GROWTH, EXECUTION
AND STABILITY

ANNUAL REPORT
2009-2010

bilt

AVANTHA
GROUP COMPANY

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board of directors

GAUTAM THAPAR
Chairman

R. R. VEDERAH
Managing Director

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

FINANCIALS

Net Sales
Increased by 34.3 per cent from Rs. 2824.7 crore in 2008-09 to Rs. 3794.6 crore in 2009-10.

Paper Production
Increased by 31.7 per cent from 604,731 MTPA in 2008-09 to 796,718 MTPA in 2009-10.

Operating Profit (PBDIT)
Increased by 24.8 per cent from Rs. 655.8 crore in 2008-09 to Rs. 818.4 crore in 2009-10.

Profit before Tax (PBT)
Increased by 10.7 per cent from Rs. 252.4 crore in 2008-09 to Rs. 279.4 crore in 2009-10.

Profit after Tax (PAT)
Increased by 17 per cent from Rs. 168.3 crore in 2008-09 to Rs.197.0 crore in 2009-10.

Diluted EPS
Increased from Rs. 2.72 in 2008-09 to Rs. 3.11 in 2009-10.

AWARDS & CERTFICATIONS

Unit Ballarpur
- First Prize for Excellence in Environment Management awarded by the Greentech Foundation, New Delhi.
- Forest Stewardship Council Chain of Custody Certification.

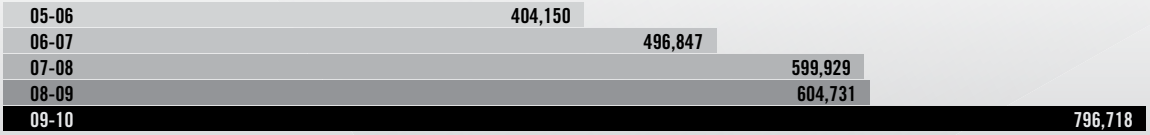
Unit Bhigwan
- Good Green Governance Award from Srushti Publications, New Delhi.
- Greentech Environment Award for environment Excellence and Greentech Safety Award.

Unit Shreegopal
- Forest Stewardship Council Chain of Custody Certification.

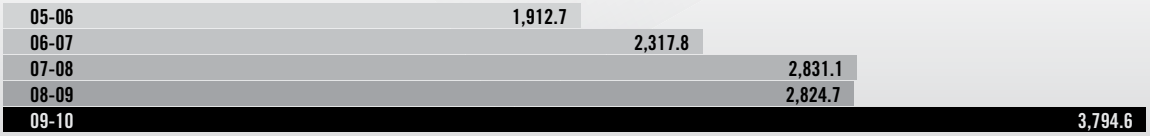
Unit Sewa
- Forest Stewardship Council Chain of Custody Certification.

SFI
- Forest Stewardship Council Controlled Wood Forest Management Certification.
- Verification of Legal Origin (VLO certification) issued by The Rainforest Alliance.

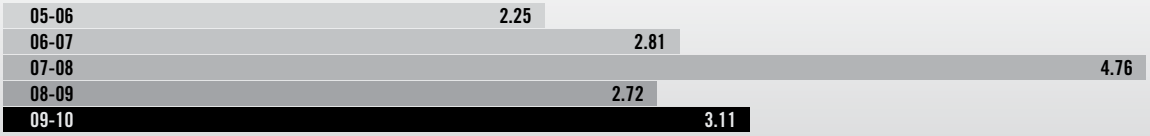
PAPER PRODUCTION • IN MT



NET SALES • IN RS CRORE



DILUTED EPS • IN RS



PBDIT • IN RS CRORE

chairman's letter

DEAR SHAREHOLDER As I write, the global recession of 2008– and its hangover in 2009– seem to be a thing of the past. No doubt, some parts of the world are still suffering from negative to very low growth and the Euro area is saddled with relatively poor performance. My guess is that it will probably not achieve more than 1.5 per cent GDP growth in 2010. Nevertheless, the worst is behind us.

Some nations, though, have done exceptionally well. With 8.7 per cent GDP growth in 2009, and double-digit performance over the last three consecutive quarters, China seems set to hit 10 per cent GDP growth in the calendar year 2010. And having posted 7.4 per cent growth in 2009-10, India ought to be able to grow by at least 8.5 per cent in 2010-11. In general, Asia has shown remarkable rebound. According to The Economist, Indonesia is expected to grow by 5.9 per cent in 2010; Malaysia by 6.8 per cent; South Korea by 6.3 per cent; and Taiwan by 7.7 per cent. These are impressive growth rates.

The importance of Asia is also evident in the writing and printing paper industry. In 2009-10, growth in demand was driven primarily by the emerging Asian economies. The developed world witnessed a contraction in demand, while the Asian pulp and paper market increased its global share to around 39 per cent.

With this backdrop, let me start with your Company's objective of sustainable growth in scale, size and profitability. There are three critical guidelines that BILT continues to adopt in its growth strategy. These are:

- **Positioning and operating in markets that have strong domestic demand.** As of now, BILT's manufacturing facilities are in India and Malaysia. India continues to have one of the lowest per capita paper consumption of around 8 kg. Given India's growth trajectory and the size of the population, there is considerable scope of steadily growing and developing this market across a wide array of products. The Malaysian market, too, has strong domestic demand.
- **Developing cost effective manufacturing and distribution.** BILT's production facilities are in low cost economies, namely India and Malaysia. In addition, the Company continues to strive to squeeze out every element of cost in its day to day operations. You will get some details of the management's initiatives on the cost front

in the section on Operations in the chapter on Management Discussion & Analysis.

- **Focusing on technology and innovation.** In a mature industry like writing and printing paper, technology and innovation are critical for reaping incremental benefits. BILT has a strong focus on R&D, which is continuously leveraged to improve operational efficiencies. Your Company continues to be very innovative in marketing. It has actively created new segments, introduced new products and restructured its distribution. These improvements continued through 2009-10 and played a very important role in helping BILT grow or maintain its market share while fulfilling the all important objective of profitability.

A brief outline of your Company's performance for 2009-10 shows encouraging progress:

- **Net sales** grew by 34 per cent to Rs.3,795 crore.
- **EBIDTA** increased by about 26 per cent to Rs.838 crore.
- **PAT** (after minority interest and profits of associated companies) rose by 17 per cent to Rs.197 crore.

While the details are given in the chapter on Management Discussion & Analysis, I will highlight some of the underlying developments that have contributed to this performance.

The paper industry is about creating, and making the best use of scale. Not surprisingly, therefore, BILT has been on an expansion drive over the last few years. In India, it has successfully commissioned and started commercial production of 190,000 metric tonnes per annum (MTPA) of additional capacity at Bhigwan; and another 165,000 MTPA of extra capacity at Ballarpur.

These new capacities have come on stream when several other players in India have also increased their scale of operations. It is estimated that some 1.2 million metric tonnes (MT) will be added to the existing capacity of 10.8 million MTPA during the next two years. While there is no doubt about the long term growth in demand, in the short run, this additional capacity does create competitive pressures. In this context, a major achievement for your Company in 2009-10 was to successfully sell almost all its extra output — of around 116,000 MT of new production at Bhigwan and 73,000 MT at Ballarpur — without compromising on pricing. This was achieved by a judicious selection of product mix, creation of new market segments and enhancing efficiencies of the distribution network to reach a larger market.

This strength of sales and marketing is critical to your Company's long term goals. It is important that as we continue to strategically develop or acquire new production capacities, we have a team in place that has the ability to profitably sell all that we produce.

Your Company acquired Sabah Forest Industries Sdn. Bhd. (SFI) in 2007. You may recall that in 2008-09, given the demand downturn, operations at SFI were under severe stress. There were losses and large stock pile up.

I am pleased to inform you that the situation has completely turned around in 2009-10. SFI has posted its highest ever revenue and profits. This was achieved through a focused effort at improving internal systems and processes and by strategic market repositioning. A revival in demand in Malaysia also helped in the cause. Today, your Company is well positioned to service the Malaysian and related markets with an operational base that has excellent access to raw materials. I expect SFI to contribute significantly to BILT's improved performance in the years to come.

Today, your Company is well positioned to service the Malaysian and related markets with an operational base that has excellent access to raw materials. I expect SFI to contribute significantly to BILT's improved performance in the years to come.

I am also happy to report to you that your Company has increased its exports. In 2009-10, some 14 per cent of its output from India was exported. While this is a modest beginning, it has opened doors to several new geographies and created a bridgehead for BILT in new markets. Despite being at a nascent stage, this export growth has given encouragement to the strategic premise of catering to world demand from technologically capable, low cost production facilities.

The other related businesses, including office stationary supplies and retail, have continued to expand according to plan. Some highlights are given below:

- The rayon grade pulp business at Kamalapuram, which was under stress in 2008-09 due to a dip in demand for viscose fibre, its main consumer segment, has recovered and generated profits, thanks to a revival in demand.
- BILT's market share in India in the coated wood-free segment increased from 39 per cent in 2008-09 to 48 per cent in 2009-10.
- BILT continues to be the largest player in the uncoated wood-free segment. Within this, it is also the leader in the higher value Hi Bright segment, with a market share of 37 per cent in 2009-10.

- With its well known brands in the copier market — Copy Power, Image Copier and BILT Matrix — your Company accounts for a 25 per cent share.
- Driven by three key brands — BILT Matrix, Royal Executive Bond and BILT Ten on Ten — your Company's office supplies and stationery business grew by over 30 per cent, taking the total turnover to Rs.244 crore in 2009-10. Today, BILT's foray in office supply products has grown to 40,000 outlets across 300 locations in India.
- Your Company entered the office supply retailing business with the launch of its first store in June 2008 under the brand name 'P3' (Paper, Print and Pens). These are early days. Even so, I am happy to inform you that the business achieved a turnover of Rs. 52 crore in 2009-10, and the management expect to double this in 2010-11. Your Company currently has 11 stores with a plan to add 50-odd stores in the next three years.

BILT has always focused on being a good corporate citizen, and has stressed upon sustainable growth and community development — especially so, given that most of its units are located in deep hinterlands and use natural resources like wood. We continue to stress on corporate social responsibility (CSR). I urge you to read the chapter on CSR which details some of your Company's achievement on this front.

In the last few years, your Company launched an extensive programme for growth. This included capacity creation, acquisitions and new market entries. These required many investments and significant capital outlays. As of today, it is clear that BILT has proved its project execution skills. 2009-10 is a step in the right direction. Potential has been converted to value, which is a reflection of your Company's operating capabilities, marketing skills and financial acumen. As your Company's Chairman and chief fiduciary, I expect the management to achieve similar, if not better results, in the years to come.

My thanks to all your Company's employees who have done a marvellous job. And to you, for believing in this business and being with us. We remain committed to enhancing shareholder value in every aspect of the business.

GAUTAM THAPAR
CHAIRMAN

management discussion & analysis

OVERVIEW The global economic slowdown, witnessed since September 2008, continued through the first half of 2009. Most developed economies registered very low or negative GDP growth. This was particularly true for countries in Europe where there was a sharp reduction in economic activity. Even leading emerging economies like China and India too saw a drop in their otherwise high GDP growth rates.

Thankfully, there were some positive signs since October 2009. With a degree of stabilisation in financial markets, there were renewed capital flows, especially into the emerging markets of China and India. The real sector, too, has seen a turnaround. The US has registered a recovery, recording positive growth from Q3, 2009; China recorded 8.7 per cent growth in 2009 and has been showing double-digit growth in the last two quarters; and India has grown by 7.4 per cent in 2009-10, compared to 6.7 per cent a year earlier. There are clear expectations that India will achieve 8.5 per cent growth in 2010-11, and regain its momentum. In the first half of 2010, there has certainly been greater optimism and a revival in business sentiments, particularly in the growing Asian economies led by China and India.

