

ANNUAL REPORT
2010-2011



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board of directors

GAUTAM THAPAR

Chairman

R. R. VEDERAH

Managing Director &
Executive Vice Chairman

B. HARIHARAN

Group Director (Finance)

R. K. AHOOJA

SANJAY LABROO

A. S. DULAT

ASHISH GUHA

DR. PRAMATH RAJ SINHA

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 2010-2011

Financials

NET SALES

Increased by 18.5 per cent from Rs. 3794.6 crore in 2009-10 to Rs. 4498.1 crore in 2010-11.

PAPER PRODUCTION

Increased by 6.2 per cent from 796,718 MTPA in 2009-10 to 846,230 MTPA in 2010-11.

OPERATING PROFIT (PBDIT)

Increased by 6.9 per cent from Rs. 818.4 crore in 2009-10 to Rs. 875.0 crore in 2010-11.

PROFIT AFTER TAX (PAT)

Increased by 10.7 per cent from Rs. 240.4 crore in 2009-10 to Rs.266.1 crore in 2010-11.

DILUTED EPS

Increased from Rs. 3.11 in 2009-10 to Rs. 3.23 in 2010-11.

Awards & Certifications

UNIT BALLARPUR

- Lime Sludge Greening Project rated as “Innovative Environmental Project” by Confederation of Indian Industry, Hyderabad.
- Environmental Best Practice Award by Confederation of Indian Industry GBC, Hyderabad.

UNIT BHIGWAN

- Good Green Governance (G³) Award from Srushti Publications, New Delhi.
- Greentech Safety Gold Award from Greentech Foundation, New Delhi.
- National Award for Prevention of Pollution from Ministry of Environment and Forests, Government of India.
- Pulp and Paper International Award for efficiency improvement from RISI.

UNIT KAMALAPURAM

- Integrated Management System Certification i.e ISO-9001:2008, ISO-14001 and OHSAS-18001.

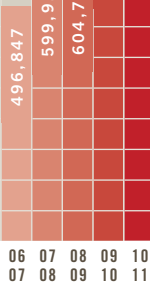
UNIT ASHTI

- Forest Stewardship Council Chain of Custody Certification.

PAPER PRODUCTION (IN MT)

CAGR

14.24
PER CENT ↑

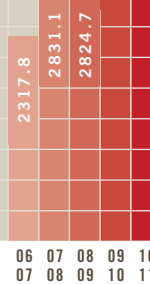


06 07 08 09 10
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NET SALES (IN RS CRORE)

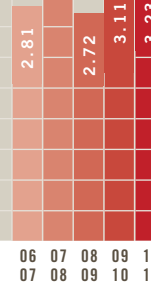
CAGR

18.03
PER CENT ↑



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DILUTED EPS (IN RS)

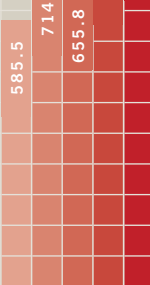


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PBDIT (IN RS CRORE)

CAGR

10.57
PER CENT ↑



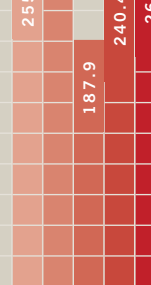
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DEBT EQUITY RATIO



06 07 08 09 10
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PAT (IN RS CRORE)



06 07 08 09 10
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chairman's letter

DEAR SHAREHOLDER

Global economic developments between July 2010 and June 2011, which is your Company's financial reporting year 2010-11, have shown both positive and negative tendencies. On the plus side, most developing economies are back on to their growth momentum, although the rates of growth are lower than the pre-crisis days. The negative clearly is the imperceptibly slow improvement of the US economy and the increasingly serious fiscal crisis in the Eurozone, especially in Greece, Italy, Spain, Portugal and Ireland, which threatens the long term existence of the Euro.





INDEED, AS I WRITE this letter to you, global analysts are fearing a double-dip for the US and lower growth for Western Europe.

The one fact that stands out is that the emerging economies and Asia are back to solid growth rates. In calendar year 2010, these countries grew by 7.4 per cent and were the principal engine of global growth. The majority of these countries either have or are close to having regained full-capacity levels of output. Many of them — especially India and China — are having to deal with higher inflation; and uncertainties in financial markets plus higher interest rates have put a temporary brake on major investments in additional capacity. Even so, the fact is that China is growing at over 9 per cent; India at over 7.5 per cent; and Indonesia at 6.5 per cent. These rates compare very well with the US growing at 1 per cent and the Eurozone at 0.7 per cent.

Let me move on to your Company's performance. As you know, BILT's business strategy primarily focuses on addressing the Indian market and markets in emerging economies, especially in Asia where there is sufficient growth and strong domestic demand.

In 2010-11, BILT remained steadfast in its pursuit of long term strategic objectives while focusing on the basics of execution.

The highlights of your Company's financial performance in 2010-11 were:

- **NET SALES** increased by 18.5 per cent to Rs.4,498.1 crore.
- **PBDIT** (Profit before depreciation, interest and tax) grew by 6.9 per cent to Rs.875 crore.
- **PAT** (Profit after tax) after minority interest and share in associate companies rose by 8 per cent to Rs.212.7 crore.

The one fact that stands out is that the emerging economies and Asia are back to solid growth rates. In calendar year 2010, these countries grew by 7.4 per cent and were the principal engine of global growth.

Apart from these developments, it is also important to note that your Company is growing in terms of its asset base. Pulp and paper are capital intensive businesses where investments are essential to develop optimal scale of operations, remain cost competitive and produce the appropriate quality of products.

There are three broad facets to your Company's performance that I must share with you.

First, in a competitive market environment, BILT succeeded in raising sales volumes, which was the principal driver of growth.

Operationally, this was possible through efficient management of the supply chain, greater utilisation of new capacities that came on-stream in the last couple of years, as well as a judicious mix of product positioning and distribution. Your Company's sales and marketing activities were planned and executed very well; and BILT's product differentiation, brand positioning, sales and distribution have been fundamental to the Company's overall growth model.

On a broader perspective, your Company is following a two-pronged market positioning strategy. For one, it pushes for attaining leadership position in its primary markets, India and Malaysia, where it has its manufacturing facilities. These are growing economies with strong internal demand that is fairly insulated from trends in the developed world. Here, the focus is on being a trend-setter, and growing its business with the expansion of the markets. For another, BILT is utilising its competitive strength as a low cost manufacturer of quality products to grow its exports. In 2010-11, your Company exported 14 per cent of its volumes produced in India, over a significantly higher base.

Second, EBIDTA margins were under pressure. Even after significant improvements in operating efficiencies, sharp increase in prices of key inputs like pulp and coal contributed to a 2 percentage point drop in the PBDIT/Sales margin. July-December 2010 saw robust demand growth across global economies, especially in large developing nations. This created supply-side constraints for several commodities, including wood pulp and coal. Your Company had to buy large amounts of pulp from the open market which increased our raw material costs. Moreover, much of the coal price hike could not be passed on to customers. I believe that the margin drop is a temporary phenomenon, and that your Company has a strategy in place to counter this external exigency.

It consists of making investments to enhance BILT's pulp production for captive use. An additional 120,000 tonnes per annum (tpa) of pulp capacity at SFI (Malaysia) is expected to come on-line in October 2011, while an extra 170,000 tpa of pulp capacity

is expected to be commissioned at Ballarpur by June 2012. With these expansions, BILT will have largely integrated pulp and paper operations, which should insulate your Company's operations from sharp rises in market price of pulp.

I expect the management to get back to higher EBIDTA margins after the additional pulp capacities come into play.

Third, there was a strong performance of the rayon grade pulp (RGP) business out of Kamalapuram.

In an environment of supply side constraints with growing demand, pulp prices remained firm throughout 2010-11. This included rayon grade pulp that is used in the production of viscose staple fibre. Your Company capitalised on the prevailing market conditions and increased production at its RGP unit at Kamalapuram in 2010-11. This volume growth coupled with higher unit sales realisation translated into a 47 per cent increase in segment revenues from the pulp business to Rs.504.8 crore. The growth in RGP profits helped to partially offset the drop in margins of the core paper business.

Apart from these developments, it is also important to note that your Company is growing in terms of its asset base. Pulp and paper are capital intensive businesses where investments are essential to develop an optimal scale of operations, remain cost competitive and produce the appropriate quality of products. In 2010-11 alone, the total capital employed increased by 15 per cent to Rs.7,409 crore. This will increase further with the investments in the new pulp facilities in Ballarpur and SFI.

This quantum of investments requires astute financing. So far, your Company has been successful in optimally raising capital from various markets across the globe. For this purpose, the consolidated entity of your Company has a complex structure of subsidiaries and step-down subsidiaries. Though intricate, the structure has played a major role in helping to break the business into portfolios and get different investors with varied objectives to invest into BILT through different schemes.

On 5 August 2011, Ballarpur International Graphic Paper Holdings (BIGPH), a step-down subsidiary, successfully completed its debut transaction in the international bond markets by raising US\$ 200 million in perpetual non-callable 5/10 year bonds offering at a rate of 9.75 per cent per annum. This was done through dollar-denominated Subordinated Perpetual Capital Securities (or

bonds) and is listed on the Singapore Stock Exchange. The proceeds from the issue of these bonds shall be used for repayment of existing debt and for capital expenditure needs of subsidiaries of BIGPH. This transaction was a pioneering effort. It was the first true US dollar denominated perpetual capital security from India; the first instance of an Asian issuer making a debut through issuance of a perpetual capital security; Asia's first non-listed hybrid issuer; and Asia's first non-investment grade US dollar new issue since May 2011.

In another major development in 2010-11, your Company has acquired 100 per cent equity in Bangalore based Premier Tissues (India) Limited (PTIL) for an enterprise value of Rs. 66.67 crore. This acquisition gives a fresh lease of life to our tissue and hygiene business. It provides for synergistic growth. PTIL has a strong base in southern and western India, while BILT focuses on the north Indian market. Also, the acquisition introduces two new brand 'Premier' and 'Royal' to BILT's existing 'Etiquette' brand.

While focusing on maximising shareholder value, your Company continues to remain committed to its pursuit of being a responsible and good corporate citizen. Being a forest based industry, we are very conscious about sustainability of resources and development of communities in the deep hinterlands. In several ways, BILT has taken steps that stand out as leading examples of sustainable and inclusive development. I urge you to read the chapter on Corporate Social Responsibility regarding your Company's initiatives in 2010-11, based on the concept of 'Voices of the Community'.

Last year, I had written that having made several investments and successfully executed the paper capacity expansion projects, it was now time for BILT to prove its mettle on business execution and delivery. While the pulp integration activities are on course for timely completion, your Company has delivered healthy growth in revenues and profits in 2010-11 despite a fairly difficult market environment. This has strengthened your management's conviction in BILT's strategic positioning and execution skills.

It is apparent that global economic conditions are uncertain and will remain so in the near term. Your Company has internalised this factor in its operations. Across all functions, the emphasis is on making incremental efficiency gains and institutionalising a culture of continuous improvements. We believe that there is considerable scope for low cost manufacturers to actually gain from the prevailing market conditions and use price competition to gain global market share, while maintaining dominance in local markets through well established strength of distribution.

Finally, my thanks to all your Company's employees, who have once again done a marvellous job. And to you, our shareholders, for believing in this business and being with us. We remain committed to enhancing shareholder value in every endeavour of our business.



GAUTAM THAPAR
Chairman



management discussion & analysis

OVERVIEW The global economic revival continued through 2010-11. During calendar year (CY) 2010, world economic output increased by 5.1 per cent against a fall in output of 0.5 per cent in CY 2009. The growth was driven primarily by the emerging and developing economies, which registered an increase in output of 7.4 per cent. Even the advanced economies turned around from 3.4 per cent drop in output in CY 2009 to register a growth of 3 per cent in CY 2010. However, macro-economic conditions have become more uncertain in CY 2011.



DURING THE FIRST HALF of CY 2011, there are already signs of some slowdown in economic activity and downside risks in global economic stability have again increased. The global expansion remains unbalanced with emerging economies growing at a much faster rate compared to advanced countries. In fact, growth in many advanced economies is still weak, considering the depth of the past recession. However, on a positive note, economic conditions in most emerging and developing economies continue to be robust. Overall, the global economy expanded at an annualized rate of 4.3 per cent in the first quarter of 2011 and economic growth forecasts for 2011–12 are only marginally lower than the levels witnessed in CY 2010, with offsetting changes across various economies. However, more than anticipated weakness in the US economy and renewed financial volatility from concerns about the depth of fiscal challenges in the Euro area periphery pose greater downside risks.

These macro-economic developments have a strong bearing on developments in the global paper and pulp industry. And, as with most natural resource based industries, paper and pulp also witnessed supply side constraints in an environment of growing demand. Consequently, raw material input prices – wood and pulp – remained stable. It is also important to note that, in line with the developments in the global economy, demand in the paper and pulp market is being driven mainly by emerging and developing economies. These markets are highly price sensitive and price competition plays a very important role in market penetration. These two factors exerted pressure on profit margins of Companies in the global paper and pulp market and lower cost of operations has become even more important for players in this industry.

In this environment, BILT successfully penetrated markets and increased sales volumes. This resulted in improved utilization of the new capacities that the Company had added, both in the coated and the uncoated segment in the previous financial year.

- Total revenue on a consolidated basis increased by 18.2 per cent from Rs. 3,818 crore in 2009-10 to Rs. 4,515 crore in 2010-11.
- Profit after tax (PAT) after minority interest and share in associate companies

increased by 8 per cent from Rs. 197 crore in 2009-10 to Rs. 213 crore in 2010-11.

However, the strong growth in sales volumes could not be supported by internal integration of pulp supply and the Company had to buy around 40 per cent of its pulp requirements from the market at high prevailing prices. Also, during the year, there was a steep increase in prices of coal. While the Company did increase prices in March 2011, much of the input cost increase had to be absorbed. This affected the operating margins of the Company and PBDIT/Sales reduced from 21.6 per cent in 2009-10 to 19.5 per cent in 2010-11.

BILT is in the process of increasing its pulp capacities. With the new investment programme firmly on schedule, an additional 120,000 tonnes of pulp capacity at Sabah Forest Industries Sdn. Bhd. (SFI), Malaysia is expected to come on line in October 2011 and 170,000 tonnes of additional pulp capacity is expected to be commissioned at Ballarpur by the quarter ending 30 June 2012. With these facilities coming on stream, the operating profit margins are expected to improve.

In another significant development to strengthen the capital structure of BILT, as a consolidated entity, in August 2011, Ballarpur International Graphic Paper Holdings B.V. (BIGPH), a step-down subsidiary of BILT successfully completed placement of US\$ 200 million perpetual bonds with a rate of 9.75 per cent per annum. These are listed on the Singapore Stock Exchange. The proceeds from these bonds will be used to repay debt and to finance requisite capital expenditure of Ballarpur pulp capacity expansion. These bonds are eligible for 100 per cent equity credit accounting under International Financial Reporting Standards and 50 per cent for rating purposes. This issuance will significantly improve the capital structure of the Company.

The detailed performance of the paper business, its Units and the pulp business are given in the next sections along with brief notes on the development in key support functions like Human Resource Management, Information and Technology (IT), Research and Development, Farm Forestry and Internal Risks and Controls.

Highlights of BILT'S performance in 2010-11 (on a consolidated basis)

TOTAL REVENUE Grew by 18.2 per cent from Rs. 3,818 crore to Rs. 4,515 crore.

PROFIT AFTER TAX (PAT) after minority interest and share in associate companies increased by 8 per cent from Rs. 197 crore to Rs. 213 crore.

In another significant development to strengthen the capital structure of BILT, as a consolidated entity in August 2011, Ballarpur International Graphic Paper Holdings B.V. (BIGPH), a step-down subsidiary of BILT successfully completed placement of US\$ 200 million perpetual bonds with a rate of 9.75 per cent per annum.

Paper Business

MARKETS AND PRODUCTS

The global paper market continued to witness a structural shift towards increase in demand in emerging economies, particularly in Asia. In fact, the share of Asia in the global paper market has increased to around 40 per cent in the last few years. Much of this is due to the inherent economic development in these countries, accompanied by various changes in usage patterns and levels of technology penetration across different markets. Particularly, China and India have emerged as the largest drivers of demand growth. Estimates suggest that these two countries will contribute to 59 per cent of global incremental demand from 2009 to 2020.

BILT has been steadily building and increasing its presence in the growing Asian markets. India remains its principal market while the Company also caters directly to the Malaysian and South East Asian markets through its international subsidiary, SFI.

During 2010-11, BILT continued the export thrust initiated in 2009-10. The Company exported to 80 countries across the globe and export sales accounted for over 14 per cent of BILT's volumes produced in India. This is a reflection of the Company's ability to leverage global opportunities emerging from its strategic positioning as a low cost quality manufacturer.

While the Company has increased its global presence, it continued to focus on penetrating the Indian market and strengthened its position as a leading paper Company of the country. Today, India is the 15th largest paper consumer in the world. The total paper consumption in India was close to 10.85 million metric tonnes per annum (MTPA) in 2010-11. And, it is also one of the fastest growing markets, with estimates suggesting a market size increase to 20 million MTPA by 2020.

This demand growth in India is quite natural. Even within Asia, India still has one of the lowest per capita paper consumption — of around 9 kg. In comparison, Japan has a per capita consumption of 215 kg; Malaysia stands at 100 kg; China is around 63 kg; and even Thailand's consumption of 55 kg per person is much more than India's. Clearly, India has considerable head room for growth. And, given its economic growth and demographic transformation, the Indian market presents tremendous opportunities for paper manufacturers.

While there is considerable scope for growth in the Indian paper market,

competition has also increased. From a supply-side perspective, in the last few years, the industry is witnessing large capital investments in capacities. Already, some large new capacities have come into the market including significant increase in capacities of BILT. While demand growth is in line to absorb this increased capacity, competition will certainly increase in the near term. Continuing to grow volume and margin will be the priority for your Company.

Broadly speaking, the paper industry is classified into two segments — paper and paperboard (writing, printing, packaging and tissue) and newsprint. BILT operates in the paper and paperboard market, within which it is primarily in the writing and printing paper segment. It continues to maintain a good position in the writing and printing paper industry in India.

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

Coated wood-free continued to grow at an estimated rate of 11 per cent to 460,000 MTPA in 2010-11. This includes blade coated, air knife and cast coated products. BILT continued to develop its leadership position in India in this growing market category.

The coated market can be segregated at one level into one side coated (C1S) and two side coated (C2S). At another level, it is divided into paper products and board products. The C2S paper market grew by 14 per cent to 268,000 MTPA in 2010-11 and the two-side coated board market grew by 11 per cent to 88,000 MTPA.

While BILT continuously focuses on introducing new products, it has also geared itself to compete in this market, which is increasingly becoming commoditised. This strategy focuses on reducing costs through larger scale of operations and better efficiencies in production while simultaneously focusing on enhanced customer service through a multi-format distribution network.

Uncoated Wood-Free

During 2010-11, the Indian uncoated market — comprising Low Bright and Hi Bright segments — grew by 7 per cent to 1,092,000 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 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 55 per cent of the uncoated maplitho segment, grew by 9 per cent in 2010-11 and BILT performed well in this segment.

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). BILT introduced a new brand during 2010-11 called 'BILT Magna Print', which has become the largest selling uncoated brand in India.

With the commissioning of the new paper machine at Ballarpur in December 2009, BILT has almost doubled the capacity in uncoated paper that it had built over the last five decades. Much of the capacity has been expanded in the higher value segment of the uncoated market. The Company has taken aggressive steps to penetrate the market with the new capacity. There has been an increase in the distributor network and a clear focus exists on pushing products into up-country India. In the highly commoditised uncoated wood-free market, price competition is the key challenge. To counter this, the Company relies on superior delivery processes to differentiate itself from competitors, while keeping its costs aligned to the best in the industry.

Copier

Copier is a forward integration of the uncoated wood-free paper segment. This includes maplitho paper cut in sizes and characteristics best suited for desktop printing and copying. Copier is another fast growing segment. The mill packed copier market in India grew by 15 per cent during 2010-11 to 448,000 MTPA.

BILT has three major brands in the market — Copy Power, Image Copier and BILT Matrix. The Copy Power brand grew by 3 per cent, while Image Copier grew by 19 per cent. BILT remains the second largest player in the Indian copier market. Moreover, with steady ramping up of production, the Company is

well positioned to claim market leadership in this rapidly growing segment.

Creamwove

This is a high volume, low value product segment. In volume terms, it is by far the largest segment in India. This segment is characterised by several producers in the country with sub-optimal capacities and the market is highly price sensitive. This market is growing at around 3-4 per cent and was estimated to be 1.6 million MTPA in 2010-11.

Sabah Forest Industries (SFI)

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

The uncoated wood-free surface-sized market size in Malaysia is estimated to be around 235,000 MTPA, where SFI is growing its market share, while in the uncoated wood-free unsurface-sized market in Malaysia is estimated to be around 62,000 MTPA. SFI performed well in this segment with a market share at 62 per cent in 2010-11.

The cut-size market size is estimated to be around 88,000 MTPA where SFI also has a presence. SFI has a significant market share in the overall uncoated wood-free segment in Malaysia.

Tissue and Hygiene

During 2010-11, the Company acquired the entire paid up equity share capital of Premier Tissues (India) Limited (PTIL). PTIL is a leading tissue company in India in the organised consumer segment, with a significant presence in the institutional segment as well.

This acquisition provides excellent strategic fit and synergy between the Company's existing tissue business through the value chain i.e. product basket, brands, market, manufacturing, organization and infrastructure. In line with this synergy and complementary strengths, the operations of this business have been integrated successfully in a short time of three months. The existing tissue business of the Company will also benefit from the underlying synergy in systems and infrastructure. This acquisition and the subsequent integration have strengthened BILT's position in the Indian tissue and hygiene product market.

Uncoated Wood-Free

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 presence in each product category, it has laid greater importance on optimising its product mix for greater profitability.

OPERATIONS

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 Malaysian Unit, SFI is in the State of Sabah. The rayon grade pulp manufacturing Unit is located at Kamalapuram (Andhra Pradesh).

The details of operational developments across the different Units are given below.

Unit: Ballarpur

During 2010-11, Unit Ballarpur produced 230,752 MT of paper. There has been a significant increase in capacity of Unit Ballarpur with the installation of a new state of art paper machine, which was commissioned by Allimand, France with an installed capacity of 165,000 MTPA. During 2010-11, this new machine produced 118,134 MT of Paper. The state of art machine and finishing section has enhanced quality, provided better packaging for customers and reduced manpower engagement.

On the product development front, the Unit has successfully manufactured new shades in various products, namely BILT Magna Print, Wisdom Print, MICR Cheque Paper, Maplitho and Extensible Sack Kraft Paper (ESKP) to meet customer requirements, in domestic as well as export markets.

At the back-end, bleached pulp production was 115,329 MTPA. Enhanced operational efficiencies resulted in increased pulp production with uniform brightness and increased viscosity. The Pulp mill operations have been further optimised with change in the raw material mix of wood and bamboo, which has resulted in enhanced performance of the paper machines in terms of quality of paper produced.

Environment management and resource conservation continued to be a key focus area. Water conservation is a key area where the mill has reduced consumption by over 30 per cent per MT of paper produced. This was achieved by adopting the 3-R (Reduce-Reuse-Recycle) methodology, which is much lower than the national standard. While the Unit has added additional equipment for improving quality of paper which has increased electrical load, power consumption was reduced by 5 per cent per MT of paper produced. This was achieved through implementation of various energy

saving innovations across the pulp and paper manufacturing process. During the year, Non-Condensable Gas Incineration system was commissioned for control of bad odour from the plant.

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

Achievements and Awards

- Unit Ballarpur is certified for the FSC COC and Control Wood certificate by the Forest Stewardship Council.
- Unit Ballarpur has a certified Integrated Management System of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- Unit Ballarpur also secured the Environmental Best Practices Award 2011 from CII GBC Hyderabad for innovative environmental best practices.

Unit: Bhigwan

During 2010-11, Bhigwan PM-1 line produced 142,646 MT of Coated Paper and Coated Boards - an increase of 9,412 MT over 2009-10. The newly commissioned state of the art PM-2 paper manufacturing line, which started commercial production in March 2009 produced 140,670 MT of Coated Paper during 2010-11, an increase of 24,921 MT over 2009-10. The total production of the Unit was 283,316 MTPA, an increase of 34,333 MTPA over 2009-10.

The Unit successfully developed several new products during the year. This includes art paper for digital printing and gravure printing, art card suitable for injection moulding painting process (paint shade cards job) and new shade development (High whiteness) in printed circuit board. All the new products were well received by the market.

Resource conservation continued to be a key focus area for the Unit. Innovative process changes, optimization of coating formulations and wet end chemical usage has helped in reducing usage of chemicals and fibre consumption, which has offset the impact of rising input prices to a large extent. A number of energy conservation measures have resulted in significant reduction in power consumption in the existing paper machine by over 9.2 per cent per MT of paper produced in 2010-11. Water consumption in

There has been a significant increase in capacity of Unit Ballarpur with the installation of a new state of art paper machine, which was commissioned by Allimand, France with an installed capacity of 165,000 MTPA.

the mill has further reduced by 22.3 per cent per MT of paper in 2010-11.

These efforts have been recognized at various national and international fora and the Unit has received the following prestigious awards in the 2010-11:

- Pulp and Paper International award for efficiency improvement from RISI
- Greentech Safety Gold Award from Greentech Foundation, New Delhi
- National Award for Prevention of Pollution from Ministry of Environment and Forests, India
- Good Green Governance (G³) Award from Srushti Publications, New Delhi

Unit: Shree Gopal

During 2010-11, Unit Shree Gopal produced 79,694 MT of paper.

