8th December, 2020

The Secretary The National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No. C/1, G Block Bandra - Kurla Complex, Bandra (E) MUMBAI - 400 051	Department of Corporate Services BSE Limited 1st Floor, New Trading Ring, Rotunda Building P J Towers, Dalal Street, Fort, MUMBAI - 400 001

Sub: Outcome of Board Meeting.

Dear Sir,

This is to inform you that the Board of Directors of the Company at its meeting held today approved and the Resolution Professional took on record, the Audited Standalone Financial Results of the Company for the quarter and year ended 31st March, 2020. The said results are enclosed for your information.

Further, Dr. Padmakumar Nair and Ms. Yashashree Gurjar, who were appointed as Additional Director (Independent) and Additional Director (Non Executive & Non Independent) respectively, w.e.f 15th October, 2019 to hold office upto the date of ensuing AGM have been appointed by the Board of Directors as Additional Director (Independent) and Additional Director (Non Executive & Non Independent) respectively, w.e.f 1st January, 2021.

Dr. Nair and Ms Gurjar are not related to any Director of the Company. Further, their respective profiles in brief are provided in Annexure A.

The meeting of Board of Directors of the Company commenced at 1:15 p.m. and concluded at 5:45 p.m.

We request you to kindly take the information on record.

AKHIL MAHAJAN
COMPANY SECRETARY
Encl: a/a.

(Ballarpur Industries Limited is undergoing Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code 2016. The affairs, business and assets of the corporate debtor are being managed by Mr. Anuj Jain, Resolution Professional vide Hon'ble National Company Law Tribunal, Principal bench, New Delhi order dated May 27, 2020)

Annexure A

Dr. Padmakumar Nair

Mr. Nair, Director, Thapar Institute of Engineering and Technology (TIET) is also Dean, LM Thapar School of Management. Mr. Nair is Dr. Eng., University of Tokyo, Tokyo, Japan, MBA Heriot-Watt University, Edinburgh, U.K., Ph.D., University of Twente, Enschede, The Netherlands and M. Tech., Indian Institute of Technology (IIT), Kharagpur, India.

Mr. Nair has over 31 years of distinguished career with various research achievements, academic awards to his credit.

Ms. Yashashree Gurjar

Ms. Gurjar is an Executive MBA from the Asian Institute of Management, Manila, Philippines, and a Post Graduate Certificate in Cross Sector Partnerships from Cambridge University, United Kingdom. She is currently pursuing an Executive Certificate program from Harvard Kennedy School, USA. She is also a Fellow of the India Leadership Initiative of Aspen Institute.

In a career spanning more than 26 years, she has worked with the Government NGOs, and Corporates. She has conceptualized and executed sustainable programs on issues such as poverty alleviation through income security, primary health, education and care & support for persons living with HIV, for some of the most marginalised communities across the country.

Her major professional experience is as follows:

- Sulochana Thapar Foundation: Dec 2009 onwards, Chief Executive Officer and Board Member
- Avantha Group: May 2000 to Nov 2009, Group Head CSR
- Rio Tinto: Year 1998-2000, Manager, Community Affairs
- Reliance Industries Ltd: Year 1993-1998, Assistant Manager: Community Development

BALLARPUR INDUSTRIES LIMITED

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER /YEAR ENDED 31ST MARCH 2020

Part I

(Rs. in Lacs)

Sl. No.	Particulars	Standalone				
		Quarter ended			Year Ended	Year Ended
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
	Income					
1	Revenue from Operations	1,956	5,909	11,261	29,965	44,958
2	Other Income	2,156	535	390	3,629	7,253
3	**Total income**	**4,112**	**6,444**	**11,651**	**33,594**	**52,211**
4	**Expenses**					
	(a) Cost of Material Consumed	173	740	4,943	11,099	18,237
	(b) Purchases of stock-in-trade	175	2,401	44	2,592	44
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	42	2,323	(701)	1,562	233
	(d) Employee benefits expense	803	1,482	1,387	5,373	6,811
	(e) Finance costs	32,666	4,019	8,118	47,217	24,216
	(f) Depreciation and amortisation expense	(200)	1,592	1,567	4,563	6,348
	(g) Other Expenditure					
	(i) Power and Fuel	31	40	3,516	6,658	14,714
	(ii) Store and Spares	225	235	301	1,005	1,174
	(iii) Other Expenditure	43,960	916	1,350	46,825	6,278
	Total expenses	**77,875**	**13,748**	**20,525**	**126,894**	**78,055**
5	**Profit/(loss) before Exceptional Items, tax and Discontinued Operations(3-4)**	**(73,763)**	**(7,304)**	**(8,874)**	**(93,300)**	**(25,844)**
6	Exceptional items	-	35,400	34,697	35,368	37,707
7	**Profit/(loss) before tax (5-6)**	**(73,763)**	**(42,704)**	**(43,571)**	**(128,668)**	**(63,551)**
8	Tax Expense					
	Current Tax	-	-	-	-	-
	Deferred Tax	-	-	-	-	-
9	**Profit/(loss) for the period from continuing operations (7-8)**	**(73,763)**	**(42,704)**	**(43,571)**	**(128,668)**	**(63,551)**