The paper and pulp industry has a strong intrinsic correlation with economic development. And, in line with the macro environment, there has been a gradual improvement in demand through the course of 2009-10. Having said so, the structural changes in the industry has become even more apparent. With demand being subdued, particularly in developed markets, the industry has become much more price sensitive. This has started putting immense pressure on high cost production facilities in these western countries, paving way for low cost producers in the east to increase their exports.

While paper prices improved during 2009-10, the increase was not in line with the price growth seen in raw materials, particularly pulp. In effect, there was a major squeeze in the margin between pulp prices and paper prices, putting a lot of pressure on profit margins of paper manufacturing companies.

Being a leading Indian paper manufacturer with global presence, Ballarpur Industries Limited ('BILT' or 'the Company') was directly or indirectly affected by all these developments. With manufacturing facilities in India and Malaysia, BILT has a low production cost base with presence in growing markets. This strategic positioning helped the Company deliver much improved results in 2009-10. The Company's financial highlights are given in Box 1.

There are several factors that have contributed to these results. Most importantly, BILT was successful in selling most of the paper that it produced in 2009-10. And, as on 30 June 2010, there was little finished goods stock with the Company. This is particularly creditable because with the successful commissioning of 165,000 MTPA of additional capacity at Bhigwan and the 165,000 MTPA of additional capacity at Ballarpur in December 2009, there was a need to push significantly higher volumes into the market. And, this was done successfully at a time when other companies in India had also increased their capacities resulting in intense competition. This bears testament to the Company's ability to create new market segments and effectively position its products providing optimal value propositions to customers.

In addition to catering to the domestic market, BILT also successfully grew its exports. In 2009-10, over 14 per cent of BILT's total volumes produced in India were exported around the globe. This is a new development and these are early signs of the Company's ability to leverage opportunities in the global market using its low production cost advantage.

The other significant developments were the turnarounds of both the pulp business at Kamalapuram and the Malaysian operations at Sabah forest Industries (SFI). In 2008-09, operations at Kamalapuram were severely affected by the demand downturn in viscose staple fibres, its core customer segment. With a revival in demand in 2009-10, Kamalapuram more than doubled its output to 85,345 MT and achieved significant efficiency gains from better capacity utilisation.

With improving demand and restructuring of internal operations, SFI had a very good year in 2009-10. It recorded its highest levels of production and profits. With this turnaround, BILT is well positioned to penetrate the South East Asian market through its manufacturing facilities at SFI. Having made significant investments in paper capacity in India, BILT is focusing on its long term strategy of integrated growth by investing in new pulping capacity at SFI. While this investment in increased pulping capacity has

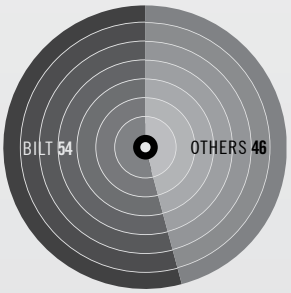
BOX1 HIGHLIGHTS OF BILT'S PERFORMANCE IN 09-10 (ON A CONSOLIDATED BASIS)

- **NET SALES**
  Grew by 34 per cent to Rs.3,795 crore
- **PBDIT**
  Increased by almost 25 per cent to Rs.818 crore
- **PAT** (after minority interest and profits of associated companies)
  Increased by 17 per cent to Rs.197 crore
- **DILUTED EPS**
  Increased from Rs.2.72 in 2008-09 to Rs.3.11 in 2009-10

MARKET SHARE

A TWO SIDE COATED PAPER

B TWO SIDE COATED BOARD



been allocated and the expansion project is well on its way, the Company is also evaluating options for increasing its pulping capacity in India. The integrated growth of pulp and paper helps insulate the Company from divergences in price movements between pulp and paper.

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.

PAPER BUSINESS

MARKETS AND PRODUCTS

In line with the trend in the recent past, 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 39 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. Specifically, in 2009-10, the newer Asian markets emerged faster from the economic downturn of 2008 and recorded growth in paper demand, while the mature developed economies continued to witness a contraction in paper demand.

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 Sabah Forest Industries (SFI).

A significant development for BILT in 2009-10 was the rapid emergence of exports as a contributor to the Company's revenues. In 2009-10, BILT exported to 86 countries across the globe which 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 position as a low cost quality manufacturer.

While the Company has increased its global presence, BILT continued to focus on penetrating the Indian market and strengthened its positioning as a 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 9.8 million MTPA in 2009-10. And, it is one of the fastest growing markets. The market size is expected to increase to 20 million MT 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 250 kg; Korea stands at 170 kg; China is at around 46 kg; and even Indonesia's consumption of 22 kg per person is much more than India's. Clearly, India has a 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, 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. Growing revenues and holding on to market shares will be the key challenges for BILT in the near term.

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.

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 segment 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, which is classified under a separate business division.

⊙ Coated Wood-Free

Coated wood-free continued to grow at an estimated rate of 9 per cent to 416,000 MTPA in 2009-10. This includes blade coated, air knife and cast coated products. BILT

continued to develop its market leadership in India in this category. In fact, its market share has increased from 39 per cent in 2008-09 to 48 per cent in 2009-10. Much of this increased market share is the result of the increased capacity of coated paper at Bhigwan, which came on stream during the latter part of 2008-09 and was stabilised through 2009-10.

In the coated segment, the two-side coated paper market grew by 15 per cent to 234,000 MTPA in 2009-10; and the two-side coated board market grew by 10 per cent to 79,000 MTPA. Chart A and Chart B shows shares of 45 per cent and 54 per cent, respectively.

In the coated segment, blade coated products command higher value and accounted for an estimated market size of 370,000 MTPA in 2009-10, or 89 per cent of the total coated segment. Among different blade coated products, the blade coated paper market grew by 15 per cent in 2009-10, while that for blade coated board increased by 10 per cent. With both growth rates being higher than the aggregate growth of coated paper in India, the share of two-side blade coated paper in the overall coated products market in India increased to 56 per cent in 2009-10; while that of blade coated boards increased to 19 per cent during 2009-10.

A significant development that helped the Company support its increased capacities was the dynamic role taken in creating a new market segment within one-side coated paper and boards. Traditionally, this segment was catered to by air-knife coated paper. BILT has redefined this market space by introducing its blade coated premium product. The enhanced value proposition in terms of better performance to price ratio has helped this product gain significant market tractions. The one-side coated market is estimated to be 81,000 MTPA in 2009-10. So far, Blade coated one-side coated market size is estimated 57000 MTPA in 2009-10 and BILT has a market share of 73 per cent.

With a focus on high value added products, BILT continues to concentrate on blade coated products within the coated segment, as reflected in Chart C.

While on one end, 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 2009-10, the Indian uncoated market — comprising Low Bright and Hi Bright segments — grew by 6 per cent to 1,020,000 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 54 per cent of the uncoated maplitho segment, grew by 8 per cent in 2009-10. Chart D shows that BILT performed well in this segment with a market share at 37 per cent in 2009-10.

Most of BILT's major brands in this segment maintained their market shares. Sunshine Super Printing Paper used for offset printing has a market share of 10 per cent. T.A. NSD has a market share of 9 per cent, BILT introduced a new brand 'Bilt Magna Print', which has acquired a market share of 8 per cent. Other brands of Hi Bright maplitho have 11 per cent market share.

With the commissioning of the new paper machine at Ballarpur in the end of 2009-10, BILT has almost doubled the capacity in uncoated paper that it had built over the five decades. Much of the capacity has been expanded on 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 2009-10 to 370,000 MTPA.

MARKET SHARE

C BLADE COATED PRODUCTS

D HI BRIGHT UNCOATED

BILT has three brands in the market —Copy Power, Image Copier and BILT Matrix. The Copy Power brand grew by 6 per cent, while Image Copier grew by 17 per cent. Today, Copy Power has a market share of 10 per cent, while Image Copier's share is 12 per cent. BILT Matrix and other brands sold by BILT through its own retail chain grew by 100 per cent and have a 4 per cent market share.

With a 25 per cent share, 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 is estimated to be 1.55 million MTPA in 2009-10.

Strategically, over the years, BILT has focused on moving up in the value chain and stressed on higher value products. Consequently, it has marginalised creamwove capacities. However, the Company recognises that this is a large segment and a major paper player like BILT would ideally like to have a presence in this market. Thus, it continues to explore different strategies and opportunities to develop its presence in this market, but without sacrificing returns.

⊙ Sabah Forest Industries (SFI)

In addition to the Indian market, BILT directly operates in the Malaysian market through its subsidiary Sabah Forest Industries (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 2,20,000 MTPA, where SFI has a share of 28 per cent. The uncoated wood-free un-surface-sized market in Malaysia is estimated at around 60,000 MT where SFI has 73 per cent share. Having streamlined operations, SFI witnessed a turnaround in 2009-10 and registered an annual domestic volume growth of 30 per cent, which translates into an increased overall market share from 30 per cent to 38 per cent.

⊙ Tissue and Hygiene

The tissue business displayed encouraging growth in 2009-10. Sales grew by around 60 per cent, which was the highest growth rate recorded amongst all the organised players in the industry. This growth was achieved by expanding the Company's operations across India, making a strong headway in the institutional market and launching a variety of quality products aimed at discerning consumers.

During 2009-10, BILT also initiated a sustained brand campaign through promotions and road-shows. This is aimed at educating final consumers and developing strong brand equity. On the operations front, vendor strategy was realigned to consolidate the growing volume of business and leverage the higher scale of business to negotiate better buying prices and better quality. This initiative helped offset some of the steep increase in base tissue prices. In addition, the entire supply chain and logistics was also revamped to cater to the higher and wider growth.

OPERATIONS

BILT's consolidated paper manufacturing operations span across six production units. Of these, five are in India and one in Malaysia. The Indian units are located at Ballarpur (Maharashtra), Bhigwan (Maharashtra), Shree Gopal (Haryana), Sewa (Orissa) and Ashti (Maharashtra). The Malaysian unit is in the State of Sabah.

All plant-wise developments and production details are given in the next section.

⊙ Unit: Ballarpur

During 2009-10, Unit Ballarpur produced 191,294 MT of paper (including trial run). There were significant improvements made in paper quality in terms of brightness, opacity, bulk and shade of paper by using precipitated calcium carbonate (PCC) as filler. A precipitated calcium carbonate (PCC) plant has been setup at site as a satellite plant for in-house requirements.

The mill has changed over to alkaline sizing on three of its paper machines. There was also improvement in ash retention, which has resulted in enhancing the quality of paper while achieving substantial reduction in specific fibre consumption.

There has been a significant increase in capacity of Unit Ballarpur with the installation of a new paper machine, PM-7 which was commissioned by Allimand, France with an installed capacity of 165,000 MTPA. In 2009-10, PM-7 has produced 73,660 MT of

Paper (including trial run production), out of which about 36 per cent paper was exported. The total exports of this Unit was 33,677 MT of paper. The quality produced out of this machine is of global standards in terms of all aspects.

New paper finishing equipments like Globe rewinder, Pasaban Synchro sheeters and Beilomatic ream wrapping machines, Shrink Wrap Bundling Machine and Stretch Reel Wrap Machine have been commissioned to provide better cut and packed paper to customers. This automation has helped in reducing manpower engagement in the mills.

On the product development front, the Unit has successfully manufactured new shades in various products, namely extensible sack craft paper (ESKP) and Maplitho NSD Premium paper to meet customer requirements, in domestic as well as export markets.

