 4, 2013;
- (iv) a term loan of USD 25 Million which is repayable by 5 equal semi-annual instalments commencing from September 28, 2014;
- (v) a term loan of USD 25 Million, which is repayable by 10 equal semi-annual instalments commencing from February 8, 2013;
- (vi) a term loan of USD 50 Million, which is repayable by 19 unequal quarterly instalments commencing from December 28, 2013;
- (vii) a term loan of USD 25 Million, which is repayable by 24 unequal quarterly instalments commencing from November 1, 2013;
- (h) (i) ₹ 1,198 Lacs term loan is secured by exclusive charge on the movable fixed assets and immovable fixed assets of Premier Tissues India Limited. Repayable in 20 quarterly instalments after a moratorium period of 12 months w.e.f. July, 2011 along with interest @ 2.85% plus prime lending rate (present rate is 13.35%)
- (ii) Term loan of USD 35 Million at LIBOR plus a margin of 5.3% from Exim bank is secured against pledge of Ballarpur International Graphic Paper Holdings B.V.'s shares and is repayable in four equal instalments starting from January 2015.
- (iii) Term loan of USD 58 Million at LIBOR plus a margin of 5.25% from Standard Chartered Bank is secured against pledge of Ballarpur Paper Holdings B.V.'s shares and is repayable at the end of three years from first utilisation date.

4.4 Vehicle Loans

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

UNSECURED LOAN:-

4.5 Non-Convertible Debentures

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

Maturity Profile		
	CURRENT	NON – CURRENT
RATE OF INTEREST	2014-15	2015-16
9.60%	7,500	-
9.90%	-	5,000

4.6 Loan From Banks

- a) A USD 60 Million loan at LIBOR plus a margin of 4.5% from IDBI Bank was drawn down in installments from March 2011 to April 2011 and is repayable in three equal installments starting from April 2014.
- b) A USD 30 Million loan at EURIBOR plus a margin of 2.5% was drawn on 13th March 2014 from ICICI Bank and is repayable in three equal installments starting from third year of the utilization date.

4.7 ZERO COUPON COMPULSARY CONVERTIBLE BONDS

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

4.8 Deferred Payment Liabilities

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

₹ In Lacs

B-5 Deferred Tax Liabilities (Net)		
In term of Accounting standard 22, the computation has been made to the extent there is a reasonable certainty that these will be realised in future. The deferred tax asset and liability as on 30th June 2014 comprises of timing difference on account of :		
	30.06.2014	30.06.2013
Deferred Tax Liability :		
Higher depreciation claimed under tax laws (net of unabsorbed depreciation & c/f losses)	16,247	15,729
TOTAL	16,247	15,729
Deferred Tax Asset :		
Expenses allowable on payment basis	7,044	3,008
TOTAL	7,044	3,008
Net Deferred Tax Liability*	9,203	12,721
*Includes effect of foreign currency translation.		
B-6 Other Long Term Liabilities:		
	30.06.2014	30.06.2013
Security Deposit	5,620	4,554
TOTAL	5,620	4,554
B-7 Long Term Provisions:		
	30.06.2014	30.06.2013
Provisions for employee benefits		
Provision for gratuity	5,876	5,882
Provision for leave encashment	771	751
TOTAL	6,647	6,633
B-8 Short Term Borrowings:		
	30.06.2014	30.06.2013
1. Secured Loans:		
Working Capital Loan (See Note 8.1 & 8.2)	11,197	9,421
	11,197	9,421
2. Unsecured Loans:		
Working Capital Loan	149,800	136,433
Deposits	-	18
	149,800	136,451
Total short-term borrowings (1+2)	160,997	145,872
Note:-		
8.1) ₹ 10,741 Lacs (Previous Year ₹ 9,159 Lacs) is secured by charges over the current assets, fixed assets, land and receivables of Sabah Forest Industries SDN. BHD., offtake agreement assignment etc.		
8.2) ₹ 456 Lacs (Previous Year ₹ 262 Lacs) is secured against exclusive charge on the current assets of Premier Tissues (India) Limited.		
B-9 Trade Payables:		
	30.06.2014	30.06.2013
To micro, small and medium enterprises (Refer Note 9.1)	261	100
Other payables	127,636	113,394
TOTAL	127,897	113,494