Sl. No.	Particulars	Standalone				
		Quarter ended			Year Ended	Year Ended
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
10	Profit/ (loss) from discontinued operation before tax	-	-	-	-	-
11	Tax expense on discontinued operation	-	-	-	-	-
12	**Profit/ (loss) from discontinued operation after tax (10-11)**	-	-	-	-	-
13	**Profit/(loss) for the period (9+12)**	**(73,763)**	**(42,704)**	**(43,571)**	**(128,668)**	**(63,551)**
14	Other Comprehensive income					
	(i) Items that will not be reclassified to profit or loss	39	(55)	(17)	(132)	17
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
	(iii) Items that will be reclassified to profit or loss	-	-	(8,300)	-	(8,300)
	(iv) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Other Comprehensive income	**39**	**(55)**	**(8,317)**	**(132)**	**(8,283)**
15	**Total Comprehensive income for the period (13+14)**	**(73,724)**	**(42,759)**	**(51,888)**	**(128,800)**	**(71,834)**
16	Net Profit attributable to					
	a) Owners of the Company	(73,763)	(42,704)	(43,571)	(128,668)	(63,551)
	b) Non - Controlling interest	-	-	-		-
17	Other Comprehensive income					
	a) Owners of the Company	39	(55)	(8,317)	(132)	(8,283)
	b) Non - Controlling interest	-	-	-		-
18	Total Comprehensive income attributable to					
	a) Owners of the Company	(73,724)	(42,759)	(51,888)	(128,800)	(71,834)
	b) Non - Controlling interest	-	-	-	-	-
19	Paid-Up Equity Share Capital (Face Value of Rs. 2 each)				25,871	25,871
20	Reserve excluding Revaluation Reserve				(148,074)	(19,258)
21	Earnings per equity share (for continuing operation):					
	(a)Basic	(5.70)	(3.30)	(3.37)	(9.95)	(4.91)
	(b) Diluted	(5.70)	(3.30)	(3.37)	(9.95)	(4.91)
22	Earnings per equity share (for discontinuing operation):					
	(a)Basic	-	-	-	-	-
	(b) Diluted	-	-	-	-	-
23	Earnings per equity share					
	(a)Basic	(5.70)	(3.30)	(3.37)	(9.95)	(4.91)
	(b) Diluted	(5.70)	(3.30)	(3.37)	(9.95)	(4.91)

STANDALONE SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE QUARTER /YEAR ENDED 31ST MARCH 2020

Rs in Lacs

Sl. No.	Particulars	Standalone				
		Quarter ended			Year Ended	Year Ended
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited	Unaudited	Audited	Audited	Audited
1	**Segment Revenues**					
	(a) Uncoated Paper	1,956	5,909	11,261	29,965	44,958
	(b) Others	-	-	-	-	-
	Total	**1,956**	**5,909**	**11,261**	**29,965**	**44,958**
	Less: Inter Segment Revenue	-	-	-	-	-
	Revenue from Operation	**1,956**	**5,909**	**11,261**	**29,965**	**44,958**
2	**Segment Results ((Profit)(+)/ Loss (-) before Tax and Interest)**					
	(a) Uncoated Paper	(40,341)	(2,495)	144	(42,887)	1,805
	(b) Others	(756)	(790)	(900)	(3,196)	(3,433)
	Total	**(41,097)**	**(3,285)**	**(756)**	**(46,083)**	**(1,628)**
	Less: i) Interest	32,666	4,019	8,118	47,217	24,216
	ii) Other un-allocable expenditure net of un-allocable income	-	35,400	34,697	35,368	37,707
	Total Profit Before Tax	**(73,763)**	**(42,704)**	**(43,571)**	**(128,668)**	**(63,551)**
	(Based on reasonable estimates)					
		Standalone				
		As on 31.03.2020	As on 31.12.2019	As on 31.03.2019	As on 31.03.2020	As on 31.03.2019
3	**Segment Assets**					
	(a) Uncoated Paper	235,147	203,921	221,515	235,147	221,515
	(b) Others	26,579	27,226	28,020	26,579	28,020
	(c) Un-allocable assets	105,277	105,070	107,414	105,277	107,414
	Total Segment Assets	**367,003**	**336,217**	**356,949**	**367,003**	**356,949**
4	**Segment Liabilities**					
	(a) Uncoated Paper	301,355	199,564	167,829	301,355	167,829
	(b) Others	12,416	12,291	10,830	12,416	10,830
	(c) Un-allocable liabilities	6,022	6,103	6,105	6,022	6,105
	Total Segment Liabilities	**319,793**	**217,958**	**184,764**	**319,793**	**184,764**

BALLARPUR INDUSTRIES LIMITED
STATEMENT OF ASSETS AND LIABILITIES

₹ in Lacs

	Particulars	Standalone	
		As at 31.03.2020	As at 31.03.2019
A	**ASSETS**	**Audited**	**Audited**
1	**Non Current Assets**		
(a)	Property ,Plant and equipment	178,774	177,245
(b)	Capital Work-in-Progress	57	270
(c)	Other Intangible assets	0	1,003
(d)	Financial assets		
	i) Investments	92,965	94,553
	ii) Loans	433	352
	iii) Others	157	460
(e)	Deferred Tax Assets (Net)	11,924	11,924
(f)	Other Non-Current Assets	155	66
	Total Non-Current Assets	284,465	285,873
2	**Current Assets**		
(a)	Inventories	1,678	5,307
(b)	Financial assets		
	i) Trade receivables	4	1,126
	ii) Cash and cash equivalents	185	419
	iii) Bank balances other than (ii) above	46	59
	iv) Loans	76,942	20,252
	v) Others	14	301
(c)	Other Current Assets	3,669	3,634
	Total Current Assets	82,538	31,098
	Group of assets classified as held for sale and discontinued operations	0	39,978
	TOTAL ASSETS	**367,003**	**356,949**
B	**EQUITY AND LIABILITIES**		
1	**Equity**		
(a)	Equity Share Capital	25,871	25,871
(b)	Other Equity	(148,074)	(19,258)
	Total Equity	(122,203)	6,613
2	**Non Current Liabilities**		
(a)	Financial Liabilities		
	i) Borrowings	-	-
	ii) Other financial liabilities	96,689	13,902
(b)	Provisions	2,888	2,783
(c)	Other Non-Current Liabilities	-	25,350
	Total Non Current Liabilities	99,577	42,035
3	**Current Liabilities**		
(a)	Financial Liabilities		
	i) Borrowings	98,187	94,348
	ii) Trade payables		
	a) Total outstanding dues of micro and small enterprises	2,095	1,944
	b) Total outstanding dues of creditors other than micro and small enterprises	21,675	19,752
	iii) Other financial liabilities	248,216	133,720
(b)	Other Current Liabilities	10,952	50,217
(c)	Provisions	2,482	2,215
(d)	Current Tax Liabilities (Net)	6,022	6,105
	Total Current Liabilities	389,629	308,301
	TOTAL EQUITY AND LIABILITIES	**367,003**	**356,949**

BALLARPUR INDUSTRIES LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

(Rs. in Lacs)