At the back-end, bleached pulp production was 116831 MT. Enhanced operational efficiencies resulted in increased pulp production, with uniform brightness and increased viscosity. Pulp mill operations have been further optimised with change in the raw material mix of wood and bamboo. This change has enhanced performance at the paper machines in terms of quality of paper produced.

Resource conservation continued to be a key focus area. Water conservation is a key area where the mill has reduced water consumption to 76 m3/T paper by 3-R (Reduce-Reuse-Recycle) methodology. While the Unit has added additional equipments for improving quality of paper, which has increased electrical load, power consumption was reduced to 1098 kWh/T. This was achieved through implementation of various energy saving innovations across the pulp & paper manufacturing process. Steam consumption was reduced to 3.1 T/T from 3.6 T/T through installation of thermo compressor on PM-6.

Achievements and Awards

- The Mill has implemented 5S initiative with the help of a renowned consultant to improve overall operations and housekeeping levels.
- Unit Ballarpur is certified for FSC COC & CW certificate from the Forest Stewardship Council.
- Unit Ballarpur is also certified for OHSAS 18001:2007 by DNV. Now, the Unit has a certified integrated management system of ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007.
- Unit Ballarpur also secured the First Prize for Excellence in Environment Management awarded by the Greentech Foundation, New Delhi.

⊙ Unit: Bhigwan

The total production at Bhigwan in 2009-10 was 248,983 MT of coated paper and coated Boards. The existing paper line produced 133,234 MT of coated paper and coated boards - an increase of 9,150 MT over 2008-09. The total export of this Unit was 49,763 MT of paper.

To meet requirements from increased production, a new pasaban Sheeter was installed in the finishing house. In order to handle increased export volumes and to satisfy the demand of customers for bulk packing, a new German make shrink hooding machine was also installed.

The new paper machine line, which was erected and commissioned in a record period of 10 months and started commercial production from the month of March 2009 produced 115,749 MT of coated paper. The ramp up of production in this machine was as per plan and the machine is now operating at full efficiency.

During 2009-10, the Unit has developed some new products. These include LWC 65 GSM, chromo 65 GSM, SBS and playing cardboard. 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 and further optimization of wet-end chemicals and coating formulation has helped in reducing usage of chemicals and reduction in fibre consumption. A number of energy conservation measures have resulted in significant reduction in power consumption in the existing paper machine from 654 KWH/MT of paper in 2008-09 to 627 KWH/MT of paper in 2009-10. Water consumption in the mill has further reduced from 21.07 M3 /MT of paper in 2008-2009 to 16.65 M3/MT of paper in 2009-10 by various water conservation measures and changes in manufacturing process.

In addition to TQM which has firmly been established in the Unit, the Unit was involved in 5S implementation. The Unit also obtained FSC-COC certification.

These efforts have been recognized at various forums and the Unit has received the following awards in the year 2009-10:

- Good Green Governance award from Srushti Publications, New Delhi.
- Greentech Environment award for Environment Excellence.
- Greentech Safety Award.

Unit Ballarpur secured the First Prize for Excellence in Environment Management awarded by the Greentech Foundation, New Delhi.

In 2009-10, Ashti produced 55,017 MT of paper, which was 417 MT higher than the output in 2008-09. This increased production has been achieved by improving operational efficiencies and product mix.

⊙ Unit: Shree Gopal

During 2009-10, Unit Shree Gopal produced 81,181 MT of paper, which was 531 MT higher than the production achieved in 2008-09.

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 90 per cent
- Reduction in customer complaints by 30 per cent in 2009-10
- Installed new re-winder to improve the cut quality of reels
- Installed new single hard nip calendar to improve paper quality in terms of two sidedness
- Replaced dryers from bush bearings to antifriction bearings to avoid oil dripping in paper
- Installed broke screen with 0.25 mm slotted basket to improve paper cleanliness
- Removed conventional Duplex sheeters and increased volume of synchro cut and on line ream packed paper to the market

The Unit developed some new products including MMPP Chaimos for Kuran printing in retail segment for the export market and Sunlit Cartridge.

In the area of environment protection, the Unit has continuously ensured compliance to '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 from 125 m3/t to110 m3/t while effluent discharge decreased from 100 m3/t to 80 m3/t. The Unit also installed an online 'Suspended Particulate Monitor' (SPM) at all the boiler stacks.

On energy consumption, Unit Shree Gopal achieved major reduction in steam consumption in the recovery section. This reduced Active Alakali from 8.55 t/t in 2008-09 to 7.8 t/t in 2009-10. As a result, overall steam consumption in mills reduced from 8.3 t/t of paper to 8.0 t/t of paper. In addition, overall power consumption reduced by around 180 kwh (approx 20 kwh/t). This was achieved by taking measures like replacing inefficient motors with energy efficient motors in the plant, installing Variable Frequency Drives (VFD's), Screw compressor at Pasaban sheeter and shutting down of four water tube wells .

A new railway weigh bridge was installed for 100 per cent weighment of Wood/ Bamboo rakes at the mill site resulting in substantial reduction in demurrage charges. Three Diamond make Soot Blowers at ABL recovery boiler was set up. This has resulted in increased run time of boiler from 45 days to 90 days. The failing 317 L lines in Pulp mill was replaced with Titanium, resulting in improved uptime of the plant.

As a part of the management commitment towards system implementation, in 2009-10, Unit Shree Gopal achieved the following in addition to existing Quality system ISO 9001-2008:

- ISO 14001-2004 certification
- OSHAS 18001-2007 certification
- FSC – COC certification
- Implemented 5S initiative in Pulp Mill

⊙ Unit: Sewa

During 2009-10, Sewa produced 70,143 MT of paper. Major focus was on new product development and brightness improvement at the bleaching stage, which was achieved by changing the bleaching sequence from five stages to four stages and replacing hypo with chlorine dioxide. On the product front, the Unit focused on developing products in close association with the retail business. This included producing high bright in Image Copier and MTV 65 gsm Premium Copy Paper.

In line with BILT's quest for continuous improvements in the quality of its products, various other quality up-gradation initiatives were also implemented such as installation of caliper profiler, new hot stock screening system in pulp mill, new centri-cleaner system and new chipper for chip quality improvement.

Resource conservation continued to be a key focus area for the unit. Steam consumption reduced from 3.59 MT/MT of paper in 2008-09 to 3.55 MT/MT of paper in 2009-10.

In line with initiatives under the Corporate Responsibility of Environment Protection (CREP) programme, various environmental projects were implemented. In addition, complete revamping and upgrading of the pulp mill is being carried out to switch to an even less polluting bleaching sequence. The Unit has constructed one Engineering Land Fill for solid hazardous waste (ETP sludge) disposal. Moreover, the effluent discharge system has also been revamped.

Certifications

- Unit Sewa has been awarded FSC-COC certification and
- Upgradation to ISO 9001: 2008 certification during the year 2009-10.

⊙ Unit: Ashti

In 2009-10, Ashti produced 54,990 MT of paper, which was 1,254 MT higher than the output in 2008-09. This increased production has been achieved by improving operational efficiencies and product mix. After commissioning of the satellite plant of SMI at Ballarpur, the Unit completely changed over to PCC as filler from GCC during the last quarter of 2009-10.

The Unit catered to the retail business by producing around 16,439 MT of paper for the various brands like Ten on Ten, Matrix Premium Multi Purpose Paper (MMPP), Matrix Premium Digital Paper (MPDP) and P3 segment. As a part of a long term strategy, maplitho manufacturing has been reduced from 9665 MT in 2008-09 to 625 MT in 2009-10. A testimony to the unit's improvements in product quality is the success achieved in exporting 5,368 MT of paper to 39 countries across the globe where there are stricter quality norms.

In addition to the existing paper line, a second line has also been shifted from Unit Sewa and re-commissioned at this Unit enabling it to increase the volume of inside sheeting to 37,155 MT in 2009-10.

As part of management commitment towards systems implementation, in 2009-10, the Unit got recertification of QMS ISO 9001:2008, EMS ISO14001:2004 certification and ISO 18001:2007 certification of OHSAS.

⊙ Unit: SFI

During 2009-10, the focus was to maximize throughput from all sections, reduce variable cost through usage improvement, waste reduction, optimization of chemicals and utilities. The fixed cost was also contained to reduce overall cost of production.

SFI achieved Forest Stewardship Council (FSC) Controlled Wood Forest Management Certification. This certificate is valid for a period of five years during which regular third party audit will be conducted to ensure ongoing compliance to FSC principles. This internationally recognised certificate is applicable to 77 per cent (224,000 hectares) of the forest concessional area under SFI's management.

FSC is an international organisation that promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. The FSC label provides a credible link between responsible management of forests and the production, manufacturing and marketing of wood-based products. This certification enables consumers and businesses to make purchasing decisions that benefit people and the environment.

In addition, the Verification of Legal Origin (VLO) certification standard issued by The Rainforest Alliance, was also renewed for a period of two years covering the Integrated Timber Complex (ITC) and Forest Operations including the Natural Forest Management area (NFM) and the currently established Industrial Tree Plantations (ITP).

In 2009-10, paper production was 150,127 MT which is about 21 per cent higher than 2008-09. The total export of this Unit was 44,303 MT of paper. There was no annual shut down in 2009-10 and the higher production was achieved through improved downtime, fewer finishing losses, higher machine efficiency and optimizing & improving synergy among various operations of the mill. The bleached pulp production was 113,173 MT which is higher by 18.6 per cent over 2008-09. The focus was on maximizing pulp production to avoid any use of purchased pulp. The plant operations were fairly stable without any significant ups and downs on a month to month basis.

The initiative to contain the cost of energy continued in this year to ensure maximum use of hog in power boiler, which is the cheapest source of fuel. Inspite of prices of a few important inputs including MFO being higher in 2009-10, the total cost was lower by 17.40 per cent in 2009-10 as compared to 2008-09.

Though there were a few maintenance related issues such as While Liquor Clarifier Shell, Chem Prep FM21 Electrolyzer Cells, Paper Machine DCS, CTG Rotor, necessary actions have been taken either to procure spares or plan for their replacement. Repair and Maintenance expenses were kept under control with reduction in production consumables and salary and wages through manpower rationalization.

PULP BUSINESS

While many of the Company's plants produce pulp, it is for internal use in the manufacturing of paper. The Company's Kamalapuram Unit is the Company's pulp manufacturing unit that caters to outside customers. This forms BILT's stand-alone pulp business. The Unit primarily produces Rayon Grade Pulp for the viscose fibre industry. It also produces pulp for paper but that is mainly to balance lines and fully utilise capacities. Much of the paper grade pulp is internally used.

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 has been a turn-around. With demand conditions improving in emerging economies and some degree of economic stabilisation across the globe, viscose fibre demand has picked up and consequently, there was an increase in Rayon Grade pulp off-take. This has helped grow revenues of BILT's pulp business and re-establish its profitability.

⊙ Unit: Kamalapuram

During 2009-10, Unit Kamalapuram produced 85,345 MT of Rayon Grade pulp. To reduce costs, several initiatives were undertaken. These included:

- Change in raw material furnish without affecting quality of pulp
- Improved quality control system to reduce off grade pulp generation
- Reduction in Fibre loss.
- Optimisation of chemical consumption
- Reduced consumption of coal in boilers by using saw dust generated from chipper operations
- Measures taken to conserve water and hence reduction in fresh water consumption from 129 m3/MT of pulp to 99 m3/MT of pulp
- Producer gas plant commissioned to reduce furnace oil consumption
- Use of non-conventional energy resources, by using solar energy for water heating and street lighting

In addition, the Unit also undertook some measures for system improvements. This included green belt development by plantation of Eucalyptus trees in an area of 300 acres and implementation of 5S initiatives

Certifications

- Unit Kamalapuram was awarded ISO 9001, 14001 & OHSAS 18001 certification from DNV.