Unit Shree Gopal undertook various quality improvement initiatives to improve customer servicing and satisfaction. Some of these include:

- Achieved On Time In Full (OTIF) score consistently above 95 per cent
- Reduction in customer complaints by 20 per cent in 2010-11
- Developed Royal Executive Bond of 100 GSM on another machine
- Installed new process technology
- Installed new bundling machine and new reel stretch wrapping machine to improve customer servicing
- Introduced new labels with bar code to improve customer servicing.

In the area of environment protection, the Unit has continuously ensured compliance with 'CREP' norms and achieved all the norms 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 12.7 per cent per MT of paper produced, while effluent discharge decreased by 6.3 per cent per MT of paper produced.

The Unit also installed a NCG Collection and Incineration system in February 2011, a Sewage Treatment Plant for handling colony sewage and 5 new rain water harvesting pits.

On energy consumption, the Unit achieved major reduction in power consumption for manufacture of paper. This was achieved by taking measures such as replacing inefficient motors with energy efficient motors, installing Variable Frequency Drives, Screw compressor at Pasaban sheeter and shutting down of four water tube wells.

In order to improve material handling facilities, the Unit has procured one mobile

log grabber for handling wood from yard / unloading sites.

As a part of the management commitment towards system implementation in 2010-11, Unit Shree Gopal continued to maintain the following certifications:

- Quality system ISO 9001-2008
- ISO 14001-2004 certification
- OSHAS 18001-2007 certification
- FSC – COC certification
- Implemented 5S initiative across the Unit

Unit: Sewa

During 2010-11, Sewa produced 67,260 MT of paper which was 2,883 MT lower than the output in 2009-10. The Unit undertook various quality initiatives for new product development and to improve Customer Servicing and Satisfaction. Some of these include:

- Achieved On Time In Full (OTIF) score consistently above 95 per cent
- Reduction in customer complaints by 20 per cent
- New shade for 'Ten on Ten' market in Copier grades
- Catering to Export Market in 80 GSM Copier multi-purpose paper
- Commissioning of Satellite plant of SMI for PCC at the Unit for 100 per cent utilization of PCC in place of Talc as filler
- Switched over to Alkaline sizing, resulting in quality improvement with respect to brightness, opacity and bulk
- Commissioned Oxygen plant and started using in bleaching sequence Eop stage for reduction of Hydrogen peroxide consumption
- Commissioned DCS for Bleach Plant operation.

Resource conservation continued to be a key focus area for the Unit.

In terms of environment protection, the Unit has continuously ensured compliance with 'CREP' norms and achieved all the norms of treated effluent and boiler stack emissions as per the norms laid by Odisha Pollution Control Board. During 2010-11, various initiatives taken to improve the environment included:

- Commissioned NCG incineration system for odour control
- Installed on-line stack monitoring system for boiler stack emission
- Introduced cascading system in the inlet of effluent lagoon for temperature reduction and made additional settling pit in the inlet of Pulp Mill Clarifier
- Utilization of 10 per cent of effluent discharge for plantation inside the plant

Unit: Bhigwan

The Unit successfully developed several new products during the year. This includes art paper for digital printing and gravure printing, art card suitable for injection moulding painting process (paint shade cards job) and new shade development (High whiteness) in printed circuit board. All the new products were well received by the market.

Unit: SFI

One of the major achievements on the Customer servicing side during 2010–11 was a 40 per cent drop in customer complaints as compared to 2009–10. This is mainly due to proactive steps taken in maintaining quality during production and tight Quality Control Systems across processes.

- Identified potential consumers for fly ash generated from the coal boilers and doubled the supply from 30 MT per day (2009-10) to 60 MT per day (2010-11)
- 100 per cent utilization of waste acid generated from Cl_2 Plant in bleaching stage for pH control, which resulted in improvement of effluent quality
- As a green initiative, constructed five rain water collection pits for rain water harvesting.

Unit: Ashti

In 2010-11, the Unit produced 53,299 MT of paper, which was 1,691 MT lower than the output in 2009-10. This production has been lower on account of higher downtime and adverse product mix. After commissioning of the satellite plant of SMI at Ballarpur, the Unit completely changed over to Precipitated Calcium Carbonate (PCC) as filler, which has helped in improving product quality as well as cost reduction. Further, the Unit has replaced the primary centri-cleaner pump to a higher capacity one for improving the centri-cleaning efficiency, which resulted in the improvement of product quality. This, combined with other quality improvement initiatives have resulted in substantial reduction of customer complaints by 65 per cent in 2010-11.

In the area of environment protection, the Unit has successfully carried out retrofitting and up-gradation of Electrostatic Precipitator (ESP) to achieve suspended particulate matter at 50 mg/NM^3 , which is much below the statutory norms. The Unit has also been able to reduce water consumption by 16 per cent per MT of paper produced during the year by improving the vacuum flume recycling system and reuse of water in the process which has finally reduced the effluent water of the mill by 20 per cent per day thereby improving the ETP discharge effluent quality.

The Unit catered to the retail business by producing around 15,214 MT of paper for various brands like Ten on Ten, Matrix Premium Multi Purpose Paper (MMPP), 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 20 countries across the globe, where the products are competing with international brands and meet high quality norms.

In addition to the existing A-4 packing line, a second A-4 line has also been shifted from Unit Sewa and re-commissioned at this Unit, enabling it to increase the volume of inside cutting and packing of A-4 Copy paper to

43,242 MT in 2010-11, which is 6,088 MT higher than the previous year.

As part of management commitment towards systems implementation, in 2010-11, the Unit obtained recertification of QMS ISO 9001:2008, EMS ISO 14001:2004 and ISO 18001:2007 certification of OHSAS. The Unit is also Forest Stewardship Council FSC-COC certified.

Unit: SFI

During 2010-11, paper production from the Unit was 131,909 MTPA, which is about 12 per cent lower than 2009-10. Lower paper production was mainly due to an annual shut-down in September and October, 2010. The annual shut-down is normally once in 18 months for inspection and servicing of pressure vessels as per the requirements of Department of Safety and Health (DOSH), Malaysia. There was an overrun of 9 days in this annual shut-down, mainly due to delay in implementation of DCS system on paper machines. The other factor which led to lower production was the start up and commissioning of the new MCO2 plant in Pulp Mill tie in shut in June 2011. Out of the total paper production of the Unit, 40,631 MTPA was exported. The bleached pulp production was 100,067 MTPA, which was 12 per cent lower than 2009-10.

On the raw material front, the mix has been changed to increase consumption of Acacia Mangium against Mixed Tropical Hardwood to improve paper formation and reduce production cost. SFI paper grades have moved up in positioning in terms of quality amongst its regional competitors. Another notable parallel occurrence is the significant drop in paper dirt count.

One of the major achievements on the Customer servicing side during 2010–11 was a 40 per cent drop in customer complaints as compared to 2009–10. This is mainly due to proactive steps taken in maintaining quality during production and tight Quality Control Systems across processes.

As regards plantation activities, the major change from past practices has been to directly employ labour rather than relying entirely on contractors. By the end of 2010-11, more than 200 Indonesian nationals were employed on land preparation and planting activities. This was necessary as contractors were unable to meet the plantation targets. The plan is to increase the numbers of such workers to more than 500 in 2011-12. Consequently, plantation coverage increased from 2,200 hectares (ha) in 2009-10 to 4,100

ha in 2010-11 with more than 800 ha planted in the month of June 2011.

SFI was awarded a Compliance Certificate by the Sabah Forestry Department for CY 2010 and maintained its SmartWood Verified Legal Origin (VLO) certification for its established plantation and its Natural Forest Management (NFM) areas and its Forest Stewardship Council (FSC) Controlled Wood certification for its NFM area.

The Pulp Mill upgradation project is in an advanced stage of erection and commissioning. New Wood Handling line and Oxygen Delignification plant have already been taken in line and the complete Pulp Mill is likely to come on stream by October 2011.

Pulp Business

While many of the Company's plants produce pulp, it is for internal use in manufacturing of paper. The Company's Kamalapuram Unit is the only Unit in the pulp business that caters to outside customers. This Unit primarily produces and supplies Rayon Grade pulp to the viscose fibre industry. It also has the facility to produce paper grade pulp.

The economic slowdown of 2008 had an adverse effect on the global viscose fibre industry. Consequently, in 2008-09, the Rayon Grade pulp business had been severely affected. In 2009-10, there was a turn-around. With demand conditions improving in emerging economies and some degree of economic stabilization across the globe, viscose fibre demand has picked up and consequently, there was an increase in Rayon Grade pulp off-take. The uptrend in the Rayon Grade pulp business has continued in the year 2010-11. This has helped grow revenues of BILT's pulp business and maintain its profitability.

2010-11 was one of the best years for top and bottom lines of this business.

Unit: Kamalapuram

During 2010-11, the Unit produced 87,995 MT of Rayon Grade pulp, an increase of 2,650 MT over the previous year. There was significant improvement in pulp quality in terms of Whiteness, Acid Insoluble, Viscosity, Ash, Moisture etc.

To improve the pulp quality, the Unit has undertaken several improvement projects like modification of the un-bleached Centricleaner system by constructing sand settling pit system. The pulp quality has significantly improved and rejection has come down

from 2.7 per cent in 2009-10 to 0.5 per cent in 2010-11. With an objective of continuous improvement in quality and production, one new blow tank has been commissioned and construction of a New C/D Tower is in progress. Two bleach washers in the bleaching plant have been replaced with new washers.

A system has been developed to optimize consumption and reduce wastage. Fibre loss has decreased by 42.9 per cent in 2010-11.

Resource conservation continued to be a key focus area. Significant improvement was made in recycling of used water in the process with the help of system modification and technological improvements, which has significantly reduced specific water consumption.

In addition, the Unit also undertook several key measures for system improvements to enhance environmental performance. These include:

- New blow heat recovery system and Non Condensate Gases incineration system have been installed and commissioned in December 2010
- ESPs of Rotary Lime kiln and Soda Recovery Boiler has been revamped and new ESP for coal fired boiler has been installed to meet Andhra Pradesh Pollution Control Board norms
- Eucalyptus plantation in nearly 300 acres area inside the Unit premises. Almost 50 per cent of treated effluent water is now being used for irrigation of the above plantation
- To improve the efficiency of ETP, a new cooling tower has been installed
- To make use of high COD effluent from chips cooking process, Bio - Methanation plant has been renovated and commissioned. The use of Bio - Methane gas in rotary lime kiln will reduce the furnace oil consumption and a CDM project has been submitted for the same.

The Unit received IMS Certification (ISO-9001:2008, ISO-14001 and OHSAS-18001).

Office Supply and Stationery Business (OSSB)

Presently, the office supplies and stationery market is estimated at Rs 9,000 crore per annum and is growing at about 25 per cent per annum. Though it is still dominated by the unorganized sector, the organized players are rapidly increasing their footprints. At its given size and growth rate, increased thrust

OSSB

The 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.

on educating a large growing Indian young population coupled with a shift in buying pattern of Indian consumers driven by an aspiration to move up the value chain, the office supplies and stationery market throws up a lot of opportunities for value addition by the organized players. Given the potential of this business, a number of foreign players are also eyeing acquisitions or strategic tie-ups with Indian companies.

BILT's OSSB has been an active player in office supplies and stationery space. The business has been growing at a CAGR of 33 per cent for the last 5 years and registered revenues in excess of Rs 250 crore in 2010-11. OSSB strengthened its export operations and supplied a large portfolio of products to developed and developing markets, even becoming a supplier to global retailers, like Coles and Office Depot.

The growth drivers for BILT's OSSB have been its wide product portfolio, continuous addition of new products, geographical expansion, improved delivery channels, efficient supply chain management and a continuous brand building exercise.

The 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. While Royal Executive Bond (REB) is the flagship brand in the VAP portfolio, there are also an array of products for applications like digital printing, plotter applications and colour photocopying. The launch of BILT Matrix range of products in 2003 had changed forever the stationery landscape in India. Under BILT Matrix, high-performance products of international class have become an integral part of an executive's life today. In the student stationery segment, the brand 'BILT Ten on Ten' offers a wide variety of high quality products targeted at children. BILT extended its licensed product range of popular children characters on its products to global characters like Barbie, Spiderman, Hot Wheels, Lion King and Winnie the Pooh. Strengthening the distribution alliances with Mead from USA and Stabilo from Germany, the Company has further added internationally reputed brands like 'UHU' of Germany and 'Rapid' of Sweden for distribution in the Indian market.

BILT's OSSB has been awarded the 'Product of the Year' for stationery product categories for the last 3 years. The award is

given for excellence in product innovation and is based on a consumer survey of over 25,000 respondents, pan India. With increased focus on the Stationery category, in 2010-11 alone, over 150 Stock Keeping Units (SKUs) were launched.

The products are marketed across India through a well established network for distribution of branded stationery through 350 distributors, reaching in excess of 40,000 retail outlets with more than 800 SKUs.

With a 360-degree marketing approach encompassing mass media campaigns, direct marketing, in-shop merchandising, sales promotions, trade engagements and exhibitions, these brands have developed a strong equity for themselves. The underlying objective of these initiatives was to differentiate between OSSB and its competitors. The idea was to create brands and evolve strategies that could take them to designated audiences and provide better solutions for the rapidly changing consumer needs and tastes.

OSSB's continuous transitions 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

BILT made a foray in the organized retail business through P3 which stands for Paper, Print & Pens, about three years ago.

It is a unique and winning combination of world class stationery merchandize, convenience of buying and price integrity. P3, operating in both B2C and B2B space, offers in excess of 10,000 SKUs – in fact, everything from stationery, technology, gifting to print solutions.

In B2C, P3 has expanded its footprint to six metro cities with eleven world class stores, offering an exciting merchandize assortment and remarkable shopping experience. P3 has been voted as the 'Product of the Year' in the retail category by over 10,000 consumers.

On B2B front, P3 aptly positions itself as the Choice of Professionals and provides customized solutions to over 500 corporate houses across India, with reliability and quality of service.

Over the last three years, P3 has moved on an impressive growth trajectory and has reached a revenue line of Rs 70 crore, a 36 per cent growth over the previous year.

Capacity Expansion

The status of capacity expansion at SFI and Unit Ballarpur is given below:

SFI

The project work for an additional production of 120,000 ADT / annum of pulp is in progress as per schedule and section-wise commissioning has begun. New wood handling line has been commissioned. The market pulp production is expected to commence from November 2011 onwards.

Unit: Ballarpur

The Company is undertaking a Pulp Mill Modernisation Project at Unit Ballarpur. The civil work has begun at the site with effect from February 2011. The final shipment of major machinery, which is mostly imported, is expected to reach the site by December 2011. The majority of balance machinery, electrical supplies and automation equipment shall be ordered with a target to complete the project by the quarter ending 30 June 2012.

Human Resource (HR)

Talent management continues to be an important focus area for the business and the HR function adequately supports the need for operational effectiveness and excellence.

Employer branding and talent attraction are significant for talent acquisition. There are two factors that enhance the talent acquisition challenge for BILT. First, most of BILT's operations are in remote locations where most people do not prefer to settle. Second, there is a scarcity of quality talent in the paper industry, which makes it even more difficult to fill technical positions. The Company's recruitment strategy addresses these concerns through multiple source points and partnering with relevant search and recruitment consultants for lateral recruitment. The entry level talent is drawn from reputed Engineering and Management Schools by adopting competitive compensation, appropriate orientation, mentoring and adequate training before placement in jobs.

Talent development is accomplished through training and development, career planning, job rotations, deputations and other such endeavours. The training focus of the Company is very systematic and addresses all aspects across technical, managerial and general management areas. The focus is to build competencies that specifically address the

needs of the business. The training programme has a blend of both personal and professional skill development and is executed by partnering with relevant trainers and training institutions, with an objective to improve managerial effectiveness, enhance the overall development of employees and build the talent pool for future leadership positions.

The talent management fabric also includes adequate focus on performance orientation and culture building. The Performance Management System focuses on stretch targets into four buckets - Business Goals, Non Negotiable Targets, Organisational Development Goals and Self Improvement Objectives. The system encompasses regular reviews for performance improvement and a powerful linkage to reward and recognition models. Annual compensation surveys are done, both in the paper industry and outside, with a view to benchmark the salaries and take appropriate action to remain competitive in talent acquisition and retention. In addition, there is continuing focus on all HR systems and processes, which are being recalibrated in line with business requirement and expectations. Employee engagement initiatives and events are a regular feature for integrating the individual with the organisation.

At the end of 2010-11, BILT had 2476 permanent employees on its rolls.

Information and Technology

The Company completed a major upgrade of its core ERP - Oracle eBiz. The implementation of the new version, R12 will bring the organization's ERP system in line with the latest technology available. The project went live in end March 2011.

The Company also began an upgrade of the base infrastructure, as a part of its exercise of phasing out old equipment and technology. The implementation of the new infrastructure will enable the organization to stay current in its Information Technology usage. This exercise is expected to be completed by March 2012.

Farm Forestry

BILT continues to work with the farming community for planting tree species that are suitable for industrial wood through its subsidiary, BILT Tree Tech Limited (BTTL). Thousands of growers are associated with BTTL's farm forestry programme for over a decade. BTTL has a strong network of qualified

HR

Talent management continues to be an important focus area for the business and the HR function adequately supports the needs for operational effectiveness and excellence.

Farm Forestry

In order to strengthen the farm forestry programme and increase its acceptability amongst farmers in the catchment areas of its mills, BTTL supplies fast growing, site specific quality planting stock with technical knowhow.

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, Chhattisgarh, Andhra Pradesh and Maharashtra. In order to strengthen the farm forestry programme and increase its acceptability amongst farmers in the catchment areas of its mills, BTTL supplies fast growing, site specific quality planting stock with technical knowhow. BTTL has environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 10 million plants for production of clonal saplings. BTTL also supplies quality seedlings of Leucaena (Subabul) and Casurina 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 amongst farmers, a series of exposure visits are conducted to the production nurseries and well established plantations. Regular training programmes are also conducted for farmers to educate and update them on the techniques of raising pulpwood plantations to yield maximum productivity from their land.

Research and Development

In 2010-11, the following projects were carried out at Thapar Centre for Industrial Research and Development, sponsored by the Company:

- Study of pulping and bleaching of three fibrous raw materials of Unit Ballarpur
- Improvement in pulp yield
- Improvement in final bleached pulp brightness and whiteness
- Critical evaluation of raw material storage practice and study on changes of moisture and cellulose component in wood and bamboo during storage
- Thermal treatment of black liquor to reduce viscosity

- Pilot scale trial of Automated Chemo-stat Treatment process at Unit Kamalapuram
- Control of Total Dissolved Solids in effluent at Unit Bhigwan
- Selection of flocculants for dewatering of fibrous sludge
- Control of bulking sludge in aerobic biological treatment in pulp and paper industry
- Increasing ash in paper without adversely affecting strength properties, while meeting functionality requirements
- Improvement in optical properties of the C2 gloss in matt finish grade paper
- Improvement in stiffness of coated paper (upto 170 gsm) at an ash level of minimum 45 per cent

Financial Review

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

The salient features of the financial performance in 2010-11 are:

- Net Sales increased by 18.5 per cent to Rs.4,498.1 crore in 2010-11
- With margins under pressure, volume growth helped Profit before depreciation, interest and tax (PBDIT) grow by 6.9 per cent to Rs.875 crore in 2010-11
- With significant expansions coming on stream, both depreciation and interest increased during 2010-11. While depreciation increased from Rs.301.9 crore in 2009-10 to Rs.335.1 crore in 2010-11, finance charges (mainly interest) increased from Rs.237.1 crore in 2009-10 to Rs.270.4 crore in 2010-11.
- Consequently, Profit after tax (after minority interest and share in associate companies) increased by 8 per cent to Rs.212.7 crore in 2010-11

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. The internal control framework of the Company is supported by a robust process of internal audits, review by management, documented policies, procedures and guidelines. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and

TABLE 1 ABRIDGED PROFIT AND LOSS STATEMENT OF BILT CONSOLIDATED

RS CRORE

	2010-11	2009-10
Net Sales	4498.1	3794.6
Other Income	16.9	23.9
Total Revenue	4515.0	3818.5
PBDIT	875.0	818.4
Depreciation	335.1	301.9
PBIT	539.9	516.5
Finance Charges (Net)	270.4	237.1
PBT	269.5	279.4
Tax	3.4	38.9
PAT	266.1	240.5
PAT (after minority interest and associate company profits/loss)	212.7	197.0

for maintaining accountability of assets. In an IT driven networked environment, validation of ERP implementation and IT security continues to receive focussed attention from the internal audit team at BILT. BILT has an in-house internal audit team. The internal audit function comprises professionally qualified 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 conforms to ISO 9001:2008 certification. It is the first internal audit department in India assessed to conform to international standards and code of ethics by the Institute of Internal Auditors (IIA), USA. BILT has a two pronged audit approach, which incorporates the mechanism of preventive and detective controls. It has adopted 'Pre-Audit', a unique tool of preventive control which covers cash payments and major contracts at Head Office and Units. Regular audits, a part of detective control, encompass process and transaction audits, which are performed on the basis of a risk based audit plan drawn annually. 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, wastages, exports, imports, engineering and utilities. Transaction level risk assessment study of all operations across all the Units have been conducted by the Internal Audit

Department. Annual audit plans are prepared at the beginning of the year, delineating 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 economic maturities will not be seen in BILT's primary markets of India and South East Asia in the near future, such technology based interventions remain a risk.

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 material, 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 No. 00012289

R. R. VEDERAH

Managing Director & Executive Vice
Chairman
DIN No. 00012252

B. HARIHARAN

Group Director (Finance)
DIN No. 00012432

Date 18 August 2011

Place New Delhi



corporate social responsibility

VOICES FROM THE COMMUNITY

The Company has always envisaged CSR as a long term strategic intervention. The success of a CSR programme can be evaluated on the basis of the value it has created for both the Company and the stakeholders. This perceived value to the stakeholders is indicative of the goodwill generated and the road the company has travelled in the sustainability journey.

This report encapsulates the value perceived by the stakeholders.



Empowerment backed by strategic engagement processes

Strong engagement processes have been the strength of our empowerment-based model of development, whether we engage with poor women living in a small hamlet or with unemployed youth in an urban slum. We believe that each person can chart the future course of their life through the process of engagement and participation. All our programmes are centred around people deciding on the best course of action. The company has supported these endeavours and has created a level playing field wherever necessary through value additions like capacity building, creating market linkages for products and bank linkages for finances, etc.

The company has created various platforms in the communities which have been used as tools for community-based action programmes.

Significant amongst these are Self Help Groups (SHGs), Youth Groups (YGs), Farmers' Co-operatives, Village Education Committees (VECs) and Village Development Committees (VDCs). These platforms help create community ownership of the CSR projects. The CSR projects have enabled the community to augment incomes through better utilization of existing assets and skill sets, using the skill trainings that were provided to develop these into entrepreneurial opportunities for the youth and women. These community-based institutions have been helpful to individual members since they leverage community strength. Some of the more successful institutions created are:

SELF HELP GROUP (SHGS)

SHGs are forums of community members (primarily women) who are homogeneous and come together with a collective purpose of economic development, leading to social and political development. In the villages where we work, there were no existing platforms for women to converge and discuss income, health, education and other such matters concerning them.

YOUTH GROUPS

Development of youth in the villages and urban slums was critical as they are a force to reckon

VIDYA KONGRE SUPERVISOR BALLARPUR AREA COMMUNITY HEALTH PROJECT



Vidya Kongre (health supervisor) with mothers and children

“ I was very keen to pursue studies, but due to family pressure I got married after completing class 12. When the BILT CSR project formed an SHG in our area, I wanted to become a part of it but was scared of my in-laws and husband. The NGO representatives visited my house and persuaded my family. Later, I decided to join the health programme as a health worker despite some reservations from my family. Now people recognize me as the “medicine woman”. The training equipped me to deal with issues related to maternal and child health. I helped new mothers solve problems related to breast feeding, pneumonia and sepsis. Today, I interact with government officials, local bodies and even with opinion leaders. My family is now proud of me. ”

with. We have formed youth groups, youth service co-operatives as well as adolescent groups which are now vibrant. These youth groups and youth co-operatives have taken up various activities and have contributed to the development of the people and the local area. The various services rendered by these youth groups and co-operatives include running the village information kiosks, housekeeping contracts for hospitals, collecting electricity bills on commission basis, and providing other types of services at competitive rates. These initiatives now serve a dual purpose: engagement of the youth in productive activities and improved services within the local area.

ASHA RANI AZAD NAGAR SLUM, YAMUNA NAGAR



Asha Rani taking care of Mushroom Unit

“ My father is an alcoholic and our family falls under the BPL category. Because of this, I could not study beyond class 12. With help from the BILT CSR project, and training and financial assistance from the Horticulture Department, I took up mushroom cultivation. In 2010-11, I sold mushrooms worth Rs. 37,595/- with a net profit of Rs. 13,885/- in just four months. I was conferred the ‘Best Entrepreneur Award’ by the Horticulture Department, Yamuna Nagar, in 2010.”

LAYAM ELISABET ANSIKIT CHAIRPERSON OF PAUT ENTERPRISE, KG. ALUTOK, ULU TOMANI, SABAH, MALAYSIA



Layam Elisabet with a display of handicrafts at an exhibition

“ SFI has changed the way I think. It has made me more confident by training me and my group members to run our handicraft business on a small scale from a remote village. Without SFI’s help, I would not have known about Malaysian craft and the opportunities available. Now I travel even to far off places like Kuala Lumpur to sell handicraft items. This supplements our family income substantially. We don’t depend solely on farm produce to survive now. I am very thankful to SFI-BILT for helping us improve our lives.”