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

Note :-

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

₹ In Lacs

	30.06.2014	30.06.2013
Principal amount due and remaining unpaid	33	6
Interest due on above and the unpaid interest	2	1
Interest paid on all delayed payments under the MSMED Act	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	1	1
Interest accrued and remaining unpaid	1	1
Amount of further interest remaining due and payable in succeeding years	-	-
	37	9

B-10 Other Current Liabilities:

	30.06.2014	30.06.2013
Current maturities of long term debt	90,943	82,242
Current maturities of finance lease obligations	123	169
Interest accrued but not due on borrowings	9,146	9,593
Interest accrued but not due on deposits	72	61
Unpaid dividends	87	98
Security deposits	1,428	1,613
Advance received from customers	9,507	3,689
Bank book overdrawn	4,301	4,811
Payables for capital goods	6,602	10,654
Liability for compulsory / optional buyback	186	187
Statutory dues	6,326	5,705
Payable to employee	4,721	5,073
Director commission payable	12	42
Due to related Parties	43	-
Other payables	2,124	1,997
TOTAL	135,621	125,934

B-11 Short Term Provisions:

	30.06.2014	30.06.2013
Provisions for employee benefits :		
- Provision for gratuity	1,216	1,093
- Provision for leave encashment	138	175
Provision for proposed dividend	1,311	1,967
Provision for dividend Tax	262	334
Provision for taxation including MAT	593	2,733
Others provisions (Net of payment) (Refer Note 11.1)	1,650	967
TOTAL	5,170	7,269

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

	AS AT 1ST JULY, 2013	PROVISION DURING THE YEAR	PROVISION UTILISED/ REVERSED DURING THE YEAR	AS AT 30TH JUNE, 2014
Anti-dumping duty *	27	-	-	27
Water cess	887	798	120	1,565
Provision for Sales tax**	53	5	-	58

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

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-13 Non Current Investments:			
	NAME OF THE COMPANY	30.06.2014	30.06.2013
Non-trade, unquoted investment			
a) Investments in Equity Instruments:			
Other Companies			
5,000 (Jun 30, 2013: 5,000) Fully paid Equity shares of ₹ 10/- each	Blue Horizon Investments Limited	3	3
39,880,940 (Jun 30, 2013: 39,880,940) Fully paid Equity shares of ₹ 10/- each	Avantha Power & Infrastructure Limited	4,053	4,053
b) Investments in Government or trust securities			
₹ 2,000 5 Year Kisan Vikas Patra (Lodged as security deposit)		0	0
₹ 3,000 6 Year National Saving Certificates		0	0
₹ 3,000 7 Year National Saving Certificates		0	0
TOTAL		4,056	4,056
Additional Information:			
1. Aggregate value of quoted investments:			
Cost		-	-
Market Value		-	-
2. Aggregate value of unquoted investments:			
Cost		4,056	4,056
Note : ₹ 0 represent amount below ₹ 50,000/-			
B-14 Long Term Loans and Advances:			
		30.06.2014	30.06.2013
Secured, considered good			
Capital Advance		7	16
Unsecured, considered good			
Capital advances		421	1,039
Security deposits		1,542	1,311
Prepaid expenses		1,778	2,242
Balance with govt. authorities		10,896	10,948
Mat credit entitlement		16,927	14,545
Advance tax, tax deducted at source (Net of provision for tax)		4,469	3,918
TOTAL		36,040	34,019
B-15 Other Non Current Assets:			
		30.06.2014	30.06.2013
Biological assets *		48,842	44,639
Unamortized expenses		9,455	9,369
TOTAL		58,297	54,008
* Biological assets represent plantation development expenditure:-			
		30.06.2014	30.06.2013
Cost			
At beginning of year		62,769	49,107
Additions		9,913	9,512
Translation reserve		(1,187)	4,150
At end of year		71,495	62,769
Accumulated Amortisation			
At beginning of year		18,130	13,504
Charge for the year		5,157	3,437
Translation reserve		(634)	1,189
At end of year		22,653	18,130
Carrying Amount		48,842	44,639

