

A large, abstract graphic composed of many concentric, wavy lines in shades of blue, green, and brown, creating a tunnel-like effect that frames the central text.

ANNUAL REPORT 2011-2012



CONTENTS

02 BOARD OF
DIRECTORS

04 CONSOLIDATED
HIGHLIGHTS

06 CHAIRMAN'S
LETTER

09 MANAGEMENT
DISCUSSION & ANALYSIS

21 CORPORATE SOCIAL
RESPONSIBILITY

27 CORPORATE
GOVERNANCE

36 DIRECTORS'
REPORT

43 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

Managing Director &
Executive Vice Chairman

B. HARIHARAN

Group Director (Finance)

P.V. BHIDE**SANJAY LABROO****A.S. DULAT****ASHISH GUHA****A.P. SINGH**

Nominee of LIC

COMPANY INFORMATION

REGISTERED OFFICE

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

HEAD OFFICE

Thapar House, 124 Janpath,
New Delhi-110 001

OPERATING OFFICE

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

AUDITORS

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

LISTING ON STOCK EXCHANGES

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

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

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

CONSOLIDATED HIGHLIGHTS

AWARDS & CERTIFICATIONS

UNIT BALLARPUR

Excellence in Energy Conservation and Management from the Maharashtra Energy Development Agency (MEDA), Pune, a Government of Maharashtra body.

Environmental Best Practices Award 2012 from Confederation of Indian Industry (CII) GBC, Hyderabad for Most Innovative Environmental Project.

Gold Award for Excellence in Environment Management 2011 from Greentech Foundation, New Delhi.

UNIT SEWA

ISO 14001-2004 and OHSAS 18001-2007 certification.

UNIT BHIGWAN

Good Green Governance (G3) Award from Srushti Publications, New Delhi.

Greentech Safety Gold Award from Greentech Foundation, New Delhi.

Earth Care Award for Green House Gases (GHG) Mitigation (Large Enterprises) by JSW and the Times of India.

National Energy Conservation Award in Pulp and Paper Sector by Bureau of Energy Efficiency, Ministry of Power.

Indian Manufacturing Excellence Gold Certificate from Frost and Sullivan and The Economic Times.

8th National Award for Excellence in Water Management and Excellence

Water Efficient Unit Award for two categories i.e. within fence and beyond the fence by CII.

FINANCIALS

PAPER PRODUCTION

Decreased by 0.7 per cent from 846,230 MTPA in 2010-11 to 840,429 MTPA in 2011-12.

DEBT EQUITY RATIO

Decreased from 1.1 in 2010-11 to 0.9 in 2011-12.

NET SALES

Increased by 5.6 per cent from Rs. 4498.1 crore in 2010-11 to Rs. 4747.8 crore in 2011-12.

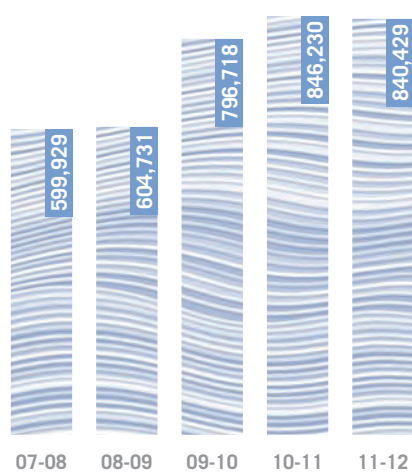
PBDIT

Decreased by 8.5 per cent from Rs. 875.5 crore in 2010-11 to Rs. 800.9 crore in 2011-12.

2011 2012

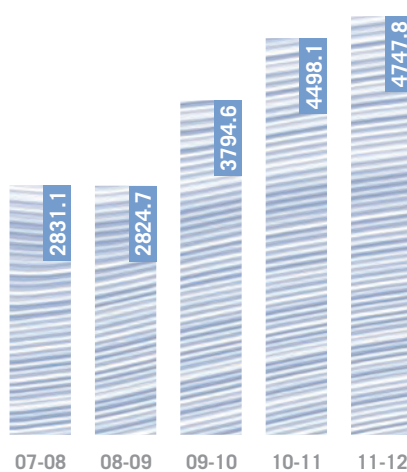
PAPER PRODUCTION

IN MT

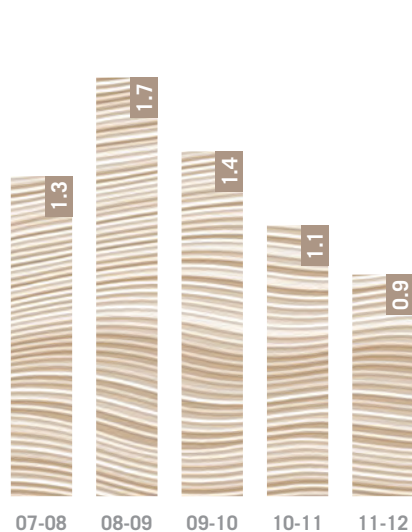


NET SALES

IN RS. CRORE

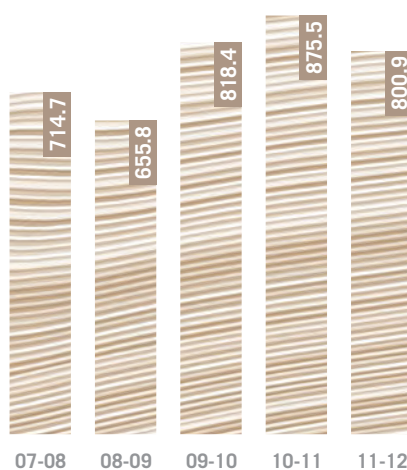


DEBT EQUITY RATIO



PBDIT

IN RS. CRORE



CHAIRMAN'S LETTER

DEAR SHAREHOLDER In the course of a year, the world has become a far more economically difficult place than before. According to the World Bank, global GDP growth has fallen from 4.1 per cent in calendar year 2010 to 2.7 per cent in 2011, and is projected even lower at 2.5 per cent for 2012.

The Euro zone is again in recession — with growth in 2012 being estimated at (–)0.5 per cent. Greece continues to spiral downwards, and the economy will contract by over 6 per cent in 2012. Spain's GDP will shrink by 1.7 per cent, as it faces widespread popular disenchantment with one out of four employable people being out of a job. Italy's GDP will also reduce by about 2 per cent. Even Germany, the beacon of growth and productivity in Europe, is expecting 2012 growth come down to a mere 0.8 per cent.

Comparatively, the US is doing better. Even so, it will grow by 2 per cent to 2.1 per cent in 2012. While reducing, it still has a high unemployment rate of 7.8 per cent. And there are serious uncertainties about having a productive bi-partisan Congress from January 2013, which is vital to bring about necessary fiscal reforms.

The most worrisome aspect is the falling growth in emerging markets. It seems unbelievable that after decades of

spectacularly high growth, China will grow by less than 8 per cent in 2012. Brazil's growth has shrunk quite dramatically, to 0.5 per cent in April-June 2012. And, as we all know, India's growth is down by over 2 percentage points in the course of a couple of years. With GDP growth at 5.5 per cent in April-June 2012, it will be lucky if we achieve 6 per cent for 2012-13.

In an environment that doesn't show any signs of improvement in the short term, what is the outlook for the paper and pulp industry and your Company? Let me touch upon some issues.

First, the global demand for paper.

It is clear that demand is shrinking in the advanced economies partly due to economic conditions, but mostly on account of a widespread digital culture and serious penetration of the high speed broadband internet which is promoting increasingly paperless systems.

The numbers tell the story. From a peak of 30.7 million metric tons (MT) in 2004, demand in North America has reduced to 22 million MT in 2011. Western Europe peaked in 2007 with demand for 28 million MT. By 2011, this has dropped to 22.6 million MT. Japan, too, has dropped from a high of 11.9 million MT in 2006 to 9.8 million MT in 2011.

The good news is the contrasting story of developing countries like India and China, which continue to witness strong growth. For instance, China, which now has the largest paper industry in the world, has seen the sector grow in recent years. In India, too, paper demand continues to grow with education constituting an increasingly significant proportion of the budgets of a rapidly increasing number of households. Thus, in paper as in many other areas, it is clear that the wedge between the advanced countries and the emerging economies is widening — especially so in Asia.

Given these circumstances, the fact that your Company and its subsidiary, Sabah Forest Industries (SFI) operate in India and South East Asia is cause of comfort. I see paper demand continuing to grow in your Company's markets. It may vary from year to year. But I don't anticipate falling demand in the foreseeable future. Therefore, your Company's top-line should continue to grow.

Second, by the end of calendar 2012, your Company's key investments in setting up major pulping mill facilities in SFI and Ballarpur will bear fruit. At SFI, the expansion for producing an additional 120,000 air-dry ton of pulp per year has been completed successfully. The pulp mill modernisation at Ballarpur will progressively commence operations from December 2012. Your Company has also invested in these capacity additions in a manner that will allow it to expand at these sites with very favourable capital/output ratios.

Thus, with in-house access to its key raw material, there should be reduced dependence on the global purchase of pulp — whose prices often move counter-cyclically and prevent operations from locking in to its variable cost structure. My expectation is that with this significant addition in pulping capacity, your Company should not only be able to produce more paper products, but also do so at higher margins than before.

Third, with the additional pulping facilities at SFI and Ballarpur, the current investment cycle has more or less come to an end. In the next few years, your Company's management will focus on 'sweating' the additional capital



to produce more output at lower unit costs and earn better returns. All else being equal, thanks to higher pulping capacity at SFI and Ballarpur, I expect margins to improve in the years to come. And with it, the return on capital employed.

Fourth, while product differentiation continues to play its role in creating a competitive edge, the pulp and paper industry is increasingly getting commoditised. Returns for companies are becoming as much a function of marketing and operating excellence as of effective estimation of market cycles and proactive decision-making for the buying and selling of forest products, pulp and paper.

Traditionally, the business cycles in the paper industry was over 4-5 years. This length has shortened significantly: today, the cyclical trends are closer to one year. Such shortened cycles make it even more important to correctly time the market with

THE GOOD NEWS is the contrasting story of developing countries like India and China, which continue to witness strong growth. For instance, China, which now has the largest paper industry in the world, has seen the sector grow in recent years.

LET ME TOUCH upon some work that has been done on CSR and sustainability. Through its subsidiary, BILT Tree Tech Limited (BTTL), the Company continues to work with farmers to plant trees that are suitable for industrial wood.

buying and selling decisions to generate optimal shareholder value.

Fifth, I need to briefly explain the internal restructuring exercise carried out in July 2012. From 1 July 2012, there has been a transfer of the Sewa and Ashti business units of BILT to BILT Graphic Paper Products Limited (BGPPL), a step down subsidiary of your Company; and that of the Kamalapuram rayon grade pulp business to BILT. This now creates three clear businesses:

- the writing and printing paper business including copier paper through the step-down subsidiaries BGPPL and SFI
- the rayon grade pulp business at Kamalapuram, which is now directly under BILT; and
- the tissue business through the subsidiary Premier Tissues (India) Limited, which is also with BILT.

Moreover, the captive power assets at the Unit Shree Gopal have been transferred to BILT from Avantha Power and Infrastructure Limited (APIL), a group company. Similarly, the captive power assets at Units Ballarpur, Bhigwan and Sewa have been transferred to BGPPL from APIL. Given the role that power plays in paper manufacturing, these have been done to derive better operational efficiencies from having integrated facilities.

Sixth, regarding the financial performance of your Company, the positive was that BILT continued to penetrate markets and grow its sales volumes. Consequently, consolidated net sales increased by 5.6 per cent to Rs. 4,748 crore in FY2012. The negative was the sharp hike in various input costs — pulp, fuel and energy. Thus, despite a higher top-line, profit after tax after minority interest decreased by 42 per cent to Rs. 123 crore in FY2012. With the increase in pulping capacities and reduced demand on outside power, I expect the profits to improve in the coming years.

Seventh, while focusing on financial returns, BILT remains committed to being a good corporate citizen. It is even more important from a business perspective for a forest based enterprise such as your Company to focus on sustainable development. Your Company has taken several steps in this direction. In fact, FY2012 is the completion of a decade of focused

Corporate Social Responsibility (CSR) work at BILT.

Let me touch upon some work that has been done on CSR and sustainability. Through its subsidiary, BILT Tree Tech Limited (BTTL), the Company continues to work with farmers to plant trees that are suitable for industrial wood. Thousands of farmers in Odisha, Madhya Pradesh, Chhattisgarh, Andhra Pradesh and Maharashtra are associated with BTTL's farm forestry programme for over a decade.

BTTL has a strong network of qualified forestry staff; and environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 14 million plants for production of clonal saplings. It also supplies quality seedlings of *leucaena* (*subabul*) and *casuarina* in Andhra Pradesh and Maharashtra, and *acacia* in Odisha.

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

I urge you to read the chapter on CSR regarding your Company's initiatives in the course of the year.

There are many growth prospects in the business. Other than your Company's traditional paper products, across many of which BILT retains the pole position in the Indian market, there are opportunities in tissues with the right kind of focus on branding and distribution. So too in rayon grade pulp, where we are studying cost effective ways of increasing capacities and output. We are also examining entry into the corrugated packaging business.

Let me conclude by congratulating the management on doing a good job in a very difficult year. With key investments in place, there will be far less volatility to manage; far better quality of assets to 'sweat'; and far greater focus on improving the financial performance of your Company.

As always, thanks for your support.
Regards



GAUTAM THAPAR
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW The brief momentum gained by the global economy after the crisis of 2008 came to an end from the second half of calendar year (CY) 2011. Growth rates reduced across the world — even in hitherto rapidly growing economies such as China and India. The Euro Zone, which was never out of trouble, faced one crisis after the other, led by Greece and followed by Spain, with only Germany showing economic strength that was, alas, not enough to bolster the economy of the region. Even US GDP growth, more resilient than other OECD majors, remained in the 1.8 per cent to 2.1 per cent band with high unemployment and insufficient demand pull. Simply put, CY2011 was worse than CY2010.

World Bank estimates show that world's real GDP growth dropped from 4.1 per cent in CY2010 to 2.7 per cent in CY2011. Worse, it is projected to be lower at 2.5 per cent in CY2012. More importantly, many of the larger and faster growing developing countries, which were important drivers of global growth in the early post-crisis period — generating almost 50 per cent of the increase in global import demand and GDP growth — have started to slow down. Real GDP growth in the developing countries as a whole has fallen from 7.4 per cent in CY2010 to 6.1 per cent in CY2011; and is expected to fall another 80 basis points to 5.3 per cent in CY2012. Unbelievable as it may seem, China's GDP growth for CY2012 is estimated at 7.8 per cent — lower than what it has been for decades. And India will be lucky to achieve 6 per cent.

In this gloomy growth outlook, the business environment for the pulp and paper industry remains uncertain. The uncertainty stems from a general slowdown in demand and

varying macroeconomic trends across different regions of the world. Many producers have been affected by the impact of deteriorating macroeconomic conditions in CY2011. However, the severity of such impacts have varied by regions.

In Asia-Pacific, China continues to outpace the market with a projected sector growth rate in the 7 per cent - 8 per cent range for CY2012. Although China's short-term outlook is positive, the Chinese industry is facing profitability challenges due to increasing raw material cost and producer fragmentation. Europe is facing an economic recession, where producers are addressing to declining demand and overcapacity for paper products. North America is anticipating modest growth in CY2012 but several of the sub-sectors, such as coated free-sheet, are challenged.

In this milieu, there are two clear trends emerging in the global pulp and paper industry.

IN ASIA-PACIFIC, China continues to outpace the market with a projected sector growth rate in the 7 per cent - 8 per cent range for CY2012.

THE POSITIVE FOR the year was that BILT continued to penetrate markets and grow its sales volumes, which contributed to top-line growth even as sales realisations fell in FY2012. On the negative side, input costs were higher relative to sales, especially so for fuel and energy.

- The Chinese paper industry, now the largest in the world, remains seriously non-integrated. It buys pulp from the global market and produces paper. Given that pulp is sourced primarily by traders, this development has created a divide between the market pulp cycle and the paper cycle.
- The market cycles of pulp and paper are getting shorter — and success in the industry is becoming largely dependent on effectively forecasting the highs and lows of these cycles and taking proactive buying and selling decisions.

Broadly speaking, demand side conditions were difficult in financial year (FY) 2012, i.e. July 2011 to June 2012. Overall, paper prices were lower compared to FY2011 and there was contraction in demand for writing and printing paper. In this challenging environment, there were severe pressures on growth and margins.

To BILT's advantage, its core market in India and the overseas Malaysian subsidiary's (Sabah Forest Industries Sdn.Bhd. or SFI) market are both growing, although the rate of growth has slowed down. Not only did BILT focus on reading market developments and taking proactive decisions, but also continued with its emphasis on improving operational excellence, developing and leveraging its distribution network to maintain leadership in its core markets and creating product differentiation to gain some market edge and better contributions.

The positive for the year was that BILT continued to penetrate markets and grow its sales volumes, which contributed to top-line growth even as sales realisations fell in FY2012. On the negative side, input costs were higher relative to sales, especially so for fuel and energy. Consequently, while consolidated net sales increased by 5.6 per cent from Rs. 4,498 crore in FY2011 to Rs. 4,748 crore in FY2012, Profit after tax (PAT) after minority interest decreased by 42 per cent from Rs. 213 crore in FY2011 to Rs. 123 crore in FY2012.

INTERNAL RESTRUCTURING

In an effort to streamline the different businesses within BILT and create focused organizations that are essential for effective management, the Company undertook an internal restructuring exercise during FY2012. The gist of it is as follows:

- With effect from 1 July 2012, a transfer, on slump exchange basis, the Sewa and Ashti business units of BILT — which are primarily involved in manufacturing copier paper — with the Kamlapuram business unit of BILT Graphic Paper Products

Limited (BGPPL, a step down subsidiary of the Company), which is engaged in the manufacturing of rayon grade pulp. This transaction has resulted in net outflow of Rs. 115 crore from BILT to BGPPL towards difference in value of exchange of business undertakings. While this has no bearing on the consolidated results, the stand-alone results have been re-grouped.

- Additionally, also with effect from 1 July 2012, the captive power asset at Unit Shree Gopal has been transferred to BILT from Avantha Power and Infrastructure Limited (APIL), a group company. Similarly, the captive power assets at Units Ballarpur, Bhigwan and Sewa were transferred to BGPPL from APIL. These were done to derive better operational efficiencies from integrated manufacturing facility management, given that power plays a critical role in the pulp and paper industry.

With this restructuring, BILT's key businesses have been differentiated as follows:

- Writing and printing paper business including copier paper are now in the step-down subsidiary BGPPL.
- The rayon grade pulp business at Kamalapuram is directly under BILT.
- The tissue business works through the subsidiary Premier Tissues (India) Limited, also under BILT.

Detailed performance of the paper business, its units and the pulp business are given in the sections that follow, along with brief notes on the development in key support functions like human resource management, information technology (IT), research and development, farm forestry and internal risks and controls.

PAPER BUSINESS — INDIA MARKET DEVELOPMENTS

BILT caters primarily to the writing and printing paper segment. It also has a presence in speciality paper and the tissue business.

At the global level, demand for writing and printing paper de-grew by 1.6 per cent in CY2011 versus CY2010. For the first six months of CY2012, demand was also down by (–)1.8 per cent compared to the same period of the previous calendar year. There are, however, significant differences in this overall growth across the regions. In the first six months of CY2012, North America and Europe registered declining demand — of (–)7.2 per cent and (–)5.3 per cent, respectively. In contrast, Japan showed a growth of 1.5 per cent. And the Asian

economies, including India and China, grew by 2.4 per cent.

BILT, with its core market in India and Malaysia through SFI, is better positioned in growing markets. Nevertheless, it will have to continuously deal with various challenges emerging from contraction of the global pie as a whole.

For advanced countries, the advent of digital media has affected paper demand. Thankfully, in countries like India there is still massive under penetration of paper usage. Per capita consumption of paper in India remains woefully low at 22 lbs. in 2010, compared to 770 lbs. in the United States and 363 lbs. in the European Union. To put it differently, while India has 15 per cent of the world's population, it consumes less than 2 per cent of the world's paper.

The good news is that the gap is being bridged over time with economic growth, greater prosperity and increased spread of education. Indeed, India's per capita consumption of paper has almost doubled in the last decade and this growth is expected to continue.

Moreover, India is the 15th largest paper consumer in the world, which amounted to some 11.49 million metric tonnes per annum (MTPA) in FY2012. It is also one of the fastest growing markets in the world, with estimates suggesting a market size increase to 20 million MTPA by 2020.

Indian writing and printing paper manufacturers have witnessed high capacity utilisation levels over the past four years due to significant demand growth. This has led to large capacity expansions in recent years. Though the growth in paper demand is likely to sustain in near future, it may not be adequate to absorb all new capacities; and the expectations of an excess supply in the short term has already increased competitive pressures within the industry.

In such an environment of competitive growth, BILT has adopted a well calibrated plan to maintain its leadership position across various sub-segments of the writing and printing paper industry in India. It 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 FY2012, it exported to 80 countries across the globe — with exports accounting for over 12 per cent of BILT's volumes produced in India. Apart from this, BILT also increased its penetration in the Malaysian market through its subsidiary SFI.

The Company's writing and printing paper business can be divided into five categories

— coated wood-free, uncoated wood-free, copier paper, business stationery and cream-wove. BILT is also into the tissue paper business.

Coated Wood-Free

Consumption of coated wood-free in India increased by 23 per cent to 567,000 MTPA in FY2012, with BILT continuing to maintain and develop its leadership position in the country. The category includes blade coated, air knife and cast coated products. While the high technology blade coated products grew by 18 per cent, air knife grew by a staggering 183 per cent. The spurt in air knife demand was due to a specific change in packaging regulation by government, which prompted a move away from plastic laminated packaging to paper laminated packaging. BILT developed a special product especially aimed at this application and sold close to 43,500 MT in FY2012.

At one level, the coated market can be segregated into one-side coated (C1S) and both-sides coated (C2S). At another level, it is divided between paper products and board products. Within blade coated products, the C2S paper market grew by 8 per cent to 282,150 MTPA and the C2S board market grew by 12 per cent to 104,000 MTPA in FY2012.

While coated wood-free is a value-added market, it is getting increasingly commoditised. BILT counters this by introducing new products, enhancing customer service through a multi-format distribution network, and by continuously focusing on reducing costs through larger scale of operations and better efficiencies in production.

Uncoated Wood-Free

During FY2012, the Indian uncoated market — comprising the Low Bright and Hi Bright segments — grew by 4 per cent to 1,130,000 MTPA. The market for uncoated wood-free in India is highly fragmented with a multitude of products and manufacturers. The segment is largely restricted to domestic players and price trends are set by domestic competition.

BILT continues to offer a wide range of products in the uncoated wood-free segment and remains the largest player in this space. While maintaining a commanding presence in each product category, it has laid greater importance on optimising its product mix for greater profitability. With this objective, the Company has been focusing on the higher value Hi Bright segment. Hi Bright, which accounts for around 61 per cent of the uncoated maplitho segment, grew by 8

CONSUMPTION OF COATED wood-free in India increased by 23 per cent to 567,000 MTPA in FY2012, with BILT continuing to maintain and develop its leadership position in the country.

BILT CONTINUES TO offer a wide range of products in the uncoated wood-free segment and remains the largest player in this space.

COPIER

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

per cent in FY2012, and BILT maintained its leadership position in the category.

Most of BILT's major brands in this segment maintained their market shares. This includes Sunshine Super Printing Paper, which is used for offset printing and Three Aces Natural Shade Delux (T.A. NSD). A brand introduced by BILT during 2010-11 called 'BILT Magna Print', has become the largest selling uncoated brand in India.

Copier

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

This is a fast growing segment. The mill packed copier market in India grew by 12 per cent during FY2012 to 501,000 MTPA. The segment is characterised by intense competition with participation of all major players in the Indian paper industry. There are almost 40 brands at various price points.

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

Creamwove

This is a high volume, low value product segment. In volume terms, it is by far the largest segment in India. It is characterised by several producers, each with sub-optimal capacities, and a highly price sensitive market. This market is growing at around 1 per cent, and is estimated at 1.6 million MTPA in 2011-12. BILT has strategically maintained a minimal presence in this segment.

Tissue and Hygiene

The business operations at BILT's tissue division were fully migrated to Premier Tissues (India) Limited. During FY2012, various initiatives were undertaken at Premier Tissues that yielded results in terms of better revenues and profits. Consolidated domestic sales grew by 22 per cent over FY2011, which was significantly higher than the market growth. Operating profit of the consolidated business in FY2012 was about ten times that of FY2011. This was achieved through multiple interventions including price correction, improvements in the product mix and operational efficiency, and fixed cost reduction.

In an important strategic shift, exports were scaled down due to non-remunerative pricing and emphasis was laid on creating a larger bridgehead in the domestic market. The distribution networks in the North and Eastern regions have been revamped to meet long term growth objectives. Warehousing has been extended to Delhi, Kolkata and Ahmedabad to give the 'Premier' brand a truly pan-India presence.

It is worth noting that the subsidiary attained profitable growth despite several cost pressures. It had to absorb the increase in excise duty levied in the Union Budget 2011-12. Moreover, prices of all inputs like waste paper, packaging material and energy increased significantly. Devaluation of the rupee also led to higher cost.

OPERATIONS

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

Unit: Ballarpur

During FY2012, Ballarpur produced 248,560 MT of paper. Capacity augmentation with the installation of a new state-of-the-art PM-7 paper machine — commissioned by Allimand of France — has come on stream. The new machine, with an installed capacity of 165,000 MTPA, produced 133,727 MT of paper in FY2012. This machine and the finishing section have enhanced quality, provided better packing and also reduced manpower use.

On the product development front, Ballarpur successfully manufactured new shades and products, including BILT Magna Print, Coating Base NCR, MG Poster for tea bags, copier grade paper for the stationery segment and wrapper paper. These have been tuned to meet customer needs in the domestic as well as export markets.

At the back-end, unbleached pulp production was 128,440 MTPA. Improved operational efficiencies resulted in better pulp quality with consistent brightness and increased pulp strength for better operations of paper machines. Pulp mill operations have been further optimised with change in raw material mix of wood and bamboo, which resulted in improved performance of paper machines and quality of paper produced. As a part of a fibre conservation programme, ash levels in paper have been increased

to reduce fibre consumption along with improvement in paper quality.