Particulars	Year ended	
	31.03.2020	31.03.2019
	Audited	Audited
Cashflow from operating activities		
Profit / (loss) before tax	(128,668)	(63,551)
Adjustment for:		
Depreciation and amortization expense	4,563	6,348
Finance costs (net)	47,217	24,216
Interest income	(28)	(536)
Unrealised gain on foreign exchange (net) as other income	(3,034)	(2,574)
Exceptional items (net)	35,368	37,707
Bad Debts and Other balances written off/Allowances for doubtful debts & advances	43,284	569
Unspent liabilities and excess provision of earlier years written back	(13)	(2,636)
Inventories written off	183	1,265
Gain on cancellation of Lease Agreement	(50)	-
(Profit) / Loss on sale of property plant and equipment	2	74
Operating profit before working capital changes	**(1,176)**	**882**
Adjustment for working capital		
(Increase)/decrease in trade receivables	1,075	(504)
(Increase)/decrease in loans, advances and other current assets	(309)	3,550
(Increase)/decrease in inventories	1,261	(1,201)
Increase/(decrease) in liabilities and provisions	1,160	(349)
Cash generated from / (used in) operations	**2,011**	**2,378**
Direct taxes (paid) /refund(net)	(83)	400
Net cash generated from / (used in) operating activities	**1,928**	**2,778**
Cashflow from investing activities		
Payment for acquisition of property, plant and equipment and intangible assets	(356)	(279)
Proceeds on disposal of property, plant and equipment	26	1,515
Interest received	15	532
(Increase) / decrease in other bank balances	316	(450)
Net cash generated from / (used in) investing activities	**1**	**1,318**
Cashflow from financing activities		
Proceeds from / (Repayment of) borrowings (net)	(559)	(3,070)
Receipt/(Payment) for buy back (optional / convertible)	-	58
Interest paid (net)	(1,498)	(1,584)
Payment of Lease liablities including interest	(89)	-
Dividend paid (including payment to investor education and protection fund)	(17)	(11)
Net cash generated from / (used in) financing activities	**(2,163)**	**(4,607)**
Net increase / (decrease) in cash and cash equivalents	(234)	(511)
Cash and cash equivalents at the beginning of the period	419	930
Cash and cash equivalents at the end of the period	**185**	**419**

Notes for the quarter and year ended 31st March 2020

Standalone

1. These financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

2. The National Company Law Tribunal ("NCLT"), Mumbai bench, vide Order dated 17 January 2020 ("Insolvency Commencement Order") has initiated Corporate Insolvency Resolution Process ("CIRP") against the Company based on petition filed by M/s. Finquest Financial Solutions Private Limited under Section 7 of the Insolvency and Bankruptcy Code,2016 ("the Code"). Mr. Divyesh Desai (IBBI/PA-001/IP-P00169/2017-2018/10338) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated 27 May 2020 has appointed Mr. Anuj Jain (IBBI/IPA-001/IP-P00142/2017-2018/10306) as Resolution Professional of the Company. Pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were exercised by IRP/RP as applicable from the respective appointment dates.

3. In view of the ongoing CIRP proceedings, all the powers of the Board of Directors have ceased to have effect and are vested with RP. Accordingly, the financial result of the Company for the quarter and year ended 31 March 2020 were taken on record in the meeting held on December 8, 2020. The financial results for the quarter and year ended 31 March 2020 have been audited by the auditor and they have expressed a disclaimer of opinion.

4. The Company's net worth is negative as on the reporting date and it continues to incur heavy losses. There is persistent severe strain on the working capital, and this has resulted in considerable decline in the level of operations of the Company. As stated in note 2 above, pursuant to commencement of CIRP, powers of the Board of Directors of the Company stands suspended and the management of the Company vest in the Resolution Professional ("RP"). The RP is expected to make every endeavor to protect and preserve the value of the property of the Company and manage the operations of the Company as a going concern. The ability of the Company to continue as a going concern is dependent on the successful completion of the corporate insolvency resolution process. Pending outcome of the CIRP, the standalone financial statements have been prepared on a going concern basis.

5. Pursuant to commencement of CIRP, the RP has received various claims submitted by the financial creditors, operational creditors, employees and other creditors. The Company observed a difference of ₹ 27,742 Lakhs between the carrying amount of borrowings (including interest accrued) in the books of account and the financial creditors' claims admitted by the RP. The Company has accrued this difference of ₹ 27,742 Lakhs as at 31 March 2020 and charged finance cost in statement of profit or loss. The overall obligations and liabilities regarding other claims submitted by operational creditors, employees and others shall be determined during the CIRP. Pending final outcome of this, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational creditors, employees and other creditors.

6. The pandemic caused due to COVID-19 disease adversely impacted the economy. Every component of the business of the Company including sales, liquidity, supply chain management and production were affected due to nationwide lockdown from 23rd of March 2020. The manufacturing operations of Unit Shree Gopal has since not recommenced. The Company has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying value of property, plant and equipment, investments, inventories, receivables and other current assets based on information available till the date of approval of these financial statements.

7. On account of the lockdown and other restrictions imposed by COVID-19 pandemic, the management was unable to complete the physical count of inventories as at 31 March 2020.

8. The Company had during the year entered into a Job work agreement with 'M/s BSFC Distributor Private Limited' to manufacture paper and other paper products at Unit Shree Gopal on job work basis. However, upon initiation of CIRP and nationwide lockdown, the job work arrangement was discontinued with effect from 24 March 2020. Accordingly, the financial results for the current period and year ended 31 March 2020 are not comparable with previous quarter / reported periods.

9. In view of the prevailing uncertainties arising from initiation of the insolvency resolution process and since no claim has been received from the option holders, the potential liability arising from put option, cannot be determined with certainty and has accordingly not been recognized in these financial results.

10. The Company has recognized provision for gratuity and leave encashment obligation pertaining to Unit Shree Gopal based on actuarial valuation. The actuarial valuation of gratuity and leave encashment obligation pertaining to Kamalapuram Unit and Head Office have not been done as at 31 March 2020 and provision has been recognized based on management's internal estimation. The provision for gratuity and the provision for leave encashment which has been determined based on management's internal estimation as at 31 March 2020 is ₹ 924 Lakhs and ₹ 296 Lakhs respectively.