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-16 Inventories:		
	30.06.2014	30.06.2013
Raw materials (See Note 16.1)	53,410	43,052
Work in progress	13,648	6,843
Finished goods/ Stock-in-trade	24,086	17,477
Stores and spares (See Note 16.2)	38,204	34,604
Block stores	196	291
Chemicals (See Note 16.3)	13,149	13,721
Packing material (See Note 16.4)	3,413	3,165
TOTAL	146,106	119,153

Note:-

Note 16.1) Includes raw material-in-transit of ₹ 7,969 Lacs (Previous Year ₹ 8,469 Lacs)

Note 16.2) Includes stores and spares-in-transit of ₹ 2,677 Lacs (Previous Year ₹ 2,666 Lacs)

Note 16.3) Includes Chemicals-in-transit of ₹ 1,216 Lacs (Previous Year ₹ 1,755 Lacs)

Note 16.4) Includes packing material-in-transit of ₹ 243 Lacs (Previous Year ₹ 56 Lacs)

B-17 Trade Receivables:		
	30.06.2014	30.06.2013
Trade receivables -exceeding six months from the date they are due for payment		
Secured, considered good	277	2
Unsecured, considered good	661	549
Trade receivables -others		
Secured, considered good	3,521	1,238
Unsecured, considered good	42,862	43,540
TOTAL	47,321	45,329

B-18 Cash and Bank Balances:		
	30.06.2014	30.06.2013
Cash & cash equivalents		
Balances with banks		
– In current accounts	8,773	4,015
Cash on hand	39	39
Cheques, drafts on hand	1	20
Money in transit	678	–
In unpaid dividend accounts	87	98
Unclaimed compulsory /optional buy back consideration	186	187
	9,764	4,359
Other bank balance		
In margin money, security for borrowings, guarantees and other commitments	60	561
In deposit accounts exceeding three months but less than twelve months	16,100	3,043
	16,160	3,604
TOTAL	25,924	7,963

B-19 Short Term Loans and Advances:		
	30.06.2014	30.06.2013
Unsecured, considered good		
Loans and advances (Related Parties)*	3,130	3,092
Balance with government authorities	35,601	33,565
Advance tax, tax deducted at source (including income tax refund receivable)	–	16
Prepaid expenses	1,957	2,028
Advances to trade creditors	16,768	8,969
Advances to employees	427	244
Insurance claim receivables	–	571
Security deposits	942	952
Other advances recoverable in cash or kind for value to be received	5,443	8,228
TOTAL	64,268	57,665

* Includes amount advanced to Directors ₹ 16 Lacs (Previous Year ₹ 22 Lacs)

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2014

₹ In Lacs

B-20 Other Current Assets:		
	30.06.2014	30.06.2013
Interest accrued on deposits	41	17
Assets held for sale (at lower of cost and net realizable value)	13	13
Current portion of unamortized expenses	2,302	2,357
Export incentive under duty draw back recoverable	–	8
Interest paid in advance	685	–
Other current assets	47	90
TOTAL	3,088	2,485