Environment management and resource conservation continued to be a key focus area. The mill has reduced water consumption by 8.5 per cent. This was achieved by adopting water efficient technologies and deploying 3-R (Reduce-Reuse-Recycle) methodology in water conservation across the unit. Steam and power consumption has reduced by 5 per cent per unit of paper produced. This was brought about by implementing various energy saving initiatives across the pulp and paper manufacturing process — such as thermo-compressors at paper machines, energy efficient pumps, motors lightings and implementation of Energy Management System (EnMS) ISO 50001:2011 for better operational controls. During FY2012, the producer gas plant was commissioned to reduce energy cost in the lime kiln.

As a part of technology adoption for energy and environmental sustainability, the existing pulp mill is being replaced with a modernised unit for which civil and erection work is in progress. The new pulp mill will have advanced energy and resource efficient control systems.

Achievements and Awards:

- Ballarpur is the first integrated pulp and paper industry in India to implement and certified Energy Management System (EnMS) as per ISO 50001:2011.
- It has a certified Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- It has bagged the award for 'Excellence in Energy Conservation and Management' from the Maharashtra Energy Development Agency (MEDA), Pune, a Government of Maharashtra body.
- It secured the Environmental Best Practices Award 2012 from CII GBC Hyderabad for Most Innovative Environmental Project.
- Ballarpur has been awarded 'Gold Award' for 'Excellence in Environment Management 2011' from Greentech Foundation, New Delhi.
- It is certified for the 'FSC COC' and Control Wood certificate by the Forest Stewardship Council.
- It was shortlisted among top six globally by RISI-Pulp and Paper International for the Best Efficiency Improvement of the Year Award 2011, and the Environmental Strategy of the Year Award 2011.

Unit: Bhigwan

During FY2012, the PM-1 line produced 140,483 MT of coated paper and coated boards. The new state-of-the-art PM-2 which started commercial production in March 2009 produced 138,832 MT of coated paper during 2011-12. Total production of the Unit was 279,315 MTPA, a decrease of 4,001 MTPA over FY2011. The reduction in production in terms of weight was due to increased production of lower grammage but high value added papers that yielded better financial returns.

The unit successfully developed several new products during the year. This included one side coated flexible packaging paper used for various pouches, high light fastness blue shade art cards used in playing card segment and paint shade cards.

Resource conservation continued to be a key focus area for Bhigwan. Process changes were undertaken, such as: fibre furnish optimisation, usage of BCTMP, filler increase in base paper resulting in higher ash content, optimisation of coating formulations and wet end chemicals helping in reduced usage of chemicals and fibre consumption. These operational improvements have helped offset the impact of rising input prices to a large extent. Use of paper grade BCTMP in furnish and increased ash level have not only reduced fibre consumption but also improved paper and board quality and reduced specific energy consumption.

During FY2012, the mill obtained ISO 50001-2011 energy management system certification. A number of energy conservation measures have resulted in reduction in specific energy consumption in spite of increased production of lower grammage but high value products.

These efforts have been recognised at various national and international forums and the unit has received the following prestigious awards in FY2012.

Achievements and Awards:

- Earth Care Award for Green House Gases (GHG) Mitigation (Large Enterprises) by JSW and the *Times of India*.
- National Energy Conservation Award: First Prize in Pulp and Paper Sector, by Bureau of Energy Efficiency (Ministry of Power).
- 8th National Award for Excellence in Water Management: Received "Excellence Water Efficient Unit" Award for two categories i.e. within fence and beyond the fence by CII (Confederation of Indian Industry).
- Indian Manufacturing Excellence Gold Certificate from Frost and Sullivan and *The Economic Times*.

UNIT: BHIGWAN

THE UNIT SUCCESSFULLY developed several new products during the year. This included one side coated flexible packaging paper used for various pouches, high light fastness blue shade art cards used in playing card segment and paint shade cards.

IN THE AREA of environment protection, Shree Gopal has continuously ensured compliance with 'CREP' norms and achieved levels of treated effluent and boiler stacks emissions — well below the norms laid down by Haryana State Pollution Control Board. Overall, water consumption in the mills reduced by 2.5 per cent per MT of paper produced.

- Greentech Safety Gold Award from Greentech Foundation, New Delhi.
- Good Green Governance (G3) Award from Srushti Publications, New Delhi.
- Bhigwan was also shortlisted among the top five global manufacturing units by RISI-Pulp & Paper International for the 'Best Efficiency Improvement' of the Year Award 2011.

Unit: Shree Gopal

Production at Shree Gopal increased from 79,694 MT of paper in FY2011 to 80,167 MT of paper in FY2012. The unit undertook various quality enhancing initiatives to improve customer servicing and satisfaction. Some of these include:

- Development of REB Moon Beam for digital printing, Chromo Paper, 90 GSM, Art Board, 350 GSM, Natural Shade Paper (High Bulk and Smooth finish) and High Bulk 1.80 Plus.
- Installed new process technology, such as alkaline size paper, polymeric surface sizing and introduction of the third generation oxidant technology (AMOX) for its biocide programme.
- Improved product quality for customer satisfaction, such as better stiffness and opaqueness in BCB and opacity of uncoated paper.
- Reduced bleaching chemical by introducing sulphuric acid at the pulp mill.
- Introduced anthraquinone and surfactant in pulping to reduce active alkali consumption.
- Installed an in-house developed new evaporator body in recovery.

In the area of environment protection, Shree Gopal has continuously ensured compliance with 'CREP' norms and achieved levels of treated effluent and boiler stacks emissions — well below the norms laid down by Haryana State Pollution Control Board. Overall, water consumption in the mills reduced by 2.5 per cent per MT of paper produced.

Specific energy consumption per ton of paper manufactured was reduced by 4 per cent. This was achieved by taking modifying program in PLC, optimisation of equipment, modification in the steam condensate system, replacing inefficient motors with energy efficient motors, and installing variable frequency drives.

As a part of the management commitment towards system implementation in FY2012, Shree Gopal continued to maintain the following certifications:

- Quality system ISO 9001-2008.
- ISO 14001-2004 certification.

- OSHAS 18001-2007 certification.
- FSC – COC certification.

Unit: Sewa

During FY2012, Sewa produced 69,525 MT of paper, which was 2,265 MT more than the output in FY2011. Own pulp production also increased by 2,626 MT. The unit undertook various quality initiatives for new product development and to improve customer servicing and satisfaction. These resulted in:

- Achieving OTIF score consistently of 96.5 per cent during FY2012.
- Reducing customer complaints by 37 per cent in FY2012.
- Replacing 100 per cent talc by PCC for product quality improvement, improved opacity, brightness and bulk.
- Developing new brighter shade of Image Copier and TOT grade as per market demand.

Significant improvements were achieved in resource conservation including:

- Fibre loss reduction.
- Reduction on ETP load by improving chemical recovery efficiency.
- Reduction in relative consumption of utilities like steam, power and water.
- Optimisation of the raw material mix.

In terms of environment protection, Sewa has continuously ensured compliance with 'CREP' norms and achieved all the levels of treated effluent and boiler stack emissions as per the norms laid by Odisha State Pollution Control Board. During FY2012, the various initiatives taken to improve the environment include:

- Installation of AAQMS to monitor ambient air quality, ambient temperature and wind parameters.
- Commissioning of cooling tower to reduce influent temperature.
- Identifying potential users / farmers for the use of purged out lime mud for agricultural lands in consultation with District Industries Centre (DIC).
- MOU with brick manufacturers for free disposal of fly ash.

The unit achieved the following certification in FY2012:

- Re-certification of ISO 9001-2008.
- ISO 14001-2004 Certification.
- OHSAS 18001-2007 Certification.
- FSC-COC certification.

Unit: Ashti

In FY2012, Ashti produced 46,744 MT of paper, which was 6,555 MT lower than in FY2011. The lower production is due to higher downtime, adverse product mix and reduced market demand. Equally, the unit

IN TERMS OF environment protection, Sewa has continuously ensured compliance with 'CREP' norms and achieved all the levels of treated effluent and boiler stack emissions as per the norms laid by Odisha State Pollution Control Board.

has improved product quality as well as reduced cost. In addition, there has been improved efficiency of the primary centrifugal pump to a higher capacity, which resulted in the improvement of product quality. These developments, coupled with other quality improvement initiatives have resulted in substantial reduction of customer complaints by 50 per cent in FY2012.

In the area of environment protection, the unit has successfully optimised the efficiency of electrostatic precipitator (ESP) to achieve suspended particulate matter at 50 mg/NM³, which is well below the statutory norms. It has also been able to reduce coal consumption by using bamboo dust as non-conventional fuel. Fibre losses from the plant have been further controlled to reduce the sludge generation and ETP load.

The unit catered to the office supplies and retail business by producing around 6,965 MT of paper for various brands like Ten on Ten, Matrix Premium Multi Purpose Paper (MMPP), BILT Copy Power Export, Matrix Premium Digital Paper (MPDP) and P3 segment. A testimony to the unit's improvement in product quality is the success achieved in exporting paper to 30 countries across the globe, where the products are competing with international brands and meet high quality norms. The focus was to maximise the export order in sheet and reels by improving the quality.

As part of management commitment towards systems implementation, in FY2012, the unit obtained recertification of QMS ISO 9001:2008, EMS ISO 14001:2004 and ISO 18001:2007 of OHSAS. It has also obtained consent to operate from MPCB for three years up to December 2014.

PAPER BUSINESS – SFI, MALAYSIA

In addition to the Indian market, BILT directly operates in the Malaysian market through its subsidiary, SFI. While there is some level of integration in the operations of the two companies, from a market perspective, SFI manufactures and sells paper in Malaysia and its neighbouring countries.

The uncoated wood-free surface-sized market in Malaysia is estimated at around 235,000 MTPA, where SFI is still a small player that is gradually augmenting its market share. The uncoated wood-free un-surface-sized market in Malaysia is estimated to be around 62,000 MTPA. Here, SFI held a major 57 per cent market share in FY2012.

During FY2012, paper production from the unit was 116,118 MT, which is about 12 per cent lower than FY2011. The lower paper

production was mainly due to the project tie-in shutdown taken for pulp mill up-gradation from 12 September 2011 to 5 November 2011. The shutdown was longer than what was originally planned due to project related obstacles. Out of the total paper production, 28,816 MTPA was for export orders. The bleached pulp production of 94,767 BD MTPA was 5 per cent lower than FY2011. Out of the total 105,297 AD MTPA of bleached pulp production 6,050 AD MTPA market pulp was manufactured for sale.

In operations, the following major initiatives were undertaken at SFI during FY2012:

- Energy savings by optimisation of refining energy in paper machine area to the tune of 15 kwh/metric ton.
- Replacement of rotary siphons at paper machines with energy efficient stationary siphons to save steam consumption by 0.05 metric tons/ton of paper.
- Savings in caustic consumption in caustic soda/chlorine plant (CSCP) by replacing caustic soda with milk of lime by producing calcium hypochlorite.
- Savings in power consumption at integrated chlorine dioxide plant by replacing one bank of new chlorate cell.
- Savings in power consumption through installation of variable frequency drives at key areas of the mill.
- Reduction in water consumption by 29 per cent per metric ton of paper produced.
- On the fibrous raw material front, a major achievement has been the introduction of mobile chipper in December 2011 to salvage small logs and wastes in the concession area.

Regarding its plantation activities, SFI has continued to increase its scale of operations by directly employing labour. This included an addition of some 600 workers during the FY2012 bringing the total to 850. In FY2012, around 5,000 hectares (ha) was planted, which is a 20 per cent increase over FY2011. In June 2012, planting exceeded 1,300 ha, a record for planting in a single month since SFI's inception. The target for FY2013 is 10,000 ha. SFI is well on track to achieve this.

Construction of the new central nursery at the mill premises has now started and it is expected that it will be commissioned by the end of CY2012. This state-of-the-art facility will reduce biological risks, save costs and ensure that there will be sufficient quality plants for the current planting programme. It will also have facilities to produce planting material from cuttings and allow SFI to capture productivity gains available from clonal forestry plan similar to those obtained by BILT's extension programme in India.

SFI

CONSTRUCTION OF THE new central nursery at the mill premises has now started and it is expected that it will be commissioned by the end of CY2012. This state-of-the-art facility will reduce biological risks, save costs and ensure that there will be sufficient quality plants for the current planting programme.

BILT'S OSSB HAS been awarded the 'Product of the Year' for stationery product categories for the last four years. The award is given for excellence in product innovation and is based on a consumer survey of over 25,000 respondents, across India.

SFI was awarded a compliance certificate by the Sabah Forestry Department for FY2011. In early 2012, it upgraded its Smart Wood Verified Legal Origin (VLO) certificate to the more demanding Verified Legal Compliance (VLC) certificate for its established plantations and its Natural Forest Management (NFM). SFI also retained its Forest Stewardship Council (FSC) Controlled Wood certification for its NFM Area.

Regarding the status of the expansion in the pulp mill project, all installed equipment were successfully commissioned and commercial production commenced on 29 June 2012. Ramp up of the pulp mill production is in progress. While half of this mills capacity is meant for internal use at SFI, the other half is to be exported to India to feed some of BILT's paper manufacturing machines.

OFFICE SUPPLY AND STATIONERY BUSINESS (OSSB)

The Indian office supplies and stationery market is estimated to be in the excess of Rs. 10,000 crore and is growing at 25 per cent per annum. Though it is still dominated by the unorganised sector, the organised players are rapidly increasing their footprints and adding new dimensions to this category. At its given size and growth rate, the office supplies and stationery market — driven by increased thrust in education, rising income levels, increasing urbanisation and favourable demographics — throws up a many opportunities for value addition by the organised players.

BILT continues to be an active player in the OSSB in India. The Company's business has been growing at a CAGR of 25 per cent for the past five years, and registered annual revenue of Rs. 275 crore in FY2012. The growth drivers for BILT's OSSB have been its robust range of differentiated products, portfolio enrichment, coverage expansion, efficient and responsive supply chain, and continuous brand building initiatives.

The OSSB product portfolio includes a wide range of paper products – Value Added Papers (VAP) and Copier as well as an array of stationery items for schools and offices. Brands in the VAP category are speciality paper products, which have carved out a niche market positioning. In the VAP category, Royal Executive Bond (REB) and Matrix Multipurpose Paper continued to register strong growth during the year.

In the Copier category, BILT's brands such as Copy Power, Image Copier and Ten on Ten recorded impressive growth with strong market presence.

OSSB's stationery business continues to make significant strides in 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 addressing various consumer benefits.

In the Executive stationery segment, the market standing of the Matrix brand has significantly improved through consumer-led product differentiation, focus on quality, strong trade marketing and distribution network and enhanced brand building efforts. Use of digital, transit and print media and clutter breaking advertisements helped improving the brand salience.

In the student stationery segment, portfolio enrichment has been driven through the launch of Ten on Ten and Matrix Junior in new and attractive cover designs. Their innovative, first-to-market designs, based on character branding of popular children characters like Barbie, Ben10, Hotwheels, Disney Princess, Mickey Mouse, and Spiderman, has created excitement among school-going children and has significantly enhanced the consumer franchise of the brands.

BILT's OSSB has been awarded the 'Product of the Year' for stationery product categories for the last four years. The award is given for excellence in product innovation and is based on a consumer survey of over 25,000 respondents, across India.

The business continues to invest in distribution infrastructure to support large scale distribution as well as to improve reach and availability. The products are marketed across India through a well-established network for distribution through 350 distributors, reaching in excess of 40,000 retail outlets. OSSB also strengthened its export operations and supplied to developed and developing market, even becoming a supplier to global retailers, like Coles and Office Depot.

During FY2012, the business witnessed inflationary pressures in input costs. These pressures were largely mitigated through a combination of improvements in product and process efficiencies, smart sourcing and supply chain initiatives.

OSSB's continuous transition to higher value-added products, its obsession with quality, backed by strong marketing and distribution network have helped develop a robust business with an outlook for further growth and scale.

RETAIL: P3

BILT made its foray in organized retail business around three years ago through P3, which stands for Paper, Print and Pen. Though relatively small in size, it is a unique and successful combination of world class stationery merchandise, convenience of buying and price integrity. It operates in both the Business to Business (B2B) and the Business to Consumer (B2C) space. In fact, the B2B arm has a product portfolio in excess of 5,000 SKUs encapsulating categories like Copier, Office stationery, IT and Technology products, gifting and print solutions.

Today P3 positions itself as a preferred choice of professionals and provides an array of office supplies and consumer merchandise to over 600 companies across sectors like pharmaceuticals, power, banking, automobile, FMCG, consumer durables, aviation and education.

BILT's proficiency in paper is mirrored in its print solutions business with a robust customer base of over 100 companies providing a wide spectrum of specialised and customised printing solutions.

Over the last year, P3 has consolidated its retail stores and has rapidly expanded its B2B footprints, thereby maintaining a healthy growth trajectory. Revenue for FY2012 was around Rs. 75 crore.

With its growing understanding of consumer insights, relevant and robust product portfolio, strong customer network and responsive supply chain, the business is well poised to actively participate in the emerging growth opportunities in B2B segment.

PULP BUSINESS

While pulp produced in most of the units is internally used in the manufacturing of paper, the Company's Kamalapuram Unit is the only one that caters to outside customers. It primarily produces and supplies rayon grade pulp to the viscose fibre industry. It also manufactures some paper grade pulp for balancing its production.

FY2012 was one of the best performance years for revenues and profits of this business.

Unit: Kamalapuram

During FY2012, the unit produced 88,719 MT of rayon grade pulp — an increase of 724 MT over the previous year. It has improved and sustained high level of quality norms set by its customers by improving and modifying the processes at every level. In the process, it has successfully fulfilled the pulp demand of new customers such as Kesoram Rayon

and Century Rayon against their urgent requirement in different quality and sizes.

There were several system improvement and plant sustainability projects to improve overall efficiency of the plant. These include modification of evaporator bodies (mild steel tubes with stainless steel tubes), thereby increasing throughput and steam economy; updating and fine tuning of DD washer operations resulting in increase of recovery efficiency from 92.6 per cent to 94.04 per cent; de-bottlenecking of the pulp cleaning system; optimisation of chemical usage through various process improvements such as commissioning of a new RCC C/D Tower; and rehabilitation / strengthening of the plant structures under a programme called Project Saveria.

Environmental issues have always been a focus area of the mill. As a major initiative, the cooking operation was changed by re-using pre-hydrolysis liquor — which was earlier going to ETP — in order to improve the quality of the final effluent.

Resource conservation continued to be a key focus area. Significant improvement was made in recycling waste/ treated water in the process with the help of system modification and technological improvements, which has reduced specific water consumption by 3 per cent per MT of pulp. There was also a savings of 18 kwh/MT of pulp saved in power consumption through energy conservation jobs like stoppage of warm water pumps and installation of variable frequency drives.

In addition, Kamalapuram has taken several measures for system improvement enhance overall performance. These include:

- Re-commissioning of the old 5.6 MW turbine generator with in-house expertise thereby reducing the dependence on grid power.
- New electrolyser cell assembly was installed in place of old one, which increased the production rate and also resulted in lower power consumption.
- Implementation of two blow tank operation with individual blow lines to reduce steam consumption.
- Old clarifier was renovated and converted as tertiary clarifier which helped in improving final effluent discharge norms.
- ETP upgraded by installing new systems like on-line ambient monitoring station, stack monitoring, and treated effluent buffer guard pond.
- Improved security vigilance in the mills and the colony.

The unit is IMS certified for Quality, Environment and Safety (ISO:9001, ISO:14001 and ISO:18001) and has taken

UNIT: KAMALAPURAM

THERE WERE SEVERAL system improvement and plant sustainability projects to improve overall efficiency of the plant.

SFI

THE EXPANSION FOR additional production of 120,000 ADT per annum of pulp has been completed successfully and the capacity is under stabilisation and ramp-up.

initiative to achieve EnMS Certification (ISO-50001).

CAPACITY EXPANSION

SFI

The expansion for additional production of 120,000 ADT per annum of pulp has been completed successfully and the capacity is under stabilisation and ramp-up. The first consignment of 7,000 tonnes of pulp was dispatched from Malaysia in July 2012 and regular shipments are expected to commence soon. The respective suppliers of individual sections of the plant are expected to establish the guaranteed throughput and related design parameters by August 2012.

Unit: Ballarpur

The pulp mill modernisation project at Ballarpur is in an advanced stage of construction. Most of the major shipments have reached the site or have been erected. Section-wise pre-commissioning trials of the pulp mill modernisation is expected to progressively commence from December 2012.

HUMAN RESOURCE (HR)

The HR function is a key aspect of BILT. Talent management and development of human capital is a strategic focus area for organisational success and excellence.

The HR function effectively performs four important roles: of being an administrative expert, an employee champion, a change agent, and a strategic partner. The endeavour is to attract quality human resources, hire them as per the business need, retain them through appropriate engagement and develop them for their effectiveness in current and future roles.

There is a good resource pool for talent acquisition, including entry level talent from reputed engineering and management schools. BILT continuously benchmarks its compensation within the paper industry and across different industry verticals for competitiveness. Rewards for employees are linked to their performance levels for satisfaction and continuity. The HR systems and processes are contemporary and are in line with the business requirements. Some of these processes have been automated including attendance, leave management, joining and exit, and full and final settlement to reduce transaction time and improve service levels. In addition, recruitment and training activity has been put on-line for better management.

The Company is focused on building a performance oriented culture through

a robust Performance Management System. The goal setting process is based on the Balanced Scorecard model along with periodical reviews for performance improvement. During FY2012, BILT's senior and middle management were taken through rigorous appraisal workshops with an objective to improve the appraising skills and inculcate a strong performance driven culture.

Talent growth is accomplished through training and development, career progression and leadership development. The training focus is systematic. It looks at building today's and tomorrow's competencies, and addresses various aspects across technical, managerial and general management areas. As an employer, BILT strives to promote gender diversity and inclusiveness, and better quality of work-life for its employees.

The industrial relation scenario in all the units continued to be peaceful throughout the year. At the end of 2011-12, BILT had 2,213 permanent employees on its rolls.

INFORMATION TECHNOLOGY (IT)

BILT completed a major upgrade of its connectivity between its head office, its data centre, all manufacturing units and regional sales offices. The network bandwidth between all these locations was doubled to ensure seamless and secure traffic of organisational data. The Company also completed the upgrade of base infrastructure, as part of its exercise of phasing out old equipment and technology that had begun in the last financial year. This included tripling storage area network capacity, replacing network switches and implementation of security processes and gateways in the quest to keep the operations secure, scalable, modern and cost effective.

The objective of more automation, improved employee productivity and efficiency as well as requisite compliance was achieved by rolling out new applications and dashboards in the areas of Human Resource Management, Export Management, Imports, Finance Management and Sales/Marketing in FY2012.

FARM FORESTRY

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

BTTL is currently operating its farm forestry programme in the states of Odisha, Madhya Pradesh, Chhattisgarh, Andhra Pradesh and Maharashtra. In order to strengthen the programme and increase its acceptability among tribal farmers and farmers in the catchment areas of its mills, BTTL supplies fast growing, site specific quality planting stock with technical knowhow. It has environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 14 million plants for production of clonal saplings. It also supplies quality seedlings of *leucaena* (*subabul*) and *casuarina* in Andhra Pradesh and Maharashtra 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.

The Company 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. BILT also gives assured buy back of wood at a declared support/ market price, whichever is higher.

The main objective of the BTTL farm forestry programme is to grow wood on a sustainable basis in the catchment area of the paper mills. To achieve this and generate awareness among farmers, a series of exposure visits are conducted to the production nurseries and well established plantations. Regular training programs 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 FY2012, BTTL has raised pulpwood plantations in approximately 4,000 hectares (10,000 acres) of farmland — thus benefiting around 5,000 small and marginal farmers in the catchment area of BILT's paper mill units.

RESEARCH AND DEVELOPMENT (R&D)

In FY2012, several research projects were sponsored by the Company at the Thapar Centre for Industrial Research and Development, Yamuna Nagar.

Completed Projects

- Evaluation of unbleached and bleached pulp yield of raw material furnish used at Shree Gopal and Sewa.
- Pilot scale trial of MBBR and MBBR-ASP at Ballarpur.
- Comparative study on different aerobic bioprocesses.
- Pilot scale trial of ACT process at Ballarpur.

- Study of pulping and bleaching of three raw materials at Ballarpur.
- Control of TDS in effluent at Bhigwan.
- Thermal treatment of black liquor to reduce viscosity.
- Improvement in pulp brightness and whiteness.
- Control of bulking sludge in aerobic treatment process in pulp and paper mills.

On-going Projects

- Effect of cooking temperature on pulp properties of eucalyptus wood.
- Production of rayon grade pulp using ECF bleaching sequence.
- Fibre modification with enzyme to reduce refining energy requirement.
- Suitability of mixed furnish chips for making rayon grade pulp.
- *In-situ* modification of starch for surface sizing of paper through chemical route suitable for batch and jet cooking process.
- Study on effect of wet end additives on dimensional stability of paper for Shree Gopal.

FINANCIAL REVIEW

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

The salient features of the financial performance are:

- Net sales increased by 5.6 per cent to Rs. 4,747.8 crore in FY2012.
- With cost and pricing pressures, operating margins (PBDIT/Net sales) reduced from 19.5 per cent in FY2011 to 16.9 per cent in FY2012. Consequently, Profit before interest, depreciation and tax (PBDIT) reduced to Rs. 800.9 crore in FY2012.
- Profit after tax (PAT) after minority interest and share in associate companies decreased by 42 per cent to Rs. 123.1 crore in FY2012.

INTERNAL CONTROLS AND THEIR ADEQUACY

BILT has a comprehensive system of internal controls to safeguard and protect all assets against loss from unauthorised use or disposition and to ensure accurate recording and reporting of all transaction. This control framework is supported by a robust process of internal audits, review by management, 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,

FARM FORESTRY

BTTL SUPPLIES FAST

growing, site specific quality planting stock with technical knowhow. It has environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 14 million plants for production of clonal saplings.