NAKULA BAGDERIA GHIURI, JEYPORE BLOCK, KORAPUT DISTRICT



Nakula Bagderia in his maize crop field

“ My family and I have one acre of unused upland and only 0.8 acres of arable land. Even though I cultivated paddy in the 0.8 acres of land to meet our food requirement, it was not sufficient.

In 2008-09, on the advice of the CSR team, I tried maize cultivation in the Rabi season. From that 0.8 acres of land, I made a net profit of Rs. 10,000/-. In the 2010 Kharif season, I took three acres of land on lease for maize cultivation, which yielded 81 quintals. I sold the dry maize to the poultry co-operative feed mill at Rs. 9/kg and made a net profit of Rs. 66,080/- in just four months. Maize cultivation not only provided good returns, but was also a source of staple food round the year.

Now I motivate other farmers to take up maize cultivation and am also planning to purchase land to increase the maize cultivation area. ”

ANIL D KHARTODE BHIGWAN, PUNE



Anil Khartode with his cross bred cows

“ I am a small time farmer with 1.5 ha of land. In 2005, the BILT CSR team informed me about livestock improvement through artificial insemination. Despite initial hesitation, I decided to adopt this technology with my local cow that was giving 2-3 litres of milk a day. Currently, I also have two hybrid cows and get 22-25 litres of milk every day. The dairy business fetches me Rs. 6,000-8,000 per month, which is more than the income from all other sources like agriculture and daily wages.”

MRS VEENA SOOD PRINCIPAL, GOVERNMENT HIGH SCHOOL KAREDA KHURD, YAMUNA NAGAR



Mrs Veena Sood, Principal- Govt High School, Kareda Khurd, Yamuna Nagar distributing computer literacy program certificates to the students

“ Computer education is very important in this age of technology. The BILT-promoted Mobile Computer Literacy Programme (MCLP) is a remarkable endeavour to impart computer literacy to the poor children of village Kareda Khurd, Yamuna Nagar. The programme has helped generate interest among children towards education and there is a visible increase in the number of children attending school due to MCLP. The villagers are also very happy to see their wards becoming computer literate. I hope that this programme can be taken up in all the schools. ”

FARMERS' CO-OPERATIVES & FARMERS' CLUBS

We have facilitated the formation of various farmers' clubs and farmers' co-operatives in our project area. Their purpose is to augment the reach of various extension services and also develop platforms that can independently interface with the government/markets for improving agriculture. These clubs and co-operatives now interface with government departments for accessing schemes and finances, sharing of best practices, etc.

VILLAGE EDUCATION COMMITTEES (VECS)

Village Education Committees have been given the mandate to ensure quality education in villages. BILT CSR projects have facilitated the formation of new VECs or made the existing ones more dynamic. The VECs ensure excellence in education by

monitoring the quality of education delivered in their villages, and by motivating teachers and parents. We have ensured that the VECs remain active in the villages and make education a priority.

VILLAGE DEVELOPMENT COMMITTEES (VDCS)

Village Development Committees are platforms at the village level for participatory planning and execution of development programmes. They are formed by bringing together a cross section of people from within the village. They are independent of the Gram Panchayat but work in tandem with them. The VDCs have become instrumental in deciding how to direct development programmes in their villages.

VARALAXMI, 60 YEARS, KAMALAPURAM



Varalakmi tending to her kitchen garden

“ I have two children but neither of them takes care of me. I am old and unable to do any manual work. I faced many hardships to just survive.

The CSR team advised me to go to the VDC which had been formed in the village for helping people like me. The VDC gave me a loan of Rs. 5,000/- from the BILT-CSR revolving fund. With this, I purchased vegetable seeds and have developed a kitchen garden at home. I sell the vegetables at the weekly market and earn around Rs. 500/- in a week.

I am able to repay the loan instalment of Rs. 500 to the VDC. I may be given another loan to increase my business once I clear the existing loan. I also get a pension of Rs. 200/- from the government, thanks to the efforts of the CSR team.”

PUSHPA BOTAWAR, CHAPRALA VILLAGE, ASHTI



Pushpa Botawar (health supervisor) sharing her experiences in a felicitation program

“ Until I joined the CSR project, I was a housewife taking care of my family. Initially, when the NGO team approached me and asked me to appear for an interview for the post of health worker, I was scared. However, my husband motivated me to go for the interview and join work. Because of my efficient and sincere work, the villagers nominated my name for the post of Dy. Sarpanch. Although initially some villagers were not comfortable with the idea of a woman taking up this post, I took up the challenge.

Today I work as a supervisor in the project. I monitor 12 health workers and successfully fulfil my responsibilities as a deputy Sarpanch. We have earned respect which is incomparable to any material gain. ”

PODEM LAXMAIAH, THONDYALA VILLAGE, MANGAPETA MANDAL, WARANGAL DISTRICT



Podem Sammakka, daughter of Podem Laxmaiah in the grocery shop

“ I have three daughters. The eldest, a widow, lives with us. I am the sole breadwinner of the family. All my daily earnings used to be spent on buying food for the family. On many occasions, our family had nothing to eat. The CSR team gave me the idea of starting a shop inside my house and advised me to submit an application to the Village Development Committee (VDC) requesting a loan of Rs. 5,000/-, which was accepted. We now have a grocery shop being maintained by my elder daughter and earn approximately Rs. 150/- daily. We no longer have to sleep hungry. ”

VEENA CHOUDHARY ILLUR VILLAGE, ASHTI, GADCHIROLI



Veena Choudhary (first row, third from left) with her teammates

“ I had never gone out alone till I joined the BILT CSR programme. I am working as a health worker since 2006. In the early days of my work I could save a new-born child and also a mother during a complicated delivery with timely intervention. When I meet this child today I feel very proud.

When I was an adolescent girl, nobody gave me any information on the growing up process. Today, through training and inputs received from the project, I discuss issues such as nutrition, health and hygiene with adolescent girls. When it was time to select the Asha worker my name was suggested unanimously by the villagers. Today, I work in the government system and am responsible for taking care of not just my village but adjacent villages too.”

NILAMBER JANI 32 YEARS, SALAPA VILLAGE, JEYPORE BLOCK, KORAPUT



Nilamber Jani's wife receiving the cheque from BILT officials Unit SEWA, for the pulpwood supplied to the mill

“ I am a member of the Patneswari Agriculture Co-operative Society Ltd. (PACL). I dropped out of school due to lack of resources following my father's death. My mother and I used to earn our living as daily wage labourers. Our family owned 1.5 acres of upland (unproductive land) which remained unutilised.

In 2006, the BILT team advised me to use the upland for eucalyptus plantation. The total investment over the four-year period was Rs. 20,455/- which I took as loan from the PACL. I supplied 62.12 MT of pulpwood to BILT, Unit Sewa, in May 2011 and made a net profit of Rs. 91,606/-. I have invested this money in repairing my house, purchasing a motorcycle and buying some ornaments for my wife. I put the balance Rs. 20,000/- in a fixed deposit.

I am also working with PACL as a service provider for which I get a monthly income of Rs. 2500/-.”

Linking empowerment to action

Bringing people together to achieve a development goal is a long term process. Success is achieved when communities move in unison towards their goal. Over the last ten years, the company has seen success across diverse areas on empowerment leading to actions be it on education indicators, health indicators or the pursuit of livelihood.

Ensuring replication and scale

The ability to scale up a project is absolutely necessary in a country like India. The company traditionally begins with a small innovative idea and then implements it on a pilot basis before successfully scaling it up.

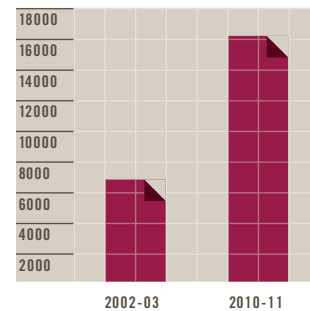
BILT has undertaken several such initiatives. The more successful ones include pulpwood plantation with the marginal farmers, poultry farming with the landless and scaling up of an SHG movement to a credit cooperative.

Impact Indicators

Some of the trends available on income levels, education and health have shown a dramatic improvement over the last decade.

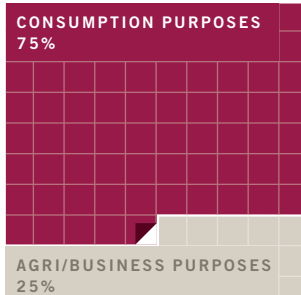
LIVELIHOOD INDICATORS

CHANGE IN INCOME LEVELS (INR PER ANNUM)

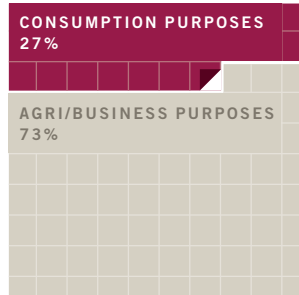


CHANGE IN UTILIZATION OF LOANS FROM CONSUMPTION TO PRODUCTIVE PURPOSES

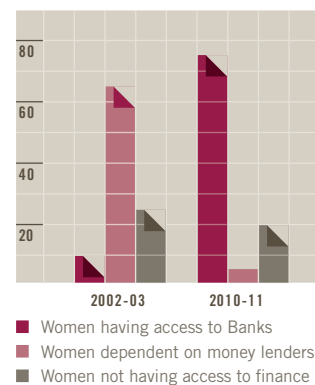
LOAN UTILISATION PATTERN IN YEAR 2002-03



LOAN UTILISATION PATTERN IN YEAR 2010-11



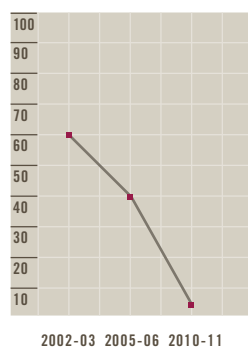
WOMEN'S ACCESS TO FINANCE (%)



EDUCATION INITIATIVES

The visible impact has been in terms of reduction in the dropout rate – from 60 % earlier (2002-03) to almost nil currently (2010-11).

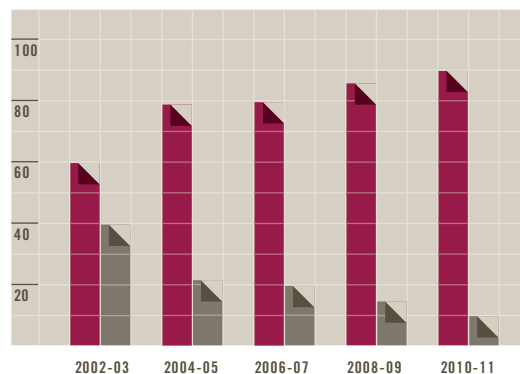
CHANGE IN SCHOOL DROP OUT RATE (%)



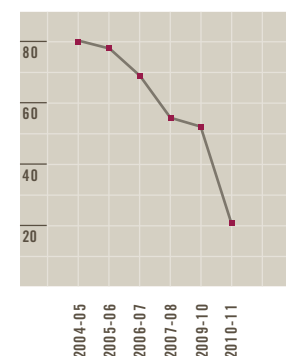
HEALTH

Our community health programmes enable community health volunteers to reach all expectant and lactating mothers. These volunteers ensure timely intervention during pregnancy, resulting in increased institutional deliveries and reduced infant mortality rate.

INSTITUTIONAL DELIVERIES vs HOME BIRTHS (%)



INFANT MORTALITY RATE (PER 1000 LIVE BIRTHS)



Indicators 2010-11

COMMUNITY MOBILISATION FOR SOCIAL EMPOWERMENT

Type of Groups	Unit	During 2010-11 (1st July 2010 – 30th June 2011)	Cumulative (As on 30 June 2011)
SHGs formed	Number	102	724
Youth Groups formed	Number	24	110
Farmers' Groups formed	Number	67	353
Community Based Organisations (VDCs & VECs formed)	Number	22	70

COMMUNITY MOBILISATION FOR ECONOMIC EMPOWERMENT

Type of Groups	Unit	During 2010-11 (1st July 2010 – 30th June 2011)	Cumulative (As on 30 June 2011)
SHGs linked to banks	Number	118	622
Voluntary savings mobilised by SHGs & co-operatives	Rs. in lakhs	164.54	204.78
Loans leveraged from banks	Rs. in lakhs	141.40	761.13
Grants received from government	Rs. in lakhs	4.11	39.42
Internal loans rotated by SHGs & Co-operatives	Rs. in lakhs	104.43	564.82

COMMUNITY-BASED EDUCATION FOR EMPOWERMENT

Type of Groups	Unit	During 2010-11 (1st July 2010 – 30th June 2011)	Cumulative (As on 30 June 2011)
Non-formal community education centres set up	Number	341	1733
Number of children covered through education initiatives	Number	13813	147180
Community libraries started	Number	159	815
Children mainstreamed into formal schools	Number	1450	19057
Mobile Computer Literacy Programme	Number	34	44
Students covered through mobile computer van	Number	3100	16811

COMMUNITY HEALTH

Type of Groups	Unit	During 2010-11 (1st July 2010 – 30th June 2011)	Cumulative (As on 30 June 2011)
Children provided immunization support and basic healthcare	Number	3686	39204
Pregnant and lactating mothers provided with healthcare	Number	5191	17754
Minor ailment treatment given by CHWs	Number	2343	20647
Referral cases for treatment in government hospitals	Number	422	2332

ENTREPRENEURSHIP DEVELOPMENT FOR EMPOWERMENT

Type of Groups	Unit	During 2010-11 (1st July 2010 – 30th June 2011)	Cumulative (As on 30 June 2011)
Entrepreneurs	Number	162	875
Youth covered through vocational training programme	Number	132	1597

PULPWOOD PLANTATION WITH MARGINAL & SMALL FARMERS

Type of Groups	Unit	During 2010-11 (1st July 2010 – 30th June 2011)	Cumulative (As on 30 June 2011)
Plantation on degraded land with marginal & small farmers	Acres	518	2590
Farmers engaged in pulpwood plantation	Number	307	1506
Quantity of pulpwood supplied by the marginal & small farmers from 2006 plantation	Metric tonnes	602.56	602.56
Farmers who have supplied pulpwood to the mill	Number	16	16

HIV/AIDS PREVENTION PROGRAMME

Type of Groups	Unit	During 2010-11 (1st July 2010-30th June 2011)	Cumulative (As on 30 June 2011)
Patients enrolled for ART	Number	587	1812
Referral cases for treatment in government hospitals	Number	422	2332



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 on 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 are ISO 9001:2008 certified and remain committed to adopting best-in-class corporate governance practices and internal controls. In 2010-2011, 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 2011, the Company had a nine member Board of Directors. The Chairman, Mr. Gautam Thapar is a non Executive and Promoter Director. The Company has two Executive Directors - Mr. R. R. Vederah (Managing Director) and Mr. B. Hariharan (Group Director-Finance). The six Non Executive, Independent Directors are Mr. Sanjay Labroo, Mr. R. K. Ahojja, Mr. A. S. Dulat, Dr. Pramath Raj Sinha, Mr. Ashish Guha and Mr. A.P. Singh (Nominee Director of the Life Insurance Corporation of India (LIC)). With effect from 1 July 2011, Mr. R.R Vederah has been re-designated as Managing Director & Executive Vice Chairman of the Company.

The Directors are eminent personalities and experienced professionals in business, law, finance and corporate management.

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

BOARD MEETINGS

There were five Board Meetings held in the financial year 2010-11: 19 August 2010, 29 October 2010, 31 January 2011,

25 April 2011 and 7 June 2011. 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 & its Committees and commission. In addition, the Chairmen of Audit Committee and Investors'/Shareholders' Grievance

TABLE 1 DETAILS OF THE BOARD

name of the directors	designation	category	attendance particulars			no. of directorships and committee memberships/ chairmanships in other public limited companies*		
			number of board meetings under tenure			directorships		committee
			held	attended	last AGM#	memberships	chairmanships	
Mr. Gautam Thapar	Chairman	Non Executive, Promoter	5	5	No	9	4	1
Mr. R. R. Vederah	Managing Director	Executive	5	5	No	6	3	-
Mr. B. Hariharan	Group Director (Finance)	Executive	5	5	Yes	12	6	3
Mr. Sanjay Labroo	Director	Independent	5	4	No	10	3	-
Mr. R.K. Ahojja	Director	Independent	5	5	Yes	1	-	-
Mr. A. S. Dulat	Director	Independent	5	5	Yes	1	-	-
Mr. A. P. Singh	Director (LIC nominee)	Independent	5	5	No	-	-	-
Mr. Ashish Guha	Director	Independent	5	5	No	3	3	-
Dr. Pramath Raj Sinha	Director	Independent	5	2	No	1	-	-

* Committees included are Audit and Investors'/ Shareholders' Grievance Committee
65th Annual General Meeting held on 1 December 2010.

Committee are paid a variable component, over and above the aforesaid normal commission, for their guidance, expertise and valuable contribution.

The Shareholders, at the 65th Annual General Meeting held on 1 December 2010, approved payment of remuneration by way of sitting fee, commission or otherwise to Company's Non-Executive Directors (including Independent Directors), collectively, not exceeding 1 per cent of the net profits of the Company.

The remuneration of the Directors for the financial year 2010-2011 is given in Table 2.

NON-EXECUTIVE DIRECTORS' SHAREHOLDING

As on 30 June 2011, 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 2010-2011. 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 2011 are given in Table 3. Apart from the above, BILT also has other Board level committees to manage the day to day decisions pertaining to operations / business of the Company.

Further, the Company had constituted a Committee of Directors comprising all independent directors to examine ways and means of enhancing the growth prospects of the Company considering various aspects of strengths in business, synergies, economies of scale and market penetration of the business. The Committee comprised Messrs R K Ahooja, A S Dulat, Ashish Guha, Dr Pramath Raj Sinha, A P Singh and Sanjay Labroo. During the year, the Committee met two times: 16 September 2010 and 4 October 2010.

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 four Independent Directors and one Executive Director. The Chairman of the Audit Committee is an Independent Director. During the year, the Committee met seven times: 19 August 2010, 29 October 2010, 23 November 2010, 20 December 2010, 31 January 2011, 25 April 2011, and 27 May 2011, which were attended by all

the members except Dr. Sinha who attended four meetings.

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, 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, 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

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	-	-	1342000	120000	1462000
Mr. R.R. Vederah	23428525	1125000	-	-	24553525
Mr. B. Hariharan	25141285	2531256	-	-	27672541
Mr. Sanjay Labroo	-	-	400000	100000	500000
Mr. R.K. Ahooja	-	-	600000	280000	880000
Mr. A.S. Dulat	-	-	600000	280000	880000
Dr. Pramath Raj Sinha	-	-	400000	140000	540000
Mr. Ashish Guha	-	-	400000	140000	540000
Mr. A.P. Singh*	-	-	400000	260000	660000
Total	48569810	3656256	4142000	1320000	57688066

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

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	—

ways and means for eliminating/minimising risks to the business of the Company and periodic review of the management control procedures/ tools used to mitigate such risks.

INVESTORS' / SHAREHOLDERS' GRIEVANCE COMMITTEE

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

Management

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DISCLOSURE 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 on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

Shareholders

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

Mr. R. K. Ahooja and Dr. Pramath Raj Sinha retire at the forthcoming Annual General Meeting and being eligible, seek re-election. Their brief profiles are as under:

Mr. R. K. Ahooja

Mr. Ahooja, aged 73 years, a retired Indian Administrative Service Officer, represented Unit Trust of India (UTI) on the Board of Directors of the Company from December 2001 till October 2005. Consequent to the withdrawal of his nomination by UTI in October 2005, Mr. Ahooja was inducted as an independent director w.e.f. 28 October 2005. In addition, Mr. Ahooja is also the Chairman of the Audit Committee of the Company and Director on the Board of the Company's subsidiaries, Bilt Graphic Paper Products Limited and Ballarpur International Graphic Paper Holdings B.V. Mr. Ahooja is not a member on Audit Committee and Investors'/Shareholders' Grievance Committee of any other Public Limited Company.

Mr. Ahooja obtained his B.A.(Hons.) in Economics from DAV College, Jalandhar and his Masters from Delhi School of

Economics. Later, he underwent a course in post graduate studies at Victoria University of Manchester, United Kingdom.

Mr. Ahooja voluntarily retired from the Indian Administrative Service after serving several State Governments and Government of India for over 30 years in various important assignments viz. Director of Industries Himachal Pradesh (HP), Development Commissioner Delhi, Chief Secretary Arunachal Pradesh, Joint Secretary Ministry of Health, Secretary Union Public Service Commission, Special Secretary Home Ministry, Secretary Cabinet Secretariat and Member, National Security Advisory Board (post retirement). He has also been Member of the Central Administrative Tribunal Principal Bench from 1995 to 2000.

Mr. Ahooja has served as Director on the Boards of HP Finance Corporation; HP Small Industries Corp; Hospital Services Consultancy Corp; Rockwool Limited, Hyderabad; Webfil Limited, Kolkata; Zenith Alloys and Steel Limited, Kolkata; Nirlon Limited, Mumbai; Siel Ltd and LIC Housing Finance Limited, Mumbai.

Mr. Ahooja is presently a member of the Governing Council of Indraprastha Cancer Society and Rajiv Gandhi Cancer Hospital & Research Institute. He is a member of the Regional Investor Grievance & Dispute Resolution Committee of National Stock Exchange and Arbitrators Panel of the Multi Commodity Exchange and works as a Senior Advisor with the Waterfalls Institute of Technology Transfer, New Delhi.

Dr. Pramath Raj Sinha

Dr. Sinha, aged 47 years, is a Bachelor of Technology in Metallurgical Engineering from Indian Institute of Technology, Kanpur and has also received M.S.E. and Ph.D.

Degrees in Mechanical Engineering and Applied Mechanics from the University of Pennsylvania. Dr. Sinha is not a member on Audit Committee and Investors'/ Shareholders' Grievance Committee of any other Public Limited Company.

Dr. Sinha is currently Managing Director of 9.9 Mediaworx Pvt. Ltd. (9.9 Media), a company he founded in 2007. 9.9 Media has a diverse set of traditional and new media businesses spanning print, online, research, conferences and events. It focuses on niche and special-interest media with about a dozen prominent brands such as Digit, The CTO Forum, CFO India, Inc. India, IT Next and EDU.

Dr. Sinha spent 13 years with McKinsey & Company (McKinsey), the international management consulting firm, where he was a Partner. During his tenure with McKinsey, he assisted both public and private sector clients in a diverse set of industries on issues relating to business strategy and performance improvement in North America and Asia. After starting his career in the North American Practice, he moved to India in 1997 and helped build and grow the Indian Practice. He led McKinsey India's Telecom, Information Technology and Media practices as well as its Organisation Practice, where he focused on issues of transformation and leadership. He is currently a Senior Advisor to McKinsey and on the Board of the McKinsey Knowledge Centre.

Before founding 9.9 Media, he was the Managing Director & Chief Executive Officer of the ABP Group, one of India's leading and most diversified media conglomerates with leading properties in the newspaper, magazine and TV genres. It has properties such as Ananda Bazar Patrika, the No.1 Bengali daily, The Telegraph, Eastern India's No.1 English daily, Businessworld, the No.1 national business weekly magazine, STAR News (in partnership with STAR TV), the popular Hindi news channel and India's top book publisher, Penguin Books India (in partnership with Pearson International).

Dr. Sinha took a year off from McKinsey to be the Founding Dean of the Indian School of Business (ISB), an initiative led by McKinsey and a group of leading Indian business leaders, in partnership with Kellogg, Wharton and London Business School to establish a world-class business school in India. The ISB is today regarded as one of India's leading B-schools and was ranked 13th in the latest Financial Times ranking of global business schools.

He has been associated with the project right from its inception and continues to be actively involved in the School as a member of its Board of Governors. Additionally, he is leading a group of philanthropists to create a world-class university in India which has just launched the Young India Fellowship, along the lines of the Rhodes Scholarship. Dr. Sinha is the Chairman of Elephant Capital LLC, DLF-Pramerica, an insurance JV between India's leading real estate Company and Prudential of USA; and Kaleidoscope Entertainment Pvt. Ltd., a prominent film and TV production business.

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.

Your Company welcomes the "Green Initiative" being promoted by the Ministry of Corporate Affairs (MCA), to encourage e-enabled regulatory compliances. In furtherance of this important initiative, MCA has permitted Companies to provide to its shareholders documents by electronic mode. In support of MCA's endeavours in this direction, commencing this year, and in future, 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 the shareholders desire to receive a physical copy of the Annual Report, the Company will be happy to provide the same on 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 editions), 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 for the benefit of the GDS holders.

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 results 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 disclosure to its shareholders.

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

GENERAL BODY MEETINGS

Table 4 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:

2008 (AGM)

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

2009 (AGM)

Payment of remuneration to Non-Executive Directors by way of 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).

2010 (AGM)

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

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 in the last three years.

TABLE 4 DETAILS OF GENERAL MEETINGS HELD DURING LAST THREE YEARS

year	category*	location of the meeting	date
2008	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	2 December 2008
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

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

INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

During the year, a meeting was held on 7 June 2011 and was attended by all the members.

During the financial year ended 30 June 2011, 13 complaints were received from the Investors/ Shareholders and all of them were redressed.

UNCLAIMED SHARES

Pursuant to an amendment to the Listing Agreement with Stock Exchanges, a listed Company is required to transfer shares, which have remained unclaimed pursuant to a public issue or any other issue, to a demat suspense account with a Depository Participant. The Company is in the process of sending intimation to the shareholders whose shares are still unclaimed, pursuant to its earlier public issues, amalgamations, rights issue and sub-division of shares and will send reminders to all such shareholders, to the addresses available in its database. The Company will commence disclosing the details of the shares transferred to the demat suspense account in its future Annual Reports.