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-21 Revenue from Operations:		
	30.06.2014	30.06.2013
Sale of products		
Paper (including coated)	510,431	457,594
Caustic soda, chlorine etc.	6	289
Rayon grade pulp	30,153	43,637
Others	9,332	9,429
	549,922	510,949
Less:		
Excise duty	27,890	25,468
Sub Total	522,032	485,481
Mega project benefit	3,629	3,251
Export incentive / scrap sale	2,797	2,542
Sub Total	6,426	5,793
TOTAL	528,458	491,274
B-22 Other Income:		
	30.06.2014	30.06.2013
Profit on sale of fixed assets (Net)	18	30
Rent and license fee	247	234
Unspent liabilities and excess provisions of earlier years written back	60	224
Other non operating income (net of expenses directly attributable to such income)	817	297
TOTAL	1,142	785
B-23 Cost of Materials Consumed:		
	30.06.2014	30.06.2013
Bamboo	10,478	7,611
Wood and wood species	88,682	63,134
Chemicals	83,725	73,120
Wood pulp	58,703	76,847
Packing materials	13,384	13,046
Salt	117	396
Others	18	-
TOTAL	255,107	234,154
B-24 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade:		
	30.06.2014	30.06.2013
Stocks at the beginning of the year		
Finished goods		
Paper	15,515	16,523
Pulp	1,962	834
	17,477	17,357
Work in progress		
Paper	5,550	5,970
Pulp	1,293	508
	6,843	6,478
TOTAL (A)	24,320	23,835
Stocks at the end of the year		
Finished goods		
Paper	20,904	15,515
Pulp	3,182	1,962
	24,086	17,477
Work in progress		
Paper	9,578	5,550
Pulp	4,070	1,293
	13,648	6,843
TOTAL (B)	37,734	24,320
Net (Increase) / Decrease in Stocks (A-B)	(13,414)	(485)

₹ In Lacs

B-25 Employee Benefits Expenses:		
	30.06.2014	30.06.2013
Salaries and wages	35,024	32,042
Contribution to provident and other funds	2,384	2,331
Staff welfare expenses	2,246	2,061
TOTAL	39,654	36,434

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

Defined contribution plan

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

	30.06.2014	30.06.2013
Employer's contribution to provident fund	739	788
Employer's contribution to superannuation fund	90	156
Employer's contribution to pension scheme	384	453

Defined benefit plan

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

DEFINED BENEFIT PLAN:		2013-2014			2012-2013		
PARTICULARS	GRATUITY (FUNDED)	GRATUITY (UNFUNDED)	LEAVE EN- CASHMENT (UNFUNDED)	GRATUITY (FUNDED)	GRATUITY (UNFUNDED)	LEAVE EN- CASHMENT (UNFUNDED)	
a. Reconciliation of Opening and closing balance of Defined Benefit Obligation							
Defined benefit obligation at beginning of the year	355	6,797	926	293	5,714	751	
Transferred in as pursuance to scheme	–	–	–	–	1,719	108	
Current service cost	34	472	118	32	420	106	
Past service cost			8				
Interest cost	28	547	75	23	445	57	
Acquisitions	–	(28)	1	22	270	43	
Actuarial (gain)/loss	(13)	(6)	64	11	688	227	
Benefit paid	(11)	(904)	(283)	(26)	(789)	(258)	
Plan amendments	–	–	–	–	51	–	
Transferred out as pursuance to scheme	–	–	–	–	(1,721)	(108)	
Defined benefit obligation at year end	393	6,878	909	355	6,797	926	
b. Reconciliation of opening and closing balance of fair value of plan assets							
Fair value of plan assets at beginning of the year	177	–	–	165	–	–	
Expected return on plan assets	16	–	–	17	–	–	
Actuarial gain/ (loss)	(5)	–	–	–	–	–	
Employer contribution	–	902	281	21	789	258	
Benefit paid	(11)	(902)	(281)	(26)	(789)	(258)	
Fair value of plan assets at year end	177	–	–	177	–	–	
Actual return on plan assets	–	–	–	14	–	–	
c. Reconciliation of fair value of assets and obligations							
Fair value of plan assets as Year end	178			177			
Present value of obligation as at year end	393	6,878	909	355	6,797	926	
Amount recognized in balance sheet	215	6,878	909	178	6,797	926	
d. Expenses recognized during the year (under the Note “Employee Benefits Expenses”)							
Current service cost	34	472	118	32	420	106	
Interest cost	28	547	75	23	445	57	
Expected return on plan assets	(16)	–	–	(15)	–	–	
Actuarial (gain)/loss	(9)	(6)	64	11	688	227	
Net cost	37	1,013	257	51	1,553	390	
e. Discount rate (per annum)	8.70%	8.70%	8.70%	7.75%	7.75%	7.75%	
Expected rate of return on plan assets (per annum)	8.70%		8.70%	7.75%		7.75%	