TABLE 1 ABRIDGED CONSOLIDATED PROFIT AND LOSS STATEMENT OF BILT

		RS. CRORE
	FY2012	FY2011
Net Sales	4747.8	4498.1
Other Income	73.6	16.8
Total Revenue	4821.4	4514.9
PBDIT	800.9	875.5
Depreciation	364.0	335.6
PBIT	436.9	539.9
Finance Charges (net)	265.6	270.5
PBT	171.3	269.4
Tax	12.2	3.8
PAT	159.1	265.6
PAT (after minority interest and associate company profits/loss)	123.1	212.7

validation of ERP implementation and IT security continue to receive focused 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. All financial and operational internal control systems are vetted by the Board of Directors and its Audit Committee.

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 approach to identify the gaps, if any, and implement the requisite corrective measures to strengthen the control environment. The Company has a pre-audit system, and an effective preventive control apparatus which covers cash payments and major contracts at the head office and the units.

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

Transaction level risk assessment studies of all operations across all units have been conducted by the internal audit department.

Annual audit plans are prepared at the beginning of the year, specifying areas to be covered and the timing thereof. Quarterly MIS of progress on the annual audit plan is submitted to the management.

RISKS AND CONCERNS

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

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

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

GAUTAM THAPAR

Chairman
DIN: 00012289

R.R. VEDERAH

Managing Director & Executive Vice
Chairman
DIN: 00012252

B. HARIHARAN

Group Director (Finance)
DIN: 00012432

Date 29 August 2012
Place New Delhi

CORPORATE SOCIAL RESPONSIBILITY

A DECADE OF CSR AT BILT (2002 – 2012) In 2012, BILT completed 10 years of its structured set of activities, projects and programmes as part of its formal Corporate Social Responsibility (CSR) initiative. The CSR drive that started with two units and around 20 villages have since grown to cover more than 300 villages across India and also Sabah in Malaysia. The objective has been to create long term and sustainable programmes that the target community can take ownership of on their own.

In 2002-03, when the activities commenced, the target community had:

- Income levels of less than Rs. 30 a day
- Female literacy rate of 15 per cent
- Over 65 per cent of the women and children were undernourished
- Large scale distress migration to outside areas in search of employment

In this backdrop, BILT's CSR interventions focused on human development with greater focus on creating sustainable avenues of incomes for the communities. For successful implementation, BILT has always looked at collaboration and partnership with NGOs, local bodies and community development agencies. All the projects have been benchmarked against United Nation's Millennium Development Goals (MDGs) as a measure of impact. Some of the initiatives have stood out over the decade due to their innovativeness and ability to sustain independently. These have been highlighted below as key activities in the Company's decade old CSR journey.

PRAGATI WOMEN'S CREDIT CO-OPERATIVE SOCIETY (ASHTI) -

Availability and access to timely credit is crucial for any kind of entrepreneurial activity especially for small and marginal businesses. The remoteness of some of the areas where BILT operates has made penetration of credit difficult. The remote district of Gadchiroli is one such area.

The Pragati Women's Credit Cooperative Society was promoted with the aim of making timely credit available to communities in the area. In 2005, self help groups (SHGs) of women from village Ashti took the initiative to form the first and the only credit co-operative society in the block of Chamorshi, District Gadchiroli. Today, the co-operative has 489 shareholders and more than 700 depositors. 60 per cent of the shareholders have availed credit from the co-operative and have initiated micro enterprises that are running successfully in the area. These micro enterprises enable the members to earn an income of Rs. 2,500 to Rs. 4,000 per month.

ALL THE PROJECTS have been benchmarked against United Nation's Millennium Development Goals (MDGs) as a measure of impact. Some of the initiatives have stood out over the decade due to their innovativeness and ability to sustain independently.



Ashti Womens Credit Co-Operative Society

BILT'S CSR INTERVENTIONS focused on human development with greater focus on creating sustainable avenues of incomes for the communities. For successful implementation, BILT has always looked at collaboration and partnership with NGOs, local bodies and community development agencies.

Women agents mobilize deposits and earn a minimum of Rs. 5,000 pm as income.

In a span of 7 years, it has generated deposits of Rs. 248 Lacs and has extended loans worth Rs. 119 Lac to the depositors and shareholders. With almost zero default rates, the credit cooperative has earned the trust of people who now believe in this entirely community owned bank. It is important to specify that the cooperative is entirely managed by women.

The performance of the co-operative has been recognised and appreciated by the Government. Since FY2008, the local government administration has given recognition to the co-operative society and accorded grade 'B' rating. It can now raise funds from government banks

PATNESWARI AGRICULTURE CO-OPERATIVE LTD. (PACL)

In 2006, BILT decided to include marginal farmers living around its mills into its supply chain. The Company has since promoted sustainable, pulpwood farming on unused land with twin benefits of assured steady supply of pulpwood and community

empowerment of the most marginalised communities.

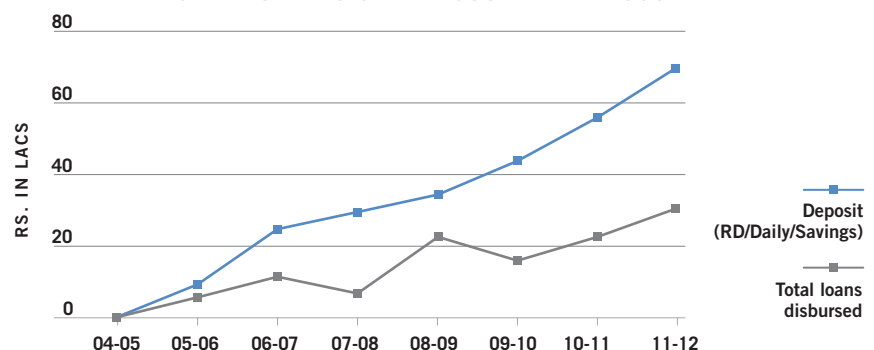
Marginal farmers possessing unutilised land were identified and encouraged to take up pulpwood plantation. Apart from not owning fertile land these farmers had unpredictable seasonal incomes, which was often less than Rs. 60 a day. Most of them owed money to banks as well as local moneylenders. The vicious cycle of poverty ensured that they never got out of these debts. The company helped provide access to capital by forming a collective of farmers who could access loans as a group. This farmers' collective is formally registered as "Patneswari Agriculture Co-operative Ltd." in Jeypore, Koraput District, Odisha. Today the co-operative has a membership of 2,178 members and is able to access finance from Nabard.

In this period, more than 2,150 farmers have successfully taken up pulpwood farming on 3,300 acres of land. In FY2012, more than 100 farmers have already harvested the crops and sold over 5,800 MT of pulpwood to BILT, enabling them to collectively earn over Rs. 139 Lac.

The Company has established a degree of gender equity by integrating women into the project. BILT has extended financial as well as non-financial support to farmers. BILT's commitment has included providing a grant for the project, monitoring and supervision of the project, enabling Forest Stewardship Council (FSC) certification as well as providing buy-back assurance at a minimum committed price or the prevailing market price (whichever is higher).

BILT has partnered with NABARD (the government bank for agriculture and rural development), which has extended the working capital loan needed for taking up pulpwood plantation and also a part-grant to conduct training of farmers and farmers' groups.

CHART A DEPOSITS & LOAN DISBURSAL PATTERN IN PRAGATI WOMEN'S CREDIT COOPERATIVE SOCIETY





Pulpwood Plantation on Agro-forestry Model



Farmers Training & Meeting on Agro-forestry Models of Plantation

To achieve long term sustainability, the co-operative was encouraged to take up agri-business activities such as collective input supply, hiring out agricultural implements (Tractor and Spray Pumps), purchase and sale of agriculture produce (Maize and Pulpwood).

In the last five years, the financial strength/ results of the co-operative bear testimony to the innovations.

JEYPORE GRAMYA MAHILA POULTRY PRODUCERS CO-OPERATIVE LTD. (JGMPPCL)

With limited employment opportunities in the nearby villages around Jeypore in Koraput district and practically no education and skills, the landless were the most impacted. An exercise was undertaken to study the demand and supply of locally available goods and services to identify possibilities for the landless. Broiler poultry farming emerged as an attractive viable enterprise.

The Jeypore Gramya Mahila Poultry Producers Cooperative Limited (JGMPPCL) was formed in 2006. The Co-operative currently has 189 women members. The

initiative started with 3 members taking up a pilot project for broiler poultry farming. BILT provided the initial support in the form of interest free loans as revolving fund to start the units. With BILT initiating the demonstration units, the government machinery took notice of the initiative and showed their interest to support the venture through the DRDA (District Rural Development Agency).

The annual sales turnover today is around Rs. 1 crore and the assured average income of each of the entrepreneur members is Rs. 12,997 per annum (for a cycle of 7 -8 batches). This successful enterprise model is now being scaled up and replicated in the neighbouring districts of Kalahandi, Nawarangpur, and Rayagada with the help of BILT as well as other funding agencies such as Sir Dorabji Tata Trust (SDTT), NABARD, DRDA and the Harsha Trust.

The co-operative has now integrated different processes in the value chain like promoting maize cultivation, feed processing, chick production, and selling of ready birds through stock points, and retail outlets, in its chain of functioning. The enterprise has a 20

TO ACHIEVE LONG TERM

sustainability, the co-operative was encouraged to take up agri-business activities such as collective input supply, hiring out agricultural implements (Tractor and Spray Pumps), purchase and sale of agriculture produce (Maize and Pulpwood)

CHART B PACL' S FINANCIAL PROGRESS

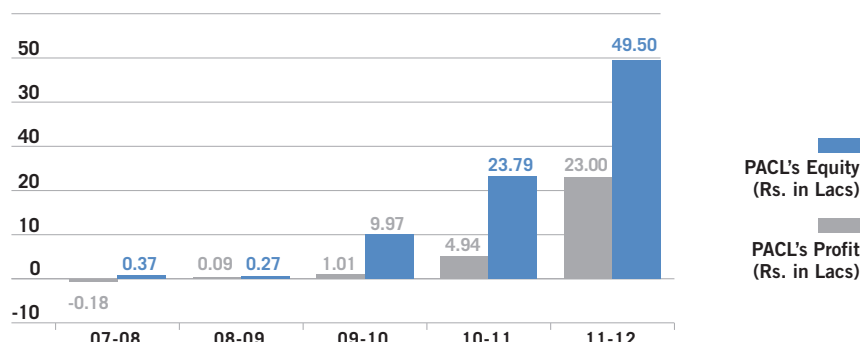


TABLE 1 JGMPPCL

Annual Turnover 2009-10	Rs. 147 Lacs
Annual Turn over 2010-11	Rs. 167 Lacs
Annual Turn over 2011-12	Rs. 171 Lacs
No. of running unit	147
No. of unit under process	30
No. of unit proposed in 2012-13	13

per cent share (884 quintals/month) of the market in the town of Jeypore.

CONTINUUM OF CARE FOR PEOPLE LIVING WITH HIV/AIDS

BILT runs two ART centres in high prevalence but resource poor districts in the states of Odisha and Maharashtra. The Centres are based on a Public Private Partnership (PPP) model in collaboration with National AIDS Control Organization, (NACO) New Delhi with technical support from Confederation of Indian Industries, New Delhi. Today, the centre reaches out to more than 2329 PLHIV patients out of which 1193 are on ART drugs. Majority of the patients registered at the centre are poor and have no access to resources. The early experience showed that in spite of the patients being on ART their health status was not improving as expected. It was realized that due to poverty the patients were unable to afford the prescribed healthy lifestyle that was necessary to make a difference. It became clear that unless these other socio-economic needs were addressed, the patients' ability to combat the disease would remain limited. With this background, the continuum of care project was launched in 2009 with the rationale of providing a holistic package that would go beyond medication. The project is implemented in partnership with two local NGOs working on health and HIV related issues.

The project provides an integrated package of support services to PLHA registered with

the ART centres and their families. This includes nutritional counselling and support, income generation training and support, reduction of stigma and discrimination. The change in the quality of life is reflected in indicators like weight gain, CD4 count (marker indicator), Hb. Percentage, and so on. This is the first such project in the country which directly works with the patients who are on ART. The project has two components - clinical and outreach. The clinical team provides treatment and monitors the patients with regard to clinical aspects, while the outreach team visit the families, provides home based care, nutritional and other counselling. The project is committed to providing complete confidentiality and has written consent of each patient for participating in the project.

During this year we took up a study to assess the impact of the project over the last two years. The results have been very encouraging. Some of the impacts are as follows: on an average the weight gain has been 2.5 kg, Hb count by 3.3 per cent and CD4 count by more than 20 per cent. Patients spent minimal time in hospital due to ill health and therefore led more productive lives. Patients who were unemployed were provided loans to set up petty businesses which have also contributed to the improvement in the overall quality of life.

The project is now entirely run by the network of People Living with HIV/AIDS.



Poultry Rearing a dependable source of livelihood

COMMUNITY BASED HEALTH INTERVENTIONS



COMMUNITY BASED EDUCATION INITIATIVES



ANNUAL CSR UPDATE

The various activities undertaken in the areas of Livelihood Enhancement, Education & Health at the community level.



IMPROVED AGRICULTURE PRACTICES – HORTICULTURE & HIGH VALUE VEGETABLE CULTIVATION



COMPREHENSIVE LIVESTOCK DEVELOPMENT PROGRAMME – A VIABLE OFF-FARM ACTIVITY



MILESTONES ACHIEVED

These initiatives have drawn the attention of the community, government agencies and financial institutions like banks that came forward to collaborate with BILT for scaling up the activities. By 2003-04, the initiatives

drew attention at the national level and since then BILT's CSR initiatives have also received international accolades.

- BILT's supply chain initiative with pulpwood farmers has been recognised by the World Business & Development Award

(WBDA) as global top 20 best practices on engagement with low-end suppliers.

- The continuum of care project for people living with HIV/AIDS has been highlighted at the XIX International AIDS Conference at Washington DC, USA

KEY PERFORMANCE INDICATORS FY2012

type of groups	unit	FY2012	cumulative as on july '12
Community Mobilisation for Social Empowerment			
SHGs Formed	Number	67	791
Youth Groups Formed	Number	9	119
Farmers' Groups Formed	Number	126	479
Community Based Organisation (VDCs & VECs Formed)	Number	21	91
Community Mobilisation for Economic Empowerment			
SHGs linked to Banks for group loans	Number	102	724
Co-operative Linked to Banks	Number		3
Producer Company of Farmers' Linked to Banks	Number	1	1
Voluntary Savings mobilised by SHGs	Rs. In lacs	73.25	278.03
Voluntary Deposits mobilised by Credit Co-operative Society	Rs. In lacs	159.27	200.73
Loans leveraged from banks	Rs. In lacs	41.25	802.38
Grants received from government	Rs. In lacs	11.26	50.68
Internal Loans rotated by SHGs & Co-operatives	Rs. In lacs	384.6	949.42
Loans disbursed to members of Credit Co-operative Society	Rs. In lacs	33.81	127.46
Community Corpus Funds Created	Rs. In lacs	17.92	52.42
Community Based Education for Empowerment			
Non-formal community education centres set up	Number	249	1982
Number of children covered through education initiatives	Number	18983	166163
Community libraries started	Number	156	971
Children mainstreamed into formal schools	Number	3469	22526
Mobile Computer Literacy Programme (Government Schools)	Number	30	74
Students covered through mobile computer literacy programme	Number	3793	20604
Community Health			
Children provided immunization support and basic healthcare	Number	3723	42927
Pregnant and lactating mothers provided with healthcare	Number	1830	19584
Minor ailment treatment given by CHWs	Number	960	21607
Referral cases for treatment in government hospitals	Number	225	2557
Livelihood Enhancement Initiatives			
Best Agriculture Practices (Training & Demonstration)	Number	1629	3314
Number of Deliveries from AI Services (Hybrid Animals)	Number	727	953
Number of Cattle attended with Clinical Services	Number	6174	8193
Entrepreneurship Development for Empowerment			
Entrepreneurs	Number	31	906
Youth covered through vocational training programme	Number	256	1853
Pulpwood Plantation with Marginal & Small Farmers			
Plantation on degraded land with marginal & small farmers	Acres	1050	3640
Farmers engaged in pulpwood plantation	Number	648	2154
Quantity of pulpwood supplied by the marginal & small farmers from earlier plantations	MT	5278	5880.56
Farmers who have supplied pulpwood to the mill	Number	102	118
HIV/AIDS Prevention Programme			
Patients enrolled for ART	Number	359	2171
Referral Cases for treatment in government hospitals	Number	1217	3549

CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The corporate secretarial department and the internal audit function of the Company remain committed to adopting best-in-class corporate governance practices and internal controls. In 2011-2012, as BILT continued to deploy competitive corporate strategies, it remained focussed on regular monitoring of strategic issues and risk management which included both evaluation and mitigation.

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

committed to maintaining strict compliance with the letter and spirit of Clause 49.

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

BOARD OF DIRECTORS

Composition

As on 30 June 2012, the Company had a eight member Board of Directors. The Chairman, Mr. Gautam Thapar is a non Executive Director and a Member of the Promotor Group. The Company has two Executive Directors - Mr. R.R. Vederah (Managing Director & Executive Vice Chairman) and Mr. B. Hariharan (Group Director-Finance). The other five Non Executive Independent Directors are Mr. Sanjay Labroo, Mr. P.V. Bhide, Mr. A.S. Dulat, Mr. Ashish Guha and Mr. A.P. Singh {Nominee Director of the Life Insurance Corporation of India (LIC)}. The Directors are eminent personalities and experienced

IN 2011-2012, as BILT continued to deploy competitive corporate strategies, it remained focussed on regular monitoring of strategic issues and risk management which included both evaluation and mitigation.

TABLE 1 DETAILS OF THE BOARD

DETAILS OF THE BOARD								
						no. of directorships and committee memberships/ chairmanships in other public limited companies*		
name of the directors	designation	category	attendance particulars					
			number of board					
			meetings under tenure			directorships	committee	
			held	attended	last AGM #		memberships	chairmanships
Mr. Gautam Thapar	Chairman	Non Executive, Promoter	4	4	No	6	3	1
Mr. R.R. Vederah	Managing Director and Executive							
	Vice Chairman	Executive	4	4	Yes	5	4	-
Mr. B. Hariharan	Group Director (Finance)	Executive	4	4	No	13	7	3
Mr. Sanjay Labroo	Director	Independent	4	3	No	10	3	-
Mr. R.K. Ahooja**	Director	Independent	3	3	Yes	1	-	-
Mr. A.S. Dulat	Director	Independent	4	3	Yes	1	-	-
Mr. A.P. Singh	Director (LIC nominee)	Independent	4	3	No	-	-	-
Mr. Ashish Guha	Director	Independent	4	2	No	3	4	1
Dr. Pramath Raj Sinha***	Director	Independent	2	1	N.A.	1	-	-
Mr. P.V. Bhide****	Director	Independent	2	2	N.A.	7	5	1

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

** Resigned as Director with effect from 7 February 2012.

*** Resigned as Director with effect from 31 October 2011.

**** Appointed as Director with effect from 7 February 2012.

66th Annual General Meeting held on 16 December 2011.

professionals in business, finance and corporate management.

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

Board Meetings

There were four Board Meetings held in the financial year 2011-12: 18 August 2011, 31 October 2011, 7 February 2012 and 1 May 2012. The Board of Directors of the Company is provided with all the statutory and other significant and material information to enable it to discharge its responsibilities as trustees of the Shareholders.

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

Directors' Compensation

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

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

The Shareholders, at the 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 of the Directors for the financial year 2011-2012 is given in Table 2.

Non-Executive Directors' Shareholding

As on 30 June 2012, Mr. Gautam Thapar held 11,61,216 Equity Shares, Mr. Sanjay Labroo held 4,95,802 Equity Shares and Mr. A.S. Dulat held 3,000 Equity Shares in the Company.

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

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 2011-2012. A declaration signed by the Managing Director & Executive Vice Chairman to this effect is annexed to this Report.

COMMITTEES OF THE BOARD

The details of the composition of BILT's Audit Committee, Remuneration Committee, Investors' / Shareholders' Grievance Committee and Risk Management Committee as on 30 June 2012 are given in Table 3. Apart from the above, BILT also has other Board level committees to manage the day

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	-	-	302172	100000	402172
Mr. R.R. Vederah [#]	6246183	749542	-	-	6995725
Mr. B. Hariharan [#]	5350610	1444665	-	-	6795275
Mr. Sanjay Labroo	-	-	170000	60000	230000
Mr. R.K. Ahooja [*]	-	-	154672	160000	314672
Mr. A.S. Dulat	-	-	255000	200000	455000
Dr. Pramath Raj Sinha ^{**}	-	-	57131	40000	97131
Mr. Ashish Guha	-	-	170000	80000	250000
Mr. A.P. Singh ^{***}	-	-	170000	180000	350000
Mr. P.V. Bhide ^{****}	-	-	101025	120000	221025

[#] Net of recovery, ^{*} Resigned as Director with effect from 7 February 2012.

^{**} Resigned as Director with effect from 31 October 2011.

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

^{****} Appointed as Director with effect from 7 February 2012.

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. R.K. Ahooja [*]	Independent	Chairman	—	—	—
Dr. Pramath Raj Sinha ^{**}	Independent	Member	—	—	—
Mr. A.S. Dulat	Independent	Member	Chairman	—	Member
Mr. Ashish Guha	Independent	—	—	Member	Member
Mr. A.P. Singh	Independent	Member	—	Chairman	—
Mr. P.V. Bhide ^{***}	Independent	Chairman	—	—	—

^{*} Resigned as Director with effect from 7 February 2012.

^{**} Resigned as Director with effect from 31 October 2011.

^{***} Appointed as Director with effect from 7 February 2012 and Chairman of Audit Committee with effect from 21 February 2012.

to day decisions pertaining to operations / business of the Company.

Further, the Board had constituted a Committee of Directors comprising Messrs P.V. Bhide, Ashish Guha and B. Hariharan to explore, examine and finalize internal restructuring of manufacturing assets, including power assets. During the year, the Committee met two times : 10 May 2012 and 15 May 2012, which were attended by all the Members.

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

Audit Committee

The Audit Committee comprises three Independent Directors and one Executive Director. The Chairman of the Audit Committee is an Independent Director. During the year, the Committee met seven times: 18 August 2011, 31 October 2011, 28 November 2011, 23 December 2011, 7 February 2012, 21 February 2012 and

1 May 2012. The attendance record is given in Table 4.

All members of the Audit Committee have accounting and financial management expertise. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information. The Company Secretary of the Company acted as the Secretary to the Committee. The Managing Director & Executive Vice Chairman, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, other relevant officials and the representatives of the Statutory Auditors and Cost Auditors attend the meetings as invitees, whenever required.

In addition to review of the financial results of the Company, update on internal audits of various functions, review of internal control systems and risk assessment, applicability and compliance of various laws, reappointment and remuneration of statutory auditors, appointment of cost auditors, cost

accounting systems and cost audit reports also 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.

TABLE 4 ATTENDANCE RECORD OF THE AUDIT COMMITTEE

name of members	designation	no. of meetings under tenure	
		held	attended
Mr. R.K. Ahooja*	Chairman	5	5
Dr. Pramath Raj Sinha**	Member	2	1
Mr. B. Hariharan	Member	7	7
Mr. A.S. Dulat	Member	7	6
Mr. A.P. Singh	Member	7	6
Mr. P.V. Bhide	Chairman***	2	2

* Resigned as Director with effect from 7 February 2012.

** Resigned as Director with effect from 31 October 2011.

*** Appointed with effect from 21 February 2012.

Investors'/ Shareholders' Grievance Committee

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

MANAGEMENT

Management Discussion and Analysis Report

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

Disclosures of Material Transactions

A disclosure of all related party transactions has been made in the notes to the accounts of the balance sheet presented in this Annual Report. All the Directors have disclosed their interest pursuant to Section 299 of the Companies Act, 1956 and changes are placed before the Board at its meetings.

Accounting Policies

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

Insider Trading

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

SHAREHOLDERS

Disclosure regarding re-appointment and appointment of Directors

Re-appointment

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

Mr. B. Hariharan

Mr Hariharan has been associated with the Ballarpur Group since 1985. In June 2001, he was inducted as a member of the Board of Directors of the Company and designated as Group Director (Finance). He has approximately 29 years experience in various positions of increasing responsibilities including finance, treasury, mergers and acquisitions. His expertise lies in the field of finance and corporate planning. Mr. Hariharan has contributed significantly in the successful foray of the Company in the

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

name of the director	directorship in other public limited companies	committee membership/ chairmanship	
		audit	investors'/ shareholders' grievance
Mr. B. Hariharan	Avantha Holdings Limited	Member	—
	Avantha Power & Infrastructure Limited	Member	—
	Avantha Realty Limited	—	—
	Bilt Graphic Paper Products Limited	Chairman	—
	Bilt Tree Tech Limited	—	—
	Biltech Building Elements Limited (BBEL)	—	—
	CG Power Solutions Limited	—	—
	Global Green Company Limited	Chairman	—
	Newquest Insurance Broking Services Limited	—	—
	Premier Tissues (India) Limited	Member	—
	Salient Business Solutions Limited	Member	—
	Solaris Chemtech Industries Limited	Chairman	—
	K.P.Cements Manufacturing Co. Pvt. Limited (a Subsidiary of BBEL)	—	—
Mr. A.S. Dulat	Onicra Credit Rating Agency of India Limited	—	—
Mr. P.V. Bhide	L & T Finance Limited	Chairman	—
	Tube Investments of India Limited	Member	—
	GlaxoSmithkline Pharmaceuticals Limited	—	Member
	NOCIL Limited	—	—
	Heidelberg Cement India Limited	Member	Member
	L & T Finance Holdings Limited	—	—
	Bilt Graphic Paper Products Limited	—	—

international capital markets notably the Global Depositary Receipt (“GDR”), Foreign Currency Convertible Bonds (“FCCBs”) and Subordinated Perpetual Capital Securities. He has also contributed significantly to the Group’s strategic mergers and acquisitions roadmap. Mr. Hariharan is a member of the Avantha Management Board, which formulates the strategy of the Avantha Group. He is also a Director and Committee member of various companies which are part of the Avantha Group. Mr Hariharan is a Member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India.

Mr. Hariharan holds 8,040 equity shares in the Company and does not hold any convertible instrument.

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 is currently, a member of the National Security Advisory Board.