GOVERNANCE OF SUBSIDIARIES

The subsidiaries of the Company are managed by an experienced Board of Directors. The minutes of all 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. R. K. Ahooja, Independent Director is representative of the Company on the Board of Directors of material non-listed Indian subsidiary, BILT Graphic Paper Products Limited.

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 2010-11.

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 16 December 2011
Time 12:00 noon
Venue P.O. Ballarpur Paper Mills 442 901, Distt. Chandrapur, Maharashtra

Financial Calendar 2011-12

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 3 December 2011 to 16 December 2011, both days inclusive.

Dividend Payment

A final dividend of Re. 0.60 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 IEPF, the tentative schedule for transfer is given in Table 5.

TABLE 5 UNCLAIMED DIVIDENDS

date of declaration of dividend	dividend for the financial year	tentative schedule for transfer to the investor education and protection fund
15 December 2004	2003-04	January 2012
25 January 2005	2004-05 (interim)	February 2012
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

TABLE 6 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

respect to the BSE SENSEX and the NSE NIFTY.

During the year, the Company has raised Rs. 250 crore by way of private placement of 2,500 unsecured redeemable non-convertible debentures (NCDs) of face value of Rs. 10 lac each. These NCDs are unsecured & rated as AA-(ind) with stable outlook by FITCH, which are in dematerialised form and listed on BSE.

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 The National

Stock Exchange of India Limited (NSE) in India. The annual listing fee for the financial year 2011-12 has been paid to both the Stock Exchanges. The Company's stock codes at various exchanges are given in Table 6.

Table 7 gives the details of monthly price and volumes traded of BILT's shares at BSE and NSE, while charts A and B compare the price movements of BILT's share with

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.)

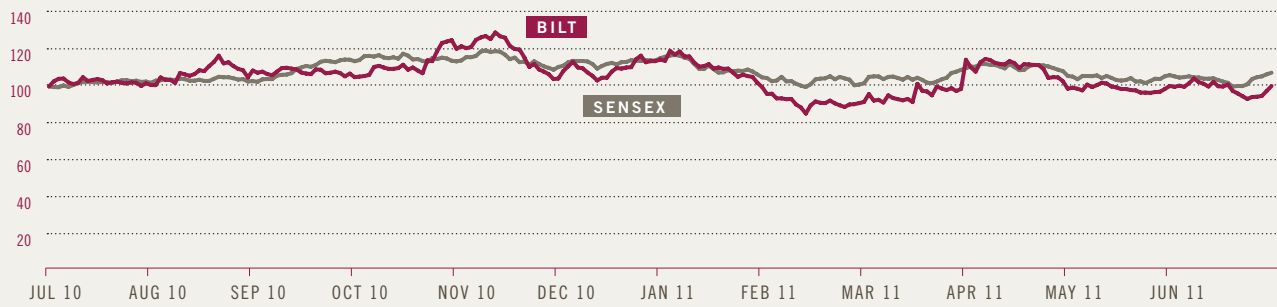
Tel +91-120-4015880

Fax +91-120-2444346

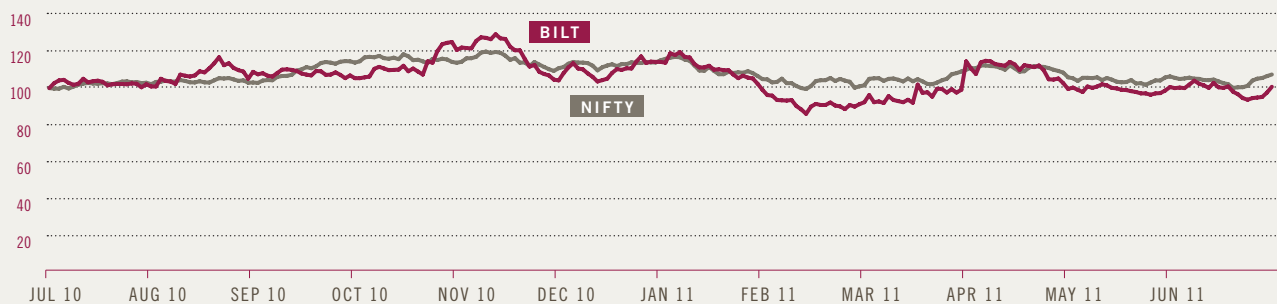
For Fixed Deposits, the investors may contact at:

TABLE 7 MONTHLY PRICE (HIGHS & LOWS) AND VOLUMES OF BILT'S SHARES FOR 2010-11 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)
July 2010	35.00	31.00	296.13	17868.29	41.00	30.60	528.67	5367.60
August 2010	39.70	32.95	443.20	17971.12	39.75	32.85	671.39	5402.40
September 2010	37.45	34.40	166.64	20069.12	37.35	34.00	305.99	6029.95
October 2010	41.70	34.60	355.89	20032.34	41.60	34.60	534.23	6017.70
November 2010	43.55	33.40	130.36	19521.25	43.80	33.50	278.40	5862.70
December 2010	39.90	32.75	46.24	20509.09	39.85	32.50	126.64	6134.50
January 2011	40.30	31.10	46.53	18327.76	40.30	31.05	123.02	5505.90
February 2011	32.45	27.15	55.96	17823.40	32.50	27.05	79.40	5333.25
March 2011	38.80	29.50	153.00	19445.22	38.95	29.40	284.92	5833.75
April 2011	39.70	33.00	100.93	19135.96	39.75	33.30	172.43	5749.50
May 2011	34.75	31.50	34.08	18503.28	34.75	31.00	65.98	5560.15
June 2011	34.80	30.40	28.00	18845.87	34.75	30.15	53.91	5647.40

CHART A BILT'S SHARE PERFORMANCE VERSUS BSE SENSEX

Note: Both BILT's share price at the BSE and the SENSEX have been indexed to 100 as of 1 July 2010

CHART B BILT'S SHARE PERFORMANCE VERSUS NSE NIFTY

Note: Both BILT's share price at the NSE and the NIFTY have been indexed to 100 as of 1 July 2010

TABLE 8 SHAREHOLDING PATTERN BY SIZE AS ON 30 JUNE 2011

number of equity shares held	number of shareholders#	per cent of shareholders	number of shares #	per cent of shareholding
1-1000	70167	89.77	16258013	2.48
1001-5000	6377	8.16	14111886	2.15
5001-10000	795	1.02	5724222	0.88
10001 and above	820	1.05	619429718	94.49
Total	78159	100.00	655523839	100.00

56813 shareholders hold 644793534 equity shares in demat form.

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 turnaround time for the share transfer process is generally 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 2011, 98.36 per cent of the total Equity Shares of the Company were held in dematerialised form, as compared to 98.33 per cent last year.

Outstanding Global Depository Shares (GDSs)

As on 30 June 2011, there were no outstanding GDSs.

Distribution of Shareholding

Tables 8 and 9 give the distribution of equity shareholding of the Company by size and ownership class as on 30 June 2011.

Registered Office

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

TABLE 9 SHAREHOLDING PATTERN BY OWNERSHIP AS ON 30 JUNE 2011

category	no. of shareholders	per cent of shareholders	no. of shares held	per cent of shareholding
Directors, promoters and family members	9	0.01	324371147	49.48
FII's and FFI's	81	0.10	104046897	15.87
Mutual Funds	40	0.05	73620098	11.23
Financial Institutions/Banks	41	0.05	156914	0.02
Insurance Companies	10	0.01	66106576	10.09
NRIs	1404	1.80	1707462	0.26
Corporates	1402	1.80	31726346	4.84
Individuals and Others	75172	96.18	53788399	8.21
Total	78159	100.00	655523839	100.00

Plant Locations**Unit Sewa**

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

Unit Shree Gopal

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

Unit Ashti

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

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 18 August 2011
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
DIN No. 00012252

Date 18 August 2011
Place New Delhi

Certificate**TO THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED**

We have reviewed the compliance of conditions of Corporate Governance by Ballarpur Industries Ltd. (the Company), for the year ended 30 June 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 knowledge and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

DINESH KUMAR BACHCHAS

Partner
Membership No. 97820

For and on behalf of
K. K. MANKESHWAR & CO.,
Chartered Accountants

Date 18 August 2011
Place New Delhi



directors' report

Your Directors have pleasure in presenting the Sixty Sixth Annual Report together with the Audited Statement of Accounts for the financial year ended 30 June 2011.

particulars	consolidated		standalone	
	2010-11	2009-10	2010-11	2009-10
Net Sales	4498.05	3794.59	1059.12	1020.58
Profit before Interest and Depreciation	875.02	818.36	171.95	193.10
Less: Interest and Finance Charges (Net)	270.45	237.12	37.47	22.32
Profit before Depreciation	604.57	581.24	134.48	170.78
Less: Depreciation	335.13	301.89	84.04	83.37
Net Profit for the year before Tax	269.44	279.35	50.44	87.41
Less: Provision for Taxation	3.38	38.94	20.29	29.13
Net Profit after Tax	266.06	240.41	30.15	58.28
Less: Excess Provision for Taxation relating to earlier Years	0.46	—	—	—
Less: Minority Interest	52.90	43.41	—	—
Add: Balance brought forward from the previous year	647.80	496.52	315.09	302.53
Add: Debenture Redemption Reserve no longer required	7.50	7.50	7.50	7.50
Less: Adjustment for change in holding of subsidiary/ associate company	—	—	—	—
Leaving a surplus of	868.00	701.02	352.74	368.31
Which your directors recommend, be appropriated as follows:				
Transfer to General Reserve	5.00	15.00	5.00	15.00
Transfer to Debenture Redemption Reserve	198.75	—	11.25	—
Payment of Dividend:				
Proposed Dividend on 65,55,23,839 Equity Shares of Rs. 2/- each @ 30 per cent	39.33	32.78	39.33	32.78
Add: Dividend Tax	6.38	5.44	6.38	5.44
Balance carried forward to next year's Account	618.54	647.80	290.78	315.09

Operations

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

OVERSEAS LISTING OF SECURITIES

During the year, BILT Paper Plc (BPP) was incorporated in the United Kingdom as a wholly owned step down subsidiary of the Company. On 22 March 2011, BPP announced its intention to apply (ITF) for admission to the premium listing segment of the official list of the UK Listing Authority ("UKLA"), to trade on the main market of the London Stock Exchange and to undertake an offering of ordinary shares (IPO) of approximately US\$330 million for capital expenditure and debt reduction.

In recognition of quality of its business and general interest in the Indian paper industry, your Company witnessed considerable interest and engagement from institutional investors in the United

Kingdom, Europe and the United States of America (USA). The acquisition announcement in the last week of March 2011 by International Paper Company, USA in the Indian market has set a new benchmark for the valuation of paper companies in India and will in all probability lead to a re-rating of the Indian paper industry. Given the interests of existing shareholders in the Company and the objective of maximizing value for them, the Company believes it is important to study the impact of the acquisition valuation and the potential re-rating possibilities, as against the IPO valuation. Accordingly, it has put on hold the IPO process.

Ballarpur International Graphic Paper Holdings B.V. (BIGPH), a stepdown subsidiary of your Company was rated BB- / BB- by Standard & Poor's International (S&P) and FITCH, respectively. On 5 August 2011, your Company successfully completed its debut transaction in the international bond markets by raising US\$ 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. The bonds are listed on the Singapore Stock Exchange. The proceeds from the issue of Bonds shall be 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 a perpetual capital security, Asia's first non-listed hybrid issuer and Asia's first non-investment grade US dollar new issue since May 2011. S&P and FITCH 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.

ACQUISITION OF PREMIER TISSUES (INDIA) LIMITED

During the year under review, your Company has acquired 100 per cent equity in Bangalore based Premier Tissues (India) Limited (PTIL) for an enterprise value of

Rs. 66.67 Crore. PTIL is one of the leading manufacturers and exporter of tissue products in India. Over the years, it has built two strong brands, in a highly unorganised market – “Premier” and “Royal”. PTIL has a strong presence in South and West Indian markets and also exports its products to Europe. The integration of PTIL’s operations with the BILT’s own brand “Etiquette” will assist in capturing a significant share of the Indian tissue and hygiene product market for your Company.

Dividend

After analysing the profitability of the Company, the Directors have recommended payment of dividend of Re. 0.60 per equity share of Rs.2/- each (previous year Re. 0.50 per equity share of Rs. 2.00 each on 65,55,23,839 equity shares) on the equity share capital of your Company for the financial year ended 30 June 2011.

Directorate

Mr. R. R. Vederah, Managing Director has been re-designated as Managing Director & Executive Vice Chairman of the Company w.e.f. 1 July 2011.

Mr. R. K. Ahooja and Dr. Pramath Raj Sinha, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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

Promoter Group

The Avantha Group includes some companies of the BM Thapar Group, since vested with Mr. Gautam Thapar and the erstwhile LM Thapar Group companies bequeathed to Mr. Gautam Thapar. The BM Thapar Group and LM Thapar Group were recognised by the Securities and Exchange Board of India by its Order dated 8 October 2001 (as modified from time to time). Therefore, your Company and Mr. Gautam Thapar, along with the following entities as on 30 June 2011, constitutes a Group, as defined under the Monopolies and Restrictive Trade Practices Act, 1969:

APR Sacks Limited, Arizona Printers And Packers Private Limited, ASA Agencies Private Limited, Asia Aviation Limited, Avantha Business Solutions Inc., Avantha Foundation, Avantha Holdings Limited, Avantha International Asset B.V., Avantha International Holdings B.V., Avantha Power & Infrastructure Limited, Avantha Realty Limited, Avantha Technologies Limited, Ballarpur International Graphic Paper Holdings B.V., Ballarpur International Holdings B.V., Ballarpur International Packaging Holdings B.V., Ballarpur Packaging Holdings B.V., Ballarpur Paper Holdings B.V., Ballarpur Speciality Paper Holdings B.V., BILT Graphic Paper Products Limited, BILT Industrial Packaging Company Limited, Bilt Paper Limited, BILT Tree Tech Limited, Biltech Building Elements Limited, Blue Horizon Investments Limited, CG-ZIV Power Automation Solutions Limited, CEnergy-Glenmore Windfarm 1 LLC, CG Automation Systems UK Ltd., CG Automation Systems USA Inc, CG Capital & Investments Ltd., CG Electric Systems Hungary Zrt, CG Energy Management Ltd., CG Glenmore LLC, CG Holdings Belgium N.V., CG Holdings Brazil Ltda., CG Holdings Germany GmbH, CG Holdings Hungary Kft, CG Holdings USA Inc, CG International B.V., CG International Holdings Singapore PTE Ltd., CG Lucy Switchgear Ltd., CG Power County LLC, CG Power Holdings Ireland Limited, CG Power Solutions UK Ltd., CG Power Solutions USA Inc., CG Power Systems Belgium N.V., CG Power Systems Canada Inc., CG Power Systems Ireland Limited, CG Power Systems Saudi Arabia Ltd., CG Power Systems USA Inc, CG Sales Networks Americas Inc, CG Sales Networks France SA, CG Sales Networks Singapore PTE. Ltd., CG Service Systems Curacao NV, CG Service Systems France SAS, CG-PPI Adhesive Products Ltd., Corella Investments Limited, Crompton Greaves International Holdings Mauritius Limited, Crompton Greaves Limited, Dunakiliti Konzervuzem Kft, Emotron EL-Fi AB, Emotron EL-Fi Limited, UK, Emotron Latin America, Emotron Lift Center GmbH, Emotron AB, Emotron AS GmbH, Emotron BV, Emotron Drives AB, Emotron Drives UK, Emotron Holding AB, Emotron Invest AB, Floragarden Tarim ve Gida Urunleri Sanayi ve Ticaret A.S, GG International N.V., Global Green Company Limited, Global Green USA Limited, Greenhouse Agrar Termelo Kereskedelmies Szolgaltato KFT, Gyanodaya Prakashan (P) Limited,

Imerys NewQuest (India) Private Limited, Intergarden (India) Private Limited, Intergarden N.V., JG Containers (Malaysia) Sdn. Bhd., Jhabua Power Investments Limited, Jhabua Power Limited, Karam Chand Thapar and Bros. Limited, KCT Chemicals and Electricals Limited, Korba West Power Company Limited, Krebs & Cie (India) Limited, Leading Line Merchant Traders Private Limited, Lustre International Limited, Malanpur Captive Power Limited, Microsol Ltd., Mirabelle Trading Pte. Limited, MTP NEW Ocean (Mauritius) Limited, NewQuest Insurance Broking Services Limited, NewQuest Services Private Limited, NQC Global (Mauritius) Limited, NQC International (Mauritius) Limited, Orient Engineering & Commercial Company Limited, Oyster Buildwell (P) Limited, Pauwels Middle East Trading and Contracting Limited., Pauwels Trafo Gent N.V., P-EM 2007 AS, Power County Wind Parks LLC, Power County Wind Parks North LLC, Power County Wind Parks South LLC, Power Equipment Limited, Dubai, Premier Tissues (India) Limited, Prestige Wines & Spirits Private Limited, PT. CG Power Systems Indonesia, Pusztta Konzervuzem Kft Hungary, Pyramid Healthcare Solutions Inc., QEI Inc., Sabah Forest Industries Sdn. Bhd., Sairam Infra Projects Private Limited, Salient Business Solutions Limited, Salient Business Solutions USA, Inc., Salient Financial Solutions Limited, Salient Knowledge Solutions Limited, Saraswati Travels (P) Limited, Saudi Power Transformers Company Limited, Scandialogic, Seer Buildwell (P) Limited, SMI Newquest India Private Limited, Sohna Realty Private Limited, Sohna Real Estate Private Limited, Sohna Stud Farm Private Limited, Solaris Chemtech Industries Limited, Solaris Industrial Chemicals Limited, Thapar International Limited, T H E Paperbase Company Limited, TAF Asset 2 B.V., The Pioneer Limited, TKS Developers Limited, Topscore Tradevariety Private Limited, Toscana Footwear Components Limited, Toscana Lasts Limited, UHL Power Company Limited, Ultima Hygiene Products (P) Limited, Vani Agencies Private Limited, Vanity Propbuild (P) Limited, Varun Prakashan (P) Limited, Venus Financial Services Limited, Viserge Ltd.

Subsidiary Companies

Your Company has three Indian subsidiaries viz. BILT Tree Tech Limited (BTTL), BILT Graphic Paper Products Limited (BGPPL) and Premier Tissues (India) Limited (PTIL) and eight foreign subsidiaries i.e. six 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), Ballarpur Packaging Holdings B.V. (BPGH) and Ballarpur International Packaging Holdings B.V. (BIPGH); Sabah Forest Industries Sdn. Bhd. (SFI) based in Malaysia and Bilt Paper Limited (BPL) based in the United Kingdom.

During the year, BPL was incorporated on 12 November 2010 as Bilt Paper Plc, a public limited company under the Companies Act, 2006, England and Wales and was subsequently converted into a private limited company under the name Bilt Paper Limited on 14 March 2011.

Ballarpur Packaging Holdings Private Limited (Labuan, Malaysia), a wholly owned subsidiary of BIPGH was voluntarily wound up on 22 June 2011 and Ballarpur International Paper Holdings B.V., was merged into its holding company, BPH in The Netherlands with effect from 30 June 2011.

BTTL and PTIL are direct subsidiaries and BGPPL is a step down subsidiary of your Company.

As on date, BIH is a wholly owned subsidiary of your Company and holding Company of BIGPH with an equity stake of 72.30 per cent and the balance 27.70 per cent is held by Avantha International Asset B.V. (9.09 per cent) and two Private Equity Investors viz. JPMorgan Mauritius Holdings VII Limited (6.91 per cent) and Lathe Investments Pte. Limited, a wholly owned subsidiary of Government of Singapore Investment Corporation (11.70 per cent). BPL is a wholly owned subsidiary of BIH. BPH is a wholly owned subsidiary of BIGPH. BPH owns 97.80 per cent of the paid up capital in SFI and holds approx. 100 per cent of paid up equity share capital in BGPPL. BSPH and BPGH are wholly owned subsidiaries of your Company. BIPGH is a wholly owned subsidiary of BPGH.

Pursuant to a general exemption recently granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, the Company is not required to

annex to this Report, the Annual Reports of the abovementioned subsidiaries, for the year ended 30 June 2011. However, if any Member of the Company or its subsidiaries so desires, the Company will make available the Annual Accounts of the subsidiaries to them, on request. The same 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.

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 11 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 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 2010. The due date for filing these Cost Audit Reports was 27 December 2010

which were filed on 22 December 2010 (Units Sewa and Ashti) and 23 December 2010 (Unit Shree Gopal).

The Company has re-appointed Messrs S. Gupta & Co., Bahadur Murao & Co. and Ramanath Iyer & Co., Cost Accountants, for the aforesaid three Units i.e. Sewa, Shree Gopal and Ashti respectively, for auditing the Cost Accounts related to paper manufactured by your Company for the financial year ended 30 June 2011. The due date for filing the Cost Audit Reports for the said financial year is 27 December, 2011.

Corporate Governance

The Auditors, M/s. K. K. Mankeshwar & Co., have certified your Company's compliance with 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. 50.91 lac due for repayment as of 30 June 2011 were unclaimed by 228 depositors. As on the date of this Report, Rs. 2.43 lac has been claimed and repaid from this total unclaimed amount.

Acknowledgement

Your Directors place on record their sincere appreciation of the contributions made by the employees through their dedication, hard work and commitment in achieving your Company's performance. In an increasingly competitive environment, the collective dedication of employees is delivering superior and sustainable shareholder value.

Your Directors also acknowledge and are grateful for the valuable support and co-operation extended by the Financial Institutions, Analysts, Banks, Government Authorities, Customers, Vendors, Shareholders and Investors at large during the year under review and look forward to their continued support.

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 18 August 2011
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	previous year
		2010-2011	2009-2010
		paper	paper
1. ELECTRICITY			
(A) Purchased			
UNITS	000 KWH	223,973	216,806
TOTAL AMOUNT	Rs.Lacs	9,922	8,148
RATE / UNIT	Rs.	4.43	3.76
(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.	37,608	40,359
TOTAL COST	Rs.Lacs	1,080	931
Average rate	Rs/M.T	2,872	2,308
3 FURNACE OIL/LSHS/LDO/RFO			
QUANTITY	K.L.	6,417	6,667
TOTAL COST	Rs.Lacs	1,891	1,667
Average Rate	Rs/K.L	29,468	24,998
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 year	previous year	current year	previous year	current year	previous year	current year	previous year
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Paper	1,118	1,051	0.188	0.196	0.032	0.032	0.000	0.000

ENERGY CONSERVATION MEASURES TAKEN, RESULTS ACHIEVED & PLANS FOR THE FUTURE, SPECIFIC MEASURES TAKEN DURING THE YEAR 2010-2011:

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 installing VFDs at :
 - a. Hydra treated pump Speciality Paper Machines.
 - b. Water supply pump to Speciality Paper Machines.

- c. Back water tank pump supplying water to pulp mill.
 - d. Vat Dilution Pump of BSW-1 in Pulp Mills.
 - e. 7 VFD's of pulp mill in DCS close loop.
 - f. Black Liquor supply pump to recovery plant and 45KW couch Pit Pump for PM-4.
 - g. Broke Refiner at PM-4.
 - h. FRP tank back water pump motor in pulp mill.
2. Replaced old energy inefficient motors, pumps and light fittings with energy efficient sets.
 3. Reduction in power consumption in Compressed Air system by optimizing air pressure at various locations and improving compressor maintenance system.
 4. Replacement of old inefficient chiller with energy efficient chilling unit at Paper Machine (PM)-7.
 5. Replaced dyno drive motors of Maloney filter at PM-4 & PM-5 and screw extractor trolley drive at silo in chipper house with induction motor.
 6. Reduced power consumption by optimizing tube well running hours.
 7. Reduced voltage from 10.9 to 10.8KV & 6.5 to 6.4 KV and frequency from 49.7 to 49.2 HZ of both turbines.
 8. Reduced power consumption by optimizing pulp stock refining on:
 - a. PM-1&2 and stopping one DDR-2 refiner.
 - b. PM-7 and stopping one refiner.

B) Unit Sewa:

1. Reduced power consumption by installing VFDs for Table feeder in lime kiln plant and jogger for synchro sheeter.
2. Photo sensors installed for auto switching of lights in chipper and pulp mill.
3. Energy efficient lights in offices & streets.
4. Enhanced natural sun light in finishing house area by providing acrylic transparent roof sheets.
5. Minimized idle running of agitators in pulpers through automation.
6. Improved condensate recovery system and recycling to DM storage tank.
7. Heat recovery system from blow down water from boilers.
8. Provided glass wool insulation in place of cement type insulation on digesters to reduce losses.

9. Utilizing treated effluent water in gardening and other plantations in the Unit. Reduction in power consumption as well as fresh water consumption achieved.
10. Reduced fresh water consumption in pulp mill by machine back water in bleach plant.
11. Close monitoring and checking of steam traps and replacement of defective ones.

C) Unit Ashti:

1. Installed air pressure booster on Rewinder to reduce compressor power consumption.
2. Reduced coal consumption by utilizing bamboo dust (Bamboo dust consumption :6620MT, Equivalent Coal saving :3648 MT).
3. Installed energy efficient high pressure pumps for machine shower system.
4. Installed energy efficient fan pump on paper machine.
5. Optimized run hours of coal handling plant to keep plant shut daily for 4 hours without affecting mill operation.
6. Provided transparent sheets at A-4 roof for improving illumination by light during day time and hence reduction in power consumption.
7. Reduced steam losses by replacement of corroded condensate & steam piping.

Energy Conservation measures planned :

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

A) Unit Shree Gopal:

1. Reduce idle running of moving equipments.
2. Replaced old energy inefficient motors, pumps and light fittings with energy efficient sets.
3. VFD installation at overrated energy equipments.
4. Optimization of vacuum pumps and air compressors.