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

B-26 Finance Costs:		
	30.06.2014	30.06.2013
Interest expenses	40,096	34,550
Other borrowing costs	536	823
Net loss / (gain) in foreign currency transaction and translation	3,914	231
	44,546	35,604
Less : Interest earned	2,260	933
TOTAL	42,286	34,671
B-27 DEPRECIATION AND AMORTIZATION:		
	30.06.2014	30.06.2013
Depreciation on tangible assets	44,419	40,244
Amortization of intangible assets	341	13
Amortization of biological assets	4,804	4,913
TOTAL	49,564	45,170
B-28 OTHER EXPENSES:		
	30.06.2014	30.06.2013
Consumption of stores and spare parts	9,626	5,245
Power and fuel	87,178	84,033
Excise duty on year end inventory of finished goods	115	276
Rent	3,082	2,542
Repairs to buildings	401	357
Repairs to machinery	4,694	5,019
Repairs others	1,631	1,675
Loss on foreign currency fluctuations	1,844	96
Insurance	1,688	1,482
Rates and taxes	893	629
Other manufacturing expenses	1,381	1,321
Office & other expenses	9,307	4,540
Bank charges	14	13
Commission	138	207
Selling expenses	900	1,161
Prior year expenses	468	-
Assets discarded	16	23
Carriage and freight	13,383	13,203
Legal and professional charges (See Note 28.1)	1,553	1,487
Directors sitting fees	103	119
Directors commission on profit	12	42
TOTAL	138,427	123,470
Note : 28.1) Legal and Professional Charges include auditors' remuneration as under :		
	30.06.2014	30.06.2013
- Statutory audit fees (including cost audit fees)	130	106
- Tax audit fees	22	22
- Other capacity	116	60
- Reimbursement of expenses	10	10
TOTAL	278	198
B-29 Earnings Per Share:		
	30.06.2014	30.06.2013
Profit for the year	4,977	7,788
No. of equity shares outstanding	655,523,839	655,523,839
Earning Per Share		
Basic (In ₹)	0.76	1.19
Diluted (In ₹)	0.76	1.19

₹ In Lacs

B-30 Contingent Liabilities and Commitments:		
	30.06.2014	30.06.2013
(to the extent not provided for)		
1) Contingent Liabilities:		
Claims against the Company not acknowledged as debts	64,734	55,483
Guarantees	8,094	5,843
TOTAL (A)	72,828	61,326
2) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3,390	3,118
TOTAL (B)	3,390	3,118
TOTAL (A+B)	76,218	64,444

3) In respect of loan availed by its foreign wholly owned subsidiary, Ballarpur International Holdings B.V.

- i) The Company has granted to the lender an irrevocable and unconditional right to require it to purchase loan wholly or in part(s), as may be require by lender through exercise of put option given to lender subject to a maximum limit of USD 70 Million.
- ii) The Company has granted to the lender a corporate gurantee of USD 35.10 Million.
- iii) The Company has executed an "indemnity and undertaking" for stand by letter of credit facility of USD 30 Million.