OFFICE SUPPLY AND STATIONERY BUSINESS (OSSB)

Traditionally, BILT's business has been production and distribution driven. As the Company evolved by introducing newer products and distribution channels, it had to move into more consumer centric businesses. The foray into the office supplies and stationery business was a step in this direction.

Although the business is different in nature, it leverages several strengths of the Company in terms of its products, knowledge of supply chain and most importantly, the BILT brand value.

The paper based office supplies segment in India is estimated to have grown by 8 per cent to Rs.2,100 crore in 2009-10. While the market is fairly large in value terms, the segment is highly fragmented with many unorganised players. BILT believes that this segment has explosive growth potential—and as a market leader in the paper industry, it can take the leadership role in taking this segment to a new level. On one hand, there are immense growth possibilities; on the other, there is significant scope to improve profits through innovative value additions. In many ways, this business completes the paper value chain right from forest development to meeting customer needs. It is also an essential link to preserve and grow BILT's market leadership in the paper industry. Thus, the Company continues to carefully position itself and develop this business.

This business has also built a sizeable product range in the Non-Paper segment through products like pencils, glue sticks, tapes, sticky notes and files and folders. The business uses its sales and distribution strengths to gain market share in these categories.

During 2009-10, BILT's Office Supplies and Stationery Business grew by over 30 per cent taking the total turnover to Rs.244 crore. Today, the Company's foray in consumer products has grown to 40,000 outlets across 300 locations in India.

There are three major brands in this segment:

- Royal Executive Bond (REB): REB is for quality bond paper used for desktop and letter head printing.REB is a market leader and controls more than 80 per cent market share in its segment.
- BILT Matrix: BILT Matrix notebooks have now attained an iconic status in the stationery category and have become a benchmark for design and quality across all categories.
- BILT Ten On Ten: This brand focuses on students. Introduced a couple of years ago, it has gained a sizeable market share and high brand saliency within its category. In this range, BILT markets various licensed products like MTV, NICK, DORA, SPONGEBOB KKR and CSK.

During 2009-10, the Company's business products were promoted through a series of brand campaigns, road shows, customer contact programmes, direct mail marketing and outlet merchandising like shop-in-shop

dispensers which exclusively displayed BILT products.

BILT launched 200 SKUs during 2009-10, taking the total to 1025 SKUs. It strengthened export operations and supplied a large portfolio of products to developed and developing markets. Several major global retailers across the world consider BILT as a key supply chain partner. The Company expects the turnover from the Office Supply and Stationery Business to increase to over Rs.300 crore in 2010-11.

RETAIL

BILT entered the Office Supply Retailing Business with the launch of its first store and the B2B business under the brand name 'P3' (Paper, Print and Pens) in June 2008. The P3 business retails a complete suite of office supplies vide its B2B & B2C platform.

The overall office supplies market (consumables) is estimated at Rs.18,000 crore. It is largely unorganised but with major international players entering the space, it is expected to soon have a fairly large organised segment.

BILT's one stop paper and office supplies store – P3, answers all office needs ranging from stationery, technology, corporate gifting to print solutions. With a range of 16,000 SKU's, the impressive P3 line of products and services would go a long way in establishing BILT as a pan India one stop solution for office supplies in the years to come.

Its footprint has expanded significantly on the B2C side and is present in Delhi-NCR, Mumbai, Pune and Bangalore with 11 stores in the second year of operation. On the B2B front, it services leading corporates and the total client list exceeds 500. The brand P3 lives up to the promise of the "Choice of the Professional" by providing the highest levels of customer service, satisfaction and enduring value.

This foray is backed up by a robust supply chain and IT backend wherein we engage the best third party logistics partners for catering to corporate supplies.

During 2009-10, the retail business grew by about 180 per cent taking the turnover to Rs.52 crore. The Company expects the turnover from retail business to double in 2010-11 with 17 stores across all major cities in India.

CAPACITY EXPANSION

Much of the capacity expansion programmes initiated in the last few years came on-line in 2009-10 for the India operations, while at SFI, capacity expansion of pulp was launched.

⊙ Unit Bhigwan

Total production from the newly commissioned paper line was 115,749 tonnes in 2009-10. This is a capacity utilisation of 88 per cent reflecting an effective production ramp up.

⊙ Unit Ballarpur

Paper from the new machine was reeled on 1 August 2009. Commercial production commenced from 1 December 2009 and the total production was 73,660 tonnes (including trial run production). This shows a 63 per cent capacity utilisation.

⊙ SFI

The expansion project was reconfigured to produce market pulp instead of increasing the paper capacity. Expected capacity increase is 120,000 ADT / annum of market pulp to cater to BHKP demand in Indian operations.

For this expansion, majority of equipment ordering has taken place and balance mechanical / electrical / automation contracts shall be awarded by September 2010. Civil work has commenced in all the areas and is progressing satisfactorily. New wood handling line shall be commissioned in September 2010.

The new Plant shall be commissioned progressively from May 2011. A shut down of fibre Line shall be undertaken in Quarter 3, 2011, after which the increased capacity shall be realised.

HUMAN RESOURCE

Human Resource (HR) management remains a focus area of BILT's operations and HR continues to play the role of a strategic business partner in addition to being a change agent, employee champion, and administrative expert.

Talent attraction, particularly in technical areas, continues to be a challenge in the paper industry. There is also a scarcity of requisite talent in leadership roles. HR plays a pivotal role in addressing this concern at all management levels, through a well designed recruitment strategy. The talent pool is drawn from multiple source points such as Campus Recruitment, Employee Referrals, e-Recruitment and partnering with the right search and selection consultants. BILT repositioned its campus recruitment

The brand P3 lives up to the promise of the "Choice of the Professional" by providing the highest levels of customer service, satisfaction and enduring value.

programme and brought in quality resources - around 70 - from premier Management and Engineering Schools, so as to augment the young talent pool in the Company. In addition, the Company continues to get quality talent through lateral recruitment as per business needs.

Talent Management and Development are critical emphasis areas for the Company to promote employee engagement and satisfaction. Hence, BILT maintains its emphasis on recalibrating its HR systems and processes on a regular basis in order to build the right organisational climate for superior performance. The Company evolved structured job description at management levels for job clarity and role effectiveness. The Company's goal setting exercise is well aligned to the Performance Management System. This helps realise the objective of performance gains, provision of reward and recognition for employees for achieving better results.

Competency assessment, career planning and potential realization are future areas to strengthen the foundation of employment contract. The Company is evaluating investments in the right technology in HR for better transaction management and deliveries to the employees.

Learning and development of employees is an important pillar for the organisation. The Company has a systematic focus on training and development and has evolved a comprehensive training policy and related systems to deliver this objective. It has a systematic focus through an in-house calendar based training to address knowledge, skills and competency of employees. It conducts several Management Development Programmes in technical, behavioural and managerial areas through partnerships with relevant trainers and reputed training institutes. In addition, employees are exposed to several ongoing projects, international assignments and opportunities to work at multi locations which encourage the overall development of employees and builds the talent pool for the future leadership positions.

Employee compensation, benefits and reward management are adequately dealt with for sustaining the motivation levels of employees. Compensation benchmarking and positioning is a continuous exercise for drawing inputs for delivering 'Pay for Position' focus. The Company has given reasonable reward increases and restructured compensation components for rationalization.

Regular training programmes are also conducted for the farmers to educate and update them on the techniques of raising pulpwood plantations to yield maximum productivity from their land.

INFORMATION AND TECHNOLOGY

The Company completed the trials of Oracle Retail (Retek) — a frontline retail merchandising platform. After successful rollout of Oracle Retail in August 2009, the focus moved to stabilization of systems and providing near real time business intelligence for quicker and relevant decision making by operations team using QlikView, a tool used for BI and reporting.

The Company also completed implementation of ARIBA applications in August 2009. The implementation covers all aspects of the sourcing cycle of a supply chain, from request creation to contracts and its compliance to purchase orders. This was designed with complete commitment to cost effectiveness, ease-of-use and to enhance organisational productivity.

The Company began major upgradation exercise of its core ERP, Oracle eBiz. The implementation of the new version, R12 will create a base for future requirements and will enable the organization's ERP system to be fully ready for the imminent requirements of IFRS compliance in 2011. The project is expected to be ready by December 2010.

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 program for over a decade. BTTL has a strong network of qualified forestry staff to motivate the growers and provide service support at their doorstep.

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

To strengthen the farm forestry program and increase its acceptability amongst farmers in the catchment areas of our mills, BTTL supplies fast growing, site specific quality planting stock with technical knowhow. For production of clonal saplings, we have environmentally controlled global standard nurseries in Maharashtra and Orissa, with a capacity to produce 10 million plants.

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 program 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 the farmers to educate and update them on the techniques of raising pulpwood plantations to yield maximum productivity from their land.

RESEARCH AND DEVELOPMENT

In 2009-10, the following projects were carried out at Thapar Centre for Industrial Research & Development, sponsored by the Company:

- 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
- Increase of ash in paper without adversely affecting the physical, optical and surface properties while meeting functionality requirement
- Estimation of bound & unbound ASA in alkaline ASA sized papers
- Control of bulking sludge in aerobic biological treatment in pulp and paper industry
- Optimization of ingredients for topcoat coating formulation
- De-colourisation of phosphoric acid by ozonation

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 2009-10 are:

- Net Sales increased by 34 per cent to Rs.3,794.6 crore in 2009-10
- With margins under pressure, volume growth helped Profit before interest, depreciation and tax (PBDIT) grew by almost 25 per cent to Rs.818.4 crore in 2009-10
- With significant expansions coming on stream, both depreciation and interest increased during 2009-10. While depreciation increased from Rs.232.6 crore in 2008-09 to Rs.301.9 crore in 2009-10, finance charges (mainly interest) increased from Rs.170.8 crore in 2008-09 to Rs.237.1 crore in 2009-10.
- Consequently, Profit after tax (PAT-after minority interest and share in associate companies) increased by 17 per cent to Rs.197 crore.

INTERNAL CONTROLS AND THEIR ADEQUACY

BILT has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and to ensure that all transactions are authorised, recorded and reported correctly and adequately. The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing

TABLE 1 • ABRIDGED PROFIT AND LOSS STATEMENT OF BILT CONSOLIDATED

RS. CRORE

	2009-10	2008-09
Net Sales	3794.6	2824.7
Other Income	23.9	13.2
Total Revenue	3818.5	2837.9
PBDIT	818.4	655.8
Depreciation	301.9	232.6
PBIT	516.5	423.2
Interest & Finance Charges (Net)	237.1	170.8
PBT	279.4	252.4
Tax	38.9	64.5
PAT	240.5	187.9
PAT(after minority interest and associate company profits)	197.0	168.3

financial information and for maintaining accountability of assets. In an IT driven networked environment, validation of ERP implementation and IT security continues to receive focused attention from the internal audit team at BILT. The internal audit function consists of 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. Risk assessment study of all operations across all the units has been conducted by the internal audit department during 2008. Annual risk based audit plans are in place for all units, corporate and regional offices. All cash, bank payments and major contracts are pre-audited. These in turn are complemented by a process and transaction review at all existing facilities of the Company and the corporate office. Various processes like raw material procurement, quality assurance, general procurement, inventory management, overtime, contracts, operations review, production planning, wastages, exports, imports, engineering and utilities are reviewed on a consistent basis over a 3 year cycle. Regional sales offices are audited every year. Annual audit plans are prepared in the beginning of the year enumerating areas to be covered and the timing thereof.