B) Unit Sewa:

1. Installation of energy efficient vacuum pumps and refiner at PM-1.
2. Installation of Solar lights to replace existing street lights.
3. Installation of additional capacitors & auto system for selection of capacitors to improve power factor for grid supply.

4. Optimization of power for air compressors by plugging air leakages in the plant to conserve energy.
5. Improve condensate recovery in pulp mill by improving the health of pre heaters.
6. Reduce water consumption by installation of flow meters in areas where there is no meter and improving automation to avoid overflow of tanks.

C) Unit Ashti:

1. Installation of energy efficient 1330 cfm capacity screw air compressor.
2. Installation of lower rating energy efficient pump at intake well.
3. Ceramic insulation for paper machine dryer cylinders to reduce heat loss.
4. Separate energy efficient screw air compressor for both A-4 Lines.
5. Installation of turbo ventilators for roofs.
6. Installation of solar energy based street lighting system.
7. Energy Audit by a certified external agency.
8. Installation of soot blowing arrangement for boiler bank tube and economizer of FBC Boiler.
9. 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 100 GSM on PM-1.
2. Introduced imported filler of 20 micron of low abrasion values in the paper to improve paper quality.
3. Introduced BCTMP pulp in furnish of playing card segments to increase ash content.
4. Introduced oxidised starch in KAM order to improve printability.
5. Reduce OBA consumption by optimization and modification of size press starch lines.
6. Optimisation of refining process to reduce variation in freeness values.
7. Improve paper cleanliness by installing slotted basket on PM -1 & 7.

8. Optimisation of vacuum system at all machines to increase sheet consolidation.
9. Introduce H₂O₂ stabilizer in pulp bleaching to improve bleachability.
10. Reduce ppm of fibre fines in weak black liquor before entering evaporators.
11. Optimisation of pulping and bleaching process with increase of hardwood (Eucalyptus) in raw material furnish.
12. Certification of EMS ISO 14001:2004 by DNV, OHSAS 18001:2007 by DNV and FSC COC from Forest Stewardship Council.

B) Unit Sewa:

1. Use of Precipitated Calcium Carbonate (PCC) as filler in place of Talcum:
 - a. Copier paper brightness increased from 90 to 91 per cent ISO with PCC.
 - b. Opacity of paper increased from 90 to 93 per cent in Copier grades.
2. Bursting Strength of A4 corrugated box increased from 10 to 11.5kg/cm².
3. Laboratory trial was conducted to select OBA for producing high bright paper (+ 90 per cent ISO brightness).
4. New paper developed in Copier grades for TOT in 65, 70 and 75 gsm and for Export market in 70 and 80 gsm.
5. Improvement and optimization in manufacturing process:
 - a. Use of 100 per cent PCC as filler in all grades of paper.
 - b. Biocide programme was optimised by regular monitoring of TBC.
 - c. Imported lime used in Lime Kiln for improving lime purity from 66 to 68 per cent.
 - d. Oxygen bleaching introduced and optimised in alkaline extraction stage.
 - e. Print trial carried out on high speed Photocopier machine to see behaviour of Copier paper in B2B printing.

C) Unit Ashti:

1. Improvement in bulk, smoothness, opacity & brightness of copier paper using PCC.

2. Fibre conservation by increasing ash content in paper using PCC.
3. Successful trial of anionic pigment dyes for shade stability and permanency during ageing.

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

A) Unit Shree Gopal:

1. Improved wire life and increased opacity using imported filler 20 micron.
2. Reduced fluff content in paper and increase IGT in BCB with use of oxidised starch.
3. Increased moisture and paper humidity by installation of new single hard nip Calendar at PM-4 & 5.
4. Reduced CD variation of thickness by installing induction profiler at PM-4.
5. Reduced two sidedness in terms of smoothness at PM-4 & 5.
6. Increased ash content in base paper and increased stiffness in playing card segments by using BCTMP pulp in base paper furnish.
7. Improved printability of heavier GSM paper by reducing picking in solid colour printing.
8. Reduced 20 per cent of total quality complaints.
9. Reduced 60 per cent complaints of creasing during printing.
10. PM-1 REB 100 GSM: Flexibility in system to cater to increased requirement of REB from the market.
11. Reduced chemicals in pulp bleaching by introducing H₂O₂ stabilizer.
12. Pulping/bleaching process optimisation: Maintaining pulp quality with increase of hardwood (Eucalyptus).

B) Unit Sewa:

1. Bursting strength of cartons improved for customer satisfaction.
2. PCC used as filler in all copier grades in place of talc by which brightness, whiteness and opacity improved.
3. Brightness of Copier grades increased from 90 to 91 per cent ISO and opacity increased from 90 to 93 per cent.

4. Reduction in Hydrogen Peroxide dosage with introduction of oxygen bleaching.
5. Improvement in paper machine efficiency by using Amox technology for biocide treatment for slime deposit control.

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. Reduction in water consumption.
4. Improvement in shade stability and permanency during ageing.

3. Future plan of action:

A) Unit Shree Gopal:

1. To develop new REB paper for digital printing and Chromo paper.
2. Improvement in fibre and filler retention at PM- 1,2 & 4.
3. Further improvement in paper cleanliness.
4. Improvement of CD profile at PM-5 & 7.
5. Switch over neutral sized paper to alkaline (AKD/ASA) sized paper.
6. Use of PCC filler with AKD/ASA.
7. Increase coat weight in coated paper for fibre saving.
8. Optimization of raw material furnish mix to improve pulp yield.
9. Reduce active alkali consumption by introducing anthraquinone and surfactant in pulping.

B) Unit Sewa:

1. Product quality improvement:
 - a. Single nip calendar for PM-1
 - b. Ash sensor for QCS at PM-1
 - c. Weightometer for chips feeding to digesters.
2. Increasing ash per cent in paper by PCC treatment technology.
3. Installation of AAQMS (Ambient Air Quality Measurement System).
4. Installation of dry hog system for coal dust and lime dust.
5. Installation of cooling tower to control temperature of effluent going to lagoon.
6. Construction of pond to hold one day effluent discharge in case of problem in ETP.

7. Potential CDM projects/ Carbon trading.

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.

4. Expenditure on R&D (including through approved agencies):	Rs.Lac
a. Revenue	180.5
b. Total Expense as a per cent of turnover	0.17

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

1. Efforts made towards technology absorption:
 - a. Double layer wire at PM-1 in Unit Shree Gopal to reduce two sidedness in paper.
 - b. New single hard nip calendar at PM-5 in Unit Shree Gopal to improve paper quality in terms of two sidedness.
 - c. New QCS & Calliper Profiler at PM-4 in Unit Shree Gopal.

- d. Broke screen system with 0.25 mm slotted basket to improve paper cleanliness at Unit Shree Gopal.
- e. Antifriction bearings in dryers replacing bush bearings to avoid oil spillage.
- f. Ceramic Top Flat Boxes and Hydrofoils at PM-4,5 & 7 to improve profile at Unit Shree Gopal.
- g. New bundling machine and Reel stretch wrapping machine to improve customer service at Unit Shree Gopal.
- h. NCG Collection & Incineration system at Unit Shree Gopal & Unit Sewa.
- i. New DCS system for bleach plant, Hot screen & Recovery boiler at Unit Sewa.
- j. New Satellite PCC plant at Unit Sewa.
- k. Cost effective advanced paper sizing technology at Unit Ashti.
- l. Bio refining at Unit Ashti for reduction of refining energy.

2. Benefits derived as a result of the above:-
 - a. Improved product quality
 - b. Cost reduction
 - c. Sustenance in business through:
 - Improved product quality.
 - New product development.
 - Environment protection.
 - Cost competitiveness.
 - d. Stakeholder satisfaction

3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year):
 - a. Technology imported:
 - PCC Plant from SMI at Unit Sewa.
 - b. Year of Import : 2010-11
 - c. Has technology been fully absorbed: Yes
 - d. If not fully absorbed areas where this has not taken place, reasons therefore and future plant of action: N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase:

The Company has been regularly exporting speciality woodfree grades & copier paper to Australia, Middle East Asia and Africa. It has further consolidated its presence and established its brands with some of the renowned retailers & Paper merchants in these markets.
2. Total Foreign Exchange used and earned:
 - a. Foreign Exchange used – Rs. 233.26 Crore
 - b. Foreign Exchange earned – Rs. 26.61 Crore.

auditors' report



1. We have audited the attached Balance Sheet of M/s Ballarpur Industries Limited, as at 30th June 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the accounts of the Units of the Company, audited by other auditors. 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 statement 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 also 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 reports on the accounts audited by the Unit's Auditors, have been properly dealt with by us while preparing our report;
- iv. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- v. In our opinion, the Balance Sheet, Profit and Loss Account & 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;
- vi. On the basis of written representations received from the Directors, as on 30th June, 2011 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
- vii. 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 at 30th June, 2011;
 - b. in the case of the Profit and Loss Account, 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.

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN- 106009W

New Delhi, dated the
18th August 2011

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 and the Unit's Auditors 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 accordance with a programme of verification, covering all fixed assets over a period of three years. There were no material discrepancies noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its operations, the frequency of verification is reasonable.
 - c. Based on the information and explanations given by the Management and on the basis of audit procedures performed by us, we are of the opinion that the fixed assets disposed off during the year does not constitute a substantial part of the fixed assets of the Company and such disposal has not affected the going concern.
2.
 - a. The inventory (excluding stocks with third parties and stocks lying at outside warehouses) has been physically verified by the Management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures 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. In our opinion and according to the information and explanations given to us, 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, 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. During the course of our audit, no major weakness has been noticed in the internal controls system.
5. In respect of the transactions entered in the registers maintained in pursuance of Section 301 of the Companies Act, 1956:
 - a. To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
 - b. In our opinion and according to the information and explanations given to us, and excluding certain transactions of purchase of goods/ services availed and material of special nature for which alternative quotations are not available, where each of such transactions is in excess of five lakh rupees in respect of any party, transactions have been made at prices which are *prima facie* reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, 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 manufacture of Paper 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. According to the records of the Company, the Company is 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. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty were outstanding, as at 30th June, 2011 for a period of more than six months from the date they became payable except where the liabilities are specifically deferred by the Government.
 - c. According to the information and explanations given to us and the records of the Company, the particulars of dues of income tax, wealth tax, sales tax, service tax, custom duty and excise duty as on 30th June, 2011 which have not been deposited on account of disputes as stated in Annexure 1.
10. The Company has no accumulated losses as at 30th June, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, 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. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are, in our opinion, not applicable to the Company.
14. In our opinion, the Company is not a dealer in shares, securities, debentures and other investments.
15. In our opinion, the terms and conditions on which the company has given guarantee for loan taken by a subsidiary company from banks are not prejudicial to the interest of the company.
16. In our opinion, according to the information and explanations given to us and to the best of our knowledge and belief 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, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. According to the information and explanations given to us, 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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, 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.

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN- 106009W

New Delhi, dated the

18th August 2011

Name of Statute	Nature of Dues	Amounts	Forum where dispute is pending
Central Excise & Tariff Act, 1985	Excise Duty	873	Assessing Authority
		903	Appellate Authority
		372	High Court
Central Sales Tax Act, 1956 and Sales Tax Acts of various States	Sales Tax	919	Assessing Authority
		604	Appellate Authority
Custom Act, 1961	Custom Duty	7	Custom Commissioner
Water (Prevention and Control of Pollution) Cess (Amendment Act 2003)	Charges	8	Hon'ble High Court of Orissa
		1	State Pollution control board of India
Income Tax Act, 1961	Income Tax*	4129	Hon'ble High Court Nagpur Bench
Total		7816	

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

BALANCE SHEET

as at june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule	30.06.2011	30.06.2010
I SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	"A"	1,311,234	1,311,234
(b) Reserves & Surplus	"B"	14,874,904	15,201,781
		16,186,138	16,513,015
2. LOAN FUNDS			
(a) Secured Loans	"C"	3,067,401	3,864,525
(b) Unsecured Loans	"D"	6,761,506	4,756,292
		9,828,907	8,620,817
3. DEFERRED TAX LIABILITY (Net of Assets)			
		1,048,713	1,008,713
TOTAL		27,063,758	26,142,545
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	"E"	16,251,603	15,661,674
Less: Depreciation & Impairment		6,751,521	5,945,866
Net Block		9,500,082	9,715,808
(b) Construction and Installation-in-Progress including Expenditure thereon (Pending Allocation)		1,365,659	855,139
(c) Advance against Capital Assets		33,066	29,613
		10,898,807	10,600,560
2. INVESTMENTS			
	"F"	11,962,470	11,510,275
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Interest accrued on Investments and Fixed Deposits		256	239
(b) Inventories	"G"	2,693,914	1,783,281
(c) Sundry Debtors	"H"	2,438,381	2,218,652
(d) Cash and Bank Balances	"I"	124,965	821,917
(e) Loans and Advances	"J"	4,066,823	4,447,613
		9,324,339	9,271,702
LESS: CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	"K"	2,247,181	2,625,330
(b) Provisions		2,874,677	2,614,662
		5,121,858	5,239,992
Net Current Assets		4,202,481	4,031,710
NOTES TO BALANCE SHEET			
TOTAL		27,063,758	26,142,545

Note: Schedules "A" to "L" referred to above form an integral part of the Balance Sheet.

As per our report attached
DINESH KUMAR BACHCHAS
 Partner
 Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

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

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011

PROFIT & LOSS ACCOUNT

for the year ended june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule	30.06.2011	30.06.2010
INCOME			
Sales	"I"	11,029,552	10,591,132
Less: Excise Duty		438,376	385,353
Net Sales		10,591,176	10,205,779
Other Income	"II"	56,997	63,195
Increase / (Decrease) in Stocks	"III"	244,998	34,420
Total		10,893,171	10,303,394
EXPENDITURE			
Manufacturing Costs	"IV"	7,106,272	6,566,364
Purchases		782,336	566,741
Personnel Costs	"V"	769,822	697,591
Administration, Selling & Miscellaneous Costs	"VI"	515,255	505,045
Deferred Revenue Expenditure - Amortised (Net)		-	36,649
Interest and Finance Costs (Net)	"VII"	374,731	223,226
Depreciation & Impairment		840,350	833,743
Total		10,388,766	9,429,359
Profit Before Taxation		504,405	874,035
Provisions for Taxation			
Current Tax		159,129	251,201
Short/(Excess) relating to earlier years		3,746	-
Deferred Tax		40,000	40,000
		202,875	291,201
Profit After Taxation		301,530	582,834
Add: Balance brought forward from last year		3,150,904	3,025,269
Add: Debenture redemption reserve no longer required		75,000	75,000
Amount available for Appropriation		3,527,434	3,683,103
APPROPRIATIONS			
General Reserve		50,000	150,000
Debenture Redemption Reserve		112,500	-
Proposed Dividend:			
On 655523839 equity shares @ 30 %		393,314	-
(On 655523839 equity shares @ 25 %)		-	327,762
		393,314	327,762
Add: Dividend Tax on above		63,805	54,437
		457,119	382,199
Balance carried to Balance Sheet		2,907,815	3,150,904
NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT	"VIII"		
		3,527,434	3,683,103
BASIC EARNINGS PER SHARE (RS.)		0.46	1.02
DILUTED EARNINGS PER SHARE (RS.)		0.46	0.92

As per our report attached
DINESH KUMAR BACHCHAS
 Partner
 Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

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

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011

CASH FLOW STATEMENT

for the year ended june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Appropriations	504,405	874,035
Add /(Less) :		
Adjustments for :		
(Profit) / Loss on sale of Assets (Investing Activity)	(15,889)	(100)
Unspent Liabilities and Excess Provisions of earlier years written back	(1,715)	(4,661)
(Profit)/Loss on Sales of Investment	-	(24,160)
Interest and Finance Costs (net)	374,731	223,226
Depreciation & Impairment	840,350	833,743
Deferred revenue expenses amortised	-	36,649
Operating Profit before Working Capital changes	1,701,882	1,938,732
Adjustments for Working Capital changes :		
Trade payable and others	271,329	1,042,816
Inventories	(910,633)	(483,278)
Trade and other receivables	(219,729)	(164,407)
Loans and Advances	591,890	6,181,068
Cash generated from Operations	1,434,739	8,514,931
Direct Taxes paid	(211,100)	(330,145)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,223,639	8,184,786
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets, Capital WIP, Capital Advances (Net)	(1,148,997)	(1,005,502)
Sale of assets (Net)	26,289	63
Redemption of Investment	-	131,403
Subscription / Purchase of Equity Shares	(452,195)	(8,762,047)
Interest Received	88,932	207,211
NET CASH USED IN INVESTING ACTIVITIES	(1,485,971)	(9,428,872)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance / (repayment) of Share Capital (net)	-	1,350,000
Payment for Buyback Compulsory and Optional	(379)	(688)
Proceeds from Issuance / (Repayment) of unsecured zero coupon compulsory convertible bonds	(3,252,956)	1,650,000
Increase / (Decrease) in long term and other borrowings (net)	3,472,690	(275,622)
Interest Paid	(271,515)	(435,792)
Dividend Paid (including dividend tax)	(382,460)	(326,002)
NET CASH USED IN FINANCING ACTIVITIES	(434,620)	1,961,896
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(696,952)	717,810
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	821,917	104,107
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	124,965	821,917

NOTES

- The above statement has been prepared following the Indirect Method.
- Increase in Fixed Assets are stated inclusive of movements of Capital work in progress and Capital advances between the beginning and the end of the year.
- Proceeds from long term and other borrowings are shown net of repayments.
- Cash and Cash Equivalents represent Cash and Bank Balances only.
- Figures of previous year have been rearranged and regrouped wherever necessary to conform to current year classifications.

As per our report attached
DINESH KUMAR BACHCHAS
Partner
 Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.
Chartered Accountants
 FRN : 106009W

GAUTAM THAPAR
R. R. VEDERAH
B. HARIHARAN
VIVEK KUMAR GOYAL
AKHIL MAHAJAN

chairman
 managing director & executive vice chairman
 group director (finance)
 chief financial officer
 company secretary

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "A": SHARE CAPITAL		
AUTHORISED		
1487500000 Equity Shares of Rs. 2/- Each (Previous Year 1487500000 Equity Shares of Rs.2/- each)	2,975,000	2,975,000
10250000 (Previous Year 10250000) Preference Shares of Rs. 100/-each	1,025,000	1,025,000
	4,000,000	4,000,000
ISSUED		
1030005910 Equity Share of Rs. 2/- each (Previous Year 1030005910 Equity Shares of Rs. 2/- each)	2,060,012	2,060,012
SUBSCRIBED AND PAID UP		
655773584 Equity Shares of Rs. 2- each (Previous Year 655773584 Equity Shares of Rs. 2/- each)	1,311,546	1,311,546
Less : 249745 Equity Shares of Rs. 2/- each forfeited (Previous Year 249745 Equity Shares of Rs. 2/- each forfeited)	499	499
655523839 Equity Shares of Rs.2/- each (Previous Year 655523839 Equity Shares of Rs. 2/- each)	1,311,047	1,311,047
Add: Forfeited Shares (amount paid up)	187	187
	1,311,234	1,311,234

I. PRE-SPLIT AND BUYBACK OF EQUITY SHARES :

- 35,000 Equity Shares of Rs. 10/- each allotted as fully paid up without payment being received in cash.
- 15,423,900-1/2 Equity Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares capitalised from General Reserve and Share Premium Account.
- 950,000 Equity Shares of Rs.10/- each fully paid up issued to Financial Institutions on part conversion of Loans/Debentures.
- 4,374,945 Equity Shares of Rs.10/- each allotted as fully paid up to the Shareholders of Amalgamating Companies pursuant to the Schemes of Amalgamation.
- 135,174 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 237 - 4% Euro Bonds of the Face Value of US\$ 1,185,000/-.
- 11,887,469 Equity Shares of Rs.10/- each allotted as fully paid up, in terms of Scheme of Arrangement & Reorganisation.
- 12,649,218 Equity Shares of Rs.10/- each allotted as fully paid up ,pursuant to the scheme of Arrangement & Amalgamation between the Company and Bilt Graphic Papers Ltd.
- 21,160,820 Equity Shares of Rs 10/- each allotted as fully paid up against Global Depository Shares (GDS) aggregating to US\$ 35 Million.
- 92,775 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.
- 23,278,276 Equity Shares of Rs.10/- each allotted at a premium of Rs. 76.20/- per share against conversion of Foreign Currency Convertible Bonds (FCCB) of Face Value US\$ 45,000,000.

II. POST-SPLIT AND BUYBACK OF EQUITY SHARES :

- Pursuant to the Scheme of Arrangement and Reorganisation under Section 391 - 394 of the Companies Act 1956, approved by High Court of Mumbai (Nagpur Bench) vide its order dated 30.11.2007 (Scheme), one Equity Share of Rs. 10/- each was subdivided into five Equity Shares of Rs. 2/- each and simultaneous compulsory buyback of two Equity Shares of Rs. 2/- each at a price of Rs. 25/- each per share. Consequently 371,414,860 Equity Shares of Rs. 2/- each were bought back by the Company at a price of Rs. 25/- per share.
- Pursuant to the Scheme, certain small shareholders, holding 1,598,451 Equity Shares of Rs. 2/- each exercised their option for buy back at a price of Rs. 30/- per share and were bought back by the Company.
- The Company had allotted the following Equity Shares to Bilt Paper Holdings Limited (BPHL) now merged with Avantha Holdings Limited, a promoter:
 - 45,000,000 Equity Shares at Rs. 30/- per share (face value of Rs. 2/- and Premium of Rs. 28/-) on 17th March 2010 and
 - 55,000,000 Equity Shares at Rs. 30/- per share (face value of Rs. 2/- and Premium of Rs. 28/-) on 11th June 2010 consequent upon conversion of 55,000,000 unsecured zero coupon compulsory convertible bonds.

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "B" RESERVES & SURPLUS		
CAPITAL RESERVE		
As per Last Account	151,546	151,546
SHARE PREMIUM ACCOUNT		
As per Last Account	2,931,972	317,314
Add : Premium Received on issue of Equity Shares	–	2,800,000
Less : Security Premium Payable on redemption of ZCCB	171,288	185,342
	2,760,684	2,931,972
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
As per Last Account	738,469	738,469
GENERAL RESERVE		
As per Last Account	8,003,890	7,853,890
Add: Transferred from Profit & Loss Account	50,000	150,000
	8,053,890	8,003,890
DEBENTURE REDEMPTION RESERVE		
As per Last Account	225,000	300,000
Less: Transferred to Profit & Loss Account	75,000	75,000
Add : Transferred from Profit & Loss Account	112,500	–
	262,500	225,000
BALANCE AS PER PROFIT & LOSS ACCOUNT	2,907,815	3,150,904
	14,874,904	15,201,781

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2011	30.06.2010
SCHEDULE "C" SECURED LOANS			
	Notes		
Debentures	(1)	600,000	900,000
Term Loans from Banks / Financial Institutions including External Commercial Borrowings	(2)	2,467,401	2,964,525
		3,067,401	3,864,525

Notes

- These comprise of :-
 - The above Debentures are secured by parri-passu first charges created on all immoveable and moveable properties of the Company both present and future.
 - The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 31st July 2011 and the last being due on 30th June 2013. The amount of Debentures due for redemption for the financial year 2011-12 is Rs. 3000 lacs.
- The above Term loans & ECBs are secured by Parri Passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future except ECB from HSBC and CITI Bank which is secured by the first parri passu charged on all the moveable properties of the Company both present and future.

		30.06.2011	30.06.2010
SCHEDULE "D" UNSECURED LOANS			
Fixed Deposits *		5,091	10,237
Loan from Banks		4,256,415	2,481,455
Zero Coupon Convertible Bonds (US \$ 52 mn)		–	2,264,600
Unsecured Non Convertible Debentures		2,500,000	–
		6,761,506	4,756,292

* Unclaimed matured deposits which will be credited to Investor Education and Protection fund. The actual amount to be transferred to the fund will be determined on respective due dates.

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

SCHEDULE "E": FIXED ASSETS

Assets	Gross Block			Depreciation Block			NET BLOCK			
	As at 1st July, 2010	Additions/ Adjustments during the year	Sales/ Adjustments & Disposals during the year	Total as at 30th June, 2011	As at 1st July, 2010	For the year	On Sales, Adjustments & Disposals during the year	Total as at 30th June, 2011	As at 30th June, 2011	As at 30th June, 2010
SCHEDULE "E": FIXED ASSETS										
A. Tangible Assets										
Land (including leasehold lands)	174,869	1,005	-	175,874	-	-	-	-	175,874	174,869
Buildings	1,313,140	16,583	12,903	1,316,820	442,987	36,327	4,552	474,762	842,058	870,153
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	1,930	-	-	1,930	1,180	104	-	1,284	646	750
Plant, Machinery & Equipments	13,346,966	597,665	31,096	13,913,535	4,878,262	705,153	29,719	5,553,696	8,359,839	8,468,704
Furniture, Fixtures and Office Equipments	188,853	13,862	452	202,263	86,919	17,350	260	104,009	98,254	101,934
Improvement to Leased Assets	52,848	-	-	52,848	52,386	462	-	52,848	-	462
Vehicles	41,811	5,909	357	47,363	21,096	5,899	164	26,831	20,532	20,715
B. Intangible Assets										
ERP Project	539,854	-	-	539,854	463,036	75,055	-	538,091	1,763	76,818
TOTAL: This Year	15,660,271	635,024	44,808	16,250,487	5,945,866	840,350	34,695	6,751,521	9,498,966	9,714,405
TOTAL: Previous Year	13,624,463	2,061,363	25,555	15,660,271	5,137,286	833,743	25,163	5,945,866	-	-
Scrap Assets									1116	1,403
									9,500,082	9,715,808

Notes

- Buildings include Rs. 38,969 thousands (Previous year Rs. 38969 thousands) 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.