11. Pending completion of CIRP, investments as at 31 March 2020 have not been tested for impairment.

12. Freehold land classified as "Assets held for sale" in the previous year have been reclassified as "Property Plant and Equipment" ("PPE") consequent to the initiation of CIRP proceedings against the Company. Pending conclusion of the CIRP proceedings, the recoverable amount of the freehold land is not determined and it has been reclassified to PPE at it carrying value in the books of account.

13. During the year, the property, plant and equipment of Unit Shree Gopal were tested for impairment based on value-in-use determined by management's internal assessment and an impairment loss of ₹ 35,400 lakhs is recognized and included in exceptional items in the statement of profit or loss. Pending outcome of CIRP, the property, plant and equipment pertaining to Kamalapuram Unit and Head Office were not tested for impairment as at 31 March 2020.

14. The Company has carried forward deferred tax assets (net) of ₹ 11,924 Lakhs. Considering the ongoing corporate insolvency resolution process, the certainty as to the realization of deferred tax assets cannot be ascertained at this stage. Consequently, adjustments to deferred tax (net) available have not been given effect to, during the year. No additional deferred tax assets have been recognized during the year.

15. Bank reconciliation statements as at 31 March 2020 have not been prepared for 4 bank accounts having a carrying amount of ₹ 8 Lakhs since the bank statements were not available for these bank accounts.

16. Certain balances of secured and unsecured borrowings, balances with banks, trade receivables, trade and other payables and loans and advances are subject to confirmation and reconciliation.

17. During the year the Company has received an Order from Supreme Court of India confirming the grid support charges payable to Transmission Corporation of Andhra Pradesh Limited ("APTRANSCO"). The Company has estimated the liability to be ₹ 1,516 Lakhs. However, the Company has not received

any demand from APTRANSCO till date and accordingly no liability is accrued towards the same as at 31 March 2020 and has considered this as a contingent liability

18. During the year M/s. Suraksha Assets Reconstruction Limited ('SARL') invoked its pledge on certain brands / trademarks, pledged by the Company, against the financial facilities provided by SARL. Subsequent to the invocation required documentation was effected during the quarter ended December 31, 2019 to transfer the said brands / trademarks to SARL for a consideration of ₹ 1,793 Lakhs However, the transfer of the said brands / trademarks could not be completed before the commencement of CIRP and by virtue of moratorium issued by Hon'ble NCLT, Mumbai vide its Order dated 17 January 2020, no effect of the same has been recorded in the books of account and financial results for the year ended 31 March 2020.

19. The Company has received claims aggregating Rs. 6,850 lakhs from CG Power and Industrial Solutions Limited (CG Group) allegedly towards advances given by CG Group from time to time. The Company has disputed such claims and has responded to the notices received, as no such amounts are due. Consequent to initiation of CIRP against the Company, claim has been received from CG Group by the RP which has been rejected.

20. The Company has during the year ended 31 March 2020 reversed the following transactions aggregating to ₹ 83,193 Lakhs which were given effect to in the financial statements for the year 2018-19 and were subject to approvals from relevant authorities / stakeholders.

    a) Tripartite agreement for settlement of amounts due from a subsidiary company against dues to a step-down subsidiary amounting to ₹ 17,393 lakhs.
    b) Assignment of its rights, title and interest in freehold land to a step-down subsidiary whose loans were secured against this land for a consideration of ₹ 39,400 lakhs.
    c) Renewal of the licensing agreement granting "Right to use" "BILT Logo and other trademarks" to its step-down subsidiary amounting to ₹ 26,400 lakhs.

21. Effective 1st April 2019, the Company had adopted Ind AS 116 "Leases", applied to all lease contracts existing as on 1st April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted. The effect of this adoption is insignificant on the loss for the current period and earnings per share.

22. Finquest Financial Solutions Private Limited (FFSPL) had granted credit facilities to the Company which was secured by a pledge on 56,20,427 equity shares of M/s Premier Tissues (India) Limited (a Joint Venture of the Company) and a first pari passu charge on current assets of the Company. Since the Company has not been able to repay the entire facilities, FFSPL has invoked the said pledge and charge. Consequently, the Company has recognized a gain of Rs. 32 Lakhs resulting from disposal of the investment in M/s. Premier Tissues (India) Limited as an exceptional item.

23. Exceptional items for the year ended 31 March 2020 includes

    a. exceptional loss of Rs. 35,400 lakhs on impairment to the carrying value of property, plant and equipment (Also refer note 13 above).
    b. exceptional gain of ₹ 32 lakhs on disposal of investments held in Premier Tissues India Limited (PTIL), a joint venture company. (Also refer note 22 above)

24. During the quarter ended 31 March 2020, the Company has identified differences in the depreciation charge for the quarter and nine months ended 31 December 2019. The Company has considered this difference in the depreciation charge for the quarter ended 31 March 2020 which has resulted in the reduction in deprecation charge for the quarter by ₹ 1,050 Lakhs.

25. Previous period figures have been regrouped/reclassified wherever necessary, to conform to this period's classification.

For Ballarpur Industries Limited

R. Rajagopal
Deputy Chief Financial Officer

Taken on Record
Anuj Jain
Resolution Professional
Regn. No. IBBI/IPA-001/IP-P00142/2017-18/10306

Place: Gurugram
Date: 8th December, 2020

Independent Auditor's report on the audit of standalone financial results

To
The Board of Directors / Resolution Professional of Ballarpur Industries Limited

Disclaimer of Opinion

We were engaged to audit the accompanying standalone financial results of **Ballarpur Industries Limited** ('the Company'), for the quarter and year ended 31 March 2020 ('the Statement'), being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended ("Listing Regulations").

In accordance with the Insolvency and Bankruptcy Code, 2016 ("the Code"), the Hon'ble National Company Law Tribunal, Mumbai bench ("NCLT") admitted a petition for corporate insolvency resolution process ("CIRP") filed by M/s. Finquest Financial Solutions Private Limited against the Company. Mr. Divyesh Desai (IBBI/PA-001/IP-P00169/2017-2018/10338) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated 27 May 2020 has appointed Mr. Anuj Jain (IBBI/IPA-001/IP-P00142/2017-2018/10306) as Resolution Professional ("RP") of the Company. Pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were exercised by IRP/RP.