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 materials given the growth plans of the Company. BILT has been continuously hedging against this risk with its initiatives in farm forestry and development of alternate sources.

Third, India has also witnessed large levels of capacity expansion across all paper segments but mainly uncoated woodfree. 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

R. R. VEDERAH
Managing Director

B. HARIHARAN
Group Director (Finance)

Date 19 August 2010
Place New Delhi

corporate social responsibility

BILT has always focused on delivering value to all its stakeholders and strived to be a marquee corporate citizen. A key element of this endeavour is the Company's structured corporate social responsibility (CSR) programme, which is intrinsic to its business strategy.

As the Indian economy grows rapidly, the critical challenge is to create inclusive development. To meet this challenge, it is very important to provide equal opportunities to all the country's citizens. As stakeholders in the economic prosperity of the country, the Indian corporate sector has to play a vital role in this very crucial task. In this light, BILT has focused on 'affirmative action' as a key element of its CSR programme.

'Affirmative action' is about giving everybody the equal opportunity to achieve their potential without any discrimination. BILT's operations are located in remote and backward areas of the country where access to resources is very limited. Most people in the community around these operations come from marginalised backgrounds – a large number of whom belong to Schedule Castes and Tribes. As the Company's CSR activities are largely focused on these communities, there is considerable scope of 'affirmative action'.

The CSR interventions have been undertaken through a systematic approach of:

- organising communities
- assistance in capacity building
- undertaking concrete programmes to convert the capacities into action

ORGANISING COMMUNITIES

BILT recognises that the empowerment based model of development needs strong community institutions to sustain the initiatives. Keeping this in view, Self Help Groups (SHGs) of women belonging to the underprivileged sections of society both in the rural areas as well as slum pockets in the urban areas have formed the base of all the Company's CSR activities. So far, 622 SHGs have been created, which have worked directly with more than 9,500 women.

Adolescents, especially girls, are an important group as they are the country's future generation. BILT has always been working with the youth since the inception of its structured CSR programme. More than 100 youth groups have been engaged in the process. Table 1 gives the statistics of community based organisations and their composition.

ASSISTANCE IN CAPACITY BUILDING

BILT conducted a series of training and capacity building programmes to enable these community based organisations (CBOs) to take up a larger role. These include vocational training and entrepreneurship training on various skills. Training to the youth included skills related to motor driving, electrical repair, motor winding, screen printing and plumbing. These trained youth have secured gainful employment and are earning incomes ranging from Rs. 1,500 per month to Rs. 7,500 per month. Rural girls have undergone full time training on tailoring and embroidery (both hand and machine). This enabled them to supplement their family incomes.

Employability Training for youth:
BILT conducted employability training to the urban youth in the new emerging sectors of the economy. Specifically, training was provided to more than 600 educated youth in the areas of retail marketing in BPO sector, customer relations service in the retail marketing sector and hospitality management in the service sector industries. The employability training programme called 'Ek Mouka' for the unemployed SC and ST youth was undertaken through 2009-10.

Farmers' Training and Demonstration on Best Agricultural Practices:
Most of the areas where BILT is working follow traditional agricultural practices. To bring a positive change in socio-economic conditions of the rural population it is important to expose farmers to improved agricultural practices. BILT provided these farmers with

TABLE 01 • COMMUNITY BASED ORGANISATIONS FORMED IN 2009-10

Type of Groups	Total Members	STs	SCs	OBCs	General
Self Help Groups of Women	1581	429 (27%)	692 (43%)	385 (24%)	155 (10%)
Adolescent Girls	3143	1076 (34%)	1219 (39%)	706 (22%)	164 (5%)
Youth Groups	335	102 (30%)	103 (31%)	107 (32%)	23 (7%)
Farmers Groups	1170	335 (28%)	20 (2%)	615 (53 %)	200 (17 %)

Pulpwood Plantation (Planted in 2009) with Marginal Farmers through Nabard Collaboration

Women Members of Ashti Women's Credit Co-operative Society Undergoing training

Pulpwood Plantation (Planted in 2006, Nearing harvest) on degraded land at Unit Jeypore Orissa

training on improved agricultural practices through exposure visits, demonstration plots, classroom/ field trainings on crop/ variety selection, crop rotation, agronomic practices (fertilizer, pesticide, irrigation, inter-cultural operations), kitchen gardening, mushroom cultivation, fruit and vegetable crop cultivation, fodder cultivation and organic farming (vermi-composting, cow urine application, etc). A total of 1,686 farmers have been trained and provided inputs in improved agricultural practices.

Table 2 gives details of the youth and farmer training programmes.

PROGRAMMES

Gender Equity and Affirmative Action:
Women are an integral part of the rural economy and need to be empowered to develop their full potential. BILT worked very closely with women to enable them to earn income from both farm based and off-farm economic activities. Micro finance was made available to them through SHGs that helped assure alternative sources of income to the women both in the rural and urban areas. Today, more than 700 women are earning a regular income ranging from Rs. 1,200 per month to Rs.3,500 per month from these activities. During 2009-10, more than 300 women started new economic enterprises.

Pulpwood Plantation with Marginal and Small Farmers for sustainable income:
BILT took up specific engagement plans with the marginal and small farmers to link the community to the supply chain of the Company. Through this specific intervention, the Company has helped develop long-term viable economic venture for the farmers that assures them of sustainable income. Collaboration with NABARD for loans to these farmers without any collateral has ensured the sustainability of the project. Through this

TABLE 02 • DETAILS OF YOUTH AND FARMER TRAINING

Members Trained	Total	STs	SCs	OBCs	General
Youth	440	39 (9%)	213 (48%)	150 (34%)	38 (9%)
Farmers	1686	337 (20%)	170 (10%)	505 (30%)	674 (40%)

TABLE 03 • DETAILS OF FARMER INTERVENTION FOR PULPWOOD PLANTATION

Intervention	Total Farmers Covered	STs	SCs	OBCs	General
Pulpwood Plantation with Marginal & Small Farmers	496	368 (74%)	58 (12%)	39 (8%)	31 (6%)

TABLE 04 • RURAL EDUCATION COVERAGE

Intervention	Total Children Covered	STs	SCs	OBCs	General
Community Classes	14549	2674 (18%)	4355 (30%)	5223 (36%)	2297 (16%)
Community Library	39990	7998 (20%)	10395 (26%)	15152 (38%)	6445 (16)

TABLE 05 • MOBILE EDUCATION CAMPAIGN COVERAGE

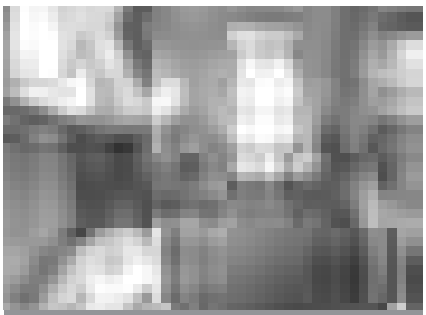
	STs	SCs	OBCs	General	Total
Children Covered through Mobile Computer Education Initiative	413 (13%)	1848 (57%)	675 (21%)	1180 (36%)	3240
Girl Children covered through Mobile Computer Education Initiative	197 (13%)	539 (35%)	610 (40%)	172 (11%)	1518

TABLE 06 • HEATH CARE COVERAGE

	STs	SCs	OBCs	General	Total
Children Covered through Immunization	13852 (39%)	13142 (37%)	6393 (18%)	2131 (6%)	35518
Expectant & Lactating Mothers Covered through RCH Initiatives	1510 (35%)	1726 (40%)	1294 (30%)	216 (5%)	4314

Best Agriculture Practices: A farmer showing his field where he has adopted Maize cultivation

Best Agriculture Practices: Vermin Composting serves as a dual objective intervention on organic farming as well as income enhancement measure



Dairy Development, An off-farm micro enterprise enabling farmers to earn sustainable incomes

initiative, BILT has promoted agro forestry based pulpwood plantation on degraded land. Nearly 500 farmers have participated in this covering more than 950 Acres of land. The details of the coverage of this project is given in table 3.

Agricultural Improvement Initiative:
Based on the capacity building trainings provided, the farmers have started realising the impact of implementing newer techniques of farming through higher yields and incomes. BILT has further supported this initiative by providing market accessibility and linkage for the farmers' produce so that they can get a fair price. This end-to-end programme has helped generate 25 per cent more yield per acre and better prices for the agriculture produces, resulting in around 30 per cent income growth.

Scaling up other Small and Micro Enterprises:
The training and capacity building initiatives followed by networking support with various other agencies have enabled scaling up of SMEs. During 2009-10, fourteen new SMEs were created taking the total number of operational SMEs to 228. This has resulted in a significant increase in the income of these entrepreneurs from almost nil to about Rs. 3,500 a month.

SUPPORT ACTIVITIES

EDUCATION INITIATIVES

Affirmative Action with Rural Children for Education:
BILT has been working very closely with the local communities, partner NGOs and the Government Education Department for augmenting the quality and reach of education, especially in rural areas and slum pockets. There are community based education centres, which focus on enhancing the reach, quality and ownership of the initiative by the community. Through this, quality education has been provided and more than 1000 children who would have otherwise dropped out have been mainstreamed into formal system. Table 4 gives the details of the coverage.

Mobile Computer Education Programme:
Computer literacy campaign though mobile computer labs is an innovative way of reaching the remotest area, without having to worry about issues like electric supply and availability of qualified teachers. This campaign reached out to more than 40 government schools with buses that are fitted

Mobile Computer Education Programme for underprivileged children of Government Schools

Mobile Computer Education Programme for underprivileged children of Government Schools

Enabling Education for Girl Child

with computers. The initiative has helped in arresting the dropout rates after 5th grade. Table 5 gives the coverage of this programme.

HEALTH INITIATIVES

104 community health workers have been trained to identify and treat early signs of high risk pregnancies, neonatal morbidity, and provide health education on various issues. The coverage of this programme is given in table 6.

Innovation in Care and Support of people living with HIV:

BILT runs two Antiretroviral Therapy (ART) centres at Ballarpur and Koraput. These centres were started under Public Private Partnership model where BILT is partnering with National AIDS Control Organization (NACO), New Delhi and technical support is provided by CII, New Delhi. In 2009-10 the centres registered 661 patients of which 377 are on antiretroviral treatment.

In order to improve overall quality of life for people living with HIV/AIDS (PLHA) and their dependents, a new community based initiative - "Continuum of Care" (CoC) - at ART centres were started from 1 June 2009 at Ballarpur and from 1 Feb 2010 at Koraput. The main objective of the project is to provide integrated package of support services to people living with HIV/AIDS (PLHA) and their families who are registered with these ART centres. The project is funded by the International Finance Corporation (IFC).

The project started with 150 patients from a neghbouring radius of 5 km. The implementation partner NGOs are South Orissa Voluntary Action (SOVA) and Bharatiya Adim Jati Sevak Sangha (BAJSS) in Koraput and Ballarpur respectively. Family Health India (FHI) provides technical support with regards to M & E and baseline data collection. In 2009-10, the project could achieve the following:

- Formed 3 Self help groups of PLHA, this helps in taking up loans from the group in case of emergency like hospitalization etc.
- One group started income generation activity of making paper envelops from newspaper which are supplied to the company canteen and cooperative store.
- 10 PLHA members trained on screen printing, and provided loans to start their business.
- Provided loans to start income generation activities like vegetable shop, daily needs store etc to women.
- Seeds and plants have been provided to 50 families to start kitchen gardens to find a long term solution to anaemia and malnourishment esp. among women and children (Certain type of ART drugs may lead to anaemic conditions, eating of green leafy vegetables in the diet can help in improve this condition.)
- With the intent of improving the reach beyond 5 kms and to create sustainable solutions for the care and management of PLHA and the sustainability of the inputs provided the concept of 'Buddy' support was developed. The 'Buddy' is any person with whom the PLHA has a close relationship and can be trained to provide the necessary support to the PLHA both moral and social and adherence & follow up related. The selected buddies have been provided with a training to help build their capacities in care and support.