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

Appointment

Mr. P.V. Bhide was appointed as Additional Director on 7 February 2012. His brief profile is as under :

Mr. Bhide, aged 62 years, is a Bachelor in Science (Honours) and Bachelor in Law from Delhi University and Masters in Business Administration with specialization in Financial Management from Indira Gandhi National Open University (IGNOU), New Delhi.

Mr. Bhide joined the Indian Administrative Service in 1973 and has served for 37 years in senior positions of increasingly responsibilities with the Government of Andhra Pradesh and Government of India. He was the Deputy Secretary / Director in the Department of Economic Affairs, Ministry of Finance and Advisor to India’s Executive Director to the International Board for Reconstruction and Development, Washington.

Mr. Bhide then served as Secretary, Department of Finance and subsequently as Secretary, Department of Energy with the Government of Andhra Pradesh. He was the Managing Director of Godavari Fertilisers and Chemicals Limited, an undertaking promoted by Government of Andhra Pradesh. During this tenure, he also served as Vice Chairman of the Fertilizer Association of India and Chairman of its Marketing Advisory Committee.

Mr. Bhide then served as Additional Secretary / Special Secretary, Ministry of Home Affairs of the Government of India before being appointed as Secretary in the Department of Divestment, Ministry of Finance. Mr. Bhide retired as Secretary, Department of Revenue, Ministry of Finance in January, 2010, a position which he held from June, 2007.

Communication to Shareholders

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

The 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 will be sending 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 on their request.

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

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

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

General Body Meetings

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

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

2009 and 2010 (AGM)

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

2010 (EGM)

Issuance of securities on preferential basis to promoter of the Company, erstwhile Bilt Paper Holdings Limited (since amalgamated into Avantha Holdings Limited).

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

year	category*	location of the meeting	date
2009	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	18 December 2009
2010	EGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	3 March 2010
2010	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	1 December 2010
2011	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	16 December 2011

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

2011 (AGM)

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.

Further, 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 19 June 2012 and was attended by all the members.

During the financial year ended 30 June 2012, 14 complaints were received from the Investors/ Shareholders and all of them were redressed.

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 such 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 Company has already sent a letter dated 21 September 2012 to 4,825 Shareholders followed by the first reminder on 5 March 2012 to 4,748 shareholders

and shall be sending the second reminder.

The remaining unclaimed shares will be credited to Unclaimed Suspense account after third (final) reminder by the Company. The genuine shareholders 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 has been appointed as a representative of the Company on the Board of Directors of material non-listed Indian subsidiary, BILT Graphic Paper Products Limited in place of Mr. R.K. Ahooja with effect from 7 February 2012.

CEO/CFO Certification

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

Report on Corporate Governance

This chapter, read with the information given in the section titled Additional Shareholders' Information, constitutes compliance on Corporate Governance for the Financial Year 2011-12.

Auditors' Certificate on Corporate Governance

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

ADDITIONAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Date 18 December 2012.
Time 12:00 noon
Venue P.O. Ballarpur Paper Mills – 442 901, Distt. Chandrapur, Maharashtra

Financial Calendar 2012-13

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

Book Closure

The dates of book closure are from 5 December 2012 to 18 December 2012, both days inclusive.

Dividend Payment

A final dividend of Rs. 0.50 per Equity Share will be paid within the prescribed statutory period, subject to declaration by the shareholders at the ensuing Annual General Meeting.

Unclaimed Dividends

Dividends pertaining to the financial years, as detailed below, which remain unclaimed and unpaid for a period of seven years, will be transferred to the Investor Education and Protection Fund (IEPF), as required statutorily. No claim shall lie against the Company or IEPF, for the amount transferred. To enable the members to claim their dividend before its transfer to the above Fund, the tentative schedule for transfer is given in Table 7. The details are also available on the website of the Company.

Unclaimed Buy Back Consideration

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

Listing Details

At present, the Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) in India. The annual listing fee for the financial year 2012-13 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 detail of monthly price and volumes traded of BILT's shares at the

TABLE 7 UNCLAIMED DIVIDENDS

date of declaration of dividend	dividend for the financial year	tentative schedule for transfer to the investor education and protection fund
7 December 2005	2004-05	January 2013
24 January 2006	2005-06 (interim)	February 2013
12 December 2006	2005-06	January 2014
29 January 2007	2006-07 (interim)	February 2014
4 December 2007	2006-07	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

TABLE 8 BILT'S STOCK EXCHANGE CODES

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

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.

NON CONVERTIBLE DEBENTURES (NCDs)

The unsecured NCDs of Rs. 250 crore are in dematerialised form and are listed on Bombay Stock Exchange Limited. These NCDs were rated as AA- (ind) with stable outlook by FITCH. As on the date of this report, NCDs of Rs. 200 crore are outstanding.

Registrar and Transfer Agent

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

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

For Fixed Deposits, the investors may contact at:
Fixed Deposit Department
Ballarpur Industries Limited,
First India Place, Tower – C, Block – A,
Sushant Lok – I, Mehrauli-Gurgaon Road,
Gurgaon – 122 002.
Tel +91-124-4099208
Email sectdiv@bilt.com

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 2012, 98.39 per cent of the total Equity Shares of the Company were held in dematerialised form, as compared to 98.36 per cent last year.

Outstanding Global Depository Shares (GDSs)

As on 30 June 2012, there were no outstanding GDSs.

Distribution of Shareholding

Tables 10 and 11 give the distribution of shareholding of the Equity Shares of the Company by size and ownership class as on 30 June 2012.

REGISTERED OFFICE

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

PLANT LOCATIONS**Unit Sewa**

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

Unit Shree Gopal

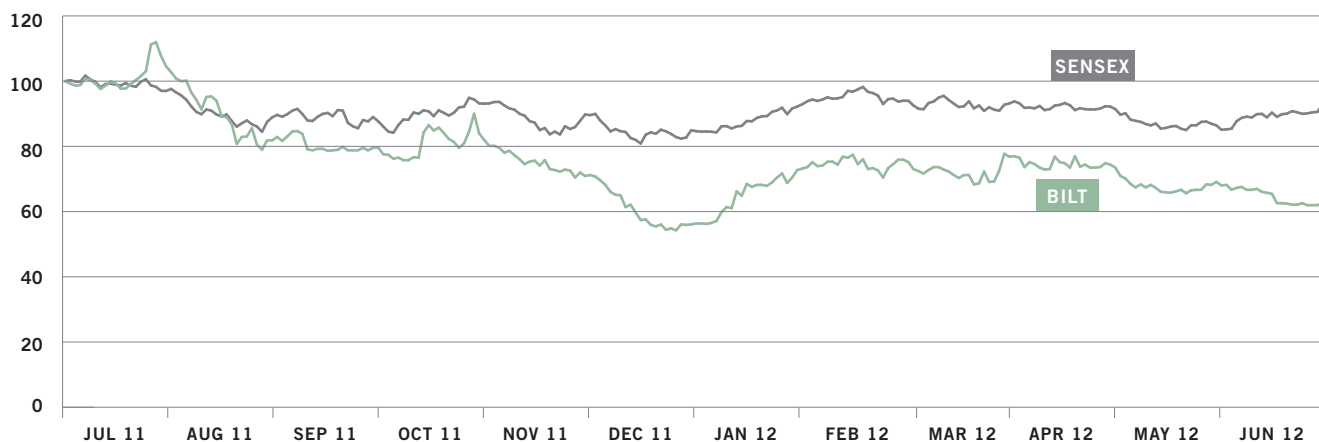
P.O. Yamunanagar, Distt. Yamunanagar,
Haryana - 135 001

Unit Ashti

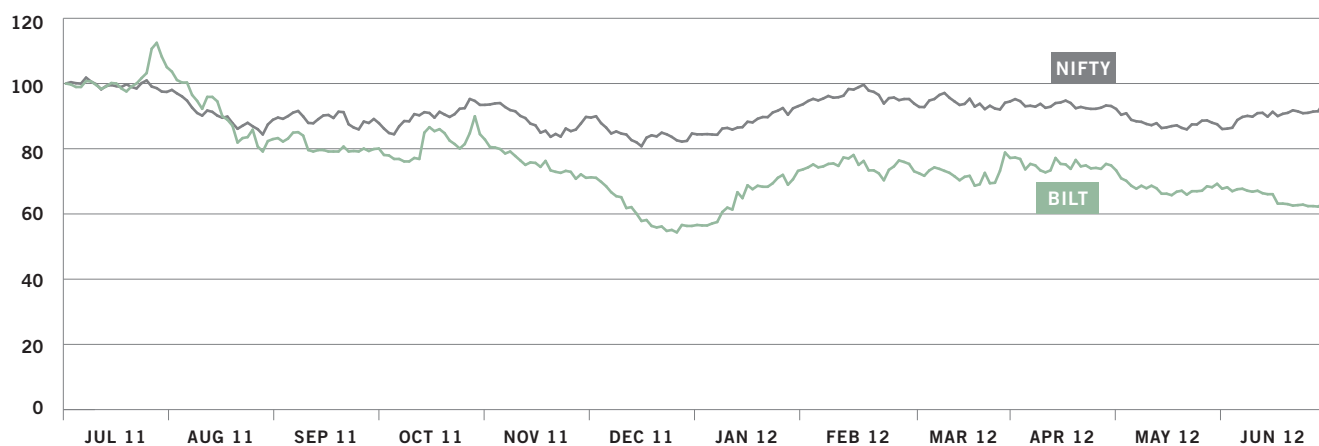
P.O. Ashti - 442 707, Tehsil Chamorshi,
Distt. Gadchiroli, Maharashtra

TABLE 9 MONTHLY PRICE AND VOLUMES OF BILT'S SHARES FOR 2011-12 AT BSE AND NSE, INCLUDING INDICES

month	bombay stock exchange limited				national stock exchange of india limited			
	high (Rs.)	low (Rs.)	volume (lacs)	sensex (close)	high (Rs.)	low (Rs.)	volume (lacs)	nifty (close)
Jul-11	37.50	31.50	40.07	18197.20	37.55	31.45	114.26	5901.53
Aug-11	35.00	25.85	77.47	16676.75	34.80	25.70	166.05	7051.77
Sep-11	28.70	25.25	22.15	16453.76	28.65	25.25	110.21	6764.12
Oct-11	30.35	24.80	36.52	17705.01	30.75	24.85	127.76	5937.99
Nov-11	29.10	23.20	23.09	16123.46	29.00	21.10	55.78	11393.19
Dec-11	24.00	17.50	21.11	15454.92	23.90	17.45	43.96	3785.33
Jan-12	24.40	18.10	28.94	17193.55	24.10	18.25	56.27	8075.54
Feb-12	26.30	23.00	23.18	17752.68	26.40	23.00	54.35	8454.41
Mar-12	26.05	22.30	19.71	17404.20	26.20	22.25	40.53	6082.93
Apr-12	26.40	23.50	14.36	17318.81	28.60	23.95	62.68	4610.40
May-12	25.25	21.05	8.26	16218.53	25.30	20.15	23.00	10662.01
Jun-12	22.75	20.15	7.54	17429.98	22.75	20.10	31.11	8461.24

CHART A BILT'S SHARE PERFORMANCE VERSUS BSE SENSEX

Note: BILT's share price at the BSE and the SENSEX have been indexed to 100 as of 1 July 2011

CHART B BILT'S SHARE PERFORMANCE VERSUS NSE NIFTY

Note: BILT's share price at the NSE and the NIFTY have been indexed to 100 as of 1 July 2011

TABLE 10 SHAREHOLDING PATTERN BY SIZE AS ON 30 JUNE 2012

number of equity shares held	number of shareholders#	per cent of shareholders	number of shares#	per cent of shareholding
1-1000	69084	89.72	16093704	2.46
1001-5000	6356	8.25	14042971	2.14
5001-10000	791	1.03	5761742	0.88
10001 and above	770	1.00	619625422	94.52
Total	77001	100.00	655523839	100.00

56196 shareholders hold 644982812 equity shares in demat form.

TABLE 11 SHAREHOLDING PATTERN BY OWNERSHIP AS ON 30 JUNE 2012

category	no. of shareholders	per cent of shareholders	no. of shares held	per cent of shareholding
Promoters and Promoter Group	4	0.01	323960685	49.42
FII's and FFI's	77	0.10	127125139	19.39
Mutual Funds	32	0.04	55745376	8.50
Financial Institutions/Banks	37	0.05	167141	0.03
Insurance Companies	6	0.01	65371201	9.97
NRIs	1420	1.84	16506567	2.52
Corporates	974	1.26	13579829	2.07
Individuals and Others	74451	96.69	53067901	8.10
Total	77001	100.00	655523839	100.00

Address for Correspondence

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

CORPORATE SECRETARIAL DEPARTMENT

Ballarpur Industries Limited,
First India Place, Tower – C, Block – A,
Sushant Lok – I, Mehrauli-Gurgaon Road,
Gurgaon – 122 002.

Tel +91-124-2804242/43

Fax +91-124-2804261

Email sectdiv@bilt.com

For and on behalf of the Board of Directors

GAUTAM THAPAR

Chairman

DIN No.00012289

R.R. VEDERAH

Managing Director & Executive Vice
Chairman

DIN No.00012252

B. HARIHARAN

Group Director (Finance)

DIN No.00012432

Date 29 August 2012

Place New Delhi

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

The Members of

Ballarpur Industries Limited

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

For Ballarpur Industries Limited

R.R. VEDERAH

Managing Director & Executive Vice
Chairman

Date 29 August 2012

Place New Delhi

CERTIFICATE

To 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, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN- 106009W

Date 29 August 2012

Place New Delhi

DIRECTORS' REPORT

YOUR DIRECTORS have pleasure in presenting the Sixty Seventh Annual Report together with the Audited Statement of Accounts for the financial year ended 30 June 2012.

FINANCIAL HIGHLIGHTS

particulars	consolidated		standalone	
	2011-12	2010-11	2011-12	2010-11
Net Sales	4747.81	4498.05	1094.35	1059.12
Profit before Interest and Depreciation	800.90	875.51	128.43	171.94
Less: Interest and Finance Charges (Net)	265.64	270.45	26.40	37.46
Profit before Depreciation	535.26	605.06	102.03	134.48
Less: Depreciation and Amortisation	364.00	335.62	89.83	84.04
Net Profit for the year before Tax	171.26	269.44	12.20	50.44
Less: Provision for Taxation	12.19	3.84	5.63	20.28
Net Profit after Tax	159.07	265.60	6.57	30.16
Less: Minority Interest	35.98	52.90	—	—
Add: Balance brought forward from the previous year	618.54	647.80	290.78	315.09
Add: Debenture Redemption Reserve no longer required	7.50	7.50	7.50	7.50
Leaving a surplus of	749.13	868.00	304.85	352.75
Which your directors recommend, be appropriated as follows:	—	—	—	—
Transfer to General Reserve	1.00	5.00	1.00	5.00
Distribution on Unsecured Perpetual Securities	67.67	—	—	—
Transfer to Debenture Redemption Reserve	16.88	198.75	16.88	11.25
Payment of Dividend:				
Proposed Dividend on 65,55,23,839 Equity Shares of Rs. 2/- each @ 25 per cent	32.78	39.33	32.78	39.33
Add: Dividend Tax	5.32	6.38	5.32	6.38
Balance carried forward to next year's Account	625.48	618.54	248.87	290.79

OPERATIONS

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

INTERNAL RESTRUCTURING OF THE BUSINESSES

Your Directors, in their meeting held on 3 July 2012 approved the transfer by way of slump exchange basis, as a going concern with effect from 1 July 2012, the business undertakings of your Company comprising Unit Sewa & Unit Ashti, engaged in the business of manufacture of Copier Paper with business undertaking of BILT Graphic Paper Products Limited (BGPPL), a step down subsidiary of your Company) comprising Unit Kamalapuram, engaged in the business of manufacture of Rayon Grade Pulp. The aforesaid transfer by way of slump exchange shall include all the employees, movable, immovable and all other assets including intellectual property rights, liabilities, licences, contracts, permits, credits, consents, registrations & approvals etc., whatsoever of the aforesaid business undertakings as a going concern.

Messrs Price Waterhouse & Co. (for the Company) and KPMG India Private Limited (for BGPPL) were appointed as valuers for valuation of the aforesaid business undertakings and based on their valuation, your Directors in its aforesaid meeting had approved the exchange of said undertakings for a net outflow of Rs. 115.00 Crore to be paid by your Company to BGPPL towards difference in value of exchange of business undertakings subject to relevant adjustments.

Your Directors considered the reorganisation to be in the interest of your Company and its Members as it is expected to improve operational efficiencies for both the companies and consolidate the writing & printing paper business, including copier paper business under BGPPL. The shareholding of your Company in BGPPL shall remain unchanged and hence there will be no impact on the consolidated financials of your Company, post the exchange of aforesaid business undertakings. The Members of the Company had approved the same by an overwhelming majority, based on the votes cast on the Postal Ballot, the result of which was declared on 24 August 2012.

Your Directors have also approved the purchase by way of slump sale as a going concern with effect from 1 July 2012, the business undertaking i.e. captive power plant of Avantha Power & Infrastructure

Limited situated at P.O Yamunanagar, Distt. Yamunanagar, Haryana – 135 001 (Unit Shree Gopal).

DIVIDEND

Your Directors have recommended payment of dividend of Rs. 0.50 per equity share of Rs. 2/- each (previous year Re. 0.60 per equity share) on the equity share capital of your Company for the financial year ended 30 June 2012.

DIRECTORATE

Your Directors had on 28 June 2012 re-appointed Mr. R.R Vederah as Managing Director & Executive Vice Chairman of the Company w.e.f. 1 July 2012 for a period of 2 years. Mr. B. Hariharan and Mr. A.S. Dulat, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. P.V. Bhide was appointed as an Additional Director with effect from 7 February 2012 and holds office upto the date of the forthcoming Annual General Meeting and considering that the Company will benefit from his continuance as a Director, his appointment is being recommended.

Dr. Pramath Raj Sinha and Mr. R.K. Ahooja resigned as Directors of the Company with effect from 31 October 2012 and 7 February 2012 respectively. The Board places on record its deep appreciation for valuable contributions made and insights provided by Mr. Ahooja and Dr. Sinha during their tenure as Directors of the Company.

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

PROMOTER GROUP

The Company is a part of the USD 4 Billion Avantha Group, an Industrial conglomerate led by Mr. Gautam Thapar. The Avantha Group has a worldwide presence in 10 countries with more than 20,000 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

Your Company has three Indian subsidiaries viz. BILT Graphic Paper Products Limited (BGPPL), BILT Tree Tech Limited (BTTL) and Premier Tissues (India) Limited (PTIL) and six foreign subsidiaries i.e. five based in The Netherlands namely Ballarpur International Holdings B.V. (BIH), Ballarpur International

Graphic Paper Holdings B.V. (BIGPH), Ballarpur Paper Holdings B.V. (BPH), Ballarpur Speciality Paper Holdings B.V. (BSPH) and Ballarpur Packaging Holdings B.V.(BPGH); Sabah Forest Industries Sdn. Bhd. (SFI) based in Malaysia. BTTL and PTIL are direct subsidiaries and BGPPL is a step down subsidiary of your Company.

During the year, Ballarpur International Packaging Holdings B.V was merged into its holding company, BPGH in the Netherlands with effect from 29 December 2011 and Bilt Paper Limited based in the United Kingdom was voluntary dissolved with effect from 21 February 2012.

Pursuant to a general exemption granted by the Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956, the Company is not required to annex to this Report, the Annual Reports of the abovementioned subsidiaries for the financial year ended 30 June 2012. However, if any Member of the Company desires to obtain the Annual Reports of its subsidiaries, your 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 your Company and of its subsidiaries, during working hours upto the date of the Annual General Meeting.

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

On 5 August 2011, BIGPH had successfully completed its debut transaction in the international bond markets by raising US dollar 200 million perpetual non-callable 5 / 10 year bonds at 9.75 per cent rate per annum. This was successfully done through dollar-denominated Subordinated Perpetual Capital Securities (Bonds), despite turbulent market conditions. These Bonds are listed on the Singapore Stock Exchange. The proceeds from the issue of Bonds were used for repayment of existing debt and to fulfil the capital expenditure requirements of subsidiaries of BIGPH. In several ways, this was a pioneering transaction. Most notably, it is the first true US dollar denominated perpetual capital security from India, the first instance of an Asian issuer making a debut through issuance of Bonds, Asia's first non-listed hybrid issuer and Asia's first non-investment grade US dollar new issue since May 2011. BIGPH was rated BB-/BB- by Standard & Poor's International (S&P) and FITCH and have given a 50 per cent equity

credit for the said Bonds, which are entitled to a 100 per cent equity credit accounting under International Financial Reporting Standards.

CONSOLIDATION OF ACCOUNTS

As required by Accounting Standards AS-21 and AS-23 of the Institute of Chartered Accountants of India, the financial statements of your Company reflecting the consolidation of the Accounts of your Company and its 9 subsidiaries mentioned above are annexed to this Report.

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

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

PARTICULARS OF EMPLOYEES

The statement of particulars, required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 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 your Company and of the profit for the financial year;
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of your 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 your Company, M/s. K.K. Mankeshwar & Co., retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a letter from the Statutory Auditors to the effect that their re-appointment, if made at the ensuing Annual General Meeting, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

COST AUDIT

The Company had appointed Messrs S. Gupta & Co., Bahadur Murao & Co. and Ramanath Iyer & Co., Cost Accountants, to audit the Cost Accounts related to paper manufactured by your Company at its three Units i.e. Sewa, Shree Gopal and Ashti respectively, for the financial year ended 30 June 2011. The due date of filing these Cost Audit Reports was 27 December 2011 which were filed on 23 December 2011 (Unit Shree Gopal), 26 December 2011 (Unit Ashti) and 27 December 2011 (Unit Sewa).

CORPORATE GOVERNANCE

The Auditors, M/s. K.K. Mankeshwar & Co., have certified your Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement

with the Stock Exchanges. The Report on Corporate Governance together with the said certificate is attached and forms part of this Report.

FIXED DEPOSITS

Your Company had, effective August 2004, discontinued acceptance of fresh deposits/ renewal of deposits. There is no deposit due for maturity. Deposits of Rs. 31.29 lac due for repayment as of 30 June 2012 were unclaimed by 136 depositors. As on the date of this Report, Rs. 26.62 lac is unclaimed.

ACKNOWLEDGEMENT

The Directors wish to convey their gratitude and appreciation to all of the Company's employees for their enormous personal 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 support extended to the Company and their confidence in the Management.

For and on behalf of the Board of Directors

GAUTAM THAPAR

Chairman
DIN: 00012289

R.R. VEDERAH

Managing Director & Executive Vice
Chairman
DIN: 00012252

B. HARIHARAN

Group Director (Finance)
DIN: 00012432

Date 29 August 2012
Place New Delhi

Annexure to Directors' Report

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

		current year 2011-2012	previous year 2011-2012
		Paper	Paper
1. Electricity			
(A) Purchased			
Units	000 KWH	228,918	223,973
Total Amount	Rs. Lacs	13,947	9,922
Rate / Unit	Rs.	6.09	4.43
(B) Own Generation			
(I) Through Generator - D.OIL / LSHS / HSD			
UNITS	000 KWH	-	-
Units Per Litre Of D.OIL / LSHS / HSD	KWH	-	-
Cost Per Unit	Rs.	-	-
(II) Through Steam Turbine / Generator			
UNITS	000 KWH	-	-
Units Of Power Per MT of Coal	KWH	-	-
Cost Per Unit	Rs.	-	-
2. Coal			
(Quality Used In Boilers- GRADES : B,C,D, etc.)			
Quantity	M.T.	34,635	37,608
Total Cost	Rs. Lacs	1,349	1,080
Average Rate	Rs. / M.T	3,895	2,872
3. Furnace Oil / Lshs / Ldo / Rfo			
Quantity	K.L.	6,127	6,417
Total Cost	Rs. Lacs	2,437	1,891
Average Rate	Rs. / K.L	39,783	29,468
4. Others / Internal Generation Etc.			
(Black Liquor Solids Fired, Waste Heat Recovery, LPG)			
Quantity (Coal Equivalent)	M.T.	-	-
Total Cost	Rs. Lacs	-	-
Average Rate	Rs. / M.T	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION

	electricity		coal		furnace oil		others / internal generation	
	(KWH/TONNE)		(M.T./ TONNE)		(K.L. / TONNE)		(M.T./TONNE)	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year	Year	Year
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Paper	1165	1118	0.176	0.188	0.031	0.032	0.000	0.000

ENERGY CONSERVATION MEASURES TAKEN, RESULTS ACHIEVED & PLANS FOR THE FUTURE, SPECIFIC MEASURES TAKEN DURING THE YEAR 2011-2012

All business Units continued their efforts to improve energy usages efficiency and increase contributions from renewable sources of energy. Innovative ways and new

technologies were constantly explored to reduce energy consumption. Some of the measures adopted across the Company were:-

A) Unit Shree Gopal:

1. Reduced power consumption by 200kWh by optimization of running equipments as below:
 - a. Controlled two 55KW drying zone fans of laminating machine with machine

start/stop logic by modifying program in PLC.

- b. Reduced transmission losses by putting load of clo2 on idle running of BCP transformer, and made shut out of Clo2 transformer permanently.
- c. Interlocked running of agitators with pumps of chests viz., SPM Rag chest no.1, Broke chest no.1 and Broke Chest no.2.

- d. Made shut bleached stock chest no.2 for PM-1 & 2 by giving supply directly from buffer chest pump to save power of pump & agitator of chest no.2.
 - e. Started seal pit pumps at PM-4 in close loop.
 - f. Installed 4" flow meter in return line of DDR-1 to supply partially refined pulp in bleached stock chest no.2 during REB run 7 days in a month to prevent running of one extra refiner on PM-1 & 2.
 - g. Interlocked running of Dump Chest agitator with its both pumps at PM-5 to avoid idle running of agitator.
 - h. Bore wells outside mill premises were running through three parallel 100KVA transformers and these transformers were replaced with single transformer 500KVA.
 - i. Modification in steam condensate system at PM-7 for reduction in steam consumption by 0.15T/Ton of paper.
2. Reduced power consumption by 150kWh by installing VFDs at:
 - Back water pump at PM-1.
 - PM- 4 Rectifier rolls in two nos.
 - Air Dryer Fan-2 & 4 in coating plant.
 - Water supply pump to PM-1,2,4,5 & 7.
 - Water supply pump to Pulp Mill.
 3. Reduced power consumption by 50kWh by replacing old inefficient motors with following energy efficient motors
 - 350KW LT motor of TDR 24" at PM-4 replaced with HT motor 3.3KV.
 - Broke chest no.2 pump-1&2 of broke handling plant.
 - Compressor no.3 at PM-4.
 - Transfer pump stock preparation at PM-4.
 - Reject screen PM-4 stock.
 - Service pump hydra treated tank at PM-5.
 - Buffer chest pump at PM-4.
 - Size tank agitator at PM-1.
 - SCC pump at PM-4 stock.