Because of the significance of the matters described in basis for disclaimer of opinion, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion as to whether the Statement:

a. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
b. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year ended 31 March 2020.

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Email : chennai@sharpandtannan.com

Basis for disclaimer of opinion

1. *A material uncertainty exists that casts significant doubt on the ability of the Company to continue as a going concern. Pending resolution of the CIRP, the standalone financial results are prepared by management on a going concern basis.*

   We have not been able to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of going concern assumption in the preparation of the standalone financial results. (Refer note 2 and note 4 to the standalone financial results)

2. *The Company has not accrued the liability towards outstanding put options and the management is unable to quantify the liability with respect to the outstanding put options (refer note 9 to the standalone financial results). Accordingly, we are unable to quantify the impact.*

3. *Pursuant to commencement of the CIRP on 17 January 2020 under Insolvency and Bankruptcy Code, 2016 ('the Code'), the RP has received various claims submitted by the financial creditors, operational creditors, employees and other creditors.*
   i. *With respect to the financial creditors, the Company has recognized additional liability of Rs. 27,742 lakhs (net of reversals and write back of liabilities), which represents the difference between borrowings and corresponding interest claims of the financial creditors admitted by the RP and the borrowings and interest accrued in the books as at 31 March 2020. We have not been provided with reconciliation along with reasons for this difference in order to ascertain the completeness and valuation of liabilities recognized by the Company.*
   ii. *With respect to the operational creditors, employees and other creditors, the RP is in the process of receiving and assessing the claims. The claims already admitted by the RP are under reconciliation by the Company with the liabilities appearing in the books of account. The consequential impact of these are currently not ascertainable and we are unable to conclude on the possible financial impact of the same.*

   (Refer note 2 and note 5 to the standalone financial results)

4. *Provision for gratuity and compensated absences pertaining to the corporate office and Kamalapuram Unit have been determined by the management on an adhoc basis as at 31 March 2020. Ind AS 19 'Employee Benefits' requires that the provision for long term employee benefits such as gratuity and compensated absences need to be determined based on actuarial valuation. Accordingly, the provision for long term employee benefits as at 31 March 2020 is not in compliance with Ind AS 19 and we are unable to conclude on the adequacy of the provision for gratuity and compensated absences as at 31 March 2020. The provision for gratuity and the provision for leave encashment which has been determined on*

an adhoc basis as at 31 March 2020 is Rs. 924 lakhs and Rs. 296 lakhs respectively. (Refer note 10 to the standalone financial results)

5. *The Company has not performed impairment assessment of its investments as at 31 March 2020 in line with the requirements of Ind AS 109 'Financial Instruments' and Ind AS 36 'Impairment of Assets' Accordingly, we are unable to conclude on the carrying value of investments and the consequential impact, if any, on the standalone financial results. (Refer note 11 to the standalone financial results)*

6. *The Company has reclassified the land situated at Choudwar, Odisha, from 'assets held for sale' to property, plant and equipment. Ind AS 105 'Non-current assets held for sale and discontinued operations' requires that when a non-current asset ceases to be classified as 'assets held for sale', the same shall be measured at the lower of*
   i. its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and
   ii. its recoverable amount at the date of the subsequent decision not to sell

   The Company has not determined the recoverable amount as at the date of reclassification and has reclassified the land at its carrying value of Rs. 39,951 lakhs. The same is not in compliance with Ind AS 105 and we are unable to ascertain on the financial impact of the same. (Refer note 12 to the standalone financial results)

7. *On account of the COVID-19 related lockdown restrictions, management was unable to perform the physical count of inventories as at 31 March 2020. Further, on account of the suspension of the operations of the Company as stated in note 6 to the standalone financial results we were unable to perform any alternate procedures to audit the existence of the inventories as per SA 501 'Audit Evidence – Specific Consideration for Selected Items' and 'Physical inventory verification – Key audit considerations amid COVID-19' issued by the Institute of Chartered Accountants of India. Therefore, we are unable to conclude whether inventories of Rs. 1,678 lakhs are fairly stated as at 31 March 2020 in the standalone financial results. (Refer note 6 and note 7 to the standalone financial results)*

8. *The Company has recognized an impairment loss of Rs. 35,400 lakhs on property, plant and equipment as at 31 March 2020. As per Ind AS 36 'Impairment of Assets', impairment loss is to be recognized at the excess of carrying amount of assets / cash generating unit (CGU) over their recoverable value. The Company has not determined the recoverable amount as per the requirements of Ind AS 36 'Impairment of Assets' and has not provided us the basis for determining the impairment loss of Rs. 35,400 lakhs. Therefore, we are unable to conclude on the adequacy of impairment loss recognized by the Company and whether the property,*

plant and equipment are fairly stated in the standalone financial results. (Refer note 13 to the standalone financial results)

9. *Dues from related parties includes Rs. 109,246 lakhs due from Ballarpur International Holdings BV ("BIH") and Rs. 6,359 lakhs due from Sabah Forest Industries ("SFI"), a step-down subsidiary of the Company, which is under resolution process in Malaysia. The Company has created provision for expected credit loss of Rs. 36,249 lakhs and Rs. 1,908 lakhs as at 31 March 2020 towards the receivable from BIH and SFI respectively. We have not been provided with the basis for determining the provision for expected credit loss. Therefore, we are unable to conclude on the adequacy of the provision for expected credit loss and the recoverability of the balance receivables from BIH and SFI.*

10. *The Company has carried forward deferred tax assets (net) of Rs. 11,924 lakhs from earlier years. Based on the information and explanations and the supporting evidences provided to us, we are unable to ascertain the realization of these deferred tax assets pending the CIRP. (Refer note 14 to the standalone financial results.)*

11. *The Company has availed and utilized ineligible input credit of Goods & Service Tax amounting to Rs. 282 lakhs as at 31 March 2020. The Company has availed and utilized input credit of Rs. 282 lakhs on inward supplies of goods and services whereas the liability to the vendor has not been settled for more than 180 days (time limit specified in the second proviso to sub-section (2) of section 16 of Central Goods and Service Tax Act, 2017) as at 31 March 2020. Accordingly, as per Rule 37 of Central Goods and Service Tax (CGST) Rules 2017, the Company is required to reverse the input credit and settle such input credit as outward tax liability.*