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011		30.06.2010	
	Face Value or Nos.	Book Value	Face Value or Nos.	Book Value
SCHEDULE "F" INVESTMENTS				
GOVERNMENT SECURITIES :				
5 - Year Kisan Vikas Patra (Lodged as Security Deposit)	Rs 2000	2	Rs 2000	2
6 - Year National Saving Certificate	Rs 3000	3	Rs 3000	3
7 - Year National Saving Certificate	Rs 3000	3	Rs 3000	3
OTHER INVESTMENTS :				
Subsidiary Companies :				
(Considered to be of Strategic Importance)				
Bilt Tree Tech Limited				
Fully paid Equity Shares of Rs.10/- each.	990000	3,960	990000	3,960
Ballarpur International Holdings B.V.				
Fully paid Equity Shares of Euro 1/- each	168679093	11,428,387	168679093	11,428,387
Bilt Graphics Paper Products Ltd				
Fully paid Equity Shares of Rs.10/- each.	50000	500	50000	500
Ballarpur Speciality Paper Holdings B.V.				
Fully paid Equity Shares of Euro.1/- each.	18000	1,196	18000	1,196
Ballarpur Packaging Holdings B.V.				
Fully paid Equity Shares of Euro.1/- each.	18000	1,132	18000	1,132
Premier Tissues India Limited				
Fully paid Equity Shares of Rs.10/- each. (Purchased during the year)	5620427	452,195	-	-
OTHER COMPANIES :				
(Considered to be of Strategic Importance)				
Blue Horizon Investments Limited				
Fully paid Equity Shares of Rs.10/- each.	5000	335	5000	335
Avantha Power & Infrastructure Limited (Earlier Bilt Power Limited)				
Fully paid Equity Shares of Rs.10/- each.	8372750	74,757	8372750	74,757
		11,962,470		11,510,275
In Government Securities		8		8
In Fully paid Equity Shares		11,962,462		11,510,267
		11,962,470		11,510,275
Break-up :				
Unquoted Investments		11,962,462		11,510,267
Others :				
Government Securities & Bonds		8		8
		11,962,470		11,510,275

Notes:

During the year 56,20,427 fully paid Equity Shares of Rs. 10/- each of Premier Tissues (India) Limited (PTIL) at a premium of Rs. 70.45572 per equity share were acquired. Consequently, PTIL is a wholly owned subsidiary of the Company.

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "G": INVENTORIES		
(As valued and certified by the Management)		
Raw Materials	840,452	409,289
Stock of Stores, Spare Parts, Chemicals etc.	881,550	566,561
Block Stores	8,519	6,843
Raw Materials and Stores-in-Transit	68,848	151,041
Stock-in-Trade :		
Finished Stock –	724,871	556,450
Stock-in-Process –	169,674	93,097
	2,693,914	1,783,281
SCHEDULE "H": SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months :		
Secured –		
Considered Good	3,315	13,495
Unsecured –		
Considered Good	66,512	62,706
	69,827	76,201
Other Debts :		
Secured –		
Considered Good	229,098	61,761
Unsecured –		
Considered Good	2,139,456	2,080,690
	2,368,554	2,142,451
	2,438,381	2,218,652
SCHEDULE "I": CASH AND BANK BALANCES		
Cash on Hand	1,819	1,698
Bank Balances :		
With Scheduled Banks –		
On Current Accounts	82,723	26,670
On Margin Money Accounts	5,920	8,477
On Fixed Deposit Accounts	1,640	751,548
(lodged as security deposit Rs. 288 thousands)		
On Employees' Security Deposit Account in Savings Bank	313	307
On Compulsory Buyback	18,995	19,373
On Optional Buyback	206	207
On Unpaid Dividend Account	13,349	13,637
	123,146	820,219
	124,965	821,917

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "J": LOANS AND ADVANCES		
Unsecured – Considered Good		
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for to be received	1,335,498	1,591,674
Advance Against Investment	495,550	126
Due From Subsidiaries and Step Down Subsidiaries	42,722	155,737
Balance with Customs and Excise Authorities	49,040	79,120
Advance Tax, Tax deducted at Source (including Mat Entitlement Credit)	2,144,013	2,620,956
	4,066,823	4,447,613
Advances include amount advanced to Directors Rs 2784 thousands (Maximum amount outstanding at any time during the year Rs 2831 Thousands)		
SCHEDULE "K": CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
For Acceptances	230,201	131,320
Sundry Creditors – Micro, Small and Medium Enterprises	24,032	19,458
Sundry Creditors – Other Creditors (Includes Interest free sales tax loan/deferral)	1,516,094	1,406,584
Security Deposits (including Interest accrued thereon)	185,737	139,127
Advances Received From Customers	26,211	20,681
Provision on Security premium payable on redemption of ZCCB	–	817,068
Unclaimed Dividend / Dividend Payable *	13,349	13,610
Employees Security Deposit	313	307
Unclaimed Compulsory Buyback Consideration	18,995	19,373
Unclaimed Optional Buyback Consideration	206	207
Commission payable to Chairman, MD and other Directors	4,142	21,859
Interest on Loans accrued but not due	227,901	35,736
	2,247,181	2,625,330
B. PROVISIONS		
Provision for Taxation	2,076,979	1,917,850
Provision for Proposed Dividend	393,314	327,762
Provision for Dividend Tax	63,805	54,437
Provision for Retirement Benefit	340,579	314,613
	2,874,677	2,614,662
	5,121,858	5,239,992

* Includes amount to be transferred to Investor Education and Protection Fund which will be determined on the respective due dates.

SCHEDULE "L": SIGNIFICANT ACCOUNTING POLICIES AND NOTES**1. SIGNIFICANT ACCOUNTING POLICIES****A. FIXED ASSETS -TANGIBLE**

1. Fixed Assets are stated at cost net of CENVAT/Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.
2. 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.
3. 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 profit and loss account.

B. 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 Accounts.

C. FIXED ASSETS -INTANGIBLE

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

D. 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.

E. 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 decrease 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 decrease 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.

F. 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.

G. 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.

H. REVENUE RECOGNITION

As per the requirement of the Companies (Amendment) Act, 1988, all Incomes and Expenses are accounted for on accrual basis.

I. RESEARCH & DEVELOPMENT

Revenue expenditure on Research and Development is charged to the Profit & Loss Account 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.

J. 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 Profit & Loss Accounts.

K. 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.

L. 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.

M. 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.

N. IMPAIRMENT OF ASSETS

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

O. PROVISION AND CONTINGENCIES

The Company shall create a provision 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.

P. 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 Account as permitted by section 78(2) of the Companies Act, 1956.

2. CONTINGENT LIABILITIES

(a) Rs 10,181 Lacs being claims (30th June 2010 Rs 9618 Lacs) approximately against the company not acknowledge as debts.

(b) The future obligation for the rentals under a Financial Lease Agreement entered into, by the Company for certain assets taken on lease by another Company amounts to Rs. NIL (30th June, 2010 Rs. 2.07 Lacs).

3. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs. 1,217.94 Lacs (30th June, 2010 Rs. 943.24 Lacs).

4. In respect of loan to its subsidiary abroad, the Company has granted to the lender an irrevocable and unconditional right to require the Company to purchase loan wholly or in parts as may be required by lender through exercise of put option given to lender, subjected to maximum limit of US\$ 70 Millions.

5. Estimated amount of contracts remaining to be executed on Capital Account Rs. 785.34 Lacs (Net of Advances) (30th June, 2010 Rs. 504.98 Lacs).

6. 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 Profit & Loss Account for the year are Rs. 29.64 Lacs (30th June, 2010 Rs. 43.17 Lacs). As of 30th June, 2011, the future minimum lease payments for non-cancellable operating leases are as below :-

- Not later than one year from 30th June, 2011	Rs. 11.55 Lacs
- Later than one year and not later than five years	Rs. NIL

7. 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 US\$ 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 US\$ 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.

8. Disclosures required under the Micro, Small and Medium Development Act, 2006 ("the Development Act") –delayed payments due as at the end of the year on accounts of principal – Rs.33.30 Lacs (30th June, 2010 Rs. 128.27 Lacs) and interest due thereon Rs. 4.81 Lacs (30th June, 2010 Rs. 3 Lacs).

9. 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 charged off for the year, are as under:

Sr. No.	Particulars	As at 30th June, 2011 (Rs. in Lacs)	As at 30th June, 2010 (Rs. in Lacs)
1.	Employer's Contribution in Provident Fund	381.39	336.61
2.	Employer's contribution in Superannuation Fund	37.96	52.65
3.	Employer's Contribution in Pension Scheme	194.30	200.50

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 recognised in the same manner as gratuity.

Sr. No.	Particulars	Gratuity (Unfunded) (Rs. in Lacs) 2010-11	Leave Encashment (Unfunded) (Rs. in Lacs) 2010-11	Gratuity (Unfunded) (Rs. in Lacs) 2009-10	Leave Encashment (Unfunded) (Rs. in Lacs) 2009-10
a. Reconciliation of Opening and closing of Defined Benefit Obligation					
	Defined benefit obligation at beginning of the year	2713.86	432.27	2249.84	374.29
	Current Service Cost	168.03	17.90	184.31	24.74
	Interest Cost	230.67	36.04	186.14	29.62
	Actuarial (gain)/loss	115.22	45.98	182.15	83.01
	Benefit paid	(253.64)	(100.54)	(251.68)	(79.39)
	Plan Amendments	-	-	163.10	-
	Defined benefit obligation at year end	2974.14	431.65	2713.86	432.27
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	253.64	100.54	251.68	79.39
	Benefit Paid	(253.64)	(100.54)	(251.68)	(79.39)
	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, 2011	-	-	-	-
	Present value of obligation as at 30th June, 2011	2974.14	431.65	2713.86	432.27
	Amount recognized in Balance Sheet	2974.14	431.65	2713.86	432.27
d. Expenses recognized during the year (under the head "personnel costs")					
	Current Service Cost	168.03	17.90	184.31	24.74
	Interest Cost	230.67	36.04	186.14	29.62
	Actuarial (gain)/loss	115.22	45.98	182.15	83.01
	Plan Amendments	-	-	163.10	-
	Net Cost	513.92	99.92	715.70	137.37
e. Discount rate (per annum)					
	Expected rate of return on plan assets (per annum)	8.50%	8.50%	7.50%	7.50%

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.

SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

10. The Provision for taxation for the year is the aggregate of the provision made for nine months ended 31.03.11 and three months ended 30.06.11. The ultimate tax liability shall however be based on the previous year as defined in the Income Tax Act, 1961. The deferred Tax Assets and Liabilities as on 30.06.11 and 30.06.10 comprising timing difference on accounts of :-

Particulars	30.06.11 (Rs. In Lacs)	30.06.10 (Rs. In Lacs)
Deferred Tax Asset		
Expenses allowable on payment basis	241.72	219.24
Provision for Gratuity & Others	1093.63	1048.41
Total	1335.35	1267.65
Deferred Tax Liability		
Higher Depreciation Allowed under Tax Laws (Net of unabsorbed Depreciation)	11822.48	11354.78
Total	11822.48	11354.78
Net Deferred Tax Liability	10487.13	10087.13

11. Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various Units of the Company.
12. 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.
13. Accounts with certain Financial Institutions, Banks and Companies are subject to reconciliation; however these will not have any significant impact on the profit for the year and on the net worth of the Company as on the Balance Sheet date.
14. Figures for the previous year have been re-arranged and regrouped, wherever necessary to conform to Current year's classification.

Signature of schedules "A" to "L"

As per our report attached
DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

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

New Delhi, dated the
18th August, 2011New Delhi
18th August, 2011

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "I" : SALES		
Paper (Including Paper Products and Office Supplies)	11,411,517	11,002,627
Less: Discount	381,965	411,495
	11,029,552	10,591,132
	11,029,552	10,591,132
SCHEDULE "II" : OTHER INCOME		
Interest on Investments	126	126
Profit on Sales of Stores, Raw Materials, Scrap etc.	17,892	18,950
Rent and License Fee (Gross)	131	120
Profit on sale of investment	-	24,160
Miscellaneous Income	21,288	12,181
Foreign Currency Fluctuation (Net)	1,671	7,558
Profit on Sale of Assets (Net)	15,889	100
	56,997	63,195
SCHEDULE "III": INCREASE/(DECREASE) IN STOCKS		
Opening Stock :		
Finished	556,450	535,329
In Process	93,097	79,798
	649,547	615,127
Closing Stock :		
Finished	724,871	556,450
In Process	169,674	93,097
	894,545	649,547
Net Increase/(Decrease) on Stocks	244,998	34,420
SCHEDULE "IV": MANUFACTURING COSTS		
Raw Materials consumed (including Expenses thereon)	3,325,188	3,121,661
Stores and Spare Parts consumed	1,599,727	1,436,313
Excise duty on year end inventory of Finished Goods	(1,589)	(388)
Power, Fuel and Water Charges	1,900,339	1,666,522
Repairs and Maintenance - Buildings	12,528	16,504
Repairs and Maintenance - Plant & Machinery	182,342	211,293
Repairs and Maintenance Sundries	9,437	11,160
Other Expenses	78,300	103,299
	7,106,272	6,566,364
SCHEDULE "V": PERSONNEL COSTS		
Salaries, Wages, Bonus and Gratuity	670,023	583,672
Directors' Commission on Profits -Gross	4,142	21,859
Contribution to Provident, Superannuation & Other Funds	45,519	40,784
Workers and Staff Welfare Expenses	50,138	51,276
	769,822	697,591

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "VI": ADMINISTRATION, SELLING & MISCELLANEOUS COSTS		
Rent	1,973	2,428
Lease Rent	991	1,889
Rates and Taxes	7,509	6,176
Insurance Charges	18,252	17,195
Directors Fees	1,320	1,320
Debenture Trustee Remuneration	–	317
Office & Other Expenses (Including Rs. 18,046 thousands for Research and Development)	167,020	150,855
Carriage and Freight	235,004	227,241
Other Selling Expenses	84,901	102,285
	516,970	509,706
Less: Unspent Liabilities and excess provisions in respect of earlier years written back	1,715	4,661
	515,255	505,045
SCHEDULE "VII": INTEREST AND FINANCE COSTS (NET)		
Interest :		
On Debentures and Fixed Loans	109,694	255,789
On Other Accounts	352,377	173,802
Other Finance Charges	1,609	888
	463,680	430,479
Less: Interest earned	88,949	207,253
(Tax Deducted at Source Rs. 6979 Thousands)	374,731	223,226

SCHEDULE "VIII" ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH (3) TO (4D) OF PART II OF SCHEDULE VI OF COMPANIES ACT, 1956 TOGETHER WITH OTHER NOTES.**1. Particulars in respect of goods Manufactured and Installed Capacities:**

Class of Goods	Unit	INSTALLED CAPACITY		ACTUAL PRODUCTION	
		(ANNUAL)		(ANNUAL)	
		30.06.2011	30.06.2010	30.06.2011	30.06.2010
Paper including Wrapper and Coated Paper	M.T.	232,068	232,068	200,253	206,313

- The installed capacity is as certified by the Mangement and license capacity is not given as licensing is not applicable.
- Includes Production 8649 MT (Previous Year 9263 MT) of Coated Paper at Unit ShreeGopal converted out of the paper manufactured by Company.
- Includes Production NIL (Previous Year 5411 MT) of Paper Stationary converted out of the paper manufactured by Company.
- The Installed Capacity and Actual Production of paper & wrapper includes Specialised Grades of paper.

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

2. Particulars in respect of Purchases, Stock of Finished Goods and Sales:

(a) Purchases

Particulars	Current Year	Previous Year
	Value (Rs."000")	Value (Rs."000")
Purchases	782,336	566,741

(b) Stock of Finished Goods and Sales

Amount (Rs."000")

Class of Goods	Unit of Quantity	OPENING STOCK				CLOSING STOCK				SALES			
		01.07.2010		01.07.2009		30.06.2011		30.06.2010		Current Year		Previous Year	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Paper (including Wrapper and Coated Paper)	M.T.	747	30,417	1,363	52,720	1,469	66,746	747	30,417	199,531	9,457,385	201,518	9,674,391
Others (including office supplies)		-	526,033	-	482,609	-	658,125	-	526,033	-	1,572,167	-	916,741
			556,450		535,329		724,871		556,450		11,029,552		10,591,132

3. Analysis of Materials consumed

Particulars	Unit	Quantity		Amount (Rs."000")	
		Current Year	Previous Year	Current Year	Previous Year
Bamboo	M.T.	76,972	137,072	283,285	445,863
Wood and Wood species	M.T.	409,577	316,694	1,174,115	935,969
Wood Pulp	M.T.	59,449	59,380	1,822,658	1,685,321
Others				45,130	54,508
		545,998	513,146	3,325,188	3,121,661

4. Value of Imports on C.I.F. Basis:

Particulars	Current Year (Rs. "000)	Previous Year (Rs. "000)
a) Raw Materials	2,024,317	900,043
b) Components, Spare Parts and other Stores	103,807	127,502
c) Others	145,482	50,288
	2,273,606	1,077,833

Note : Imported Raw Material procured from canalising agencies have been considered as indigenous.

5. Expenditure in Foreign Currency

Particulars	Current Year (Rs. "000)	Previous Year (Rs. "000)
i) Foreign Travel, Commission, Claims, Consultancy Fees, Deferred payment Instalments, Subscriptions etc.	25,021	22,718
ii) Interest on Foreign Currency Loans	33,934	53,849
	58,955	76,567

6. Earnings in Foreign Exchange on Cash Basis;

Particulars	Current Year (Rs. "000)	Previous Year (Rs. "000)
a) F.O.B. Value of Exports	266,091	204,988
b) Interest on loan	-	53,602
c) Others	-	6,621
	266,091	265,211

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

7. Value of Imported raw materials, spare parts and components (excluding stores) consumed and the value of all indigenous raw materials, spare parts and components (excluding stores) similarly consumed and the percentage of each to the total consumption.

Particulars	AMOUNT		PERCENTAGE	
	Current Year	Previous Year	Current Year	Previous Year
	Rs.'000	Rs.'000	%	%
A) Raw Materials				
- Imported	1,595,241	838,583	47.97	26.86
- Indigenous	1,729,947	2,283,078	52.03	73.14
	3,325,188	3,121,661	100.00	100.00
B) Spare Parts and Components				
- Imported	32,676	32,572	18.84	14.28
- Indigenous	140,754	195,448	81.16	85.72
	173,430	228,020	100.00	100.00

Notes:

- Consumption of Raw Material, Components & Spare Parts includes estimated values of stocks brought forward from earlier year.
- Consumption of Imported items purchased from canalising agencies have been considered as indigenous items.

8. Particulars of amount remitted during the year in Foreign Currencies on account of Dividends, the number of non-resident Shareholders together with the number of Shares held by them on which the Dividends were due and the year to which the Dividends related.

Particulars	Year to Which Dividend Relates	Number of Non-Resident Shareholders to whom Dividends remitted during the year		Number of Shares held by them		Amount (Rs."000")	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
		Class of Shares:					
Equity Final	2008-09		Three		5,723,025		2,862
	Final 2009-10		Three		5,723,025		2,862

9. Statement showing computation of Net Profits in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956

Particulars	Current Year (Rs. "000)	Previous Year (Rs. "000)
Profit as per Profit & Loss Account before Taxation	504,405	874,035
Less : Profit/ (Loss) on Sale of assets (Net)	15,889	100
Depreciation	840,350	833,743
	(351,834)	40,192
Add back :-		
Directors Fee	1,320	1,320
Remuneration paid/payable to Chairman, Managing Director and other Directors	52,226	80,527
Profit Commission to Chairman	1,342	18,738
Commission to other Directors	2,800	3,121
Depreciation under Section 350 of the Companies Act, 1956	840,350	833,743
	898,038	937,449
Profit Under Section 198 :	546,204	977,641
Remuneration Under Section 198 @ 11% of above	60,082	107,541
Amount of Profit Commission as approved by Board - to be shared as under :		
Chairman	1,342	18,738
Other Directors	2,800	3,121
	4,142	21,859
Actual Remuneration including Commission & Perquisites	57,688	102,386

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

10. Remuneration paid / payable to Chairman, Managing Director and Directors:

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Salary (Including Commission of Rs 4,142 thousands) (Previous Year Rs 21,859 thousands) Payable both to Executive & Non Executive Directors	53,067	90,206
Contribution to Provident and Superannuation Funds	3,656	4,810
Perquisites	965	7,370
	57,688	102,386

Having regard to the fact that there is a global computation of Gratuity, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity has not been considered in the above computation.

11. Amount paid/payable to Auditors

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Audit Fee (Including Cost Audit Fee of Rs. 91 Thousands)	3,644	3,413
In Other Capacity	4,021	5,593
Out of Pocket Expenses	870	921
	8,535	9,927

12. Depreciation charged for the year and debited to the Profit & Loss Account includes Rs. 21,359 thousands (Previous Year Rs. 14,653 thousands) being depreciation on the revalued portion of Fixed Assets, since the Revaluation Reserve stood exhausted in the earlier years.

13. 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	Amount (Rs in '000')		
		Paper	Paper Products & office supplies	Total
Revenues				
Gross sale to External Customers	2010-11	6,791,682	4,237,870	11,029,552
Excise Duty	2010-11	(273,070)	(165,306)	(438,376)
Gross sale to External Customers	2009-10	6,684,354	3,906,778	10,591,132
Excise Duty	2009-10	(266,603)	(118,750)	(385,353)
Total Segment Revenues (Net Of Excise)	2010-11	6,518,612	4,072,564	10,591,176
	2009-10	6,417,751	3,788,028	10,205,779
Segment Results				
	2010-11	670,813	285,077	955,890
	2009-10	919,800	273,874	1,193,674
Less: Unallocated Corporate Expenses (Net of other income)	2010-11			76,754
	2009-10			96,413
Profit Before Interest, Tax and Exceptional items	2010-11			879,136
	2009-10			1,097,261
Interest (Net of Income)	2010-11			374,731
	2009-10			223,226
Profit Before Tax and Exceptional items	2010-11			504,405
	2009-10			874,035
Provision For Tax				
- Current Tax (Net of MAT Entitlement Credit)	2010-11			162,875
	2009-10			251,201

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

Amount (Rs in "000")

Particulars	Year	Paper	Paper Products & office supplies	Total
- Deferred Tax	2010-11			40,000
	2009-10			40,000
Net Profit	2010-11			301,530
	2009-10			582,834
Other Information				
Segmental Assets	2010-11	12,397,592	5,020,854	17,418,446
	2009-10	13,295,817	3,955,464	17,251,281
Unallocated Corporate Assets & Others	2010-11			14,767,170
	2009-10			14,131,256
Total Assets	2010-11			32,185,616
	2009-10			31,382,537
Segmental Liabilities	2010-11	1,060,332	951,219	2,011,551
	2009-10	1,705,535	607,894	2,313,429
Unallocated Corporate Liabilities & Others	2010-11			3,110,307
	2009-10			2,926,563
Total Liabilities	2010-11			5,121,858
	2009-10			5,239,992
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	2010-11			1,148,997
	2009-10			1,005,502
Depreciation & Impairment	2010-11			840,350
	2009-10			833,743
Amortisation	2010-11			-
	2009-10			36,649
Total Liabilities Excludes				
Secured Loans	2010-11			3,067,401
	2009-10			3,864,525
Unsecured Loans	2010-11			6,761,506
	2009-10			4,756,292
Deferred Tax Liabilities	2010-11			1,048,713
	2009-10			1,008,713

14. Information on Related Parties as required by Accounting Standard -18 "Related Party Disclosures".

I. 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 Paper Holdings B.V. *
- (Merged with Ballarpur Paper Holdings B.V. w.e.f. 30.06.2011)
- Ballarpur International Graphic Paper Holdings B.V. *
- Ballarpur Speciality Paper Holdings B.V.
- Ballarpur Packaging Holdings B.V.
- Ballarpur International Packaging Holdings B.V.
- Ballarpur Packaging Holdings Private Limited
- Premier Tissues (India) Limited
- BILT Paper Limited

* Step Down subsidiaries of Ballarpur International Holdings B.V.