Mass Awareness programme on HIV/AIDS with the communities

Enabling reach of health care services in remote areas for the underprivileged communities

Mass Awareness programme on HIV/AIDS with the communities through Street Plays

OUTCOMES OF THE PROJECT

a. Marked improvement in the patients' health after they enrolled at our centre. This was indicated through consistent weight gain and very few patients remaining away from the work due to ill health.
b. Steady increase in CD4 count (marker indicator) of the patients by an average of 15 per cent has been documented in past nine months. This cannot happen only because of drugs but continuous counselling, home visits to PLHAs that has increased their overall well being.
c. More than 70 per cent PLHA's have disclosed their HIV positive status to family members. This has helped in reducing the stigma attached with the disease.
d. If the patients are provided with adherence counselling and are told about side effects of the drugs the adherence to drugs is found better. Majority of our patient's adherence is more than 95 per cent, which is higher than national average.
e. Haemoglobin (Hb) percentage has increased by 3.3 per cent making them healthier.

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 founded upon a common set of strong ethical values and these 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 2009-10, 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 2010, 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. Ahooja, 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)}.

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

Mr. Shardul S. Shroff resigned from the Board of Directors with effect from 20 April 2010. 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 seven Board Meetings held in the financial year 2009–10: 1 July 2009, 21 September 2009, 30 October 2009, 17 December 2009, 29 January 2010, 22 February 2010 and 20 April 2010. 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/commission and other retiral benefits. The Non- Executive Directors are paid sitting fees for attending meetings of the Board & its Committees and commission. In

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			committee		
			held	attended	last agm#	directorships	memberships	chairmanships
Mr. Gautam Thapar*	Chairman	Non Executive, Promoter	7	7	No	12	5	2
Mr. R. R. Vederah	Managing Director	Executive	7	7	No	5	3	-
Mr. B. Hariharan	Group Director (Finance)	Executive	7	7	Yes	9	7	4
Mr. Shardul S. Shroff**	Director	Independent	6	1	No	4	3	-
Mr. Sanjay Labroo	Director	Independent	7	6	No	10	3	-
Mr. R.K. Ahooja	Director	Independent	7	7	Yes	1	-	-
Mr. A. S. Dulat	Director	Independent	7	7	Yes	1	-	-
Mr. A. P. Singh	(LIC nominee)	Independent	7	7	Yes	-	-	-
Mr. Ashish Guha	Director	Independent	7	6	No	3	3	-
Dr. Pramath Raj Sinha	Director	Independent	7	3	No	-	-	-

* Relinquished office of Executive Chairman w.e.f. 1 April 2010 and re-designated as Non Executive Chairman with effect from that date.

** Resigned w.e.f. 20 April 2010.

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

Annual General Meeting held on 18 December 2009.

addition, the Chairmen of Audit Committee and Investors'/Shareholders' Grievance Committee are paid a variable component, over and above the aforesaid normal commission, for their guidance, expertise and valuable contribution.

The Shareholders, at the 64th Annual General Meeting held on 18 December 2009, 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 compensation paid to the Directors for the financial year 2009-10 is given in Table 2.

NON-EXECUTIVE DIRECTORS' SHAREHOLDING

As on 30 June 2010, 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 2009-10. A declaration signed by the Managing Director 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 2010 are given in Table 3. Apart from the above, BILT also has other Board level committees to manage the day to day decisions pertaining to operations / business of the Company.

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

AUDIT COMMITTEE

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: 3 September 2009, 21 September 2009, 30 October 2009, 16 December 2009, 29 January 2010, 30 March 2010 and 20 April 2010. The attendance record is given in Table 4.

All members of the Audit Committee have accounting and financial management expertise. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information. The Company Secretary of the Company acted as the Secretary to the Committee. The Managing Director, 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 Remuneration Committee comprises Mr. A. P. Singh, Chairman, Mr. Gautam Thapar and Mr. Ashish Guha, as its members.

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 Risk Management Committee of the Company comprises four Directors i.e. Mr. R. R. Vederah as Chairman, Mr. B. Hariharan, Mr. A. S. Dulat and Mr. Ashish Guha, as its members.

The Board had constituted the Committee to understand and assess various kinds of risks associated with the running of business

TABLE 2 • DETAILS OF REMUNERATION PAID TO DIRECTORS

AMOUNT IN RS.

name of the directors	salary and perquisites	performance linked incentive	provident fund and superannuation fund	commission payable	sitting fees	total
Mr. Gautam Thapar	10665031 #	-	1458000 #	18738000 @	40000 ©	30901031
Mr. R.R. Vederah	21943561	11250000	1125000	-	-	34318561
Mr. B. Hariharan	21858498	9900000	2227500	-	-	33985998
Mr. Shardul S. Shroff*	-	-	-	320879	20000	340879
Mr. Sanjay Labroo	-	-	-	400000	120000	520000
Mr. R.K. Ahooja	-	-	-	600000	280000	880000
Mr. A.S. Dulat	-		-	600000	300000	900000
Dr. Pramath Raj Sinha	-	-	-	400000	160000	560000
Mr. Ashish Guha	-	-	-	400000	120000	500000
Mr. A.P. Singh**	-	-	-	400000	280000	680000
Total	**54467090**	**21150000**	**4810500**	**21858879**	**1320000**	**103586469**

Salary, perquisites, provident fund and superannuation fund paid upto 31 March 2010.
@ Commission payable as Executive Chairman upto 31 March 2010 and subsequently as non Executive Chairman w.e.f. 1 April 2010.
© Paid for attending meetings held after 1 April 2010.
* Resigned w.e.f. 20 April 2010.
** 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 committee
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	—

Relinquished office of Executive Chairman w.e.f. 1 April 2010 and re-designated as Non Executive Chairman with effect from that date.

TABLE 4 • ATTENDANCE RECORD OF THE AUDIT COMMITTEE

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

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

INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

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

MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DISCLOSURES OF MATERIAL TRANSACTIONS

A disclosure of all related party transactions has been made in the notes to the accounts of the balance sheet presented in this Annual Report. All the Directors have disclosed their interest in Form No. 24AA pursuant to Section 299 of the Companies Act, 1956 and changes are placed before the Board at its meetings.

ACCOUNTING POLICIES

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

INSIDER TRADING

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

SHAREHOLDERS

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

Mr. Gautam Thapar and Mr. Sanjay Labroo, retire at the forthcoming Annual General Meeting and being eligible, seek re-election. Their brief profiles are as hereunder and other directorships are given in Table 5.

Mr. Gautam Thapar

Mr. Gautam Thapar is the Chairman & CEO of one of India's foremost diversified Groups – Avantha. The Group's revenues are in excess of USD 3 billion with operations in eight countries and employing over 20,000 people.

The Avantha Group encompasses companies in diversified sectors like power transmission and distribution equipments, pulp and paper, horticulture and food processing, farm forestry, chemicals, infrastructure and information technology.

Crompton Greaves Limited is the other listed company in the Avantha Group of which Mr. Thapar is Non Executive Chairman.

An alumnus of the prestigious Doon School, Mr. Thapar completed his Chemical Engineering from Pratt Institute, USA and has over 22 years of rich and varied industrial experience.

Mr. Thapar currently serves on the Board of various Industry Associations and Professional Organisations.

Mr. Sanjay Labroo

Mr. Sanjay Labroo holds a dual Degree in Finance and Management from Wharton Business School, USA. Mr. Labroo is the founding Managing Director & CEO of Asahi India Glass Limited (AIS).

As the founding Managing Director & CEO of AIS, Mr. Labroo has been instrumental in transforming AIS from being a supplier of one product, automotive tempered glass, to one customer, Maruti Udyog (Suzuki), when it started in 1987, to its current position of India's largest integrated glass company.

Mr. Labroo is a Director on the Boards of various other companies. He is also a Director

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

name of the director	directorship in other public limited companies	committee membership/ chairmanship	
		audit committee	investors'/ shareholders' grievance
Mr. Gautam Thapar	Asahi India Glass Limited	Member	–
	Crompton Greaves Limited	Member	Chairman
	Salient Business Solutions Limited	–	–
	Solaris Holdings Limited	–	–
	Avantha Holdings Limited	–	–
	Avantha Realty Limited	–	–
	Bilt Paper Holdings Limited	Chairman	–
	CG Capital & Investments Limited	Member	–
	Global Green Company Limited	–	–
	KCT Papers Limited	–	–
	Lavasa Corporation Limited	–	–
	Karam Chand Thapar & Bros. Limited	–	–
Mr. Sanjay Labroo	Asahi India Glass Limited	–	Member
	AIS Adhesives Limited	–	–
	AIS Glass Solutions Limited	–	–
	Asahi India Map Auto Glass Limited	–	–
	Crompton Greaves Limited	Member	–
	Krishna Maruti Limited	–	–
	Maltex Masters Limited	–	–
	Mahindra First Choice Wheels Limited	Member	–
	Sheild Autoglass Limited	–	–
	SKH Metals Limited	–	–

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

year	category*	location of the meeting	date	time
2007	EGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	19 October 2007	11.30 a.m.
2007	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	4 December 2007	12.00 Noon
2008	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	2 December 2008	12.00 Noon
2009	AGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	18 December 2009	12.00 Noon
2010	EGM	P.O. Ballarpur Paper Mills – 442901, Distt. Chandrapur, Maharashtra	3 March 2010	12.00 Noon

*AGM - Annual General Meeting, EGM - Extraordinary General Meeting

on the Central Board of the Reserve Bank of India and a Member of the Managing Committee of the Indian Glass Manufacturers Association. Mr. Labroo is also associated with various other Trade Organisations and Chambers of Commerce.

COMMUNICATION TO SHAREHOLDERS

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

The 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 edition), The Hitavada (Nagpur: English edition) and Lokmat (Nagpur: English, Hindi and Marathi editions) and are simultaneously uploaded on the Company's website (www.bilt.com). The Company also sends the results and announcements to the Luxembourg Stock Exchange and Singapore Stock Exchange for the benefit of the GDS and ZCCB holders, respectively.

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 disclosures to its shareholders.

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

GENERAL BODY MEETINGS

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

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

2007 (EGM)

Court convened meeting approving the Scheme of Arrangement and Reorganisation between the Company and BILT Graphic Paper Products Limited.

2007 (AGM)
Payment of remuneration to Non-Executive Directors by way of commission and/or otherwise.

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, Bilt Paper Holdings Limited.

CAPITAL MARKET COMPLIANCE

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

INVESTORS'/ SHAREHOLDERS' GRIEVANCE COMMITTEE

The Investors'/ Shareholders' Grievance Committee comprises Mr. A. S. Dulat as Chairman, Mr. Gautam Thapar and Mr. B. Hariharan as its members, details of which are given under the section 'Shareholders' in this chapter.

During the year, a meeting was held on 11 June 2010 and was attended by all the members.

During the financial year ended 30 June 2010, 9 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 needs 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 assessing the details of the shareholders, whose shares are still unclaimed, pursuant to its earlier public issues, amalgamations, rights issue and sub-division of shares. The Company will start sending 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, as applicable, in its future annual reports.