12. *We have not been provided with the bank reconciliation statement for 4 bank accounts maintained by the Company having a carrying amount of Rs. 8 Lakhs as at 31 March 2020. The consequential impact, if any, is not ascertainable. (Refer note 15 to the standalone financial results)*

13. *Confirmation of balances have not been received in respect of certain loans and advances, balances with banks, borrowings (including interest accrued thereon), dues to / from related parties, trade and other payables. The Company continues the process of obtaining confirmations and reconciliation of the balances. The impact of the same is not ascertainable at present. (Refer note 16 to the standalone financial results)*

14. *During the year, the Company has received an Order from the Hon'ble Supreme Court of India confirming the grid support charges payable to Transmission Corporation of Andhra Pradesh Limited ("APTRANSCO"). The Company has estimated the liability to be*

Rs. 1,516 Lakhs. However, pending receipt of demand from APTRANSCO, the Company has not recognized the liability as at 31 March 2020 and has considered the same as contingent liability. (Refer note 17 to the standalone financial results)

Management's / Resolution Professional's responsibility for the standalone financial results

This Statement has been prepared on the basis of the standalone financial statements. The Company's management / RP is responsible for the preparation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim financial reporting' prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India and in compliance with regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial results, the Company's management / RP is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless the management / RP either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management / RP is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the standalone financial results

Our responsibility is to conduct an audit of the Statement in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India and to issue an auditor's report. However, because of the significance of the matters explained in basis for disclaimer of opinion paragraph above, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the Statement.

Other matters

The Statement includes the results for the quarter ended 31 March 2020 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures upto the third quarter of the current financial year which were subject to limited review by us.

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration No. 003792S

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAACH2082

Place: Chennai
Date : 08 December 2020

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Standalone

Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2020

[See Regulation 32 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sl. No	Particulars	Audited figures (as reported before adjusting for qualifications) (Rs. in lakhs)	Adjusted figures (audited figures after adjusting for qualifications) (Rs. in lakhs)
	1	Turnover/ Total income	33,591	Not Determinable
	2	Total Expenditure (including exceptional items)	162,262	
	3	Net profit/(loss)	(128,668)	
	4	Earnings per share	(9.95)	
	5	Total Assets	367,003	
	6	Total Liabilities	489,206	
	7	Net worth	(122,203)	
	8	Any other financial item(s) (as felt appropriate by the management)	-	

II Audit Qualification (each audit qualification separately):

Qualification 1

a. Details of Audit Qualification

The Company has not accrued the liability towards outstanding put options and the management is unable to quantify the liability with respect to the outstanding put options (refer note 9 to the standalone financial results). Accordingly, we are unable to quantify the impact.

b. Type of Audit Qualification: Disclaimer of opinion

c. Frequency of Qualification: Qualified Opinion Since FY 2016-17

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.A.

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification: N.A.

(ii) If management is unable to estimate the impact, reasons for the same:

In view of the prevailing uncertainties arising from initiation of the insolvency resolution process and since no claim has been received from the option holders, the potential liability arising from put option, cannot be determined with certainty and has accordingly not been recognized in these financial results.

(iii) Auditor's Comment on (i) or (ii) above:

Quantification is not possible at present, based on the information and explanation provided by the management.

Qualification 2

a. **Details of Audit Qualification:**

i A material uncertainty exists that casts significant doubt on the ability of the Company to continue as a going concern. Pending resolution of the CIRP, the financial statements are prepared by management on a going concern basis.

We have not been able to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of going concern assumption in the preparation of the financial statements. (Refer note 4 to the standalone financial results).

b. **Type of Audit Qualification:** Disclaimer of opinion

c. **Frequency of Qualification:** First time during the financial year under report

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification: N.A.

(ii) If management is unable to estimate the impact, reasons for the same:

Note 4:
The Company's net worth is negative as on the reporting date and it continues to incur heavy losses. There is persistent severe strain on the working capital, and this has resulted in considerable decline in the level of operations of the Company. As stated in note 2 to the standalone financial results, pursuant to commencement of CIRP, the Board of Directors of the Company stand suspended and the management of the Company vest in the Resolution Professional ("RP"). The RP is expected to make every endeavor to protect and preserve the value of the property of the Company and manage the operations of the Company as a going concern. The ability of the Company to continue as a going concern is dependent on the successful completion of the corporate insolvency resolution process. Pending outcome of the CIRP, the standalone financial statements have been prepared on a going concern basis.

(iii) Auditor's Comment on (i) or (ii) above:

Quantification is not possible at present, based on the information and explanation provided by the management.

Qualification 3

a. **Details of Audit Qualification:**

Pursuant to commencement of the Corporate Insolvency Resolution Process ('CIRP') on 17 January 2020 under Insolvency and Bankruptcy Code, 2016 ('the Code'), the Resolution Professional ('RP') has received various claims submitted by the financial creditors, operational creditors, employees and other creditors.

i With respect to the financial creditors, the Company has recognized additional liability of Rs. 27,742 lakhs (net of reversals and write back of liabilities), which represents the difference between borrowings and corresponding interest claims of the financial creditors admitted by the RP and the borrowings and interest accrued in the books as at the date of admission of the Company to CIRP. We have not been provided with reconciliation along with reasons for this difference in order to ascertain the completeness and valuation of liabilities recognized by the Company.

ii With respect to the operational creditors, employees and other creditors, the RP is in the process of receiving and assessing the claims. The claims already admitted by the RP are under reconciliation by the Company with the liabilities appearing in the books of account. The consequential impact of these is currently not ascertainable and we are unable to conclude on the possible financial impact of the same.