B) Unit Sewa:

1. Reduced Power Consumption by installing VFD for ID fan & SA fan of Recovery boiler, interlocking of Paper Machine (PM) 1 & 2 UTM pulper agitators with paper break detector and reduction in size of motor pulley for agitator of 8M3 pulper and 80m3 chest agitator in PM -1.
2. Optimization of power consumption for pulp refining.
3. Improved the condensate recovery by 4 per cent from PM-1&2.

4. Reduced the running hours of river intake water pumps for supply of water to plant by reduction in water header pressure, level control of reservoir and reduction in water usage.
5. Reduction in steam consumption by improving steam and condensate system of PM- 1 & 2.
6. Close monitoring and control on idle running of equipment, air conditioners, lights and fans.

C) Unit Ashti:

1. Developed and installed Energy Efficient Refiner Tackles of Double Disc Refiner for pulp refining with improved specific edge load.
2. Reduced coal consumption by utilizing bamboo dust.
3. Bio- refining of Hardwood and Softwood pulp was started using imported enzyme from Novozyme, Denmark to save Electrical Energy.
4. Optimized run hours of coal handling plant to keep plant shut daily for 4 hours without affecting mill operation.
5. Provided transparent sheets at A-4 roof for improving illumination by sunlight during day time and hence reduction in power consumption.
6. Reduced steam losses by replacement of identified corroded condensate & steam piping.
7. Condensate recovery improved by providing pump with mechanical seal to improve condensate recovery.

ENERGY CONSERVATION MEASURES PLANNED

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

A) Unit Shree Gopal:

1. Installation of VFD's at 20 identified locations.
2. Replace 40 nos. of old inefficient motors.
3. Replaced old inefficient air conditioners of plant.
4. Installation of new HT & LT capacitors to reduce transmission losses.
5. Optimization / idle running of equipments.

B) Unit Sewa:

1. Installation of energy efficient Vacuum pumps & one new refiner at PM-1.
2. Installation of energy efficient compressor in place of old inefficient compressors.

3. To reduce the running hours of chippers by close monitoring and improving the health of chippers.
4. Installation of lighting transformer, energy saving lights and improving sunlight in working areas.
5. Installation of VFDs for cooling tower fans, ID fans and FD fans of coal boilers 1 & 2.
6. Installation of Solar lights to replace existing street lights near boundary wall.
7. Improve condensate recovery from pulp-mill by improving the health of pre-heaters.
8. Reduce specific steam consumption in PM-1 by modification of steam & condensate system.

C) Unit Ashti:

1. Development of low specific edge load tackles from J&L (U.S.A.) for conical and machine refiners.
2. Installation of single Optifiner refiner from Metso in place of existing two refiners being used.
3. Energy efficient floating aerator at Aeration tank in place of existing aerators.
4. Installation of energy efficient 1330 cfm capacity screw air compressor.
5. Installation of lower rating energy efficient pump at intake well.
6. Separate energy efficient screw air compressor for both A-4 Lines.
7. Installation of turbo ventilators for roofs.
8. Installation of solar energy based street lighting system.
9. Energy Audit by a certified external agency.
10. Installation of soot blowing arrangement for boiler bank tube and economizer of FBC Boiler.
11. Installation of boiler blow down heat recovery unit at Boiler.

FORM B

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

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

A) Unit Shree Gopal:

1. Development of REB Moon Beam for Digital printing at PM- 7.
2. Development of Chromo paper, 90 GSM and Art Board, 350 GSM

3. Developed Natural Shade Paper (High Bulk and Smooth finish) and High Bulk 1.80+ at PM-4.
4. Switch over from neutral size paper to Alkaline size paper i.e. ASA at PM-5 & 7 and AKD at PM-1, 2 & 4 and polymeric surface sizing.
5. Introduce 3rd Generation of Oxidised (AMOX) technology for Biocide program at PM-5 & 7.
6. Introduced Soft wood pulp in furnish of playing card segments to improve stiffness and sheet flatness.
7. Increased coat weight in BCB for fibre saving.
8. Introduction of retention aid program at all machines.
9. Increased sheet Ash by 3.0 per cent.
10. Reduction in OBA consumption by optimization wet condition.
11. Use of coloured broke with white broke.
12. Increased opaqueness in BCB playing card segment.
13. Increased starch solids at size press at PM-2 and PM-5.
14. Cost effective chemicals introduced without affecting product quality.
15. Reduced fibre loss in ETP from 3.0 per cent to 1.5 per cent.
16. Reduced bleaching chemical by introducing Sulphuric Acid at pulp mill.
17. Optimisation of pulping and bleaching process.
18. Introduced anthraquinone and surfactant in pulping to reduce Active Alkali consumption.
19. Installed new sludge filter to increased sludge dryness.
20. Increased Concentrated Black Liquor (CBL) solids by installation of In House Development of New Evaporator Body in recovery.

B) Unit Sewa:

1. Laboratory trial was taken to manufacture High Brightness paper in new shade with Irgalite Dyes for Image Copier segment.
2. Based on the Laboratory data, developed new Shade Image Copier paper with 91 per cent ISO Brightness.
3. Replaced finex with Precipitated Calcium Carbonate (PCC) as filler
4. Online starch addition with PCC for ash increase in Paper.
5. Use of AQ based surfactant for optimization of Cooking Cycle and reduction in white liquor consumption.

6. New grade introduced in FS size TOT 65 gsm Copier segment.
7. Optimization of cooking temperature, specific consumption of active alkali for pulping process and bleaching chemicals for better yield and improved fibre strength and pulp viscosity.

C) Unit Ashti:

1. Fibre conservation by increasing ash content in paper using pre-flocculation of PCC and SST technology of SMI (US).
2. Successful trial of anionic pigment dyes for shade stability, permanency during ageing and cost saving.
3. Cationic retention aid Percol 182 was used for better retention and cost saving.
4. High molecular weight starch was used for better properties and cost saving.
5. New product Copy Power-80 Export in reel and sheet A-4 Size was developed

2. Benefits derived as a result of above R&D

A) Unit Shree Gopal:

1. Increased product basket with the introduction of new product in the market.
2. Improved stiffness and flatness in BCB with the use of soft wood.
3. Increased opaqueness of BCB with the increase of black dye in lamination process.
4. Improved printability and gloss of BCB by increasing coat weight in BCB.
5. Improved permanence of paper due to alkaline sizing.
6. Improved printability of uncoated paper with the use of polymeric surface sizing.
7. Increased sheet moisture from 3.5 to 4.0 per cent at PM-2.
8. Reduction in variable cost by substitution of chemicals.
9. Reduced dead load in white water by introducing retention aid.
10. Surface strength of paper improved with increase of size press solids.
11. Reduced lower values of brightness below 89 per cent by introducing Sulphuric Acid in pulp mill.
12. Reduced Active Alkali consumption by 5.0 per cent by Introduced

Anthraquinone and Surfactant in pulping.

13. Yield increased by 0.4 point with the Pulping/bleaching process optimisation & increase of Veneer waste with maintaining pulp quality.
14. Increased Concentrated Black Liquor (CBL) solids by 2.0 per cent.
15. Line sludge dryness increased from 64 per cent to 68 per cent by installing new sludge filler.
16. Conserving natural sources with the reduction of fiber loss and use of coloured broke with white broke.

B) Unit Sewa:

1. Customer satisfaction with new shade in Image Copier and Maplitho segment.
2. Overall quality of paper improved in brightness, bulk, opacity and whiteness properties.
3. Reduction in chlorine and hydrogen peroxide at bleaching stage.
4. Cooking cycle time and white liquor consumption optimization.

C) Unit Ashti:

1. Significant improvement in paper quality i.e. bulk, smoothness, opacity & brightness of copier paper.
2. Reduction in fibre consumption by increasing ash content.
3. Improvement in shade stability and permanency during ageing.

3. Future plan of action:

A) Unit Shree Gopal:

1. ASA sizing at paper machine (PM)-1, 2 and 4.
2. Centralized refining system for uniform refining and reduce refining power
3. Commission of slotted basket of 0.25 mm at PM-4 to improve further paper cleanliness.
4. Introduce filler in the accept line of PCC to reduced filler losses through centricleaner.
5. Increase further opacity of paper by increasing sheet Ash in paper by 3.0 per cent.
6. Introduce GCC filler at PM-5.
7. Pre flocculation of filler with Cationic starch.
8. Substitution with cost effective chemicals.
9. Optimisation of pulping and bleaching process.

10. Study of new fibrous raw material suitable for paper making.
11. Certification of EnMS(Energy Management System) ISO 50001:2011
12. Continuation of certification of EMS ISO 14001: 2004 by DNV, OHSAS 18001:2007 by DNV and FSC COC from Forest Stewardship Council.

B) Unit Sewa:

1. Increase in paper ash for opacity improvement.
2. Optimization of furnace oil consumption.
3. New bleaching sequence(C/D-Eop-H-D to C/D-Eop-D1-D2) to improve pulp quality and AOX reduction.
4. High consistency bleaching.
5. New product development to meet ever changing market expectations.
6. To improve pulp yield by optimizing raw material mix.

C) Unit Ashti:

1. Increase ash content in paper to reduce fibre consumption by using Swollen Starch Technology from SMI.
2. Cost optimization of paper sizing chemical by using alternate technology.
3. Bio refining to conserve energy.
4. Fibre furnish optimization to reduce variable cost.
5. Use of imported machine fabric for better quality and life.

4. Expenditure on R&D (including through approved agencies):		
■ Revenue	Rs. Lac	181.4
■ Total Expense as a per cent of turnover		0.17

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

1. Efforts made towards technology absorption:

Unit Shree Gopal:

- ASA sizing at Paper Machine 5 &7.
- Introduced polymeric sizing in surface sizing of paper.
- Retention aid system at machines.
- Introduce third Generation of Oxidant (AMOX) technology for Biocide program.
- Use of Anthraquinone and Surfactant in pulping.
- Installed new sludge filter.
- In-house Development of New Evaporator Body in recovery.

Unit Sewa:

- Developed new Shade Image Copier paper with 91 per cent ISO Brightness and replaced finex with PCC as filler.
- Use of AQ based surfactant for optimization of cooking cycle and reduction in white liquor consumption.
- Online starch addition with PCC for ash increase in Paper.
- New grade introduced in FS size TOT 65 gsm copier segment.

Unit Ashti:

- Cationic retention aid Percol 182 used for better retention and cost saving.
- High molecular weight starch was used for better properties and cost saving.
- New product Copy Power-80 Export in reel and sheet A-4 Size was developed.

2. Benefits derived as a result of the above:-
 - Better product quality.
 - Energy saving.
 - Increase in production volume.
 - Better process efficiency.
 - Better resource utilisation.
 - Cost reduction.
 - Sustenance in business through:
 - a. Improved product quality.
 - b. New product development.
 - c. Environment protection.
 - d. Cost competitiveness.
 - Stakeholder's satisfaction.
 - Customer satisfaction.
5. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year):
 - Technology imported:
 - PCC Plant from SMI at Unit Sewa.
 - Year of Import : 2010-11
 - Has technology been fully absorbed: Yes
 - If not fully absorbed areas where this has not taken place, reasons therefore 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 export copier paper & speciality woodfree grades to Australia, Asia and Africa. It has made further inroads into some of the new countries in these markets and consolidate its presence in premium copy paper branded segment.
2. Total Foreign Exchange used and earned:
 - Foreign Exchange used – Rs. 137.66 Crore
 - Foreign Exchange earned – Rs. 18.93 Crore.

AUDITORS' REPORT

TO THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of M/s Ballarpur Industries Limited, as on 30th June 2012, the Statement of Profit and Loss & the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of books;
 - iii. The Balance Sheet, Statement of Profit and Loss & Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss & Cash Flow Statement read together with the Notes thereon comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- v. On the basis of written representations received from the Directors, as on 30th June, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on the said date from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements read with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Company as on 30th June, 2012;
- 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.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN- 106009W

New Delhi, dated the
29th August 2012

ANNEXURE 'A'

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

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

1. 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. In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and going concern status of the Company is not affected.
2. a. 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 are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has not granted or taken any loan, secured or unsecured, to or from Companies, firms or other parties covered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Companies (Auditor's Report) Order is not applicable to the Company.
4. There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods, except having regard to the explanation that certain items purchased/ services availed are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations. During the course of our audit, no major weakness has been noticed in the internal control system.
5. In respect of the transactions entered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956:
 - a. Transactions that needed to be entered into the register have been so entered.
 - b. Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except certain transactions of purchase of goods/ services availed and material of special nature for which alternative quotations are not available.
6. The Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board on the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company relating to the products of the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. a. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- b. No undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding, as on 30th June, 2012 for a period of more than six months from the date they became payable.

- c. The particulars of dues of sales tax, excise duty, income tax, custom duty, service tax, water tax and cess as on 30th June, 2012 which have not been deposited on account of disputes have been stated in Annexure 1.
10. The Company has no accumulated losses as on 30th June, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are, in our opinion, not applicable to the Company.
14. In our opinion, the Company is not a dealer in shares, securities, debentures and other investments
15. The Company has not given guarantee for loans taken by others from banks or financial institutions.
16. On an overall basis, the term loans taken and/ or utilized during the year have been applied for the purpose for which they were obtained, other than temporary deployment of such funds.
17. On the basis of an overall examination of the balance sheet of the Company, there are no funds raised on a short-term basis which have been used for long-term investment other than temporary deployment of such funds.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
19. The Company 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

New Delhi, dated the

29th August 2012

ANNEXURE 1 TO PARA 9 (C) OF ANNEXURE-'A' OF OUR REPORT OF EVEN DATE

name of the statute	nature of dues	amount (Rs. in lacs)	periods to which the amount relates	forum where the dispute is pending
Central Excise & Tariff Act, 1985	Excise Duty	1,367	1979 to 1989, 1995-96, 1996-97, Aug 00 to Feb 03, 2001-02 to 2004-05, 2003-04 to 2005-06, July 04 to June 08, 2005-06 & 2006-07, 2007, 2008-09 & 2009-10, April, 2005 to March, 2009, 2009-10 to 2010-11, 2006-07 to 2010-11, May, 2008 to March, 2011, 2011 & 2012.	Assessing Authority
		370	1983 to 1985, 1985-86, 1987-88, April, 1988 To September, 1988 & 2003-04 to 2009-10.	Appellate Authority
		344	1997-98	High Court
Finance Act, 1994	Service Tax	54	July 1997 to June 1998, Jan 2005 to March 2005 & April 2007	Assessing Authority
		2	2004	Appellate Authority
		28	2003	High Court
Central Sales Tax Act, 1956 and Sales Tax Acts of Various States	Sales Tax	673	1985-86, 1986-87, 1987-88, 1988-89, 1989 to 1995, 1995-96, 1996-97, 1999-00, 2000-01, 2001-02, 2002-03, 2005-06 to 2006-07, 2007-08 to 2008-09.	Assessing Authority
		905	1992 to 2009	Appellate Authority
		20	1994-95, 2001-02 & 2004-05	High Court
Custom Act, 1961	Custom Duty	7	1983 to 1984	High Court
Water (Prevention and control of pollution) Cess (Amendment Act 2003)	Water Cess	83	2002 to 2009	State Pollution Control Board, Orissa
Orissa Irrigation Act (Amended), 1993	Water Tax	528	1994 to 2012	High Court
Income Tax Act, 1961	Income tax & TDS	19	2007-08, 2008-09	Assessing Authority
		982	1994-95 & 2005-06 to 2006-07	Appellate Authority
		3,148	1982-83 to 1990-91, 1994-95, 1997-98, 1999-00 to 2000-01 & 2002-03 to 2004-05	High Court*
Total		8,530		

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

BALANCE SHEET

AS AT JUNE 30, 2012

	NOTE NO.	30.06.2012	₹ IN LACS 30.06.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	B-1	13,112	13,112
Reserves and surplus	B-2	145,596	148,749
		158,708	161,861
Non - Current liabilities			
Long-term borrowings	B-3	26,501	39,447
Deferred tax liabilities (Net)	B-4	10,648	10,487
Other long-term liabilities	B-5	1,174	1,468
Long-term provisions	B-6	2,940	2,953
		41,263	54,355
Current Liabilities			
Short-term borrowings	B-7	33,573	42,615
Trade payables	B-8	13,008	16,340
Other current liabilities	B-9	23,553	25,595
Short-term provisions	B-10	4,388	5,141
		74,522	89,691
TOTAL		274,493	305,907
ASSETS			
Non - Current assets			
Fixed assets			
- Tangible assets	B-11	89,313	94,980
- Intangible assets	B-11	7	8
Capital work-in-progress		14,159	10,728
Intangible assets under development		3,299	2,942
		106,778	108,658
Non-current investments	B-12	81,389	119,625
Long-term loans and advances	B-13	1,078	1,165
Other non-current assets	B-14	11	8
		82,478	120,798
Current Assets			
Inventories	B-15	25,126	26,940
Trade receivables	B-16	23,537	24,129
Cash and Bank balances	B-17	1,463	1,241
Short-term loans and advances	B-18	35,011	23,794
Other current assets	B-19	100	347
		85,237	76,451
TOTAL		274,493	305,907
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B-28 to B-43"		

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

New Delhi, dated the
 29th August, 2012

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

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2012

	NOTE NO.	30.06.2012	₹ IN LACS 30.06.2011
REVENUE			
Sales		114,620	110,144
less: Excise duty		5,597	4,384
Net sales		109,023	105,760
Other operating revenue		412	331
Revenue from operations	B-20	109,435	106,091
Other income	B-21	510	408
TOTAL		109,945	106,499
EXPENSES			
Cost of materials consumed	B-22	46,930	49,249
Purchases of stock-in-trade		8,838	7,826
Changes in inventories of finished goods, work-in-progress and stock-in-trade	B-23	387	(2,450)
Employee benefits expense	B-24	7,239	7,657
Finance cost	B-25	2,640	3,747
Depreciation and amortisation expense	B-11	8,983	8,404
Other expenses	B-26	33,708	27,022
TOTAL		108,725	101,455
Profit before tax		1,220	5,044
Tax Expense:			
Current tax		402	1,629
Deferred tax		161	400
		563	2,029
Profit/(Loss) for the Year		657	3,015
Earnings per equity share:			
(1) Basic (₹)	B-27	0.10	0.46
(2) Diluted (₹)		0.10	0.46
Significant Accounting Policies	"A"		
Notes to Financial Statements	"B-28 to B-43"		

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

New Delhi, dated the
 29th August, 2012

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	30.06.2012	₹ IN LACS 30.06.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,220	5,044
Adjustments for:		
(Profit) / Loss on sale of assets (investing activity)	(1)	(159)
Unspent Liabilities and excess provisions of earlier years written back	(9)	(17)
Depreciation and amortisation expense	8,983	8,404
Interest and finance costs (net)	2,640	3,747
Operating Profit before working capital changes	12,833	17,019
Adjustments for working capital changes:		
(Increase)/ decrease in trade receivables	592	(2,197)
(Increase)/ decrease in loans, advances and other current assets	10,154	5,918
(Increase)/ decrease in inventories	1,814	(9,106)
Increase/ (decrease) in liabilities and provisions	(4,422)	2,713
	8,138	(2,672)
Cash generated from operations	20,971	14,347
Income taxes paid	(1,564)	(2,111)
Net cash from operating activities (A)	19,407	12,236
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed assets, capital work-in-progress, capital advances (Net)	(26,974)	(11,490)
Sale of Assets (Net)	3	263
(Purchase) /Redemption of investments	38,236	(4,522)
(Increase) / decrease in bank deposits	6	7,525
Interest received	1,920	889
Net cash from investing activities (B)	13,191	(7,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance/ (Repayment) of unsecured zero coupon compulsory convertible bonds	-	(32,530)
Increase /(Decrease)in long-term and other Borrowings (Net)	(23,218)	34,723
Interest paid	(4,570)	(2,715)
Dividend paid (including dividend tax)	(4,579)	(3,825)
Net cash from financing activities (C)	(32,367)	(4,347)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	231	554
Cash and cash equivalents at beginning of reporting year	1,170	616
Cash and cash equivalents at end of reporting year	1,401	1,170
Significant Accounting Policies	"A"	
Notes to Financial Statements	"B-28 to B-43"	

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

New Delhi, dated the
 29th August, 2012

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

SIGNIFICANT ACCOUNTING POLICIES

COMPANY OVERVIEW

Ballarpur Industries Limited ('BILT' or the company), a public limited company is engaged primarily in the business of manufacturing of writing and printing (W&P) paper 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 issued by the Institute of Chartered Accountants of India as notified by Companies (Accounting Standards), Rules 2006 and the relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

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

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

3. CASH FLOW STATEMENT

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

4. CASH AND CASH EQUIVALENTS

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

5. FIXED ASSETS -TANGIBLE

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

6. DEPRECIATION

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

7. FIXED ASSETS -INTANGIBLE

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

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 directors, is made in the books of account, pending approval of the shareholders at the Annual General Meeting.

SIGNIFICANT ACCOUNTING POLICIES

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
Advance license ,import entitlements 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. RESEARCH & DEVELOPMENT

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

14. 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.

15. 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.

16. 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.

17. 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.

18. IMPAIRMENT OF ASSETS

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

19. 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.

20. 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.

21. 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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-1 SHARE CAPITAL:

	30.06.2012	30.06.2011
Authorised:		
1,487,500,000 (Jun 30,2011: 1,487,500,000) equity shares of ₹ 2/- each	29,750	29,750
10,250,000 (Jun 30,2011: 10,250,000) preference shares of ₹ 100/- each	10,250	10,250
	40,000	40,000
Issued:		
1,030,005,910 (Jun 30,2011: 1,030,005,910) equity shares of ₹ 2/- each	20,600	20,600
	20,600	20,600
Subscribed and Paid up:		
655,773,584 (Jun 30,2011: 655,773,584) equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Less: Forfeited shares - 249,745 (Jun 30,2011: 249,745) equity shares of ₹ 2/- each	5	5
655,523,839 (Jun 30,2011: 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 JUNE 30, 2012		AS ON JUNE 30, 2011	
	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	
Add:- Issued during the Year	-	-	-	-	
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 30.06.2012 in the Company:

NAME OF SHAREHOLDER	AS ON 30.06.2012		AS ON 30.06.2011	
	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	42,695,298	6.51
3. Samena Special Situations Mauritius	41,515,609	6.33	14,239,084	2.17
4. Platinum Investment Management Ltd. A/c Platinum Asia Fund	35,282,244	5.38	33,377,202	5.09
5. HDFC Trustee Company Ltd.-HDFC Various Funds	33,163,287	5.06	33,163,287	5.06

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-2 RESERVES AND SURPLUS		
	30.06.2012	30.06.2011
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) Securities premium reserve		
At the beginning of the reporting year	27,607	29,320
Less : Security premium on redemption of ZCCB	-	1,713
At the close of the reporting year	27,607	27,607
3) 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
4) Debenture redemption reserve		
At the beginning of the reporting year	2,625	2,250
Less : Transferred to balance in statement of profit and loss	750	750
Add : Transferred from balance in statement of profit and loss	1,688	1,125
At the close of the reporting year	3,563	2,625
5) General reserve		
At the beginning of the reporting year	80,539	80,039
Add : Transferred from balance in statement of profit and loss	100	500
At the close of the reporting year	80,639	80,539
6) Balance in Statement of Profit and Loss		
At the beginning of the reporting year	29,078	31,509
Add: Profit for the year as per statement of profit and loss	657	3,015
Add: Transferred from debenture redemption reserve	750	750
Less: Transferred to debenture redemption reserve	1,688	1,125
Less: Transfer to general reserve	100	500
Less: Proposed dividend On 655,523,839 equity shares @ 25% (Previous year :- On 655,523,839 equity shares @ 30%)	3,278	3,933
Less: Tax on distributed profits	532	638
At the close of the reporting year	24,887	29,078
TOTAL	145,596	148,749

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-3 LONG TERM BORROWINGS

	30.06.2012	30.06.2011
1) Secured Loans		
a. Non-convertible debentures	-	3,000
b. External commercial borrowings (ECB) from banks	5,561	9,067
c. Term loans from financial institutions	940	2,380
	6,501	14,447
2) Unsecured Loans		
Non Convertible Debentures	20,000	25,000
	20,000	25,000
3) Total long Term Borrowings (1+2)	26,501	39,447

Other Information:

a) Debentures

Non-convertible debentures

MATURITY PROFILE

RATE OF INTEREST	CURRENT		NON CURRENT	
	2012-2013	2013-2014	2014-2015	2015-2016
8.50%	2800	-	-	-
10.50%	200	-	-	-
Debentures are secured by pari-passu first charge created on all immoveable and moveable properties of the Company both present and future.				

Other Information:

b) External Commercial Borrowings (ECB) from Banks

External Commercial Borrowings (ECB) from HSBC is secured by the first pari-passu charged on all moveable properties of the Company both present and future.