II. 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
Premier Tissues (India) Limited	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
Ballarpur Speciality Paper Holdings B.V.	Subsidiary
Ballarpur Packaging Holdings B.V.	Subsidiary
APR Sacks Limited	Other Related Party*
ASA Agencies (P) Limited	Other Related Party*
Asia Aviation Limited	Other Related Party*
Avantha Holdings Limited (formerly known as New Quest Corporation Limited)	Other Related Party*
Avantha Power & Infrastructure Limited	Other Related Party*
Avantha Realty Limited (formerly known as Janpath Investments and Holdings Limited)	Other Related Party*
Avantha Technologies Limited (earlier New Quest Process Outsourcing Private 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*
Solaris Chemtech Industries Limited (earlier Solaris Bio Chemicals Ltd.)	Other Related Party*
The Paperbase Company Limited	Other Related Party*
UHL Power Company Limited	Other Related Party*
Mr. Gautam Thapar	Key Management Personnel
Mr. R R Vederah	Key Management Personnel
Mr. B Hariharan	Key Management Personnel
Mr. Yogesh Agarwal	Key Management Personnel

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

III. Detail of transactions with Related Parties :

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

Sl. No.	Particulars	Current Year Rs. "000"	Previous Year Rs. "000"
a.	Sales of goods, rent received & allocation of common expenses for rendering corporate service:		
	– Other Related Parties	6,526	5,952
	– Subsidiary Companies	3,603	–
b.	Purchase of goods & service :		
	– Step Down Subsidiary Companies	2,20,118	6,04,797
	– Other Related Parties	13,78,910	12,75,269
c.	Investment made during the year:		
	– Subsidiary Companies	4,52,195	87,59,719
	– Step Down Subsidiary Companies	–	2,328
d.	Sale of Investment:		
	– Step Down Subsidiary Companies	–	1,31,403
e.	Interest on Loan Given:		
	– Subsidiary Companies	–	1,36,102

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

Sl. No.	Particulars	Current Year Rs. "000"	Previous Year Rs. "000"
f.	Advances Against Equity :		
	– Subsidiary Companies	4,95,550	126
g.	Refund of advance for investment	126	–
h.	Advances given:		
	– Subsidiary Companies	9,546	10,764
i.	Remuneration		
	Key Management Personnel	1,36,195	1,35,553
j.	Outstanding balances as at 30th June,2011:		
	– Subsidiary Companies – Loans & Advances	42,722	1,55,737
	– Subsidiary Companies – Advance against investment	4,95,550	126
	– Other Related Parties – Loans ,Advances & Debtors	741,180	6,34,214
	– Key Management Personnel – Advances	2,784	2,831

15. Earnings Per Share

Particulars	Current Year (Rs. "000)	Previous Year (Rs. "000)
I Profit Computation for both Basic and Diluted Earnings		
Per Share of Rs. 2/- each		
Net Profit after Tax as per Profit & Loss Account	301,530	582,834
Net Profit after Tax available to Equity Shareholders For Basic EPS	301,530	582,834
Adjustment for the purpose of Diluted EPS :-		
Net Profit available to Equity Shareholders For Diluted EPS	301,530	582,834
II Weighted Average number of Equity Share for Earnings Per		
Share Computation		
A) No. of shares for Basic Earnings Per Share	655,523,839	571,606,031
Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	2,114,698	64,322,070
B) No. of Shares for Diluted Earnings Per Share	657,638,537	635,928,101
III Earnings Per Share		
Basic (Rs.)	0.46	1.02
Diluted (Rs.)	0.46	0.92

16. Figures for the previous year have been rearranged and regrouped wherever necessary to conform to Current year's classification.

Signatures to Schedules 'I' to 'VIII'

As per our report attached
DINESH KUMAR BACHCHAS
Partner
 Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.
Chartered Accountants
 FRN: 106009W

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

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-IV OF SCHEDULE VI OF COMPANIES ACT, 1956

Balance Sheet Abstract & Company's General Business Profile

I. Registration details

Registration No.						1	0	3	3	7	State Code :	1	1
Balance Sheet Date :	3	0	0	6	2	0	1	1					
	Date		Month			Year							

II. Capital raised during the year : (Amount in Rs. thousands)

Public Issue :			N	I	L	Rights Issue :			N	I	L
Bonus Issue :			N	I	L	Private Placement :			N	I	L

III. Position of mobilisation and deployment of funds : (Amount in Rs. thousands)

Total Liabilities :	2	7	0	6	3	7	5	8	Total Assets :	2	7	0	6	3	7	5	8
---------------------	---	---	---	---	---	---	---	---	----------------	---	---	---	---	---	---	---	---

Sources of funds :

Paid-Up Capital :		1	3	1	1	2	3	4	Reserves & Surplus :	1	4	8	7	4	9	0	4
Secured Loans :		3	0	6	7	4	0	1	Unsecured Loans :		6	7	6	1	5	0	6
Deferred Tax Liability (Net) :		1	0	4	8	7	1	3									

Application of funds :

Net Fixed Assets :	1	0	8	9	8	8	0	7	Investments :	1	1	9	6	2	4	7	0
Net Current Assets :		4	2	0	2	4	8	1	Misc. Expenditure :			N	I	L			
Accumulated Losses :			N	I	L												

IV. Performance of Company : (Amount in Rs. thousands)

Turnover & Other Revenues :	1	0	8	9	3	1	7	1	Total Expenditure :	1	0	3	8	8	7	6	6
Profit before Tax :			5	0	4	4	0	5	Profit after Tax :			3	0	1	5	3	0
Basic Earnings per share in Rs.:					0	.	4	6	Dividend Rate (%) :							3	0

V. Generic names of the three principal products / services of the Company

Item Code No. (ITC Code)	4	8	1	0	.	0	0	0								
Product Description	P	A	P	E	R											

As per our report attached
DINESH KUMAR BACHCHAS
Partner
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GAUTAM THAPAR
 chairman
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B. HARIHARAN
 group director (finance)
VIVEK KUMAR GOYAL
 chief financial officer
AKHIL MAHAJAN
 company secretary

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Name of the Subsidiary	30.06.2011										30.06.2011	
	Ballarpur International Holdings B.V.	Ballarpur Paper Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	Premier Tissues India Limited (Since 9th March 2011)	BILT Tree Tech Limited	BILT Graphic Paper Products Limited	Sabah Forest Industries Sdn. Bhd.	Ballarpur International Packaging Holdings B.V.	Ballarpur Packaging Holdings B.V.	Ballarpur Specialty Paper Holdings B.V.		
1. Financial period/year of the Subsidiary ended on	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011	30.06.2011
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	125,192,483	(a) 1,483,675	(b) 5,620,427	990,000	550,050,000	(c) 8,277,856,532	(d) 18,000	(e) 18,000	(e) 18,000	18,000
(b) Share Holding per cent in the Subsidiary held by Ballarpur Industries Limited	%	100	100	(a) 72.30	(b) 100	91.67	100	(c) 97.78	(d) 100	(e) 100	(e) 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	Rs.'000	(161,397)	(248,527)	(3082)	1,415	5,050	1,948,744	789,234	(1,965)	(865)	(1,233)	(1,233)
(ii) For the Previous Financial years / Period since it became a Subsidiary	Rs.'000	(712,028)	(1,939,176)	(6,445)	NIL	(1,927)	3,284,018	(9,111,725)	(37)	(132)	(1,180)	(1,180)
(b) Dealt with in the Accounts of Ballarpur Industries Limited to:												
(i) For the Current Financial year / Period	Rs.'000	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) For the Previous Financial years / Period since it became a Subsidiary	Rs.'000	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes

- Held through Ballarpur International Graphic Paper Holdings B.V.
- Held through Ballarpur International Holdings B.V.
- Held through Ballarpur Paper Holdings B.V.
- Held through Ballarpur Paper Holdings B.V.
- Held through Ballarpur Packaging Holdings B.V.

INFORMATION IN RESPECT OF SUBSIDIARIES

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	Ballarpur International Holdings B.V.	Ballarpur Paper Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	Premier Tissues India Limited (Since 9th March 2011)	BLT Tree Tech Limited	BLT Graphic Paper Products Limited	Sabah Forest Industries Sdn. Bhd.	Ballarpur International Packaging Holdings B.V.	Ballarpur Packaging Holdings B.V.	Ballarpur Speciality Paper Holdings B.V.
Capital										
Equity Share Capital	11,262,112	7,053,605	1,296	56,204	10,800	5,500,500	15,525,270	1,126	1,124	1,273
Reserves	(1,449,535)	9,285,550	19,440,696	50,117	3,407	6,151,847	1,381,040	(1,995)	(1,004)	(2,464)
Total Assets	13,800,000	23,639,426	19,782,373	364,018	149,246	45,779,827	22,387,657	716	1,123	723
Total Liabilities	13,800,000	23,639,426	19,782,373	364,018	149,246	45,779,827	22,387,657	716	1,123	723
Investments										
(Except Investments in Subsidiaries)										
Government or Trust Securities	-	-	-	-	13	5	-	-	-	-
Shares, Debentures or Bonds	-	-	-	-	-	330,511	-	-	-	-
Turnover	-	-	-	111,082	51,837	29,485,761	5,985,102	-	-	-
Profit Before Taxation	(161,397)	(248,527)	(4,263)	1,788	6,331	2,155,944	440,732	(1,965)	(865)	(1,233)
Provision for Taxation										
Current Tax	-	-	-	-	-	436,000	1,652	-	-	-
Mat Entitlement Credit	-	-	-	-	-	(431,000)	-	-	-	-
Deferred Tax	-	-	-	372	(9)	202,200	(368,073)	-	-	-
Provision for Taxation relating to earlier years	-	-	-	-	831	-	-	-	-	-
Profit After Taxation	(161,397)	(248,527)	(4,263)	1,415	5,509	1,948,744	807,153	(1,965)	(865)	(1,233)
Dividend Paid										
Reporting Currency	USD	USD	USD	INR	INR	INR	RM	USD	USD	USD
Exchange Rate – Balance Sheet items (Closing rate)	45.4172	45.4172	45.4172	1.00	1.00	1.00	14.9516	45.4172	45.4172	45.4172
Exchange Rate – Profit & Loss items (Average rate)	45.79103	45.79103	45.79103	1.00	1.00	1.00	14.8837	45.79103	45.79103	45.79103

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 at 30th June, 2011, the Consolidated Profit and Loss Account 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 generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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. 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 at 30th June, 2011;
- (b) in the case of the Consolidated Profit and Loss Account, 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.

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K. K. MANKESHWAR & CO.,

Chartered Accountants

FRN- 106009W

New Delhi, dated the
18th August 2011

CONSOLIDATED BALANCE SHEET

as at june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	SCHEDULE	30.06.2011	30.06.2010
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	"A"	1,311,234	1,311,234
(b) Reserves & Surplus	"B"	25,217,800	21,122,658
		26,529,034	22,433,892
2. MINORITY INTEREST			
		7,473,640	4,110,206
3. LOAN FUNDS			
(a) Secured Loans	"C"	22,865,037	20,633,430
(b) Unsecured Loans	"D"	15,456,887	15,282,785
		38,321,924	35,916,215
4. DEFERRED TAX LIABILITY (Net of Assets)			
		1,762,242	1,914,255
Total		74,086,840	64,374,568
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	"E"	79,311,787	76,075,559
Less: Depreciation & Impairment		29,123,229	25,015,184
Net Block		50,188,558	51,060,375
(b) Construction and Installation-in-Progress including Expenditure thereon (Pending allocation)		10,396,850	2,835,936
(c) Advance against Capital Assets		3,146,537	403,738
		63,731,945	54,300,049
2. INVESTMENTS			
	"F"	405,629	405,629
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Interest accrued on Investments and Fixed Deposits (Net)		3,600	6,323
(b) Inventories	"G"	9,306,821	7,692,660
(c) Sundry Debtors	"H"	4,465,059	4,605,307
(d) Cash and Bank Balances	"I"	1,257,332	2,416,772
(e) Loans and Advances	"J"	11,918,160	10,189,036
		26,950,972	24,910,098
LESS: CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	"K"	12,679,289	11,625,337
(b) Provisions		4,327,412	3,625,862
		17,006,701	15,251,199
Net Current Assets		9,944,271	9,658,899
4. MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	"L"	4,995	9,991
NOTES TO BALANCE SHEET			
	"VIII"		
Total		74,086,840	64,374,568

Note: Schedules "A" to "L" & "VIII" referred to above form an integral part of the Balance Sheet.

As per our report attached
DINESH KUMAR BACHCHAS
 Partner
 Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

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

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT

for the year ended june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	SCHEDULE	Current Year	Previous Year
INCOME			
Sales	"I"	46,512,201	38,964,062
Less: Excise Duty		1,531,728	1,018,110
Net Sales		44,980,473	37,945,952
Other Income	"II"	168,500	238,556
Increase / (Decrease) in Stocks	"III"	487,299	129,152
Total		45,636,272	38,313,660
EXPENDITURE			
Manufacturing Costs	"IV"	31,236,307	25,522,297
Purchases		828,279	566,700
Personnel Costs	"V"	2,795,040	2,482,893
Administration, Selling & Miscellaneous Costs	"VI"	2,021,413	1,360,496
Deferred Revenue Expenditure - Amortised (Net)		4,996	197,847
Interest and Finance Costs (Net)	"VII"	2,704,474	2,371,088
Depreciation & Impairment		3,351,337	3,018,853
Total		42,941,846	35,520,174
Profit Before Taxation		2,694,426	2,793,486
Provisions for Taxation			
Current Tax/MAT		594,223	472,192
Relating to earlier years		4,577	148
MAT Entitlement Credit		(431,000)	(219,028)
Deferred Tax		(129,400)	136,112
		38,400	389,424
Profit After Taxation		2,656,026	2,404,062
Less: Minority Interest		529,000	434,121
Profit after Taxation & Minority Interest		2,127,026	1,969,941
Add: Balance brought forward from last year		6,477,958	4,965,216
Add: Debenture Redemption Reserve no longer required		75,000	75,000
Amount available for Appropriation		8,679,984	7,010,157
APPROPRIATIONS			
General Reserve		50,000	150,000
Debenture Redemption Reserve		1,987,500	-
Proposed Dividend:			
On 655523839 Equity Shares @ 30%		393,314	-
(On 655523839 Equity Shares @ 25%)		-	327,762
		393,314	327,762
Add: Dividend Tax on above		63,805	54,437
		457,119	382,199
Balance carried to Balance Sheet		6,185,365	6,477,958
NOTES FORMING PART OF PROFIT & LOSS ACCOUNT	"VIII"		
		8,679,984	7,010,157
BASIC EARNINGS PER SHARE (Rs.)		3.24	3.45
DILUTED EARNINGS PER SHARE (Rs.)		3.23	3.11

As per our report attached

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

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

New Delhi, dated the
18th August, 2011

New Delhi
18th August, 2011

CONSOLIDATED CASH FLOW STATEMENT

for the year ended june 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Appropriations	2,694,426	2,793,486
Add/(Less) :		
Adjustments for :		
(Profit) / Loss on Sale of Assets (Investing Activity)	1,088	(1,667)
Unspent Liabilities and Excess Provisions of earlier years written back	(2,001)	(11,705)
Assets discarded	947	5,346
Interest and Finance Costs (net)	2,704,474	2,371,088
Depreciation & Impairment	3,351,337	3,018,853
Deferred revenue expenses amortised	4,996	197,847
Bad debts and claims written off	-	18,636
Operating Profit before Working Capital changes	8,755,267	8,391,884
Adjustments for Working Capital changes :		
Trade payable and others	1,357,395	5,429,651
Inventories	(1,558,203)	(2,803,046)
Trade and other receivables	152,480	(1,363,849)
Loans and Advances	(599,197)	(1,611,383)
Cash generated from Operations	8,107,742	8,043,257
Direct Taxes Paid	(1,084,485)	(572,151)
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,023,257	7,471,106
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets, Capital WIP, Capital Advances (Net)	(11,199,079)	(4,472,087)
Sale of assets	52,402	2,100
Acquisition of Subsidiary	(452,195)	-
Subscription / Purchase of Investment (Net of Redemption)	-	(24,150)
Interest Received	241,486	222,059
NET CASH USED IN INVESTING ACTIVITIES	(11,357,386)	(4,272,078)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance / (Repayment) of Share Capital (net)	-	1,350,000
Payment for Buyback Compulsory and Optional	(379)	(688)
Proceeds from Issuance/(Repayment) of unsecured zero coupon compulsory convertible bonds	(3,252,956)	1,650,000
Including premium payable on redemption		
Increase / (Decrease) in long term and other borrowings (net)	9,111,456	(1,222,426)
Interest Paid	(2,777,927)	(2,549,169)
Debenture issue expenses	(80,915)	-
Dividend Paid (including dividend tax)	(382,460)	(326,002)
NET CASH USED IN FINANCING ACTIVITIES	2,616,819	(1,098,285)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,717,310)	2,100,743
IMPACT OF FOREIGN CURRENCY TRANSLATION RESERVE	555,246	(727,204)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	2,416,772	1,043,233
ADD: UPON ACQUISITION OF A SUBSIDIARY	2,624	-
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	1,257,332	2,416,772

NOTES

- The above statement has been prepared following the Indirect Method.
- Increase in Fixed Assets are stated inclusive of movements of Capital work in progress and Capital advances between the beginning and the end of the year.
- Proceeds from long term and other borrowings are shown net of repayments.
- Cash and Cash Equivalents represent Cash and Bank Balances only.
- Figures of previous year have been rearranged and regrouped wherever necessary to conform to current year classifications.

As per our report attached
DINESH KUMAR BACHCHAS
Partner

Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.

Chartered Accountants
 FRN : 106009W

New Delhi, dated the
 18th August, 2011

GAUTAM THAPAR
R. R. VEDERAH
B. HARIHARAN
VIVEK KUMAR GOYAL
AKHIL MAHAJAN

New Delhi
 18th August, 2011

chairman
 managing director & executive vice chairman
 group director (finance)
 chief financial officer
 company secretary

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "A": SHARE CAPITAL		
AUTHORISED		
1487500000 Equity Shares of Rs. 2/- each (Previous Year 1487500000 Equity Shares of Rs.2/- each)	2,975,000	2,975,000
10250000 (Previous Year 10250000) Preference share of Rs. 100/- each	1,025,000	1,025,000
	4,000,000	4,000,000
ISSUED		
1030005910 Equity Share of Rs. 2/- each (Previous Year 1030005910 Equity Shares of Rs. 2/- each)	2,060,012	2,060,012
	2,060,012	2,060,012
SUBSCRIBED AND PAID UP		
655773584 Equity Shares of Rs. 2/- each (Previous Year 655773584 Equity Shares of Rs. 2/- each)	1,311,546	1,311,546
Less : 249745 Equity Shares of Rs. 2/- each forfeited (Previous Year 249745 Equity Shares of Rs. 2/- each forfeited)	499	499
	1,311,047	1,311,047
655523839 Equity Shares of Rs. 2/- each (Previous year 655523839 Equity Share of Rs. 2/- each)	1,311,047	1,311,047
Add: Forfeited Shares (amount paid up)	187	187
	1,311,234	1,311,234

I. PRE-SPLIT AND BUYBACK OF EQUITY SHARES :

- 35,000 Equity Shares of Rs. 10/- each allotted as fully paid up without payment being received in cash.
- 15,423,900-1/2 Equity Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares capitalised from General Reserve and Share Premium Account.
- 950,000 Equity Shares of Rs.10/- each fully paid up issued to Financial Institutions on part conversion of Loans/Debentures.
- 4,374,945 Equity Shares of Rs.10/- each allotted as fully paid up to the Shareholders of Amalgamating Companies pursuant to the Schemes of Amalgamation.
- 135,174 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 237 – 4% Euro Bonds of the Face Value of US\$ 11,85,000.
- 11,887,469 Equity Shares of Rs.10/- each allotted as fully paid up, in terms of Scheme of Arrangement & Reorganisation.
- 12,649,218 Equity Shares of Rs.10/- each allotted as fully paid up, pursuant to the scheme of Arrangement & Amalgamation between the company and Bilt Graphic Paper Products Limited.
- 21,160,820 Equity Shares of Rs 10/- each allotted as fully paid up against Global Depository Shares (GDS) aggregating to US\$ 35 Million.
- 92,775 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.
- 23,278,276 Equity Shares of Rs.10/- each allotted at a premium of Rs. 76.20/- per share against conversion of Foreign Currency Convertible Bonds (FCCB) of Face Value US\$ 45,000,000.

II. POST-SPLIT AND BUYBACK OF EQUITY SHARES :

- Pursuant to the Scheme of Arrangement and Reorganisation under Section 391 - 394 of the Companies Act 1956, approved by High Court of Mumbai (Nagpur Bench) vide its order dated 30.11.2007 (Scheme), one Equity Share of Rs. 10/- each was subdivided into five Equity Shares of Rs. 2/- each and simultaneous compulsory buyback of two Equity Shares of Rs. 2 each at a price of Rs. 25/- each per share. Consequently 371,414,860, Equity Shares of Rs. 2/- each were bought back by the Company at a price of Rs. 25/- per share.
- Pursuant to the Scheme, certain small shareholders, holding 1,598,451 equity share of Rs. 2/- each exercised their option for buyback at a price of Rs. 30/- per share and were bought back by the Company.
- The company had allotted the following Equity Shares to Bilt Paper Holdings Limited (BPHL), now merged with Avantha Holdings Limited a promoter:
 - 45,000,000 Equity Shares at Rs. 30/- per share (face value of Rs. 2/- and Premium of Rs. 28/-) on 17th March 2010 and
 - 55,000,000 Equity Shares at Rs. 30/- per share (face value of Rs. 2/- and Premium of Rs. 28/-) on 11th June 2010, consequent upon conversion of 55,000,000 unsecured zero coupon compulsory convertible bonds.

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "B" RESERVES & SURPLUS		
CAPITAL RESERVE ON CONSOLIDATION	5,924,705	5,244,825
CAPITAL RESERVE		
As per Last Account	151,546	151,546
SHARE PREMIUM ACCOUNT		
As per Last Account	2,931,972	317,314
Add : Premium received on issue of Equity Share	-	2,800,000
Less : Debenture Issue Expenses	80,915	-
Less : Security Premium Payable on redemption of ZCCB	171,288	185,342
	2,679,769	2,931,972
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
As per Last Account	738,469	738,469
GENERAL RESERVE		
As per Last Account	8,004,010	7,854,010
Add: Transferred from Profit & Loss Account	50,000	150,000
	8,054,010	8,004,010
DEBENTURE REDEMPTION RESERVE		
As per Last Account	225,000	300,000
Less: Transferred to Profit & Loss Account	75,000	75,000
Add : Transferred from Profit & Loss Account	1,987,500	-
	2,137,500	225,000
FOREIGN CURRENCY TRANSLATION RESERVE		
As per Last Account	(2,651,122)	(2,379,215)
Additions during the year	1,997,558	(271,907)
	(653,564)	(2,651,122)
BALANCE AS PER PROFIT & LOSS ACCOUNT	6,185,365	6,477,958
	25,217,800	21,122,658

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2011	30.06.2010
SCHEDULE "C" SECURED LOANS			
	Notes		
Debentures	(1)	8,100,000	900,000
Term Loans from Banks / Financial Institutions including External Commercial Borrowings	(2)	14,617,561	19,704,357
Loan from Others	(3)	147,476	29,073
		22,865,037	20,633,430

Notes

- These comprise of :-
 - The above Debentures are secured by parri-passu first charge created on all immoveable and moveable properties of the respective Companies both present and future except Non Convertible Debentures (NCD's) worth Rs. 250 Crores placed by ICICI issued by Bilt Graphic Paper Products Limited (BGPPL) which is secured by first parri-passu charge on all the moveable properties of BGPPL both present and future.
 - The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 31st July 2011 and the last being due on 30th June 2013, in case of Ballarpur Industries Ltd and 29th September, 2017 in case of BGPPL. The amount of Debentures due for redemption for the financial year 2011-12 is Rs. 3000 lacs.
- The above Term loans & ECBs are secured by parri-passu first charge created/to be created on all immovable and moveable properties of the respective Companies both present and future except ECB from HSBC and CITI Bank, borrowed by Ballarpur Industries Ltd, which is secured by the first parri-passu charged on all the moveable properties of the Company both present and future. In case of Sabah Forest Industries Sdn. Bhd. (SFI) additional security by way of second pari passu charge over current assets, parri-passu charge over Receivables Account from the sale of pulp from the new capacity and assignment of BGPPL - SFI Offtake agreement.
- "Loan from Others" includes Cash credit & working capital loan relating to "Premier Tissues (India) Limited" which is secured by way of charge on the Current assets of the Company.
 - "Loan from Others" includes Hire Purchase Loan relating to SFI, which is secured by charge over the assets under hire-purchase.

	30.06.2011	30.06.2010
SCHEDULE "D" UNSECURED LOANS		
Compulsory Convertible Debentures	–	4,648,160
Fixed Deposits *	5,091	10,237
Loan from Banks	12,270,538	4,980,285
Zero Coupon Convertible Bonds (US \$ 52mn)	–	2,264,600
Zero Coupon Compulsory Convertible Bonds (US \$ 15mn)	681,258	697,224
Loan from Others	–	2,682,279
Unsecured Non Convertible Debentures	2,500,000	–
	15,456,887	15,282,785

* Unclaimed matured deposits which will be credited to Investor Education and Protection fund. The actual amount to be transferred to the Fund will be determined on respective due dates.

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

SCHEDULE "E": FIXED ASSETS

Assets	Gross Block				Depreciation Block				Net Block				
	As at 1st July, 2010	on Acquisition of subsidiary	Additions/ Adjustments during the year	Sales/ Adjustments & Disposals during the year	Translation Reserve	Total as at 30th June, 2011	As at 1st July, 2010	For the year On Sales, Adjustments & Disposals during the year	Translation Reserve	Total as at 30th June, 2011	As at 30th June, 2011	As at 30th June, 2010	
A. Tangible Assets													
Land (including leasehold lands)	1,096,831	1,255	4,490	-	23,348	1,125,924	69,562	10,437	2,952	82,951	1,042,973	1,027,269	
Buildings	8,044,424	82,338	124,302	12,910	190,340	8,428,494	3,453,937	262,774	130,449	3,852,178	4,576,316	4,590,487	
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	1,930	-	-	-	-	1,930	1,179	104	-	1,283	647	751	
Plant, Machinery & Equipments	62,340,235	264,787	1,182,542	85,988	844,938	64,546,514	19,969,840	41,218	532,864	23,284,083	41,262,431	42,370,395	
Furniture, Fixtures and Office Equipments	557,436	15,078	30,862	2,416	13,478	614,438	380,230	36,004	12,157	430,881	183,557	177,206	
Improvement to Leased Assets	130,522	-	-	-	-	130,522	57,466	462	-	57,928	72,594	73,056	
Vehicles	235,171	9,859	12,936	820	4,998	262,144	123,391	23,744	3,892	153,179	106,965	111,780	
Plantation	3,080,956	-	395,831	-	137,269	3,614,056	494,780	203,430	22,682	720,892	2,893,164	2,586,176	
B. Intangible Assets													
ERP Project	586,649	-	-	-	-	586,649	464,799	75,055	-	539,854	46,795	121,850	
TOTAL: This Year	76,074,154	373,317	1,750,963	102,134	1,214,371	79,310,671	25,015,184	74,348	3,376,398	47,697	29,123,229	50,187,442	51,058,970
TOTAL: Previous Year	65,259,567	-	9,798,386	52,555	1,068,756	76,074,154	21,399,701	-	3,048,375	46,349	25,015,184	-	-
Scrap Assets	-	-	-	-	-	-	-	-	-	-	1,116	1,405	
											50,188,558	51,060,375	

Notes

- Buildings include Rs. 38,969 thousands (Previous year Rs. 38,969 thousands) towards revalued value of ownership flats in Co-operative 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 :
 - Rs. 11,818 thousands (Previous Year Rs. 13,647 thousands) charged to Inventories.
 - Rs. 11,263 thousands (Previous Year Rs. 14,664 thousands) charged to Plantation.
 - Rs. 1,980 thousands (Previous Year Rs. 1,211 thousands) allocated to Project Development Expenditure.