(Refer note 2 and note 5 to the standalone financial results)

b. **Type of Audit Qualification:** Disclaimer of opinion

c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: Note 2: The National Company Law Tribunal ("NCLT"), Mumbai bench, vide Order dated 17 January 2020 ("Insolvency Commencement Order") has initiated Corporate Insolvency Resolution Process ("CIRP") against the Company based on petition filed by M/s. Finquest Financial Solutions Private Limited under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Mr. Divyesh Desai (IBBI/PA-001/IP-P00169/2017-2018/10338) was appointed as an Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code. Subsequently, Hon'ble NCLT vide its Order dated 27 May 2020 has appointed Mr. Anuj Jain (IBBI/IPA-001/IP-P00142/2017-2018/10306) as Resolution Professional of the Company. Pursuant to the Insolvency Commencement Order and in line with the provisions of the Code, the powers of the Board of Directors were suspended and the same were exercised by IRP/RP as applicable from the respective appointment dates. Note 5: Pursuant to commencement of CIRP, the RP has received various claims submitted by the financial creditors, operational creditors, employees and other creditors. The Company observed a difference of Rs. 27,742 Lakhs between the carrying amount of borrowings (including interest accrued) in the books of account and the financial creditors' claims admitted by the RP. The Company has accrued this difference of Rs. 27,742 Lakhs as at 31 March 2020 and charged finance cost in statement of profit or loss. The overall obligations and liabilities regarding other claims submitted by operational creditors, employees and others shall be determined during the CIRP. Pending final outcome of this, no accounting impact in the books of accounts has been made in respect of excess, short, or non-receipts of claims for operational creditors, employees and other creditors.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 4	
a.	**Details of Audit Qualification:** Provision for gratuity and compensated absences pertaining to the corporate office and Kamalapuram Unit have been determined by the management on an adhoc basis as at 31 March 2020. Ind AS 19 'Employee Benefits' requires that the provision for long term employee benefits such as gratuity and compensated absences need to be determined based on actuarial valuation. Accordingly, the provision for long term employee benefits as at 31 March 2020 is not in compliance with Ind AS 19 and we are unable to conclude on the adequacy of the provision for gratuity and compensated absences as at 31 March 2020. The provision for gratuity and the provision for leave encashment which has been determined on an adhoc basis as at 31 March 2020 is Rs. 924 lakhs and Rs. 296 lakhs respectively. (Refer note 10 to the standalone financial results)
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: Note 10: The Company has recognized provision for gratuity and leave encashment obligation pertaining to Unit Shree Gopal based on actuarial valuation. The actuarial valuation of gratuity and leave encashment obligation pertaining to Kamalapuram Unit and Head Office have not been done as at 31 March 2020 and provision has been recognized based on management's internal estimation. The provision for gratuity and the provision for leave encashment which has been determined based on management's internal estimation as at 31 March 2020 is Rs 924 Lakhs and Rs 296 Lakhs respectively.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 5	
a.	**Details of Audit Qualification:** The Company has not performed impairment assessment of its investments as at 31 March 2020 in line with the requirements of Ind AS 109 Financial Instruments & Ind AS 36 Impairment of Assets. Accordingly, we are unable to conclude on the carrying value of investments and the consequential impact, if any, on the standalone financial results. (Refer note 11 to the standalone financial results)
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: Pending completion of CIRP, investments as at 31 March 2020 have not been tested for impairment.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 6	
a.	**Details of Audit Qualification:**

	Note 11: The Company has reclassified the land at Choudwar, Odisha, from 'assets held for sale' to property, plant and equipment. Ind AS 105 'Non-current assets held for sale and discontinued operations' requires that when a non-current asset ceases to be classified as 'assets held for sale', the same shall be measured at the lower of i. its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and ii. its recoverable amount at the date of the subsequent decision not to sell The Company has not determined the recoverable amount as at the date of reclassification and has reclassified the land at its carrying value of Rs. 39,951 lakhs. The same is not in compliance with Ind AS 105 and we are unable to ascertain on the financial impact of the same. (Refer note 12 to the standalone financial results)
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: Freehold land classified as "Assets held for sale" in the previous year have been reclassified as "Property Plant and Equipment" ("PPE") consequent to the initiation of CIRP proceedings against the Company. Pending conclusion of the CIRP proceedings, the recoverable amount of the freehold land is not determined and it has been reclassified to PPE at it carrying value in the books of account.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 7	
a.	**Details of Audit Qualification:** On account of the COVID-19 related lockdown restrictions, management was unable to perform the physical count of inventories as at 31 March 2020. Further, on account of the suspension of the operations of the Company as stated in note 6 to the standalone financial results we were unable to perform any alternate procedures to audit the existence of the inventories as per SA 501 'Audit Evidence – Specific Consideration for Selected Items' and 'Physical inventory verification – Key audit considerations amid COVID-19' issued by the Institute of Chartered Accountants of India. Therefore, we are unable to conclude whether inventories of Rs. 1,678 lakhs are fairly stated as at 31 March 2020 in the standalone financial results. (Refer note 6 and note 7 to the standalone financial results)
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification: N.A.

(ii) If management is unable to estimate the impact, reasons for the same:

Note 6: The pandemic caused due to COVID-19 disease adversely impacted the economy. Every component of the business of the Company including sales, liquidity, supply chain management and production were affected due to nationwide lockdown from 23rd of March 2020. The manufacturing operations of Unit Shree Gopal has since not recommenced. The Company has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying value of property, plant and equipment, investments, inventories, receivables and other current assets based on information available till the date of approval of these financial statements.
Note 7: On account of the lockdown and other restrictions imposed by COVID-19 pandemic, the management was unable to complete the physical count of inventories as at 31 March 2020.

(iii) Auditor's Comment on (i) or (ii) above:

Quantification is not possible at present, based on the information and explanation provided by the management.

Qualification 8

a. **Details of Audit Qualification:**

The Company has recognized an impairment loss of Rs. 35,100 lakhs on property, plant and equipment as at 31 March 2020. As per Ind AS 36 'Impairment of Assets', impairment loss is to be recognized at the excess of carrying amount of assets / cash generating unit (CGU) over their recoverable value. The Company has not determined the recoverable amount as per the requirements of Ind AS 36 'Impairment of Assets' and has not provided us the basis for determining the impairment loss of Rs. 35,400 lakhs. Therefore, we are unable to conclude on the adequacy of impairment loss recognized by the Company and whether the property, plant and equipment are fairly stated in the standalone financial results. (Refer note 13 to the standalone financial results)

b. **Type of Audit Qualification:** Disclaimer of opinion

c. **Frequency of Qualification:** First time during the financial year under report

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
N.A.