MATURITY PROFILE

	CURRENT		NON CURRENT	
	2012-2013	2013-2014	2014-2015	2015-2016
	5561	5561	-	-

c) Term loans

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

MATURITY PROFILE

	CURRENT		NON CURRENT	
	2012-2013	2013-2014	2014-2015	2015-2016
	1440	940	-	-

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

MATURITY PROFILE

RATE OF INTEREST	CURRENT		NON CURRENT	
	2012-2013	2013-2014	2014-2015	2015-2016
8.55%	5000	-	-	-
9.05%	-	7500	-	-
9.60%	-	-	7500	-
9.90%	-	-	-	5000

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 2012 comprises of timing difference on account of :

	30.06.2012	30.06.2011
Deferred Tax liability:		
Higher depreciation claimed under tax laws	11,967	11,822
TOTAL	11,967	11,822
Deferred Tax Asset:		
Expenses allowable on payment basis	1,319	1,335
TOTAL	1,319	1,335
Net Deferred tax liability (net)	10,648	10,487

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-5 OTHER LONG TERM LIABILITIES:		
	30.06.2012	30.06.2011
Security deposits	1,174	1,468
TOTAL	1,174	1,468
B-6 LONG TERM PROVISIONS:		
	30.06.2012	30.06.2011
Provisions for employee benefits:		
– Provision for Gratuity	2,649	2,616
– Provision for Leave Encashment	291	337
TOTAL	2,940	2,953
B-7 SHORT TERM BORROWINGS:		
	30.06.2012	30.06.2011
Unsecured Loans:		
Working Capital Loan	33,542	42,564
Deposits	31	51
TOTAL	33,573	42,615
B-8 TRADE PAYABLES:		
	30.06.2012	30.06.2011
To Micro, Small and Medium Enterprises (See Note 8.1)	117	240
Other Payables	12,891	16,100
TOTAL	13,008	16,340
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:		
	30.06.2012	30.06.2011
(i) Principal amount due and remaining unpaid	17	33
(ii) Interest due on above and the unpaid interest	2	4
(iii) Interest paid on all delayed payments under the MSMED Act	-	-
(iv) Payment made beyond the appointed day during the year	-	-
(v) Interest due and payable for the period of delay	2	4
(vi) Interest accrued and remaining unpaid	2	4
(vii) Amount of further interest remaining due and payable in succeeding years	2	4
B-9 OTHER CURRENT LIABILITIES:		
	30.06.2012	30.06.2011
Current maturities of long-term debts	15,001	16,227
Interest accrued but not due on borrowings	2,270	2,279
Unpaid dividends	125	133
Security deposits (including interest accrued thereon)	676	389
Advance received from customers	160	262
Creditors for capital goods	33	35
Bank book overdraft	416	501
Commission payable	14	41
Liability for compulsory / optional buyback	188	192
Statutory dues payable	1,796	1,312
Other payables	2,874	4,224
TOTAL	23,553	25,595

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-10 SHORT TERM PROVISIONS:

	30.06.2012	30.06.2011
Provisions for employee benefits:		
- Provision for gratuity	355	356
- Provision for leave encashment	101	97
Provision for proposed dividend	3,278	3,933
Provision for dividend tax	532	638
Others provisions (See note 10.1)	122	117
	4,388	5,141

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 ON 1ST JULY 2011	PROVISION DURING THE YEAR	PROVISION UTILISED / REVERSED DURING THE YEAR	AS ON 30TH JUNE, 2012
Provision for Sales tax*	117	5	-	122

*Represents provision against sales tax cases for which Appeal have been filled before Dy. Commissioner Appeals, Ludhiana.

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

11 FIXED ASSETS:										₹ IN LACS	
PARTICULARS	GROSS BLOCK			AS AT 30TH JUNE, 2012	AS AT 1ST JULY, 2011	DEPRECIATION			NET BLOCK		
	AS AT 1ST JULY, 2011	ADDITIONS FOR THE YEAR	DELETION DURING THE YEAR			FOR THE YEAR	ON DELETION DURING THE YEAR	AS AT 30TH JUNE, 2012	AS AT 30TH JUNE, 2011		
A. Tangible Assets											
Freehold land	1,716	-	-	1,716	-	-	-	-	1,716	1,716	
Leashold land	43	-	-	43	-	-	-	-	43	43	
Buildings	13,697	601	-	14,298	5,276	404	-	5,680	8,618	8,421	
Plant & equipments	137,639	8,497	7,587	138,549	54,702	8,071	1,400	61,373	77,176	82,937	
Furniture & fixtures	1,605	28	7	1,626	644	176	5	815	811	961	
Vehicles	474	42	-	516	269	55	-	324	192	205	
Office equipment	1,904	336	-	2,240	1,213	275	-	1,488	752	691	
Railway sidings, Trolley lines	19	-	-	19	13	1	-	14	5	6	
	157,097	9,504	7,594	159,007	62,117	8,982	1,405	69,694	89,313	94,980	
B. Intangible assets											
Computer Software	5,407	-	-	5,407	5,399	1	-	5,400	7	8	
	5,407	-	-	5,407	5,399	1	-	5,400	7	8	
This Year	162,504	9,504	7,594	164,414	67,516	8,983	1,405	75,094	89,320	94,988	
Previous Year	156,602	6,350	448	162,504	59,459	8,404	347	67,516	94,988		
Notes:-											
1. Buildings include ₹ 390 Lacs (Previous year ₹ 390 Lacs) towards revalued value of ownership flats in Cooperative Housing Societies.											
2 The Lease-Agreement in respect of 5.04 Acres of land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company.											

Notes:-

- Buildings include ₹ 390 Lacs (Previous year ₹ 390 Lacs) towards revalued value of ownership flats in Cooperative Housing Societies.
- The Lease-Agreement in respect of 5.04 Acres of land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company.

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-12 NON CURRENT INVESTMENTS:

	NAME OF THE COMPANY	30.06.2012	30.06.2011
Unquoted, Non-trade investment			
Investments in Equity Instruments:			
i) Subsidiaries			
990,000 (Jun 30, 2011: 990,000) fully paid equity shares of ₹ 10/- each	Bilt Tree Tech Limited	40	40
168,679,093 (Jun 30, 2011: 168,679,093 of Euro 1/- each) fully paid equity shares of Euro 0.65/- each	Ballarpur International Holdings B.V. (See note 12.1)	76,048	114,284
50,000 (Jun 30, 2011: 50,000) fully paid equity shares of ₹ 10/- each	BILT Graphic Paper Products Limited	5	5
18,000 (Jun 30, 2011: 18,000) fully paid equity shares of Euro 1/- each	Ballarpur Speciality Paper Holdings B.V.	12	12
18,000 (Jun 30, 2011: 18,000) fully paid equity shares of Euro 1/- each	Ballarpur Packaging Holdings B.V.	11	11
5,620,427 (Jun 30, 2011: 5,620,427) fully paid equity shares of ₹ 10/- each	Premier Tissue (India) Limited	4,522	4,522
ii) Other Companies			
5,000 (Jun 30, 2011: 5,000) fully paid equity shares of ₹ 10/- each	Blue Horizon Investments Limited	3	3
8,372,750 (Jun 30, 2011: 8,372,750) fully paid equity shares of ₹ 10/- each	Avantha Power & Infrastructure Limited	748	748
Investments in Government securities			
₹ 2,000 5 Year Kisan Vikas Patra (Lodged as security deposit)		—	—
₹ 3,000 6 Year National Saving Certificates		—	—
₹ 3,000 7 Year National Saving Certificates		—	—
TOTAL		81,389	119,625
Additional Information:			
a) Aggregate value of quoted investments:			
Cost		—	—
Market Value		—	—
b) Aggregate value of unquoted investments:			
Cost		81,389	119,625

Note :-

12.1 During the year, value of investment has been adjusted due to reduction of nominal value of ordinary shares from Euro 1 to Euro 0.65 of Ballarpur International Holdings B.V.

B-13 LONG TERM LOANS AND ADVANCES:

	30.06.2012	30.06.2011
Unsecured, Considered Good		
Capital advances	—	331
Security Deposits	496	568
Balance with Govt Authorities	582	266
TOTAL	1,078	1,165

B-14 OTHER NON CURRENT ASSETS:

	30.06.2012	30.06.2011
Long-term deposits with banks with maturity more than 12 months	11	8
TOTAL	11	8

NOTES TO THE FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-15 INVENTORIES:

	30.06.2012	30.06.2011
Raw materials (See note 15.1)	4,471	9,019
Work-in-progress	2,699	1,697
Finished goods	5,860	7,249
Stores and spares (See note 15.2)	5,208	5,813
Block stores	75	85
Chemicals (See note 15.3)	4,841	2,026
Packing material (See note 15.4)	1,972	1,051
TOTAL	25,126	26,940

Note:-

- 15.1 Includes raw material-in-transit of ₹ NIL (Previous Year ₹ 614 Lacs)
- 15.2 Includes stores & spares-in-transit of ₹ 1 Lacs (Previous Year ₹ 11 Lacs)
- 15.3 Includes chemicals-in-transit of ₹ 96 Lacs (Previous Year ₹ 42 Lacs)
- 15.4 Includes packing material-in-transit of ₹ NIL (Previous Year ₹ 21 Lacs)

B-16 TRADE RECEIVABLES:

	30.06.2012	30.06.2011
Trade receivables -exceeding six months from the date they are due for payment		
Secured, considered good	24	35
Unsecured, considered good	481	652
Trade receivables -others		
Secured, considered good	1,290	2,010
Unsecured, considered good	21,742	21,432
TOTAL	23,537	24,129

B-17 CASH AND BANK BALANCES

	30.06.2012	30.06.2011
Cash and Cash Equivalent		
Balances with banks		
- In current accounts	1,075	827
Cheques, drafts on hand	2	-
Cash on hand	11	18
In unpaid dividend accounts	125	133
Unclaimed compulsory /optional buy back consideration	188	192
	1,401	1,170
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	3	12
	62	71
TOTAL	1,463	1,241

B-18 SHORT TERM LOANS AND ADVANCES:

	30.06.2012	30.06.2011
Unsecured, considered good		
Capital advance	14,011	-
Loans and advances to related parties	8,767	7,868
Advances recoverable in cash or in kind for value to be received	8,868	9,194
Balance with government authorities	1,534	1,107
Advance against equity	-	4,956
Advance Tax, Tax Deducted at Source (Net of provision for income tax)	1,831	669
TOTAL	35,011	23,794

B-19 OTHER CURRENT ASSETS:

	30.06.2012	30.06.2011
Interest accrued on deposits	4	3
Assets held for sale (at lower of cost and net realisable value)	13	11
Export incentive under duty draw back recoverable	83	333
	100	347

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-20 REVENUE FROM OPERATIONS:		
	30.06.2012	30.06.2011
Sale of products		
Paper (including coated)	105,577	99,263
Others	9,043	10,881
	114,620	110,144
Less: Excise duty	5,597	4,384
Sub Total	109,023	105,760
Export Incentive	412	152
Sub Total	109,435	105,912
Other operating revenue	–	179
TOTAL	109,435	106,091

B-21 OTHER INCOME:		
	30.06.2012	30.06.2011
Profit on sale of fixed assets (Net)	1	159
Gain on foreign currency fluctuation	23	73
Rent and license fee	14	1
Provision no longer required written back	9	17
Miscellaneous income	463	158
TOTAL	510	408

B-22 COST OF MATERIALS CONSUMED:		
	30.06.2012	30.06.2011
Bamboo	2,855	2,833
Wood and wood species	11,908	11,741
Wood pulp	15,319	18,678
Chemicals	12,688	12,042
Packing materials	4,160	3,955
TOTAL	46,930	49,249

B-23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE:		
	30.06.2012	30.06.2011
Stocks at the beginning of the year		
Work in progress	1,697	931
Finished goods	7,249	5,565
TOTAL (A)	8,946	6,496
Stocks at the end of the year		
Work in progress	2,699	1,697
Finished goods	5,860	7,249
TOTAL (B)	8,559	8,946
Net(Increase) / Decrease on Stocks (A-B)	387	(2,450)

B-24 EMPLOYEE BENEFITS EXPENSES:		
	30.06.2012	30.06.2011
Salaries and wages	6,501	6,701
Contribution to provident and other funds	426	455
Staff welfare expense	312	501
	7,239	7,657
Defined Contribution Plan*		
Contribution to defined contribution Plan is recognized and charged off for the year, are as under:		
	30.06.2012	30.06.2011
Employer's contribution to provident fund	368	381
Employer's contribution to superannuation fund	47	38
Employer's contribution to pension scheme	180	194
*Includes charged to other accounts		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

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.

	GRATUITY (UNFUNDED) 2011-2012	LEAVE ENCASHMENT (UNFUNDED) 2011-2012	GRATUITY (UNFUNDED) 2010-2011	LEAVE ENCASHMENT (UNFUNDED) 2010-2011
a. Reconciliation of opening and closing balance of Defined benefit obligation				
Defined benefit obligation at beginning of the year				
Current service cost	2,972	434	2,712	435
Interest cost	125	9	168	18
Actuarial (gain)/loss	250	37	231	36
Benefit paid	4	33	115	46
Plan amendments	(347)	(121)	(254)	(101)
Defined benefit obligation at year end	-	-	-	-
	3,004	392	2,972	434
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	347	121	254	101
Benefit paid	(347)	(121)	(254)	(101)
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, 2012	-	-	-	-
Present value of obligation as at 30th June, 2012	3,004	392	2,972	434
Amount recognized in balance sheet	3,004	392	2,972	434
d. Expenses recognized during the year (under the Note "Employee Benefits Expense")				
Current service cost	125	9	168	18
Interest cost	250	37	231	36
Actuarial (gain)/loss	4	33	115	46
Net cost	379	79	514	100
e. Discount rate (per annum)				
Expected rate of return on plan assets (per annum)	8.50%	8.50%	8.50%	8.50%

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-25 FINANCE COST:

	30.06.2012	30.06.2011
Interest expenses	4,360	5,241
Other borrowing costs	254	218
Net loss/ (gain) in foreign currency transaction and translation	(53)	(823)
	4,561	4,636
Less:- Interest income	1,921	889
TOTAL	2,640	3,747

B-26 OTHER EXPENSES:

	30.06.2012	30.06.2011
Consumption of stores and spare parts	556	633
Power and fuel	25,906	19,003
Processing charges	728	628
Excise duty on year end inventory of finished goods	(26)	(16)
Rent	14	30
Repairs to buildings	89	125
Repairs to machinery	963	931
Repairs others	144	425
Net loss/ (gain) in foreign currency transaction and translation	442	(299)
Insurance	186	183
Rates and taxes	143	75
Office & other expenses	1,003	1,875
Selling expenses	880	849
Carriage and freight	2,473	2,350
Legal and professional charges*	184	176
Directors sitting fees	9	13
Directors commission	14	41
TOTAL	33,708	27,022

Note :

*Legal & Professional Charges include auditors' remuneration as under :

Auditor's remunerations :	30.06.2012	30.06.2011
- Statutory audit fees (Including cost audit fees)	34	34
- Tax audit fees	10	10
- Certification Fees	2	1
- Other capacity	42	38
- Reimbursement of expenses	5	8
TOTAL	93	91

B-27 EARNINGS PER SHARE:

	30.06.2012	30.06.2011
i) Profit computation for both Basic and Diluted Earnings per share of ₹ 2/- each		
Net profit after tax available to equity shareholders for Basic EPS	657	3,015
Adjustment for the purpose of diluted EPS :-		
Add: Effect of potential equity shares on conversion of zero coupon convertible bonds	-	-
Net profit available to equity shareholders for diluted EPS	657	3,015
ii) Weighted average number of equity share for earnings per share computation		
A) No. of shares for Basic earning per share	655,523,839	655,523,839
Add: Effect of potential equity shares on conversion of zero coupon convertible bonds	-	2,114,698
B) No. of shares for Diluted earning per share	655,523,839	657,638,537
iii) Earning per share		
Basic (In ₹)	0.10	0.46
Diluted (In ₹)	0.10	0.46

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-28 CONTINGENT LIABILITIES AND COMMITMENTS:		
	30.06.2012	30.06.2011
(to the extent not provided for)		
Contingent liabilities:		
(a) Claims against the company not acknowledged as debts	10,210	10,181
(b) Guarantees	1,379	1,218
TOTAL (A)	11,589	11,399
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	569	785
TOTAL (B)	569	785
TOTAL (A+B)	12,158	12,184

B-29 TOTAL VALUE OF IMPORTED & INDIGENOUS RAW MATERIALS, SPARE PARTS & COMPONENTS CONSUMED :				
	AMOUNT		PERCENTAGE	
	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2011	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2011
Raw Materials				
- Imported	15,392	16,533	33.24	33.57
- Indigeneous	30,908	32,716	66.76	66.43
TOTAL	46,300	49,249	100.00	100.00
Spare parts & Components*				
- Imported	351	327	17.89	18.84
- Indigeneous	1,611	1,407	82.11	81.16
TOTAL	1,962	1,734	100.00	100.00
* includes charged to other account				

B-30 VALUE OF IMPORTS CALCULATED ON CIF BASIS:		
	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2011
Raw materials	11,384	20,243
Components and spare parts	2,001	2,493
TOTAL	13,385	22,736

B-31 EXPENDITURE IN FOREIGN CURRENCY (NET OF WITHHOLDING TAX) :		
	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2011
Interest on foreign currency loans	283	339
Foreign travel commission claims, consultancy fees etc.	98	250
TOTAL	381	589

B-32 EARNINGS IN FOREIGN EXCHANGE:		
	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2011
Export of goods calculated on FOB basis	1,893	2,661
TOTAL	1,893	2,661

B-33 DETAILS OF DIVIDEND REMITTED TO NON-RESIDENT SHAREHOLDERS IN FOREIGN CURRENCY:		
	YEAR ENDED 30.06.2012	YEAR ENDED 30.06.2011
Number of non-resident share holders	3	3
Number of shares held by such non-resident shareholders	5,723,025	5,723,025
Amount remitted during the year in foreign currency on account of dividends	34	29
Year to which dividend relates to	2010-11	2009-10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

34 SEGMENT REPORTING

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

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

PARTICULARS	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	TOTAL
Revenues				
Gross sale to external customers	2011-12	70,093	44,527	114,620
Excise duty	2011-12	(3,849)	(1,747)	(5,597)
Gross sale to external customers	2010-11	67,765	42,379	110,144
Excise duty	2010-11	(2,731)	(1,653)	(4,384)
Total segment revenues (Net of excise)	2011-12	66,244	42,780	109,023
	2010-11	65,186	40,726	105,760
Segment results	2011-12	2,566	1,886	4,452
	2010-11	6,708	2,851	9,559
Less: Unallocated corporate expenses	2011-12			592
	2010-11			768
Profit before interest, tax and exceptional items	2011-12			3,860
	2010-11			8,791
Interest and finance cost (net)	2011-12			2,640
	2010-11			3,747
Profit before tax	2011-12			1,220
	2010-11			5,044
Provision for tax:				
-Current tax (Net of MAT credit entitlement)	2011-12			402
	2010-11			1,629
-Deferred tax	2011-12			161
	2010-11			400
Net profit	2011-12			657
	2010-11			3,015
Other Information				
Segmental assets	2011-12	137,855	51,955	189,810
	2010-11	133,108	51,264	184,372
Unallocated corporate assets	2011-12			84,683
	2010-11			121,535
Total assets	2011-12			274,493
	2010-11			305,907
Segmental liabilities	2011-12	4,450	11,195	15,645
	2010-11	14,224	10,568	24,792
Unallocated corporate liabilities	2011-12			14,417
	2010-11			10,478
Total liabilities	2011-12			30,062
	2010-11			35,270
Capital expenditure during the year	2011-12			26,974
(Including movements in CWIP & capital advances)	2010-11			11,490
Depreciation	2011-12			8,983
	2010-11			8,404
Total liabilities excludes				
Long term borrowings	2011-12			26,501
	2010-11			39,447
Short term borrowing	2011-12			33,573
	2010-11			42,615
Current maturities of long term debts	2011-12			15,001
	2010-11			16,227
Deferred tax liabilities	2011-12			10,648
	2010-11			10,487

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

a) List of Related Parties over which control exists

Subsidiary Companies
 Ballarpur International Holdings B.V.
 Ballarpur Paper Holdings B.V.*
 Sabah Forest Industries Sdn. Bhd.*
 BILT Tree Tech Limited
 BILT Graphic Paper Products Limited*
 Ballarpur International Graphic Paper Holdings B.V.*
 Ballarpur Speciality Paper Holdings B.V.
 Ballarpur Packaging Holdings B.V.
 Ballarpur International Packaging Holdings B.V. (merged with Ballarpur Packaging Holdings w.e.f. 29.12.2011)
 Premier Tissues (India) Limited
 Bilt Paper Limited (voluntary dissolution w.e.f 21.02.2012)
 * Step down subsidiary

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
Ballarpur Paper Holdings B.V.	Step Down Subsidiary
Sabah Forest Industries Sdn. Bhd.	Step Down Subsidiary
BILT Tree Tech Limited	Subsidiary
BILT Graphic Paper Products Limited	Step Down Subsidiary
Premier Tissues (India) Limited	Subsidiary
APR Sacks Limited	Other Related Party*
Arizona Printers & Packers Private Limited	Other Related Party*
Avantha Holdings Limited	Other Related Party*
Avantha Power & Infrastructure Limited	Other Related Party*
Avantha Realty Limited	Other Related Party*
Avantha Technologies Limited	Other Related Party*
Bilt Industrial Packaging Company Limited	Other Related Party*
Biltech Building Elements Limited	Other Related Party*
Crompton Greaves Limited	Other Related Party*
Global Green Company Limited	Other Related Party*
Imerys NewQuest (India) Private Limited	Other Related Party*
Jhabua Power Limited	Other Related Party*
Korba West Power Company Limited	Other Related Party*
Krebs & Cie (India) Limited	Other Related Party*
Mirabelle Trading Pte. Limited	Other Related Party*
Salient Business Solutions Ltd.	Other Related Party*
SMI NewQuest India Private Limited	Other Related Party*
Solaris Chemtech Industries Limited	Other Related Party*
UHL Power Company Limited	Other Related Party*
Ultima Hygiene Products (P) Limited	Other Related Party*
Mr Gautam Thapar	Key Management Personnel
Mr R R Vederah	Key Management Personnel
Mr B Hariharan	Key Management Personnel

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

c) Details of transactions with related parties:

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

₹ IN LACS

S.NO.	PARTICULARS	RELATIONSHIP	30.06.2012	30.06.2011
i.	Sales of goods, rent received & allocation of common expenses for rendering corporate service :			
	APR Sacks Limited	Other Related Parties	2	1
	Avantha Power & Infrastructure Limited	Other Related Parties	78	64
	Premier Tissues (India) Limited	Subsidiary	202	-
	BILT Tree Tech Limited	Subsidiary	9	-
	BILT Graphic Paper Products Limited	Step Down Subsidiary	420	36
ii.	Purchase of goods & services :			
	BILT Graphic Paper Products Limited	Step Down Subsidiary	896	2,201
	Avantha Holdings Limited	Other Related Parties	1,579	452
	Avantha Power & Infrastructure Limited	Other Related Parties	21,398	13,216
	Avantha Technologies Limited	Other Related Parties	43	60
	Biltech Building Elements Limited	Other Related Parties	28	11
	Crompton Greaves Limited	Other Related Parties	25	14
	Imerys NewQuest (India) Private Limited	Other Related Parties	44	-
	Mirabelle Trading Pte. Limited	Other Related Parties	5,054	36
	SMI NewQuest India Private Limited	Other Related Parties	1,273	-
iii.	Investment made during the year :			
	Premier Tissues (India) Limited	Subsidiary	-	4,522
iv.	Sale/Reduction of Investment :			
	Ballarpur International Holdings B.V.	Subsidiary	38,236	-
v.	Interest on Loan Given :			
	Avantha Realty Limited	Other Related Parties	1,921	640
vi.	Advances Against Equity :			
	Ballarpur International Holdings B.V.	Subsidiary	-	4,956
vii.	Refund of advance for investment :			
	Ballarpur International Holdings B.V.	Subsidiary	4,984	-
	Ballarpur Packaging Holdings B.V.	Subsidiary	-	1
viii.	Advances given :			
	BILT Tree Tech Limited	Subsidiary	199	95
ix.	Sale of assets			
	Avantha Power & Infrastructure Limited	Other Related Parties	6,208	-
x.	Remuneration :			
	Mr Gautam Thapar	Key Management Personnel	3	16
	Mr R R Vederah	Key Management Personnel*	70	370
	Mr B Hariharan	Key Management Personnel*	68	370
	Mr Yogesh Agarwal	Key Management Personnel	-	606
xi.	Outstanding balances as on 30th June, 2012 :			
	Mr R R Vederah	Key Management Personnel	23	23
	Mr B Hariharan	Key Management Personnel	4	5
	APR Sacks Limited	Other Related Parties	143	48
	Arizona Printers & Packers (P) Ltd.	Other Related Parties	-	-
	Asia Aviation Limited	Other Related Parties	-	1,505
	Avantha Holding Limited	Other Related Parties	-	1,131
	Avantha Power & Infrastructure Limited	Other Related Parties	(917)	1,567
	Avantha Realty Ltd.	Other Related Parties	5,358	-
	Avantha Technologies Limited	Other Related Parties	0	9
	Bilt Industrial Packaging Co. Ltd	Other Related Parties	858	858
	Biltech Building Elements Limited	Subsidiary	874	828
	Crompton Greaves Limited	Other Related Parties	(16)	-
	Global Green Company Limited	Other Related Parties	357	323
	Imerys NewQuest India Private Limited	Other Related Parties	(44)	(2)
	Jhabua Power Limited	Other Related Parties	165	165

*Net of recovery

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

S.NO.	PARTICULARS	RELATIONSHIP	30.06.2012	30.06.2011
	Korba West Power Company Limited	Other Related Parties	258	-
	Krebs & Cie (India) Ltd.	Other Related Parties	25	-
	Mirabelle Trading Pte Ltd	Other Related Parties	(805)	(1,234)
	Avantha Holding Limited - Newquest Comm	Other Related Parties	(116)	(94)
	Salient Business Solutions Limited	Other Related Parties	0	(15)
	Solaris Chemtech Limited	Other Related Parties	2,230	2,144
	The Paperbase Co Limited	Other Related Parties	-	282
	UHL Power Limited	Other Related Parties	473	473
	SMI New Quest India Pvt Ltd.	Other Related Parties	(103)	(148)

- 36 The Company has operating leases for various premises and for other assets, which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Statement of Profit and Loss for the year are ₹ 14 Lacs (30th June, 2011 ₹ 30 Lacs). As on 30th June, 2012, the future minimum lease payments for non-cancellable operating leases are as below :-

	30.06.2012	30.06.2011
Not later than one year from 30th June 2012	8	12
Later than one year and not later than five years	Nil	Nil