B-31 SEGMENT REPORTING

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

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

₹ In Lacs

	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	OTHERS	TOTAL
Revenues						
Gross Sale to External Customers	2013-14	443,435	62,593	30,153	13,741	549,922
Excise Duty	2013-14	(23,061)	(2,693)	(1,756)	(380)	(27,890)
Gross Sale to External Customers	2012-13	396,515	56,142	43,637	14,655	510,949
Excise Duty	2012-13	(21,143)	(1,418)	(2,548)	(359)	(25,468)
Total Segment Revenues (Net of Excise)	2013-14	420,374	59,900	28,397	13,361	522,032
	2012-13	375,372	54,724	41,089	14,296	485,481
Segment Results	2013-14	47,285	2,396	(3,494)	(534)	45,653
	2012-13	37,981	2,189	3,345	(572)	42,943
Less: Unallocated Corporate Expenses (Net of other income)	2013-14					412
	2012-13					555
Profit Before Interest and Tax	2013-14					45,241
	2012-13					42,388
Interest (Net of Income)	2013-14					42,286
	2012-13					34,671
Profit Before Tax	2013-14					2,955
	2012-13					7,717
Provision For Tax						
-Current Tax (Net of MAT Credit Entitlement)	2013-14					539
	2012-13					1,042
-Deferred Tax	2013-14					(3,750)
	2012-13					(2,680)
-Relating to earlier years	2013-14					-
	2012-13					-

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

₹ In Lacs

	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	OTHERS	TOTAL
Net Profit	2013-14					6,166
	2012-13					9,355
Minority Interest	2013-14					1,189
	2012-13					1,567
Net Profit after Minority Interest and Share of Profit in Associates	2013-14					4,977
	2012-13					7,788
Other Information						
Segmental Assets	2013-14	1,047,027	56,114	69,204	1,348	1,173,693
	2012-13	1,028,145	47,623	66,668	1,330	1,143,766
Unallocated Corporate assets	2013-14					56,176
	2012-13					36,544
Total Assets	2013-14					1,229,869
	2012-13					1,180,310
Segmental Liabilities	2013-14	170,119	10,047	4,340	-	184,506
	2012-13	149,822	7,870	6,354	-	164,046
Unallocated Corporate Liabilities	2013-14					9,796
	2012-13					15,454
Total Liabilities	2013-14					194,302
	2012-13					179,500
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	2013-14					71,697
	2012-13					142,604
Depreciation	2013-14					44,419
	2012-13					40,244
Amortisation	2013-14					5,145
	2012-13					4,926
Total Liabilities Exclude						
Long Term Borrowings	2013-14					358,372
	2012-13					333,449
Short Term Borrowings	2013-14					160,997
	2012-13					145,872
Current Maturities of Long Term Debts	2013-14					90,653
	2012-13					81,547
Deferred Tax Liabilities	2013-14					9,203
	2012-13					12,721
Minority Interest	2013-14					57,105
	2012-13					59,315

II. Secondary Segments (Geographical Segments)

(a) Segmental Revenue

₹ In Lacs

	30.06.2014	30.06.2013
Domestic	457,762	418,789
Overseas	92,160	92,160
TOTAL	549,922	510,949

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

₹ in Lacs

	30.06.2014	30.06.2013
Domestic	596,626	607,489
Overseas	248,143	248,143
TOTAL	844,769	855,632

B-32 Information on Related Parties as Required by Accounting Standard-AS 18 "Related Party Disclosures":

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

(1) Key management personnel

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

(2) Other related parties*

*Companies over which persons(s) having direct / indirect control or significant influence

Arizona Printers & Packers Private Limited
Avantha Holdings Limited
Avantha Power & Infrastructure Limited
Avantha Realty Limited
BILT Industrial Packaging Company Limited
Biltech Building Elements Limited
Crompton Greaves Limited
Global Green Company Limited
Imerys NewQuest(India) Private Limited
Jhabua Power Limited
Korba West Power Company Limited
Krebs & Cie (India) Limited
Leading Line Merchant Traders (P) Limited
Mirabelle Trading Pte. Limited
Prestige Wines & Spirits Private Limited
Salient Business Solutions Limited
Saraswati Travels (P) Limited
SMI Newquest India Private Limited
Solaris Chemtech Industries Limited
MTP New Ocean Mauritius Ltd.
UHL Power Co. Limited

b) Details of transactions with related parties:

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

₹ In Lacs

S. NO.	PARTICULARS	30.06.2014	30.06.2013
a)	Sale of goods, rent received & allocation of common expenses for rendering corporate service:		
	-Other Related Party	3,229	148
b)	Purchase of Goods and Services:		
	-Other Related Party	59,273	29,855
c)	Remuneration (net of recovery) :		
	-Key Management Personnel	1,877	1,137
d)	Advances given during the year		
	-Other Related Party	1,000	-
e)	Royalty paid/payable		
	-Other Related Party	2,174	-
f)	Purchase of Captive Power Plant pursuant to business Transfer agreement		
	-Other Related Party	-	25,451
g)	Outstanding Balances Loan and Advances		
	-Key Management Personnel	16	22
	-Other Related Party	3,071	3,070

B-33 The Group has operating leases for various premises and for other assets, which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Statement of Profit and Loss for the year are ₹ 132 Lacs (30th June, 2013 ₹109 Lacs). As of 30th June, 2014, the future minimum lease payments for non-cancellable operating leases are as below :-

	30.06.2014	30.06.2013
Not later than one year from 30th June, 2014	NIL	NIL
Later than one year and not later than five years	NIL	NIL

B-34 In the opinion of the board, all assets other than fixed assets and non-current investments are realisable in the ordinary course of business at the value at which they are stated in the Financial Statements.

B-35 Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various units of the Group.

B-36 Accounts with certain Financial Institutions, Banks and Companies are subject to reconciliation; however these will not have any significant impact on the profit for the year and on the net worth of the Company as on the Balance Sheet date.

B-37 During the previous year, the Company has entered into an agreement for purchase of Captive Power Plant (CPP) along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. by way of slump sale from Avantha Power & Infrastructure Limited (APIL) on a going concern basis. Pursuant to Business Transfer Agreement, all the assets and liabilities of CPP were transferred to the Company subject to pending certain formalities. However, pending certain clearances/ approval, APIL had continued to perform obligation/operate CPP unit in trust for and on behalf of the Company.

B-38 During the previous year, the Members of the Company and BILT Graphic Paper Products Limited (BGPPL, step down subsidiary of the Company) have approved transfer, by way of slump exchange basis as a going concern with effect from 1st July 2012, the business undertakings of the Company situated at Units Sewa and Ashti engaged in the business of manufacture of Copier Paper, with business undertaking of BGPPL, situated at Unit Kamalapuram engaged in the business of manufacture of Rayon Grade Pulp. The shareholding of the Company in BGPPL shall remain unchanged and hence there will be no impact on the consolidated financial statements of the Company, post the exchange of aforesaid business undertakings.

B-39 Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Company's Financial Statements.

B-40 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the

27th August, 2014

For Ballarpur Industries Limited

GAUTAM THAPAR

Chairman

B. HARIHARAN

Group Director (Finance)

AKHIL MAHAJAN

Company Secretary

ADDRESS FOR CORRESPONDENCE

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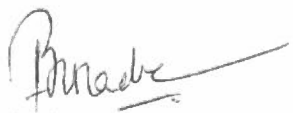
FORM A

1	Name of the company	Ballarpur Industries Limited
2	Annual financial statements for the year ended	30 th June, 2014
3	Type of Audit observation	Un-qualified / Matter of Emphasis
4	Frequency of observation	N.A


Anup Kansal
Chief Executive Officer


B. Hariharan
Group Director Finance


A.S. Dulat
Audit Committee Chairman


Abhay Upadhye
Partner
Membership No. 049354
For and on behalf of
K.K MANKESHWAR & CO.,
Chartered Accountants
FRN – 106009W
(Statutory Auditors)