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011		30.06.2010	
	Face Value or Nos.	Book Value	Face Value or Nos.	Book Value
SCHEDULE "F" INVESTMENTS				
GOVERNMENT SECURITIES :				
7 - Year National Saving Certificates	Rs. 3,000	3	Rs. 3,000	3
6 - Year National Saving Certificates (Rs. 21 thousand Lodged as Security Deposit)	Rs. 21,500	21	Rs. 21,500	21
5 - Year Kisan Vikas Patra (Lodged as Security Deposit)	Rs. 2,000	2	Rs. 2,000	2
OTHER INVESTMENTS :				
Avantha Power & Infrastructure Ltd. (formerly known as Bilt Power Ltd.)				
Fully paid Equity Shares of Rs.10/- each.	38584000	405,268	38584000	405,268
Blue Horizon Investments Limited				
Fully Paid Equity Shares of Rs 10/- each	5000	335	5000	335
		405,629		405,629
In Government Securities		26		26
In Fully Paid Equity Shares		405,603		405,603
		405,629		405,629
BREAK-UP :				
Unquoted Investments		405,603		405,603
Others :				
Government Securities & Bonds		26		26
		405,629		405,629

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "G": INVENTORIES		
(As valued and certified by the Management)		
Raw Materials	3,056,430	2,567,065
Stock of Stores, Spare Parts, Chemicals etc.	2,889,853	2,497,615
Block Stores	34,225	34,090
Raw Materials and Stores-in-Transit	1,224,500	996,135
Stock-in-Trade :		
Finished Stock	1,547,142	909,903
Stock-in-Process	554,671	687,852
	9,306,821	7,692,660
SCHEDULE "H": SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months :		
Secured –		
Considered Good	8,398	24,377
Unsecured –		
Considered Good	122,458	101,351
	130,856	125,728
Other Debts :		
Secured –		
Considered Good	229,124	61,787
Unsecured –		
Considered Good	4,105,079	4,417,792
	4,334,203	4,479,579
	4,465,059	4,605,307
SCHEDULE "I": CASH AND BANK BALANCES		
Cash on Hand	84,959	94,588
Bank Balances :		
With Scheduled Banks –		
On Current Accounts	135,430	78,324
On Margin Money Account	5,920	8,477
On Fixed Deposit Accounts (Lodged as Security deposits Rs. 50,983 thousands)	55,818	1,771,583
On Employees' Security Deposit Account in Savings Bank Account	313	307
On Compulsory Buyback	18,995	19,373
On Optional Buyback	206	207
On Unpaid Dividend Account	13,349	13,637
	230,031	1,891,908
With Non-Scheduled Banks –		
On Current Accounts	942,342	430,276
(Maximum amount outstanding during the year Rs. 390,477 thousands)		
	1,257,332	2,416,772

CONSOLIDATED SCHEDULES "A" TO "L"

attached to and forming part of the balance sheet as at June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2011	30.06.2010
SCHEDULE "J": LOANS AND ADVANCES		
Unsecured – Considered Good		
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for value to be received	5,859,370	4,576,719
Balance with Customs and Excise Authorities	2,032,651	1,982,620
Advance Tax, Tax deducted at Source (including MAT Entitlement Credit)	4,026,139	3,629,697
	11,918,160	10,189,036
Advances include amount advanced to Directors Rs. 2784 thousands (Maximum amount outstanding at any time during the year Rs.2831 thousands)		
SCHEDULE "K": CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
For Acceptances	4,201,059	3,480,674
Sundry Creditors - Micro, Small and Medium Enterprises	31,526	30,866
Sundry Creditors - Capital Goods	978,913	213,728
Sundry Creditors - Others (Includes Interest free sales tax loan/deferral)	6,463,808	6,368,311
Security Deposits (including Interest accrued thereon)	530,334	458,503
Advances received from Customers	151,374	80,344
Provision on security premium payable on redemption of ZCCB	–	817,068
Trustees Staff Welfare Account	–	527
Unclaimed Dividend / Dividend Payable *	13,349	13,610
Employees Security Deposit	313	307
Unclaimed Compulsory Buyback Consideration	18,995	19,373
Unclaimed Optional Buyback Consideration	206	207
Commission payable to Chairman, MD and other Directors	4,142	21,859
Interest on Loans accrued but not due	285,270	119,960
	12,679,289	11,625,337
B. PROVISIONS		
Provision for Taxation including MAT	3,219,708	2,619,843
Provision for Proposed Dividend	393,314	327,762
Provision for Dividend Tax	63,805	54,437
Provision for Employee Benefits	650,585	623,820
	4,327,412	3,625,862
	17,006,701	15,251,199

* Includes amount to be transferred to Investor Education and Protection Fund which will be determined on the respective due dates.

	AS AT 01.07.2010	EXPENSES DURING THE YEAR	WRITTEN OFF DURING THE YEAR	BALANCE AS AT 30.06.2011
SCHEDULE-L : MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Share Issue Expenses	9,991	–	4,996	4,995
Total	9,991	–	4,996	4,995

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Current Year	Previous Year
SCHEDULE "I" : SALES		
Paper (including coated)	42,352,776	35,772,113
Less: Discount	1,515,006	873,565
	40,837,770	34,898,548
Caustic Soda, Chlorine etc.	99,405	56,880
Rayon Grade Pulp	5,047,996	3,424,852
Others (including traded goods)	527,030	583,782
	46,512,201	38,964,062
SCHEDULE "II" : OTHER INCOME		
Interest on Investments	126	126
Foreign Currency Fluctuation (Net)	30,559	108,553
Profit on Sales of Stores, Raw Materials, Scrap etc.	17,892	18,950
Rent and Licence Fee (Gross)	12,975	8,342
Miscellaneous Income	106,948	100,918
Profit on Sale of Assets (Net)	-	1,667
	168,500	238,556
SCHEDULE "III": INCREASE/(DECREASE) IN STOCKS		
Opening Stock :		
Finished	909,903	779,220
In Process	687,852	639,343
	1,597,755	1,418,563
Add: Stock of pre-operative stage at (BGPPL)		
Finished	-	16,259
In Process	-	33,781
	-	50,040
Add :Opening Balance due to Acquisition of Subsidiary		
Finished	10,272	-
In Process	6,487	-
	1,614,514	1,468,603
Closing Stock :		
Finished	1,547,142	909,903
In Process	554,671	687,852
	2,101,813	1,597,755
Net Increase/(Decrease) on Stocks	487,299	129,152
SCHEDULE "IV": MANUFACTURING COSTS		
Raw Materials consumed (including Expenses thereon)	15,657,323	12,396,197
Stores and Spare Parts consumed	7,754,500	6,811,623
Excise duty on year end inventory of Finished Goods	13,393	6,080
Power, Fuel and Water Charges	6,722,701	5,464,884
Repairs and Maintenance - Buildings	34,698	35,495
Repairs and Maintenance - Plant & Machinery	512,959	434,423
Repairs and Maintenance Sundries	95,349	97,021
Processing Charges	23,106	90,253
Lease charges of Machinery	-	325
Other Expenses	422,278	185,996
	31,236,307	25,522,297

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

SCHEDULE "V": PERSONNEL COSTS

	Current Year	Previous Year
Salaries, Wages, Bonus and Gratuity	2,445,704	2,120,554
Directors' Commission on Profits - Gross	4,142	21,859
Contribution to Provident, Superannuation & Other Funds	166,093	154,194
Workers and Staff Welfare Expenses	179,101	186,286
	2,795,040	2,482,893

SCHEDULE "VI": ADMINISTRATION, SELLING & MISCELLANEOUS COSTS

Rent	4,982	5,062
Lease Rent	7,584	6,303
Rates and Taxes	35,786	22,748
Insurance Charges	108,970	87,726
Directors Fees	2,060	1,632
Debenture Trustee Remuneration	-	317
Office & Other Expenses (Including Rs. 18,046 thousand for Research & Development)	651,290	471,371
Commission	33,939	22,750
Carriage and Freight	1,007,197	562,195
Other Selling Expenses	169,571	168,063
Assets Discarded	947	5,346
Loss on Sale of Assets (Net)	1,088	-
Bad Debts and Claims written off / provided for	-	18,636
Foreign Exchange Rate Fluctuation (Net)	-	52
	2,023,414	1,372,201
Less: Unspent Liabilities and excess provisions in respect of earlier years Written Back	2,001	11,705
	2,021,413	1,360,496

SCHEDULE "VII": INTEREST AND FINANCE COSTS (NET)

Interest :		
On Debentures and Fixed Loans	1,191,306	912,712
On Other Accounts	608,231	1,317,290
Other Finance Charges	1,143,700	368,537
	2,943,237	2,598,539
Less: Interest earned (Tax Deducted at source Rs. 7,865 thousand)	238,763	227,451
	2,704,474	2,371,088

SCHEDULE "VIII": SIGNIFICANT ACCOUNTING POLICIES AND NOTES**1. SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21), "Consolidated Financial Statements" and Accounting Standard 23 (AS 23), "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

B. FIXED ASSETS -TANGIBLE

1. 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.
2. 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.
3. 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 profit and loss account.

C. 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 Accounts.

D. FIXED ASSETS -INTANGIBLE

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

E. 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.

F. 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 decrease 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 decrease 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.

G. 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.

H. 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 infused |

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

I. REVENUE RECOGNITION

As per the requirement of the Companies (Amendment) Act, 1988, all Incomes and Expenses are accounted for on accrual basis.

J. RESEARCH & DEVELOPMENT

Revenue expenditure on Research and Development is charged to the Profit & Loss Account 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.

K. EMPLOYEES 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 Profit & Loss Accounts.

L. 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.

M. 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.

N. 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.

O. IMPAIRMENT OF ASSETS

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

P. PROVISION AND CONTINGENCIES

The Company create a provision 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.

Q. 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 Account as permitted by section 78(2) of the Companies Act, 1956.

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

2. The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (The Company) for year ended 30th June 2011 and its following Subsidiaries

Name of the Company	Country of Incorporation	Proportion of Ownership Interest either directly or through subsidiary As at 30th June 2011
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		
Sabah Forest Industries Sdn. Bhd.	Malaysia	97.78%
Ballarpur International Graphic Paper Holdings B.V.	Netherlands	72.30%
Ballarpur Paper Holdings B.V.	Netherlands	100%
Ballarpur International Packaging Holdings B.V.	Netherlands	100%
Bilt Graphic Paper Products Limited	India	100%

(a) The Consolidated Financial Statements of the Company and its Subsidiaries have been prepared in accordance with Uniform Accounting Policies and Generally Accepted Accounting Principles in India.

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

3. CONTINGENT LIABILITIES

(a) Rs 770.20 Crores (30th June, 2010 Rs 754.30 Crores) approximately being claims against the Company not acknowledged as debts.

(b) The future obligation for the rentals under a Financial Lease Agreement entered into, by the Company for certain assets taken on lease by another Company amounts to Rs. NIL (30th June, 2010 Rs. 0.021 Crores).

4. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs. 70.13 Crores (30th June, 2010 Rs. 56.29 Crores).

5. Estimated amount of contracts remaining to be executed on Capital Account Rs 390.81 Crores (Net of Advances) (30th June, 2010 Rs. 713.69 Crores).

6. 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 Profit & Loss Account for the year are Rs. 1.26 Crores. (Previous Year Rs. 1.14 Crores). As of 30th June, 2011, the future minimum lease payments for non-cancellable operating leases are as below :-

- Not later than one year from 30th June, 2011 Rs. 0.12 Crores
- Later than one year and not later than five years NIL

7. a) Unit Bhigwan had imported certain Plant and Machinery at 'nil' customs duty under the Export Promotion Capital Goods (EPCG) Scheme. Under the scheme, the Unit was obliged to export goods aggregating US\$ 321 million, which is equivalent to six times the CIF value of the machinery imported. The Unit was required to meet this export obligation over a period of 8 years (four blocks of 2 years each) starting January 12, 1996. The Unit had been granted an extension in the period for fulfilling the export obligation from 8 years to 12 years till January 11, 2008, which has further been extended up to January 11, 2010. The Director General of Foreign Trade, on an application by the Company has further reduced the Export Obligation by US\$ 94.12 Million and has re-fixed the export obligation to US\$ 226.85 Million. The Unit has achieved total export (on realization basis) of US\$ 229.22 Million (including the exports made by Unit Ballarpur during the year 2009-10) as on 31st December, 2009 and has submitted the required documents to The Director General of Foreign Trade on 12.03.2010 for issuance of Export Obligation Discharge Certificate.
- b) 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 US\$ 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 17th March 2005. The unit has achieved total export of US\$ 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.
8. Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Development Act") –delayed payments due as at the end of the year on accounts of principal – Rs.33.73 Lacs (Previous Year Rs. 128.27 Lacs) and interest due thereon Rs. 5.05 Lacs (Previous Year Rs. 3 lacs).

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

9. 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 to various account heads including Capital Expenditure for the year, are as under:

Sr. No.	Defined Contribution Plan	2010-11 (In Rs. Lacs)	2009-10 (In Rs. Lacs)
1.	Employer's Contribution in Provident Fund	691.05	618.68
2.	Employer's Contribution in Superannuation Fund	120.77	146.01
3.	Employer's Contribution in Pension Scheme	400.14	424.41

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.

Sr. No.	Defined Benefit Plan	2010-11			2009-10		
		Gratuity Funded (Rs. Lacs)	Gratuity Unfunded (Rs. Lacs)	Leave Encashment Unfunded (Rs. Lacs)	Gratuity Funded (Rs. Lacs)	Gratuity Unfunded (Rs. Lacs)	Leave Encashment Unfunded (Rs. Lacs)
a. Reconciliation of Opening and closing of Defined Benefit Obligation							
	Defined benefit obligation at beginning of the year	245.28	5,372.28	748.99	184.30	4,629.10	658.17
	Opening Balance on account of acquisition of PTIL	-	24.27	6.13	-	-	-
	Current Service Cost	27.10	343.50	98.16	29.22	378.95	105.25
	Interest Cost	20.85	452.34	62.16	17.18	367.21	50.55
	Actuarial (gain)/loss	(16.50)	75.04	36.05	33.20	414.61	94.77
	Benefit paid	(15.03)	(651.57)	(198.11)	(23.65)	(618.35)	(159.75)
	Plan Amendments	-	-	-	5.03	200.76	-
	Defined benefit obligation at year end	261.70	5,615.86	753.38	245.28	5,372.28	748.99
b. Reconciliation of opening and closing balance of fair value of plan assets							
	Fair value of plan assets at beginning of the year	128.35	-	-	121.68	-	-
	Expected return on plan assets	10.27	-	-	9.73	-	-
	Actuarial gain / (loss)	1.29	-	-	0.35	-	-
	Employer contribution	0.21	651.57	198.11	20.24	(618.35)	(159.75)
	Benefit Paid	(15.03)	(651.57)	(198.11)	(23.65)	(618.35)	(159.75)
	Fair value of plan assets at year end	125.09	-	-	128.35	-	-
	Actual return on plan assets	11.55	-	-	10.09	-	-
c. Reconciliation of fair value of assets and obligations							
	Fair value of plan assets as at 30th June, 2011	125.09	-	-	128.35	-	-
	Present value of obligation as at 30th June, 2011	261.70	5,615.86	753.38	245.28	5,372.28	748.99
	Amount recognized in Balance Sheet	136.61	5,615.86	753.38	116.93	5,372.28	748.99
d. Expenses recognized during the year (under the head "personnel costs")							
	Current Service Cost	27.10	343.50	98.16	29.22	378.95	105.25
	Interest Cost	20.85	452.34	62.16	17.18	367.21	50.55
	Expected return on plan assets	10.27	-	-	9.73	-	-
	Past Service Cost	-	-	-	5.03	(0.14)	-
	Actuarial (gain)/loss	(17.79)	75.04	36.05	32.85	414.61	94.77
	Plan Amendments	-	-	-	5.03	200.76	-
	Net Cost	40.43	870.88	196.37	94.01	1361.39	250.57
e. Discount rate (per annum)							
	Expected rate of return of plan assets (per annum)	8.50%	8.50%	8.50%	7.50%	7.50% / 8%	7.50% / 8%

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

Rate of escalation in salary considered in actuarial valuation, taken 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.

10. MISCELLANEOUS EXPENDITURE - DEFERRED REVENUE EXPENDITURE

Share Issue expenses are being written off over a period of five years.

11. The Provision for taxation for the year is the aggregate of the provision made for nine months ended 31.03.11 and three months ended 30.06.11. The ultimate tax liability shall however be based on the previous year as defined in the Income Tax Act.1961. The deferred Tax Assets and Liabilities as on 30.06.11 and 30.06.10 comprising timing difference on accounts of :-

Particulars	Amount	Amount
	(Rs. '000)	(Rs. '000)
	30.06.2011	30.06.2010
Deferred Tax Asset		
Expenses allowable on payment basis	51,921	47,859
Provision for Gratuity & Others	241,438	207,168
Unabsorbed Capital Allowance	896,647	490,739
Total	11,90,006	745,766
Deferred Tax Liability		
Higher Depreciation claimed under tax laws (net of unabsorbed depreciation)	2,949,254	2,657,278
Deferred revenue expenditure & others	2,994	2,743
Total	2,952,248	2,660,021
Net Deferred Tax Asset/(Liability)	(17,62,242)	(1,914,255)
Deferred Tax Asset/(Liability) during the year	129,400	(136,112)
Deferred Tax liability on acquisition of subsidiary	(11,704)	-
Effect of Translation gain/(loss)	34,317	-
Net Incremental Asset/(Liability)	152,013	(136,112)

In case of namely Ballarpur International Holdings B.V., Ballarpur Paper Holdings B.V., Ballarpur International Graphic Paper Holdings B.V., Ballarpur International Paper Holdings B.V., Net deferred tax assets shall be recognised as and when there is a virtual certainty for recovery there-of.

12. Construction and Installation in Progress and Advances against Capital Assets includes expenses and interest related to ongoing Projects at various units of the Company.
13. Accounts with certain Financial Institutions, Banks and Companies are subject to reconciliation; however these will not have any significant impact on the profit for the year and on the net worth of the Company as on the Balance Sheet date.
14. 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.
15. **Segment Reporting**

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

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

Particulars	Year	Paper	Paper Products & office supplies	Pulp	Others	Amount (Rs. '000)
						Total
Revenues						
Gross Sale to External Customers	2010-11	36,327,887	4,372,924	5,047,996	763,394	46,512,201
Excise Duty	2010-11	(1,253,949)	(170,662)	(99,305)	(7,812)	(1,531,728)
Gross Sale to External Customers	2009-10	30,852,629	3,986,278	3,424,852	700,303	38,964,062
Excise Duty	2009-10	(894,026)	(118,750)	-	(5,334)	(1,018,110)
Total Segment Revenues (Net of Excise)	2010-11	35,073,938	4,202,262	4,948,691	755,582	44,980,473
	2009-10	29,958,603	3,867,528	3,424,852	694,969	37,945,952
Segment Results	2010-11	3,609,561	294,158	1,620,328	(36,271)	5,487,776
	2009-10	4,645,540	277,790	576,825	(45,148)	5,455,007
Less: Unallocated Corporate Expenses (Net of other income)	2010-11					88,876
	2009-10					290,433
Profit Before Interest and Tax	2010-11					5,398,900
	2009-10					5,164,574

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

Particulars	Year	Paper	Paper Products & office supplies	Pulp	Others	Total
Interest (Net of Income)	2010-11					2,704,474
	2009-10					2,371,088
Profit Before Tax	2010-11					2,694,426
	2009-10					2,793,486
Provision For Tax						
-Current Tax (Net of MAT Entitlement Credit)	2010-11					163,223
	2009-10					253,164
-Relating to earlier years	2010-11					4,577
	2009-10					148
-Deferred Tax	2010-11					(129,400)
	2009-10					136,112
Net Profit	2010-11					2,656,026
	2009-10					2,404,062
Minority Interest	2010-11					529,000
	2009-10					434,121
Net Profit after Minority Interest and Share of Profit in Associates	2010-11					2,127,026
	2009-10					1,969,941
Other Information						
Segmental Assets	2010-11	76,073,838	5,020,854	4,469,021	844,941	86,408,654
	2009-10	66,982,250	3,955,464	4,089,732	968,624	75,996,070
Unallocated Corporate assets	2010-11					4,684,887
	2009-10					3,629,697
Total Assets	2010-11					91,093,541
	2009-10					79,625,767
Segmental Liabilities	2010-11	10,095,346	951,219	679,731	803,578	12,529,874
	2009-10	9,652,975	607,894	456,232	714,988	11,432,089
Unallocated Corporate liabilities	2010-11					4,476,827
	2009-10					3,819,110
Total Liabilities	2010-11					17,006,701
	2009-10					15,251,199
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	2010-11					11,199,079
	2009-10					4,472,087
Depreciation	2010-11					3,351,337
	2009-10					3,018,853
Amortisation	2010-11					4,996
	2009-10					197,847
Total Liabilities Exclude						
Secured Loans	2010-11					22,865,037
	2009-10					20,633,430
Unsecured Loans	2010-11					15,456,887
	2009-10					15,282,785
Deferred Tax Liabilities	2010-11					1,762,242
	2009-10					1,914,255
Minority Interest	2010-11					7,473,640
	2009-10					4,110,206

16. List of related parties other than subsidiary companies with whom transactions were carried out during the year.
I. Key Management Personnel

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

II. Other Related Parties

(Companies over which key person(s) having Direct/Indirect control or significant influence over the Company is able to exercise significant influence)

APR Sacks Limited
 ASA Agencies (P) Limited
 Asia Aviation Limited
 Avantha Holdings Limited (formerly known as NewQuest Corporation Limited)
 Avantha Power & Infrastructure Limited

CONSOLIDATED SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended June 30, 2011

Avantha Realty Limited (formerly known as Janpath Investments and Holdings Limited)
 Avantha Technologies Limited (earlier NewQuest Process Outsourcing Private Limited)
 Bilt Industrial Packaging Company Limited
 Biltech Building Elements Limited
 Crompton Greaves Limited
 Global Green Company Limited
 Imerys Newquest (India) Private Limited
 Jhabua Power Limited
 Korba West Power Company Limited
 Krebs & Cie (India) Limited
 Mirabelle Trading Pte. Limited
 Salient Business Solutions Ltd.
 Solaris Chemtech Industries Limited (earlier Solaris Bio Chemicals Ltd.)
 The Paperbase Company Limited
 UHL Power Company Limited

III. Details of Transactions with related parties :**(Financial Transactions have been carried out in the ordinary course of business and/or in discharge of contractual obligations)**

Sl. No.	Particulars	Current Year Rs. '000	Previous Year Rs. '000
a.	Sales of goods, rent received & allocation of common expenses for rendering corporate services: - Other Related Parties	6,526	5,952
b.	Purchase of goods & services - Other Related Parties	1,378,910	1,275,269
c.	Remuneration Key Management Personnel	136,195	135,553
d.	Outstanding balances as at 30th June, 2011: - Other Related Parties - Loans, Advances & Debtors - Key Management Personnel - Advances	741,180 2,784	634,214 2,831

	Current Year Rs. '000	Previous Year Rs. '000
17. Earnings Per Share		
I Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 2/- each		
Net Profit After Tax, Minority Interest and Share of Profit in Associate available to Equity Shareholders for Basic EPS	2,127,026	1,969,941
Net Profit available to Equity Shareholders for Diluted EPS	2,127,026	1,969,941
II Weighted Average number of Equity Share for Earnings Per Share Computation		
A) No. of shares for Basic Earnings Per Share	655,523,839	571,606,031
Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	2,114,698	64,322,070
B) No. of Shares for Diluted Earnings Per Share	657,638,537	635,928,101
III Earnings Per Share		
Basic (Rupees)	3.24	3.45
Diluted (Rupees)	3.23	3.11

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

19. Figures for the previous year have been re-arranged and regrouped, wherever necessary to make them comparable to the classification of current year.

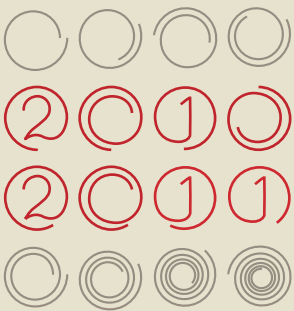
Signatures to Schedules "A" to "L" and "I" to "VIII"

As per our report attached
DINESH KUMAR BACHCHAS
 Partner
 Membership No. 097820
 For and on behalf of
K. K. MANKESHWAR & CO.
 Chartered Accountants
 FRN: 106009W

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

New Delhi, dated the
 18th August, 2011

New Delhi
 18th August, 2011



ADDRESS FOR CORRESPONDENCE

THE COMPANY SECRETARY
Ballarpur Industries Limited,
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