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) Management's estimation on the impact of audit qualification: N.A.

(ii) If management is unable to estimate the impact, reasons for the same:

Note 13: During the year, the property, plant and equipment of Unit Shree Gopal were tested for impairment based on value-in-use determined by management's internal assessment and an impairment loss of Rs. 35,400 lakhs is recognized and included in exceptional items in the statement of profit or loss. Pending outcome of CIRP, the property, plant and equipment pertaining to Kamalapuram Unit and Head Office were not tested for impairment as at 31 March 2020.

(iii) Auditor's Comment on (i) or (ii) above:

Quantification is not possible at present, based on the information and explanation provided by the management.

Qualification 9

a. **Details of Audit Qualification:**

	Dues from related parties includes Rs. 109,246 lakhs due from Ballarpur International Holdings BV ("BIH") and Rs. 6,359 lakhs due from Sabah Forest Industries ("SFI"), a step-down subsidiary of the Company, which is under resolution process in Malaysia. The Company has created provision for expected credit loss of Rs. 36,249 lakhs and Rs. 1,908 lakhs as at 31 March 2020 towards the receivable from BIH and SFI respectively. We have not been provided with the basis for determining the provision for expected credit loss. Therefore, we are unable to conclude on the adequacy of the provision for expected credit loss and the recoverability of the balance receivables from BIH and SFI.
	b. **Type of Audit Qualification:** Disclaimer of opinion
	c. **Frequency of Qualification:** First time during the financial year under report
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i) Management's estimation on the impact of audit qualification: N.A.
	(ii) If management is unable to estimate the impact, reasons for the same:
	(iii) Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
	Qualification 10
	a. **Details of Audit Qualification:**

	The Company has carried forward deferred tax assets (net) of Rs. 11,924 lakhs from earlier years. Based on the information and explanations and the supporting evidences provided to us, we are unable to ascertain the realization of these deferred tax assets pending the CIRP. (Refer note 14 to the standalone financial results.)
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: The Company has carried forward deferred tax assets (net) of Rs. 11,924 Lakhs. Considering the ongoing corporate insolvency resolution process, the certainty as to the realization of deferred tax assets cannot be ascertained at this stage. Consequently, adjustments to deferred tax (net) available have not been given effect to, during the year. No additional deferred tax assets have been recognized during the year.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 11	
a.	**Details of Audit Qualification:** The Company has availed the ineligible input credit of Goods & Service Tax amounting to Rs. 282 lakhs as at 31 March 2020. The Company has availed and utilized input credit of Rs. 282 lakhs on inward supplies of goods and services whereas the liability to the vendor has not been settled for more than 180 days (time limit specified in the second proviso to sub-section (2) of section 16 of Central Goods and Service Tax Act, 2017) as at 31 March 2020. Accordingly, as per Rule 37 of Central Goods and Service Tax (CGST) Rules 2017, the Company is required to reverse the input credit and settle such input credit as outward tax liability.
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** In view of the prevailing uncertainties arising from initiation of the insolvency resolution process and the ITC availed for Rs. 282 lakhs has not been reversed.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor: N.A.**
Qualification 12	
a.	**Details of Audit Qualification:** We have not been provided with the bank reconciliation statement for 4 bank accounts maintained by the Company having a carrying amount of Rs. 8 Lakhs as at 31 March 2020. The consequential impact, if any, is not ascertainable. (Refer note 15 to the standalone financial results)
b.	**Type of Audit Qualification:** Disclaimer of opinion

c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: **Note 15.** Bank reconciliation statements as at 31 March 2020 have not been prepared for 1 bank accounts having a carrying amount of Rs 8 Lakhs since the bank statements were not available for these bank accounts.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 13	
a.	**Details of Audit Qualification:** Confirmation of balances have not been received in respect of certain loans and advances, balances with banks, borrowings (including interest accrued thereon), trade and other payables. The Company continues the process of obtaining confirmations and reconciliation of the balances. The impact of the same is not ascertainable at present. (Refer note 16 to the standalone financial results)
b.	**Type of Audit Qualification:** Disclaimer of opinion
c.	**Frequency of Qualification:** First time during the financial year under report
d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** N.A.
e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
(i)	Management's estimation on the impact of audit qualification: N.A.
(ii)	If management is unable to estimate the impact, reasons for the same: **Note 16:** Certain balances of secured and unsecured borrowings, balances with banks, trade receivables, trade and other payables and loans and advances are subject to confirmation and reconciliation.
(iii)	Auditor's Comment on (i) or (ii) above: **Quantification is not possible at present, based on the information and explanation provided by the management.**
Qualification 14	
a.	**Details of Audit Qualification:**

	During the year, the Company has received an Order from the Hon'ble Supreme Court of India confirming the grid support charges payable to Transmission Corporation of Andhra Pradesh Limited ("APTRANSCO"). The Company has estimated the liability to be Rs. 1,516 Lakhs. However, pending receipt of demand from APTRANSCO, the Company has not recognized the liability as at 31 March 2020 and has reported this as a contingent liability in the standalone financial results. (Refer note 17 to the standalone financial results)	
	b. **Type of Audit Qualification:** Disclaimer of opinion	
	c. **Frequency of Qualification:** First time during the financial year under report	
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Note 17. During the year the Company has received an Order from Supreme Court of India confirming the grid support charges payable to Transmission Corporation of Andhra Pradesh Limited ("APTRANSCO"). The Company has estimated the liability to be Rs 1,516 Lakhs. However, the Company has not received any demand from APTRANSCO till date and accordingly no liability is accrued towards the same as at 31 March 2020 and has considered this as a contingent liability	
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:** N.A.	
III	**Signatories:**	
	For Sharp & Tannan Chartered Accountants (Firm's Registration No. 003792S) V. Viswanathan Partner Membership No. 215565	For Ballarpur Industries Limited R R Vederah Audit Committee - Chairman
	Place: Chennai	Place: Gurugram
	Date: 8 December 2020	Date: 8 December 2020