GOVERNANCE OF SUBSIDIARIES

The subsidiaries of the Company are managed by 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 and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters, as required by Clause 49 of the Listing Agreement with Stock Exchanges.

REPORT ON CORPORATE GOVERNANCE

This chapter, read with the information given in the section titled Additional Shareholders' Information, constitute the compliance report on Corporate Governance for the Financial Year 2009-10.

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	1 December 2010
Time	12:00 noon
Venue	P.O. Ballarpur Paper Mills - 442 901, Distt. Chandrapur, Maharashtra

FINANCIAL CALENDAR 2010-11

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 18 November 2010 to 1 December 2010, both days inclusive.

DIVIDEND PAYMENT

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

UNCLAIMED DIVIDENDS

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

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) amongst exchanges in India. The annual listing fee for the financial year 2010-11 has been paid to both the Stock Exchanges. The Company's stock codes at various exchanges are given in Table 8.

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

REGISTRAR AND TRANSFER AGENT

The Share Transfer Agent for the Equity Shares of the Company, both in physical and electronic form is:
M/s RCMC Share Registry (P) Limited
B-106, Sector – 2, Noida (U.P.)
Tel +91-120-4015880
Fax +91-120-2444346

For Fixed Deposits, the investors may contact at:
Fixed Deposit Department
Ballarpur Industries Limited,
First India Place, Tower – C, Block – A,

TABLE 7 • UNCLAIMED DIVIDENDS

date of declaration of dividend	dividend for the financial year	tentative schedule for transfer to the investor education and protection fund
24 December 2003	2002-03	January 2011
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	January 2015
2 December 2008	2007-08	January 2016
18 December 2009	2008-09	January 2017

TABLE 8 • BILT'S STOCK EXCHANGE CODES

ISIN	INE294A01037
Bombay Stock Exchange	500102
National Stock Exchange	BALLARPUR
Luxembourg Stock Exchange	US0585883020
Bloomberg	BILT@IN
Reuters Code	BILT.BO

TABLE 9 • HIGHS, LOWS AND VOLUMES OF BILT'S SHARES FOR 2009-10 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 2009	24.20	16.00	468.54	15670	24.30	16.75	537.70	4636
August 2009	24.25	20.60	248.24	15667	24.25	20.50	285.49	4662
September 2009	25.50	22.85	227.69	17127	25.50	22.90	249.43	5084
October 2009	24.95	21.95	131.87	15896	24.90	21.95	163.66	4712
November 2009	24.55	20.10	109.74	16926	24.60	20.65	161.66	5033
December 2009	26.30	23.70	171.93	17465	26.30	23.70	245.51	5201
January 2010	28.80	23.95	287.19	16358	28.50	23.90	386.66	4882
February 2010	28.70	24.85	79.49	16429	28.20	24.75	121.69	4922
March 2010	27.75	24.85	78.85	17528	27.90	24.90	149.52	5249
April 2010	38.45	23.45	811.06	17559	38.40	25.90	1180.09	5278
May 2010	34.70	29.15	192.59	16945	34.75	29.10	308.62	5086
June 2010	33.00	28.25	197.96	17701	32.90	28.25	356.05	5312

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 2010, 98.33 per cent of the total Equity Shares of the Company were held in dematerialised form, as compared to 97.99 per cent last year.

OUTSTANDING GDSs/ZCCBs

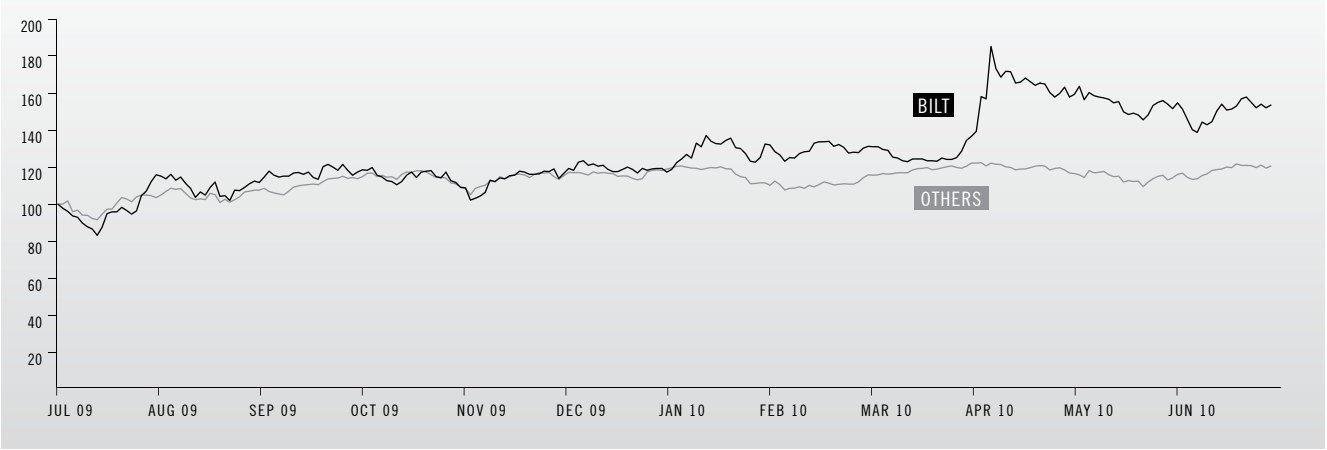
As on 30 June 2010, there were no outstanding Global Depositary Shares (GDS).

The balance Zero Coupon Convertible Bonds of US Dollar 52.00 Million matured on 13 July 2010 and were redeemed by the Company.

DISTRIBUTION OF SHAREHOLDING

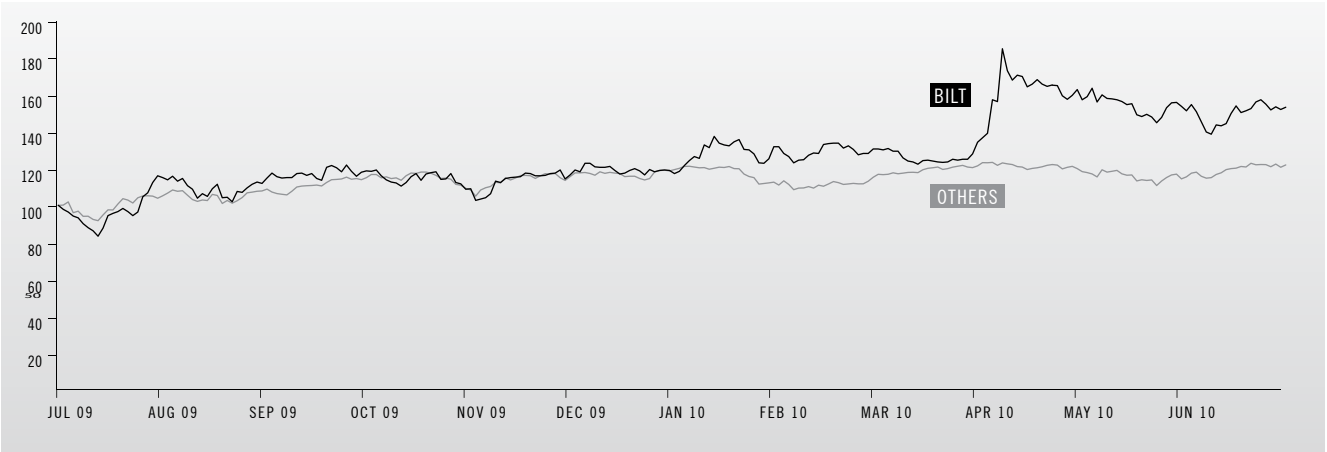
Tables 10 and 11 give the distribution of shareholding of the equity shares of the Company by size and ownership class as on 30 June 2010.

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 2009

CHART B • BILT'S SHARE PERFORMANCE VERSUS NIFTY SENSEX



Note: Both BILT's share price at the NSE and the NIFTY have been indexed to 100 as of 1 July 2009

REGISTERED OFFICE

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

PLANT LOCATIONS

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

⊙ Unit Shree Gopal
P.O. Yamunanagar, Distt. Yamunanagar,
Haryana - 135 001

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

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

R. R. VEDERAH
Managing Director

B. HARIHARAN
Group Director (Finance)

Date 19 August 2010
Place New Delhi

TABLE 10 • SHAREHOLDING PATTERN BY SIZE AS ON 30 JUNE 2010

number of equity shares held	number of share holders #	per cent of share holders	number of shares #	per cent of shareholding
1-1000	77038	88.85	18845989	2.87
1001-5000	7604	8.77	17084403	2.61
5001-10000	1059	1.22	7903200	1.21
10001 and above	1007	1.16	611690247	93.31
Total	**86708**	**100.00**	**655523839**	**100.00**
# 64607 shareholders hold 644574642 equity shares in demat form.				

TABLE 11 • SHAREHOLDING PATTERN BY OWNERSHIP AS ON 30 JUNE 2010

category	no. of share holders	per cent of share holders	no. of shares held	per cent of share holding
Directors, promoters and family members	8	0.01	324371147	49.48
FIIs and FFIs	51	0.06	98973676	15.10
Mutual Funds	43	0.05	60549501	9.23
Financial Institutions/Banks	41	0.05	582347	0.09
Insurance Companies	11	0.01	66467576	10.14
NRIs	1679	1.94	8252384	1.26
Corporates	1392	1.60	28764529	4.39
Individuals and Others	83483	96.28	67562679	10.31
Total	**86708**	**100.00**	**655523839**	**100.00**

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
Date 19 August 2010
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 30th June 2010 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 state that in respect of investor grievances received during the year ended 30th June 2010, no investor grievance is pending without a reply from the Company for a period exceeding one month as per the records maintained by the Company and presented to the Investors'/ Shareholders' Grievance Committee.

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 K Bachchas
Partner
Membership No. 97820

For and on behalf of
K.K.Mankeshwar & Co.,
Chartered Accountants
Place New Delhi
Date 19 August 2010

directors' report

Your Directors have pleasure in presenting the Sixty Fifth Annual Report together with the Audited Statement of Accounts for the financial year ended 30 June 2010.

FINANCIAL HIGHLIGHTS

IN RS. CRORE

	consolidated		standalone	
particulars	**2009-10**	**2008-09**	**2009-10**	**2008-09**
Net Sales	**3794.59**	2824.69	**1020.58**	999.33
Profit before Interest and Depreciation	**818.36**	655.76	**193.10**	232.96
Less: Interest and Finance Charges (Net)	**237.12**	170.82	**22.32**	13.78
Profit before Depreciation	**581.24**	484.94	**170.78**	219.18
Less: Depreciation	**301.89**	232.55	**83.37**	76.95
Net Profit for the year before Tax	**279.35**	252.39	**87.41**	142.23
Less: Provision for Taxation	**38.94**	64.51	**29.13**	16.84
Net Profit after Tax	**240.41**	187.88	**58.28**	125.39
Less: Minority Interest	**43.41**	21.16	**—**	—
Add: Share of Profit in Associate Companies	**----**	1.58	**—**	—
Add: Balance brought forward from the previous year	**496.52**	404.09	**302.53**	227.14
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		25.86		
Leaving a surplus of	**701.02**	554.02	**368.31**	360.03
Which your directors recommend, be appropriated as follows:				
Transfer to General Reserve	**15.00**	25.00	**15.00**	25.00
Payment of Dividend:				
Proposed Dividend on 65,55,23,839 Equity Shares of Rs. 2/- each @ 25 per cent (Previous year 2008-09 on 55,55,23,839 Equity Shares @ 25 per cent)	**32.78**	27.78	**32.78**	27.78
Add: Dividend Tax	**5.44**	4.72	**5.44**	4.72
Balance carried forward to next year's Accounts	**647.80**	496.52	**315.09**	302.53

OPERATIONS

The net sales of your Company increased by 34 per cent over the previous year to Rs. 3794.59 crore. Despite significantly higher depreciation and finance charges on account of significant on stream capacity expansions, your Company increased its net profit after tax by almost 28 per cent over the previous year to Rs. 240.41 crore.