- 37 Unit Ashti has imported certain plant and machinery at concessional rate of custom duty under 5% Export Promotion Capital Goods (EPCG) scheme. The Unit has been granted two licenses, accordingly the unit is obliged to export goods amounting USD 9.17 million, which is equivalent to eight and half times the duty saved on import of machinery. The unit is required to meet this export obligation over a period of eight years starting from 17th March 2005. The unit has achieved total export of USD 12.91 million as on 30.06.11. The management is in the process of submitting the required documents for the issuance of export obligation discharge certificate from the Director General of Foreign Trade.
- 38 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.
- 39 The Company has entered into a Power Purchase Agreement with Avantha Power & Infrastructure Limited and the rates of purchase of power and steam have been agreed periodically as per the terms of the agreement.
- 40 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 on the net worth of the Company as on the Balance Sheet date.
- 41 Depreciation charged for the year and debited to the statement of profit and loss includes ₹ 135 Lacs (Previous Year ₹ 214 Lacs) being depreciation on the revalued portion of fixed assets, since the revaluation reserve stood exhausted in the earlier years.
- 42 Significant Event Occurring After Balance Sheet Date
- a) On 24th August, 2012, the Members of the Company and BILT Graphic Paper Products Limited (BGPPL, step down subsidiary of the Company) have approved transfer, by way of slump exchange basis as a going concern with effect from 1st July 2012, the business undertakings of the Company situated at Units Sewa and Ashti engaged in the business of manufacture of Copier Paper, with business undertaking of BGPPL, situated at Unit Kamalapuram engaged in the business of manufacture of Rayon Grade Pulp, for a net outflow of Rs.115 Crores to be paid by the Company to BGPPL towards difference in value of exchange of the aforesaid business undertakings, subject to pending requisite approvals.
- b) The Board of Directors of the Company have approved purchase by way of slump sale basis as a going concern, with effect from 1st July 2012, the Captive Power Plant of M/s Avantha Power & Infrastructure Limited (APIL) situated at Unit Shree Gopal subject to pending requisite approvals.
- 43 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the financial statements. 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

29th August, 2012

For Ballarpur Industries Limited

GAUTAM THAPAR

chairman

R. R. VEDERAH

Managing Director & Executive Vice Chairman

B. HARIHARAN

group director (finance)

VIVEK KUMAR GOYAL

chief financial officer

AKHIL MAHAJAN

company secretary

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

NAME OF THE SUBSIDIARY	BALLARPUR INTERNATIONAL HOLDINGS B.V.	BALLARPUR INTERNATIONAL GRAPHIC PAPER HOLDINGS B.V.	BALLARPUR PAPER HOLDINGS B.V.	PREMIER TISSUES INDIA LIMITED	BILT TREE TECH LIMITED	BILT GRAPHIC PAPER PRODUCTS LIMITED	SABAH FOREST INDUSTRIES SDN. BHD.	BALLARPUR PACKAGING HOLDINGS B.V.	BALLARPUR SPECIALITY PAPER HOLDINGS B.V.
1. Financial period/year of the Subsidiary ended on	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012	30.06.2012
2. Extent of the interest of the company in the Subsidiary at the end of the Financial Year of each									
(a) Number of shares in the Subsidiary company held by Ballarpur Industries Limited	Nos. 168,679,093	1483675 (a)	125192483 (b)	5,620,427	990,000	550050000 (c)	8277856532 (d)	18,000	18,000
(b) Share Holding per cent in the Subsidiary held by Ballarpur Industries Limited	% 100	72.30 (a)	100 (b)	100.00	91.67	100 (c)	97.78 (d)	100	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 (1,196)	5,135	(431)	(133)	18	11,290	2,748	(21)	(19)
(ii) For the Previous Financial years / Period since it became a Subsidiary	₹ In Lacs (8,734)	(95)	(21,877)	14	31	52,328	(83,225)	(10)	(24)
(b) Dealt with in the Accounts of Ballarpur Industries Limited to:									
(i) For the Current Financial year / Period	₹ In Lacs NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) For the Previous Financial years / Period since it became a Subsidiary	₹ In Lacs NIL	NIL	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

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 PACKAGING HOLDINGS B.V.	₹ IN LACS
Capital									
Equity Share Capital	73,204	13	70,536	562	108	55,005	155,253	11	13
Reserves	1,557	238,170	146,735	369	54	72,808	45,764	(71)	(49)
Total Assets	117,753	358,904	337,496	3,691	2,123	533,205	322,590	7	3
Total Liabilities	117,753	358,904	337,496	3,691	2,123	533,205	322,590	7	3
Investments									
(Except Investments in Subsidiaries)									
Government or Trust Securities	-	-	-	-	-	-	-	-	-
Shares, Debentures or Bonds	-	-	-	-	-	3,305	-	-	-
Turnover									
Profit Before Taxation	(1,196)	7,102	(431)	4,300	2,025	328,033	55,991	-	-
Provision for Taxation				81	23	14,220	322	(21)	(19)
Current Tax	-	-	-	16	3	2,977	15	-	-
Mat Entitlement Credit	-	-	-	(15)		(2,949)	-	-	-
Deferred Tax	-	-	-	194	-	2,902	(2,509)	-	-
Provision for Taxation relating to earlier years	-	-	-	18		-	6	-	-
Profit After Taxation	(1,196)	7,102	(431)	(133)	20	11,290	2,810	(21)	(19)
Dividend Paid	-	-	-	-	-	-	-		
Reporting Currency	USD	USD	USD	INR	INR	INR	RM	USD	USD
Exchange Rate - Balance Sheet items (Closing rate)	56.225	56.225	56.225	1.00	1.00	1.00	17.612	56.225	56.225
Exchange Rate - Profit & Loss items (Average rate)	50.841	50.841	50.841	1.00	1.00	1.00	16.505	50.841	50.841

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors

Ballarpur Industries Limited

- 1 We have audited the attached Consolidated Balance Sheet of M/s Ballarpur Industries Limited ('The Company') and its subsidiaries as on 30th June, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto.

These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited Financial Statements of Company and its subsidiaries included in the Consolidated Financial Statements.
- 4 In our opinion and to the best of our information and according to the explanations given to us and on consideration of the separate audit reports on individual audited Financial Statements of the Company and its subsidiaries and subject to the remarks set out in foregoing paragraphs, the said Consolidated Financial Statements, read together with the Notes thereon give a true and fair view:
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as on 30th June, 2012;
 - (b) In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiaries for the year ended on that date.

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the
29th August, 2012

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2012

	NOTE NO.	30.06.2012	₹ IN LACS 30.06.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	B-1	13,112	13,112
Reserves and Surplus	B-2	267,613	252,178
Subordinated Perpetual Capital Securities	B-3	112,450	-
Minority Interest		75,741	74,736
		468,916	340,026
Non - Current liabilities			
Long term borrowings	B-4	246,275	261,569
Deferred tax liabilities (Net)	B-5	16,607	17,622
Other long term liabilities	B-6	2,426	5,306
Long term provisions	B-7	5,442	5,663
		270,750	290,160
Current Liabilities			
Short term borrowings	B-8	108,023	98,882
Trade payables	B-9	102,057	86,468
Other current liabilities	B-10	117,737	74,460
Short term provisions	B-11	6,224	7,584
		334,041	267,394
TOTAL		1,073,707	897,580
ASSETS			
Non - Current assets			
Fixed Assets			
Tangible assets	B-12	618,229	472,476
Intangible assets	B-12	2	467
Capital work in progress		104,527	101,038
Intangible assets under development		3,298	2,942
		726,056	576,923
Non - current investments	B-13	4,056	4,056
Long term loans and advances	B-14	47,953	58,382
Other non current assets	B-15	46,110	36,241
		98,119	98,679
Current Assets			
Inventories	B-16	104,450	93,068
Trade receivables	B-17	43,338	43,287
Cash and bank balance	B-18	8,786	12,565
Short term loans and advances	B-19	90,512	71,828
Other current assets	B-20	2,446	1,230
		249,532	221,978
TOTAL		1,073,707	897,580
Significant Accounting Policies	"A"		
Notes to financial Statements	"B-30 to B-41"		

As per our report attached

ABHAY UPADHYE

Partner

Membership No. 049354

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

New Delhi, dated the

29th August, 2012

For Ballarpur Industries Limited

GAUTAM THAPAR

chairman

R. R. VEDERAH

managing director & executive vice chairman

B. HARIHARAN

group director (finance)

VIVEK KUMAR GOYAL

chief financial officer

AKHIL MAHAJAN

company secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED JUNE 30, 2012

	NOTE NO	30.06.2012	₹ IN LACS 30.06.2011
REVENUE			
Sales		494,873	463,815
Less:- Excise duty		21,648	15,317
Net sales		473,225	448,498
Other operating revenue		7,406	1,486
Revenue from operations	B-21	480,631	449,984
Other income	B-22	1,589	1,526
TOTAL		482,220	451,510
EXPENSES			
Cost of materials consumed	B-23	237,466	229,141
Purchases of stock in trade		10,239	8,283
Changes in inventories of finished goods, work in progress and stock in trade	B-24	(2,817)	(4,873)
Employee benefits expense	B-25	29,888	27,909
Finance cost	B-26	26,563	27,045
Depreciation and amortisation expenses	B-27	36,401	33,513
Other expenses	B-28	127,354	103,548
TOTAL		465,094	424,566
Profit before tax		17,126	26,944
Tax expense:			
Current tax/MAT (Including Wealth Tax)		3,392	5,942
MAT Entitlement Credit available for set off in subsequent years		(2,949)	(4,310)
Deferred tax		768	(1,294)
Excess provision relating to earlier years		8	46
		1,219	384
Profit/(Loss) after tax for the year		15,907	26,560
Less : Minority interest		3,598	5,290
Profit/(loss) for the year after minority interest		12,309	21,270
Earnings per equity share:	B-29		
(1) Basic (In ₹)		1.88	3.24
(2) Diluted (In ₹)		1.88	3.23
Significant Accounting Policies	"A"		
Notes to financial Statements	"B-30 to B-41"		

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

New Delhi, dated the
 29th August, 2012

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	30.06.2012	₹ IN LACS 30.06.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,126	26,944
Adjustments for:		
(Profit) / Loss on sale of Fixed Assets (Investing Activity)	(12)	11
Unspent Liabilities and Excess Provisions of earlier years written back	(289)	(20)
Depreciation and amortisation expenses	36,401	33,513
Interest received	(2,098)	(2,388)
Unused Stores and spares Written off	8	15
Assets Discarded	6	9
Interest and Finance Costs (net)	28,661	29,433
Operating Profit before working capital changes	79,803	87,517
(Increase)/ decrease in trade receivables	(51)	1,525
(Increase)/ decrease in loan, advances and other current Assets	(3,700)	(5,942)
(Increase)/ decrease in inventories	(11,390)	(15,597)
Increase/ (decrease) in liabilities and provisions	2,575	13,576
Cash generated from operations	67,237	81,079
Income taxes paid	(6,285)	(10,845)
Net cash from operating activities (A)	60,952	70,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(155,266)	(111,991)
Proceeds from sale of property, plant and equipment	100	524
Acquisition of Subsidiary	-	(4,522)
Interest received	2,035	2,415
(Increase)/ Decrease in Other Bank Balances	(5,456)	17,186
Net cash from investing activities (B)	(158,587)	(96,388)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Subordinated Perpetual Capital Securities	112,450	-
Payment for Buyback Compulsory and Optional	-	(4)
Proceeds from Issuance/(Repayment) of unsecured zero coupon compulsory convertible bonds including premium payable on redemption	-	(32,530)
Increase /(Decrease) in long term borrowings	24,157	91,115
Debenture Issue expenses	-	(809)
Interest paid	(23,124)	(27,779)
Dividend and Distribution on unsecured Subordinated Perpetual Capital Securities (including dividend tax)	(9,434)	(3,825)
Net cash from financing activities (C)	104,049	26,168
Net increase/(decrease) in cash and cash equivalents	6,414	14
Cash and cash equivalents at beginning of reporting year	11,948	6,364
Impact of foreign currency translation reserve	(15,646)	5,544
	2,716	11,922
Add: Upon acquisition of a subsidiary	-	26
Cash and cash equivalents at end of reporting year	2,716	11,948
Significant Accounting Policies	"A"	
Notes to financial Statements	"B-30 to B-41"	

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

New Delhi, dated the
 29th August, 2012

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

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

GROUP OVERVIEW

Ballarpur Industries Limited ('BILT' or the company), a public limited company, together with its subsidiaries (collectively referred to as the 'Group') is engaged primarily in the business of manufacturing of writing and printing (W&P) paper 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 (Odisha) and Ashti (Maharashtra). The Rayon Grade Pulp manufacturing unit is located at Kamlapuram (Andhra Pradesh). The Malaysian unit SFI is in the State of Sabah.

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (the company) for year ended 30th June 2012 and its following Subsidiaries:

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST EITHER DIRECTLY OR THROUGH SUBSIDIARY AS ON 30TH JUNE 2012
Subsidiary		
Bilt Tree Tech Limited	India	91.67%
Ballarpur Speciality Paper Holdings B.V.	Netherlands	100%
Ballarpur International Holdings B.V.	Netherlands	100%
Ballarpur Packaging Holdings B.V.	Netherlands	100%
Premier Tissues (India) Limited	India	100%
Step down Subsidiary		
Ballarpur International Graphic Paper Holdings B.V.	Netherlands	72.30%
Ballarpur Paper Holdings B.V.	Netherlands	100%
BILT Graphic Paper Products Limited	India	100%
Sabah Forest Industries Sdn. Bhd.	Malaysia	97.78%

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

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

2. USE OF ESTIMATES

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

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

3. CASH FLOW STATEMENT

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

4. CASH AND CASH EQUIVALENTS

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

5. FIXED ASSETS -TANGIBLE

- 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.
- 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.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

- 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 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. FIXED ASSETS -INTANGIBLE

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

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

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

12. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit 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

Advance license, Import Entitlements 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. RESEARCH & DEVELOPMENT

Revenue expenditure on Research and Development is charged to the statement of profit and loss in the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets or Work in Progress, as the case may be.

14. 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.

15. 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.

16. 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.

17. 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.

18. IMPAIRMENT OF ASSETS

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

19. 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.

20. 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.

21. SHARE PREMIUM ACCOUNT: UTILISATION

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-1 SHARE CAPITAL:		
	30.06.2012	30.06.2011
Authorised:		
1,487,500,000 (Jun 30,2011: 1,487,500,000) Equity shares of ₹ 2/- each	29,750	29,750
10,250,000 (Jun 30,2011: 10,250,000) Preference shares of ₹ 100/- each	10,250	10,250
	40,000	40,000
Issued:		
1,030,005,910 (Jun 30,2011: 1,030,005,910) Equity shares of ₹ 2/- each	20,600	20,600
	20,600	20,600
Subscribed and Paid up:		
655,773,584 (Jun 30,2011: 655,773,584) Equity shares of ₹ 2/- each	13,115	13,115
	13,115	13,115
Less:- Forfeited shares 249,745 (Jun 30,2011: 249,745) Equity shares of ₹ 2/- each	5	5
655,523,839 (Jun 30,2011: 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

EQUITY SHARES:	AS ON 30.06.2012		AS ON 30.06.2011	
	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
Add:- Issued during the Year	—	—	—	—
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 30.06.2012 in the Company:

NAME OF SHAREHOLDER	AS ON 30.06.2012		AS ON 30.06.2011	
	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	42,695,298	6.51
3. Samena Special Situations Mauritius	41,515,609	6.33	14,239,084	2.17
4. Platinum Investment Management Ltd. A/c Platinum Asia Fund	35,282,244	5.38	33,377,202	5.09
5. HDFC Trustee Company Ltd.-HDFC Various Funds	33,163,287	5.06	33,163,287	5.06

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-2 RESERVES AND SURPLUS

	30.06.2012	30.06.2011
Capital Reserve on Consolidation		
At the beginning of the reporting year	59,248	52,448
Add: Additions during the year	-	6,800
At the close of the reporting year	59,248	59,248
Capital Reserve		
At the beginning of the reporting year	1,515	1,515
At the close of the reporting year	1,515	1,515
Securities Premium Reserve		
At the beginning of the reporting year	26,798	29,320
Less : Debenture Issue Expenses	-	809
Less : Security Premium on redemption of ZCCB	-	1,713
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	21,375	2,250
Less : Transferred to Balance in Statement of Profit and Loss	750	750
Add: : Transferred from Balance in Statement of Profit and Loss	1,688	19,875
At the close of the reporting year	22,313	21,375
General Reserve		
At the beginning of the reporting year	80,540	80,040
Add: : Transferred from balance in statement of profit and loss	100	500
At the close of the reporting year	80,640	80,540
Foreign Currency Transaction Reserve		
At the beginning of the reporting year	(6,536)	(26,511)
Addition during the Year (net)	13,702	19,976
At the close of the reporting year	7,166	(6,536)
Balance in Statement of Profit and Loss		
At the beginning of the reporting year	61,853	64,779
Add: Profit for the year as per statement of profit and loss	12,309	21,270
Add: Transferred from Debenture Redemption Reserve	750	750
Less: Transferred to Debenture Redemption Reserve	1,688	19,875
Less: Transfer to General Reserve	100	500
Less: Distribution on unsecured Subordinated Perpetual Capital Securities (Net of minority interest)	6,766	-
Less: Proposed Dividend On 655,523,839 equity shares @ 25% (On 655,523,839 equity shares @ 30%)	3,278	3,933
Less: Tax on distributed profits	532	638
At the close of the reporting year	62,548	61,853
TOTAL	2,67,613	2,52,178

B-3 SUBORDINATED PERPETUAL CAPITAL SECURITIES

	30.06.2012	30.06.2011
Subordinated Perpetual Capital Securities*	1,12,450	-

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-4 LONG TERM BORROWINGS		
	30.06.2012	30.06.2011
1. Secured Loans:		
Debentures (See Note 4.1 & 4.2)	67,000	78,000
External commercial borrowings (See Note 4.3)	49,204	65,527
Term loans :		
Banks (See Note 4.4 ((a) to (c)))	63,782	53,316
Financial institutions (See Note 4.4 (d))	940	2,380
Vehicle loan (See Note 4.5)	315	398
	1,81,241	1,99,621
2. Unsecured Loans:		
Non-convertible debentures (See Note 4.6)	20,000	25,000
Loan from banks (See Note 4.7)	33,736	27,250
Zero coupon compulsory convertible bonds (ZCCB) (USD 15 Mn) (See Note 4.8)	8,434	6,813
Deferred payment liabilities	2,864	2,885
	65,034	61,948
Total long-term borrowings (1+2)	2,46,275	2,61,569

SECURED LOAN:-

4.1 Non-Convertible Debentures

The Company had issued 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. The debenture is secured by pari-passu first charge on fixed assets of the company both present and future except for NCD of ₹ 25,000 Lacs allotted on 29th September 2010 which is secured by Pari-Passu first charge on movable fixed assets of the company, both present and future. NCD are repayable in installments starting from September 2012 to June 2018. Maturity Profile and Rate of interest of Non Convertible Debentures are as set out below :

MATURITY PROFILE						
	CURRENT	NON – CURRENT				
RATE OF INTEREST	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
8.75%	3,000	-	-	-	-	-
9.00%	2,500	2,500	-	-	-	-
9.08%	-	3,000	-	-	-	-
9.35%	-	-	3,000	-	-	-
9.50%	-	-	2,500	5,000	-	-
9.55%	-	-	-	4,000	-	-
9.65%	2,500	2,500	2,500	5,000	12,500	-
9.75%	-	-	-	-	7,500	5,000
9.90%	-	-	-	-	6,000	6,000

4.2 Non-Convertible Debentures

MATURITY PROFILE				
	CURRENT	NON – CURRENT		
RATE OF INTEREST	2012-2013	2013-2014	2014-2015	2015-2016
8.50%	2800	-	-	-
10.50%	200	-	-	-

The above debentures are secured by parri-passu first charge created on all immoveable and moveable properties of the Company both present and future.

4.3 External Commercial Borrowings

- (a) The Company had obtained a loan from Consortium led by Rabobank for USD 145 million . The loan is repayable in installments starting from February 2011 to May 2015. The Loan is secured by pari-passu first charge on fixed assets of the company both present and future. Maturity Profile of External Commercial Borrowings are as set out below:

MATURITY PROFILE		
	CURRENT	NON – CURRENT
	2012-2013	2013-2014 2014-2015
	25,614	25,614 18,028

- (b) The Company had obtained ECB of USD 20 Mn from HSBC which is secured by the first parri-passu charged on all moveable properties of the Company both present and future.

MATURITY PROFILE			
	CURRENT	NON – CURRENT	
	2012-2013	2013-2014	2014-2015 2015-2016
	5561	5561	- -

4.4 Term Loans

- (a) The Company had obtained a loan of ₹ 100,000 lacs from consortium led by IDBI Bank. Out of this ₹ 75,000 Lacs was borrowed from IDBI Bank, ₹ 15,000 Lacs was borrowed from Axis Bank and ₹ 10,000 Lacs borrowed from Central bank of India. Term Loan is secured by pari-passu first charge on fixed assets of the company both present and future. In December 2010, ₹ 90,000 Lacs representing the IDBI Bank and Axis Bank portions of the loan was prepaid. Central bank of India portion of ₹ 10,000 Lacs repayable in installments starting from June 2011 to December 2016. Installment of ₹ 200 Lacs was paid in June 2011 & balance was prepaid in August 2011.
- (b) The below mentioned facilities are secured by charges over the current assets, fixed assets, land and receivables of the Company, offtake agreement assignment etc. and are repayable as under:
- a term loan of USD 50,000,000, which is repayable by 8 equal semi-annual instalments commencing from March 15, 2013;
 - a term loan of EURO 28,800,366, which is repayable by 17 equal semi-annual instalments commencing from December 31, 2011;
 - a term loan of USD 20,000,000, which is repayable by 8 equal semi-annual instalments commencing from October 20, 2013;
 - a term loan of USD 20,000,000, which is repayable by 8 equal semi-annual instalments commencing from December 4, 2013;
- (c) (i) ₹ 1,630 lacs (P.Y. ₹ NIL) term loan is secured by exclusive charge on the movable fixed assets of the Company and immovable fixed assets located at Mysore. Repayable in 20 quarterly installments after a moratorium period of 12 months w.e.f. July, 2011 .
- (ii) ₹ Nil (P.Y. ₹ 95 lacs) term is secured against:
- Equitable mortgage of land and building.
 - Hypothecation on Plant Machinery, Stocks & Receivables.
 - Pledge of Term Deposit Receipts.
 - Pledge of 225 shares of Reliance Industries Limited and 200 shares of ICICI Bank Limited of the promoters.
 - Assignment of Key Man Policy of LIC - Sum insured ₹ 100 lacs.
 - Pledge of shares of Premier Tissues (India) Limited.
- Repayable in 72 equated monthly installments commencing from 31st August, 2010 .
- (iii) ₹ Nil (P.Y. ₹ 80 lacs) term is secured against:
- Equitable mortgage of land and building.
 - Hypothecation on Plant Machinery, Stocks & Receivables.
 - Pledge of Term Deposit Receipts.
 - Pledge of 225 shares of Reliance Industries Limited and 200 shares of ICICI Bank Limited of the promoters.
 - Assignment of Key Man Policy of LIC - Sum insured ₹ 100 lacs.
 - Pledge of shares of Premier Tissues (India) Limited.
- Repayable in 72 equated monthly installments commencing from 1st December, 2009 .
- (iv) ₹ Nil (P.Y. ₹ 262 lacs) term is secured against:
- Equitable mortgage of land and building.
 - Hypothecation on Plant Machinery, Stocks & Receivables.
 - Pledge of Term Deposit Receipts.
 - Pledge of 225 shares of Reliance Industries Limited and 200 shares of ICICI Bank Limited of the promoters.
 - Assignment of Key Man Policy of LIC - Sum insured ₹ 100 lacs.
 - Pledge of shares of Premier Tissues (India) Limited.
- Repayable in 60 equated monthly installments commencing from 1st October, 2009.
- (v) ₹ Nil (P.Y. ₹ 109 lacs) term is secured against:
- Equitable mortgage of land and building.
 - Hypothecation on Plant Machinery, Stocks & Receivables.
 - Pledge of Term Deposit Receipts
 - Pledge of 225 shares of Reliance Industries Limited and 200 shares of ICICI Bank Limited of the promoters
 - Assignment of Key Man Policy of LIC - Sum insured ₹ 100 lacs.
 - Pledge of shares of Premier Tissues India Limited.
- Repayable in 60 equated monthly installments commencing from 1st October, 2008.
- (vi) ₹ NIL (P.Y. ₹ 118 lacs) secured against hypothecation of plant and machinery costing ₹ 343 lacs which is repayable in 60 equated monthly installments commencing from 1st October, 2008.
- (vii) ₹ NIL (P.Y. ₹ 66 lacs) secured against hypothecation of plant and machinery costing ₹ 343 lacs which is repayable in 60 equated monthly installments commencing from February, 2009.
- (viii) ₹ NIL (P.Y. ₹ 18 lacs) secured against hypothecation of motor vehicle which is repayable in 60 equated monthly installments commencing from October, 2009.
- (ix) ₹ NIL (P.Y. ₹ 2 lacs) secured against hypothecation of motor vehicle which is repayable in 60 equated monthly installments commencing from August, 2008 .
- (d) The term loans from financial institutions are secured by pari-passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

MATURITY PROFILE				
	CURRENT	NON – CURRENT		
	2012-2013	2013-2014	2014-2015	2015-2016
	1000	500	-	-
	440	440	-	-

4.5 Vehicle Loans

Vehicle Loans are secured by hypothecation and average term ranges from 3-7 years.

UNSECURED LOAN:-

4.6 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	2012-2013	2013-2014	2014-2015	2015-2016
8.55%	5,000	-	-	-
9.05%	-	7,500	-	-
9.60%	-	-	7,500	-
9.90%	-	-	-	5,000

4.7 Loan From Banks

In March 2011, Ballarpur international holdings B.V. obtained USD 60,000 loan from IDBI Bank .The loan was drawn down in instalments from March 2011 to April 2011 and is repayable in three equal instalments starting from April 2014.

4.8 Zero Coupon Convertible Bonds

Ballarpur International Holdings B.V., a wholly owned subsidiary of the Company had on 12 March, 2007 issued zero coupon convertible bonds of USD 15 million which are due in March, 2017.

Note :-

- 8.1) ₹ 8,515 Lacs (Previous year :- Nil) is secured by charges over the current assets, fixed assets, land and receivables of the Company, off take agreement assignment etc.
- 8.2) ₹ 112 Lacs (Previous year :- Nil) is secured against exclusive charge on the current assets of the company.
- 8.3) ₹ Nil (Previous year :- ₹ 646 Lacs) is secured against stocks and receivables of the company.
- 8.4) ₹ Nil (Previous year :- ₹ 400 Lacs) is secured against the stocks and receivables of the company.

₹ 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 2012 comprises of timing difference on account of :		
	30.06.2012	30.06.2011
Deferred tax liability :		
Higher depreciation claimed under tax laws (net off unabsorbed depreciation & c/f losses)	32,624	29,492
TOTAL	32,624	29,492
Deferred Tax Asset:		
Expenses allowable on payment basis	16,017	11,870
TOTAL	16,017	11,870
Net Deferred tax liability*	16,607	17,622
*Includes effect of foreign currency transaction reserve		

B-6 OTHER LONG TERM LIABILITIES:		
	30.06.2012	30.06.2011
Security deposit	2,426	5,306
TOTAL	2,426	5,306

B-7 LONG TERM PROVISIONS:		
	30.06.2012	30.06.2011
Provisions for employee benefits		
Provision for gratuity	4,855	5,022
Provision for leave encashment	587	641
TOTAL	5,442	5,663

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-8 SHORT TERM BORROWINGS:

	30.06.2012	30.06.2011
1. Secured Loans:		
Working Capital Loan (See Note 8.1, 8.2, 8.3 & 8.4) Deposits	8,627	1,046
	8,627	1,046
2. Unsecured Loans:		
Working Capital Loan :	99,365	97,785
Deposits	31	51
	99,396	97,836
Total short-term borrowings (1+2)	108,023	98,882

Note:-

- B.1) ₹ 8,515 Lacs (Previous year :- Nil) is secured by charges over the current assets, fixed assets, land and receivables of the Company, offtake agreement assignment etc.
- B.2) ₹ 112 Lacs (Previous year :- Nil) is secured against exclusive charge on the current assets of the company.
- B.3) ₹ Nil (Previous year :- ₹ 646 Lacs) is secured against stocks and receivables of the company.
- B.4) ₹ Nil (Previous year :- ₹ 400 Lacs) is secured against the stocks and receivables of the company.

B-9 TRADE PAYABLES:

	30.06.12	30.06.11
To Micro, Small and Medium Enterprises (See Note 9.1)	243	315
Trade payables - others	1,01,814	86,153
TOTAL	1,02,057	86,468

Note :-

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

	30.06.2012	30.06.2011
Principal amount due and remaining unpaid	17	33
Interest due on above and the unpaid interest	2	4
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	2	4
Interest accrued and remaining unpaid	2	4
Amount of further interest remaining due and payable in succeeding years	2	4

B-10 OTHER CURRENT LIABILITIES:

	30.06.2012	30.06.2011
Current maturities of long term debt	55,810	25,554
Current maturities of finance lease obligations	165	111
Interest accrued but not due on borrowings	8,390	2,853
Unpaid dividends	125	133
Security deposits (including Interest accrued thereon)	2,957	5,306
Advance received from customers	5,343	1,514
Bank book overdraft	1,817	1,755
Payables for capital goods	20,530	9,789
Liability for compulsory /optional buyback	188	192
Statutory dues	4,140	2,344
Directors Commission payable	14	41
Other payables	18,258	24,868
TOTAL	117,737	74,460

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-11 SHORT TERM PROVISIONS:

	30.06.2012	30.06.2011
Provisions for employee benefits:		
- Provision for gratuity	987	729
- Provision for Leave Encashment	164	114
Provision for Dividend	3,278	3,933
Provision for Dividend Tax	532	638
Provision for Taxation including MAT	-	1,248
Others Provisions (See Note 11.1)	1,263	922
TOTAL	6,224	7,584

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 ON 1ST JULY 2011	PROVISION DURING THE YEAR	PROVISION UTILISED/ REVERSED DURING THE YEAR	AS ON 30TH JUNE, 2012
Anti-dumping duty	27	-	-	27
Water cess	778	336	-	1,114
Provision for Sales tax*	117	5	-	122

*Represents provision against sales tax cases for which Appeal have been filed before Dy. Commissioner Appeals, Ludhiana.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

B-12 FIXED ASSETS:

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	AS ON 01.07.2011	ON ACQUI- SITION OF SUBSIDIARY	ADDITIONS FOR THE YEAR	DELETIONS DURING THE YEAR	TRANS- LATION RESERVE	AS ON 30.06.2012	AS ON 01.07.2011	AS ON 30.06.2012	AS ON 30.06.2011
A. Tangible Assets									
Land	10,128	-	831	-	987	11,946	784	1,016	9,344
Lease Hold land	1,131	-	9	-	-	1,140	46	59	1,085
Buildings	85,589	-	4,074	-	8,324	97,987	39,101	47,816	50,171
Plant & Equipment	6,43,979	-	1,55,690	7,633	44,353	8,36,389	2,32,021	2,84,002	4,11,958
Furniture & Fixtures	5,260	-	157	12	592	5,997	3,732	4,569	1,428
Vehicles	2,621	-	320	125	225	3,041	1,532	1,854	1,089
Office equipment	2,373	-	398	2	-	2,769	1,395	1,729	978
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	19	-	-	-	-	19	13	14	6
7,51,100	7,51,100	-	1,61,479	7,772	54,481	9,59,288	2,78,624	3,41,059	4,72,476
B. Intangible assets									
Computer Software	5,866	-	2	-	-	5,868	5,399	5,866	467
	5,866	-	2	-	-	5,868	5,399	5,866	467
TOTAL	7,56,966	-	1,61,481	7,772	54,481	9,65,156	2,84,023	3,46,925	4,72,943
Previous Year	7,29,932	3,733	13,551	1,021	10,771	7,56,966	2,45,204	2,84,023	4,72,943

Note:

- Buildings include ₹ 390 Lacs (Previous year ₹ 390 Lacs) towards revalued value of ownership flats in Cooperative Housing Societies.
- The Lease-Agreement in respect of 5.04 Acres of Land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company.
- Depreciation during the year include
 - ₹ 253 lacs (previous Year ₹ 118 lacs) charged to Inventories.
 - ₹ 271 lacs (previous Year ₹ 113 lacs) charged to biological assets.
 - ₹ 21 lacs (previous Year ₹ 20 lacs) charged to capital work in progress.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-13 NON CURRENT INVESTMENTS:			
	NAME OF THE COMPANY	30.06.2012	30.06.2011
Naon-trade, unquoted investment			
a) Investments in Equity Instruments:			
Other Companies			
5000 (Jun 30, 2011: 5000) Fully paid Equity shares of ₹ 10/- each	Blue Horizon Investments Limited	3	3
38584000 (Jun 30, 2011: 38584000) Fully paid Equity shares of ₹ 10/- each	Avantha Power & Infrastructure Limited	4,053	4,053
b) Investments in Government or trust securities			
₹ 2000 5 Year Kisan Vikas Patra (Lodged as security deposit)		-	-
₹ 3000 6 Year National Saving Certificates		-	-
₹ 3000 7 Year National Saving Certificates		-	-
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
B-14 LONG TERM LOANS AND ADVANCES:			
		30.06.2012	30.06.2011
Unsecured, considered good			
Capital advances		14,407	31,542
Security Deposits		1,276	1,285
Prepaid Expenses		1,353	1,223
Balance with Government Authorities		17,016	15,016
MAT Credit Entitlement		11,399	8,450
Advance Tax, Tax Deducted at Source (Net of provision for tax)		2,502	866
TOTAL		47,953	58,382
B-15 OTHER NON CURRENT ASSETS:			
PARTICULARS		30.06.2012	30.06.2011
Long term deposits with banks with maturity period more than 12 months		11	8
Unamortised Expenses		10,496	7,309
Biological Assets		35,603	28,924
TOTAL		46,110	36,241
B-16 INVENTORIES:			
PARTICULARS		30.06.2012	30.06.2011
Raw materials (See Note 16.1)		44,757	42,809
Work in progress		6,478	5,547
Finished goods		17,357	15,471
Stores and spares (See Note 16.2)		28,762	25,822
Block Stores		283	342
Chemicals (See Note 16.3)		4,841	2,026
Packing Material (See Note 16.4)		1,972	1,051
TOTAL		104,450	93,068

Note:-

- Note 16.1) Includes raw material-in-transit of ₹ 5,680 Lacs (Previous Year ₹ 11,915 Lacs)
 Note 16.2) Includes stores & spares-in-transit of ₹ 9,389 Lacs (Previous Year ₹ 7,238 Lacs)
 Note 16.3) Includes chemicals-in-transit of ₹ 96 Lacs (Previous Year ₹ 42 Lacs)
 Note 16.4) Includes packing material-in-transit of ₹ NIL (Previous Year ₹ 21 Lacs)

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

₹ IN LACS

B-17 TRADE RECEIVABLES:		
	30.06.2012	30.06.2011
Trade receivables -exceeding six months from the date they are due for payment		
Secured, considered good	24	84
Unsecured, considered good	946	1,225
Trade receivables -others		
Secured, considered good	2,402	2,291
Unsecured, considered good	39,966	39,687
TOTAL	43,338	43,287
B-18 CASH AND BANK BALANCES:		
	30.06.2012	30.06.2011
Cash & cash equivalents		
Balance with banks		
- In current accounts	2,359	10,773
Cash on hand	41	850
Cheques, drafts on hand	3	-
In unpaid dividend accounts	125	133
Unclaimed compulsory /optional buy back consideration	188	192
	2,716	11,948
Other bank balance		
In margin money, security for borrowings, guarantees and other commitments	185	59
In deposit accounts exceeding three months but less than twelve months	5,885	558
	6,070	617
TOTAL	8,786	12,565
B-19 SHORT TERM LOANS AND ADVANCES:		
	30.06.2012	30.06.2011
Unsecured, considered good		
Advances Recoverable in cash or in kind for Value to be received	38,108	37,832
Advances to related parties	8,767	7,440
Capital Advance	14,011	-
Balance with Government Authorities	19,845	16,747
Advance Tax, Tax Deducted at Source (including income tax refund receivable)	1,831	669
Prepaid Expenses	1,556	1,134
Advances to Trade Creditors	5,696	7,823
Advances to employees	88	67
Insurance Claim Receivables	2	111
Security Deposits	608	5
TOTAL	90,512	71,828
B-20 OTHER CURRENT ASSETS:		
	30.06.2012	30.06.2011
Unsecured, considered good		
Assets held for Sale (at lower of cost and net realisable value)	13	11
Current portion of Unamortised Expenses	2,050	50
Export Incentive under Duty Draw Back recoverable	83	333
Other Current Assets	300	836
TOTAL	2,446	1,230

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-21 REVENUE FROM OPERATIONS:		
	30.06.2012	30.06.2011
Sale of products		
Paper (including coated)	433,428	407,071
Caustic Soda, Chlorine etc.	1,414	994
Rayon Grade Pulp	50,978	50,480
Others	9,053	5,270
	4,94,873	4,63,815
Less:		
Excise duty	21,648	15,317
Sub Total	473,225	448,498
Export incentive / scrap sale	1,556	1,307
Sub Total	474,781	449,805
Mega Project Benefit	5,850	—
Others	—	179
TOTAL	480,631	449,984
B-22 OTHER INCOME:		
	30.06.2012	30.06.2011
Profit on sale of fixed assets (Net)	12	—
Gain on Foreign Currency Fluctuations	25	306
Rent and License Fee	170	130
Unspent Liabilities and Excess Provisions of earlier years written back	289	20
Miscellaneous income	1,093	1,070
TOTAL	1,589	1,526
B-23 COST OF MATERIALS CONSUMED:		
	30.06.2012	30.06.2011
Bamboo	4,758	4,675
Wood and Wood species	48,620	51,628
Chemicals	102,653	99,362
Wood Pulp	67,491	60,357
Packing Materials	13,089	12,211
Salt	457	410
Others	398	498
TOTAL	237,466	229,141
B-24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE:		
	30.06.2012	30.06.2011
Stocks at the beginning of the year		
Finished goods		
Paper	14,719	8,809
Pulp	752	290
	15,471	9,099
Work in progress		
Paper	5,080	6,797
Pulp	467	81
	5,547	6,878
TOTAL (A)	21,018	15,977
Opening Balance due to acquisition of subsidiary		
Finished goods		
Paper		103
Work in progress		
Paper		65
TOTAL (B)		168
Stocks at the End of the year		
Finished goods		
Paper	16,523	14,719
Pulp	834	752
	17,357	15,471
Work in progress		
Paper	5,970	5,080
Pulp	508	467
	6,478	5,547
TOTAL (C)	23,835	21,018
Net (Increase) / Decrease in Stocks (A+B-C)	(2,817)	(4,873)

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-25 EMPLOYEE BENEFITS EXPENSES:

	30.06.2012	30.06.2011
Salaries and wages	25,975	24,457
Contribution to provident and other funds	2,053	1,661
Staff welfare expenses	1,860	1,791
TOTAL	29,888	27,909

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 :

	30.06.2012	30.06.2011
Employer's contribution to provident fund	696	691
Employer's contribution to superannuation fund	196	121
Employer's contribution to pension scheme	419	400

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:		2011-2012			2010-2011		
PARTICULARS	GRATUITY FUNDED	GRATUITY UNFUNDED	LEAVE EN-CASHMENT UNFUNDED	GRATUITY FUNDED	GRATUITY UNFUNDED	LEAVE EN-CASHMENT UNFUNDED	
a. Reconciliation of Opening and closing of Defined Benefit Obligation							
Defined benefit obligation at beginning of the year	259	5,616	755	245	5,372	749	
Opening Balance on account of acquisition of PTIL	-	-	-	-	24	6	
Current Service Cost	29	313	70	25	344	100	
Interest Cost	22	471	64	21	453	62	
Actuarial (gain)/loss	(9)	21	84	(17)	75	36	
Benefit paid	(8)	(707)	(222)	(15)	(652)	(198)	
Plan Amendments	-	-	-	-	-	-	
Defined benefit obligation at year end	293	5,714	751	259	5,616	755	
b. Reconciliation of opening and closing balance of fair value of plan assets							
Fair value of plan assets at beginning of the year	124	-	-	128	-	-	
Expected return on plan assets	10	-	-	10	-	-	
Actuarial gain/(loss)	2	-	-	1	-	-	
Employer contribution	37	707	222	-	652	198	
Benefit Paid	(8)	(707)	(222)	(15)	(652)	(198)	
Fair Value of plan assets at year end	165	-	-	124	-	-	
Actual return on plan assets	13	-	-	11	-	-	
c. Reconciliation of fair value of assets and obligations							
Fair value of plan assets as at 30th June, 2012	165	-	-	124	-	-	
Present value of obligation as at 30th June, 2012	293	5,714	751	259	5,616	755	
Amount recognized in Balance Sheet	128	5,714	751	135	5,616	755	
d. Expenses recognized during the year (under the note "Employee benefits expense")							
Current Service Cost	29	313	70	25	344	100	
Interest Cost	22	471	64	21	453	62	
Expected return on plan assets	(10)	-	-	(10)	-	-	
Actuarial (gain)/loss	(11)	21	84	(18)	75	36	
Net Cost	30	805	218	18	872	198	
e. Discount rate (per annum)							
Expected rate of return on plan assets (per annum)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-26 FINANCE COSTS:		
	30.06.2012	30.06.2011
Interest Expenses	22,354	31,857
Other borrowing costs	908	1,773
Net loss/(gain) in foreign currency transaction and translation	5,399	(4,197)
	28,661	29,433
Less : Interest earned	2,098	2,388
TOTAL	26,563	27,045

B-27 DEPRECIATION AND AMORTIZATION:		
	30.06.2012	30.06.2011
Depreciation on tangible assets	33,001	30,728
Amortization of intangible assets	467	751
Amortization of biological assets	2,933	2,034
TOTAL	36,401	33,513

B-28 OTHER EXPENSES:		
	30.06.2012	30.06.2011
Power and fuel	90,063	67,227
Consumption of stores and spare parts	5,407	4,977
Processing Charges	1,270	1,231
Excise duty on year end inventory of Finished Goods	(264)	134
Rent	322	126
Repairs to buildings	356	347
Repairs to machinery	5,561	5,406
Repairs others	1,216	953
Loss on Foreign Currency Fluctuations	1,581	(390)
Insurance	1,061	1,090
Rates and taxes	545	358
Other manufacturing expenses	550	675
Office & Other Expenses	5,418	7,288
Bank Charges	15	16
Commission	222	339
Selling expenses	2,332	2,280
Loss on sale of fixed asset (net)	-	11
Assets Discarded	6	9
Unused stores and spares written off	8	15
Carriage and Freight	10,111	10,072
Legal and professional charges (See Note 28.1)	1,492	1,322
Directors sitting fees	68	21
Directors Commission on Profit	14	41
TOTAL	127,354	103,548

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

	30.06.2012	30.06.2011
- Statutory audit fees (Including cost audit fees)	105	99
- Tax audit fees	19	21
- Certification Fees	2	1
- Other capacity	56	41
- Reimbursement of expenses	14	15
TOTAL	196	177

B-29 EARNINGS PER SHARE:		
	30.06.2012	30.06.2011
1. Profit Computation for both Basic and Diluted Earnings Per Share of ₹ 2/- each		
Net profit after tax available to equity shareholders for Basic EPS	12,309	21,270
Adjustment for the purpose of diluted EPS :-		
Add: Effect of potential equity shares on conversion of zero coupon convertible bonds	-	-
Net profit available to equity shareholders for diluted EPS	12,309	21,270
2. Weighted average number of equity share for earning per share computation		
A) No. of shares for Basic earning per share	65,55,23,839	65,55,23,839
Add: Effect of potential equity shares on conversion of zero coupon convertible bonds	-	21,14,698
B) No. of shares for Diluted earning per share	65,55,23,839	65,76,38,537
3. Earning Per Share		
Basic (In ₹)	1.88	3.24
Diluted (In ₹)	1.88	3.23

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

B-30 CONTINGENT LIABILITIES AND COMMITMENTS:		
	30.06.2012	30.06.2012
(to the extent not provided for)		
Contingent Liabilities:		
Claims against the Company not acknowledged as debts	53,213	77,020
Guarantees	4,301	7,013
TOTAL (A)	57,514	84,033
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	14,133	39,081
TOTAL (B)	14,133	39,081
TOTAL (A+B)	71,647	123,114

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.

PARTICULARS	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	OTHERS	TOTAL
Revenues						
Gross Sale to External Customers	2011-12	3,88,999	45,985	50,978	10,467	4,96,429
Excise Duty	2011-12	(16,862)	(1,747)	(2,635)	(404)	(21,648)
Gross Sale to External Customers	2010-11	3,63,279	43,729	50,480	7,634	4,65,122
Excise Duty	2010-11	(12,539)	(1,707)	(993)	(78)	(15,317)
Total Segment Revenues (Net of Excise)	2011-12	3,72,137	44,238	48,343	10,063	4,74,781
	2010-11	3,50,740	42,022	49,487	7,556	4,49,805
Segment Results	2011-12	30,804	1,953	12,033	(460)	44,330
	2010-11	36,096	2,942	16,203	(363)	54,878
Less: Unallocated Corporate Expenses	2011-12					641
(Net of other income)	2010-11					889
Profit Before Interest and Tax	2011-12					43,689
	2010-11					53,989
Interest (Net of Income)	2011-12					26,563
	2010-11					27,045
Profit Before Tax	2011-12					17,126
	2010-11					26,944
Provision For Tax						
-Current Tax (Net of MAT Entitlement Credit)	2011-12					443
	2010-11					1,632
-Deferred Tax	2011-12					768
	2010-11					(1,294)
-Relating to earlier years	2011-12					8
	2010-11					46
Net Profit	2011-12					15,907
	2010-11					26,560
Minority Interest	2011-12					3,598
	2010-11					5,290
Net Profit after Minority Interest and Share of Profit in Associates	2011-12					12,309
	2010-11					21,270
Other Information						
Segmental Assets	2011-12	9,43,417	51,954	46,729	4,850	1,046,950
	2010-11	7,72,106	51,264	44,941	4,195	8,72,506
Unallocated Corporate assets	2011-12					26,757
	2010-11					25,075
Total Assets	2011-12					10,73,707
	2010-11					8,97,581

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

₹ IN LACS

PARTICULARS	YEAR	PAPER	PAPER PRODUCTS & OFFICE SUPPLIES	PULP	OTHERS	TOTAL
Segmental Liabilities	2011-12	1,48,620	11,195	5,187	241	1,65,243
	2010-11	1,22,168	10,568	7,048	182	1,39,966
Unallocated Corporate Liabilities	2011-12					16,607
	2010-11					17,622
Total Liabilities	2011-12					1,81,850
	2010-11					1,57,588
Capital Expenditure during the period	2011-12					1,55,266
(Including Movements in CWIP & Capital Advances)	2010-11					1,11,991
Depreciation	2011-12					33,001
	2010-11					30,728
Amortisation	2011-12					3,400
	2010-11					2,785
Total Liabilities Exclude						
Long Term Borrowings	2011-12					2,43,411
	2010-11					2,58,685
Short Term Borrowings	2011-12					1,08,023
	2010-11					98,882
Current Maturities of Long Term Debts	2011-12					54,919
	2010-11					24,778
Deferred Tax Liabilities	2011-12					16,607
	2010-11					17,622
Minority Interest	2011-12					75,741
	2010-11					74,736

II. Secondary Segments (Geographical Segments)

(a) Segmental Revenue

PARTICULARS	30.06.2012	30.06.2011
Domestic	404,065	365,102
Overseas	92,364	100,020
TOTAL	496,429	465,122

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

PARTICULARS	30.06.2012	30.06.2011
Domestic	490,669	405,797
Overseas	235,387	171,125
TOTAL	726,056	576,922

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

(2) Other related parties*

* Companies over which person(s) having direct/indirect control or significant influence over the Company is able to exercise significant influence
APR Sacks Limited
Arizona Printers & Packers Private Limited
Avantha Holdings Limited
Avantha Power & Infrastructure Limited
Avantha Realty Limited
Avantha Technologies Limited
Bilt Industrial Packaging Company Limited
Biltech Building Elements Limited

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

Crompton Greaves Limited & its subsidiaries
Global Green Company Limited
Imerys NewQuest (India) Private Limited
Jhabua Power Limited
Korba West Power Company Limited
Krebs & Cie (India) Limited
Mirabelle Trading Pte. Limited
Salient Business Solutions Ltd.
SMI NewQuest India Private Limited
Solaris Chemtech Industries Limited
UHL Power Company Limited
Ultima Hygiene Products (P) 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	30.06.2012	30.06.2011
a)	Sales of Goods & Allocation of Common Expenses for rendering Corporate Services		
	- Other Related Party*	-	65
b)	Purchase of Goods & Services		
	- Other Related Party*	28,266	13,789
c)	Remuneration (net of recovery)		
	- Key Management Personnel	141	1,362
d)	Assets Sold		
	- Other Related Party*	6,208	-
e)	Royalty paid/payable		
	- Other Related Party*	1,178	-
f)	Interest Received		
	- Other Related Party*	1,921	-
g)	Out Standing Balances Loan and Advances		
	- Key Management Personnel	27	28
	- Other Related Party*	8,740	7,412

33. The Company has operating leases for various premises and for other assets, which are renewable on a periodic basis and cancellable at its option. Rental expenses for operating leases charged to Statement Profit and Loss for the year are ₹ 322 Lacs (30th June, 2011 ₹ 126 Lacs). As of 30th June, 2012, the future minimum lease payments for non- cancellable operating leases are as below:-

	30.06.2012	30.06.2011
Not later than one year from 30th June, 2012	8	12
Later than one year and not later than five years	NIL	NIL

34. Unit Ashti has imported certain plant and machinery at concessional rate of custom duty under 5% Export Promotion Capital Goods (EPCG) scheme. The Unit has been granted two licenses, according the unit is obliged to export goods amounting USD 9.17 million, which is equivalent to eight and half times the duty saved on import of machinery. The unit is required to meet this export obligation over a period of eight years starting from 17th March 2005. The unit has achieved total export of USD 12.91 million as on 30.06.11. The management is in the process of submitting the required documents for the issuance of export obligation discharge certificate from the Director General of Foreign Trade.

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

36. Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various units of the Company.

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 on the net worth of the Company as on the Balance Sheet date.

38. Significant Event Occurring After Balance Sheet Date

- On 24th August, 2012, the Members of the Company and BILT Graphic Paper Products Limited (BGPPL, step down subsidiary of the Company) have approved transfer, by way of slump exchange basis as a going concern with effect from 1st July 2012, the business undertakings of the Company situated at Units Sewa and Ashti engaged in the business of manufacture of Copier Paper, with business undertaking of BGPPL, situated at Unit Kamalapuram engaged in the business of manufacture of Rayon Grade Pulp, for a net outflow of ₹ 115 Crores to be paid by the Company to BGPPL towards difference in value of exchange of the aforesaid business undertakings, subject to pending requisite approvals.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

- b. The Board of Directors of the Company have approved purchase by way of slump sale basis as a going concern, with effect from 1st July 2012, the Captive Power Plants of M/s Avantha Power & Infrastructure Limited (APIL) situated at Unit Shree Gopal subject to pending requisite approvals.
 - c. The Board of Directors of BGPPL have approved purchase by way of slump sale basis as a going concern, with effect from 1st July, 2012, the Captive Power Plants of APIL situated at units Ballarpur, Sawa & Bhigwan, subject to pending requisite approvals.
39. The Company has entered into a Power Agreement with Avantha Power & Infrastructure Limited and the rates of purchase of power and stream have been agreed periodically as per terms of the agreement.
40. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Company's Financial Statement.
41. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the financial statements. 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
29th August, 2012

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

ADDRESS FOR CORRESPONDENCE

THE COMPANY SECRETARY
Ballarpur Industries Limited,
First India Place, Tower – C,
Block – A, Sushant Lok – I,
Mehrauli-Gurgaon Road,
Gurgaon – 122 002.

Tel +91-124-2804242/43
Fax + 91-124-2804261
Email sectdiv@bilt.com
Website www.bilt.com