During the year, there were significant turnarounds in the pulp business at Kamalapuram and the Malaysian operations at Sabah Forest Industries Sdn. Bhd. (SFI), your Company's Malaysian subsidiary. SFI registered an annual domestic volume growth of 30 per cent.

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

DIVIDEND

After analysing the profitability of the Company, the Directors have recommended payment of dividend of Rs. 0.50 per Equity Share of Rs.2/- each (previous year Rs. 0.50 per Equity Share of Rs. 2.00 each on 55,55,23,839 Equity Shares) on the Equity Share capital of your Company for the financial year ended 30 June 2010.

DIRECTORATE

Mr. Gautam Thapar, Chairman and Mr. Sanjay Labroo, Director retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

The aggressive growth plans of Avantha Group have resulted in enhanced role of Mr. Thapar at the Group level and accordingly, he stepped down as Executive Chairman with effect from 1 April 2010 and your Directors re-designated him as Non Executive Chairman of your Company with effect from that date and placed on record its deep appreciation for the valuable contributions made and insights provided by Mr Thapar during his tenure as Executive Chairman of your Company.

During the year, Mr. Shardul S. Shroff, in order to comply with Voluntary Guidelines issued by Ministry of Corporate Affairs, which provide that an individual should not remain as an Independent Director in a Company for more than six years, requested to relieve him as an Independent Director. He was appointed as an Independent Director on the Board of your Company on 19 July 2001. The Directors, at their meeting held on 20 April 2010 accepted his request with immediate effect and placed on record its appreciation for the valuable contributions and insights provided by Mr. Shroff during his tenure as a Director of your Company. 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, constitutes a Group, as defined

under the Monopolies and Restrictive Trade Practices Act, 1969: BILT Graphic Paper Products Limited, Ballarpur International Holdings B.V., Ballarpur Paper Holdings B.V., Ballarpur International Paper Holdings B.V., Ballarpur International Graphic Paper Holdings B.V., TAF Assets 2 B.V., Sabah Forest Industries Sdn. Bhd., BILT Tree Tech Limited, Ballarpur Speciality Paper Holdings B.V., Ballarpur Packaging Holdings B.V., Ballarpur International Packaging Holdings B.V., Ballarpur Packaging Holdings Private Limited.

JG Containers (Malaysia) Sdn. Bhd., Mirabelle Holdings LLC, Avantha Holdings Limited, BILT Paper Holdings Limited, KCT Papers Limited, KCT Chemicals and Electricals Limited, APR Sacks Limited, THE Paperbase Company Limited, Blue Horizon Investments Limited, Avantha Realty Limited, BILT Industrial Packaging Company Limited, Biltech Building Elements Limited, UHL Power Company Limited, Asia Aviation Limited, Toscana Lasts Limited, Toscana Footwear Components Limited, NQC Global (Mauritius) Limited, NQC International (Mauritius) Limited, NewQuest Services Private Limited, Avantha Technologies Limited, NewQuest Insurance Broking Services Limited, Avantha Power and Infrastructure Limited, Korba West Power Company Limited, TKS Developers Limited, Jhabua Power Limited, Jhabua Power Investments Limited (earlier known as Gleneagles Healthcare Holdings Private Limited), Global Green Company Limited, Global Green USA Limited, GG International N.V., Intergarden N.V., Intergarden (India) Private Limited, Dunakiliti Kanzervuzem Kft, Greenhouse Agraar Kft, Floragarden Tarim Gida Sanay ve Ticaret A.S., Solaris Holdings Limited, Solaris Chemtech Industries Limited, Solaris Industrial Chemicals Limited, Salient Business Solutions Limited, Salient Knowledge Solutions Limited, Salient Financial Solutions Limited, Salient Business Solutions USA, Inc., Sairam Infra Projects Private Limited, Avantha Foundation, Avantha International Holdings B.V., Avantha International Asset B.V., Corella Investments Limited, Gyanodaya Prakashan (P) Limited, Himalayan Hideaways Private Limited, Imerys NewQuest (India) Private Limited, Karam Chand Thapar and Bros. Limited, Leading Line Merchant Traders Private Limited, Lustre International Limited, Mirabelle Trading Pte. Limited, MTP NEW Ocean (Mauritius) Limited, Orient Engineering Commercial Co. Limited, Oyster Buildwell (P) Limited, Prestige Wines and Spirits Pvt. Limited, Puszta Konserv Kft Hungary, Saraswati Travels (P) Limited, Seer Buildwell (P) Limited, Sohna Stud Farms Private Limited, The Pioneer Limited, Ultima Hygiene Products (P) Limited, Vani Agencies Private Limited, Vanity Propbuild (P) Limited, Varun Prakashan (P) Limited, Crompton Greaves Limited, CG Energy Management Private Limited, CG Capital and Investments Limited, CG-PPI Adhesive Products Limited, Malanpur Captive Power Limited, Brook Crompton Greaves Limited, CG Actaris Electricity Management Limited, CG Lucy Switchgear Limited, International Components India Limited, CG International B.V., Pauwels International N.V., Pauwels Americas Inc., PT Pauwels Trafo Asia, Pauwels Trafo Gent N.V., Pauwels Canada Inc., Pauwels Transformers Inc., Pauwels Trafo Ireland Limited, Pauwels France SA, Pauwels Trafo Belgium N.V., Pauwels Trafo Service N.V., Pauwels Middle East Trading and Contracting Limited, Crompton Greaves Hungary Kft, Transverticum Kft, Ganz Transelektro Villamossagi Zrt., Microsol Holdings Limited, Microsol Limited, Viserge Limited, Microsol UK Limited, Crompton Greaves Germany Gmbh, MSE Power Systems Inc., MSE West LLC, Societe Nouvelle de Maintenance Tranformateurs and Microsol Inc. , Avantha Business Solutions Inc., Pyramid Healthcare Solutions Inc.

SUBSIDIARY COMPANIES

Your Company has two Indian subsidiaries viz. BILT Tree Tech Limited (BTTL) and BILT Graphic Paper Products Limited (BGPPL) and Nine foreign subsidiaries i.e. Seven 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 International Paper Holdings B.V. (BIPH), Ballarpur Packaging Holdings B.V.(BPGH) and Ballarpur International Packaging Holdings B.V. (BIPGH), and two based in Malaysia i.e. Sabah Forest Industries Sdn. Bhd. (SFI) and Ballarpur Packaging Holdings Private Limited (Labuan offshore Financial Services Authority) (BPHPL).

During the year, three Netherlands based subsidiaries were incorporated namely BSPH, BPGH and BIPGH, on 5 October 2009, 26 February 2010 and 3 March 2010 respectively and one subsidiary in Malaysia i.e. BPHPL, was incorporated on 5 March 2010 under Offshore Companies Act, 1990, Labuan.

BTTL is a direct subsidiary 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 79.53 per cent and the balance 20.47 per cent is held by two Private Equity Investors viz. JPMorgan Mauritius Holdings VII Limited (7.60 per cent) and Lathe Investments Pte. Ltd., a wholly owned subsidiary of Government of Singapore Investment Corporation (12.87 per cent). BPH is a wholly owned subsidiary of BIGPH. BPH owns 97.80 per cent of the paid up capital in SFI. BIPH is a wholly owned subsidiary of BPH 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 and holds 100 per cent ordinary shares of BPHPL.

Your Company has made an application to the Central Government for obtaining an exemption under Section 212 of the Companies Act, 1956, from annexing to this Report, the Annual Reports of the abovementioned subsidiaries, for the year ended 30 June 2010. 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, 2002, forms a part of this Report. However, as permitted by the Companies Act, 1956, the Report and Accounts are being sent to all Members and other entitled persons excluding the above statement. Those interested in obtaining a copy of the said statement, may write to the Company at its Registered Office and the same will be sent by post. The statement is also available for inspection at the Registered Office, during working hours upto the date of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

Your Directors confirm that:

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

PREFERENTIAL ALLOTMENT OF SECURITIES

During the year, in order to augment the balance sheet of your Company, meet its long term capital requirements for pursuing expansion/growth opportunities and general corporate purposes, your Directors had approved infusion of fresh equity capital in your Company.

Accordingly, pursuant to the approval of Members of the Company at their Extraordinary General Meeting held on 3 March 2010, an amount of Rs. 300 crore was raised by your Company by allotment on 17 March 2010 on preferential basis of 4.5 crore Equity Shares of Rs. 2/- each, at a price of Rs. 30/- per Equity Share and 5.5 crore Unsecured Compulsorily Convertible Zero Coupon Bonds (ZCB) at a price of Rs. 30/- per ZCB, convertible into 5.5 crore Equity Shares of Rs. 2/- each within 18 months from the date of allotment to BILT Paper Holdings Limited (BPHL), a Promoter of your Company. The ZCB were converted into 5.5 crore Equity Shares of Rs. 2/- each, pursuant to the request of BPHL on 11 June 2010. Consequently, the paid up equity share capital of your Company increased by Rs. 20 crore pursuant to allotment of 10 crore equity shares of Rs. 2/- each and balance Rs. 280 crore was credited to securities premium account.

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

As per the provisions of Section 233B of the Companies Act, 1956, an audit of Cost Accounts in respect of Paper manufactured by your Company at its three units shall be carried out by the Cost Auditors of your Company and the Reports on the same will be submitted to the appropriate authorities, as required under the relevant rules.

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

Your Company had, effective August 2004, discontinued acceptance of fresh deposits/ renewal of deposits. There is no deposit due for maturity.

Deposits of Rs. 1.02 crore due for repayment as of 30 June 2010 were unclaimed by 375 depositors. As at the date of this Report, Rs. 0.05 crore has been claimed and repaid from this total unclaimed amount.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for 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 the support and co-operation extended by the Financial Institutions, Analysts, Banks, Government Authorities, Customers, Vendors, Shareholders and Investors at large and look forward to their continued support.

For and on behalf of the Board of Directors

GAUTAM THAPAR
Chairman

R. R. VEDERAH
Managing Director

B. HARIHARAN
Group Director (Finance)

Date 19 August 2010
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
		2009-2010	2008-2009
		Paper	Paper
1. ELECTRICITY			
(A) Purchased			
UNITS	000 KWH	216,806	178,215
TOTAL AMOUNT	Rs.Lacs	8,148	6,704
RATE / UNIT	Rs.	3.76	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.	40,359	42,468
TOTAL COST	Rs.Lacs	931	1,048
Average rate	Rs/M.T	2,308	2,468
3 FURNACE OIL/LSHS/LDO/RFO			
QUANTITY	K.L.	6,667	4,110
TOTAL COST	Rs.Lacs	1,667	858
Average Rate	Rs/K.L	24,998	20,873
4 OTHERS / INTERNAL GENERATION ETC.			
(BLACK LIQUOR SOLIDS FIRED, WASTE HEAT RECOVERY, LPG)			
QUANITITY (COAL EQUIVALENT)	M.T.	-	-
TOTAL COST	Rs.Lacs	-	-
Average Rate	Rs/M.T	-	-

B • CONSUMPTION PER UNIT OF PRODUCTION

(M.T./TONNE)

	ELECTRICITY (KWH/TONNE)		COAL (M.T./ TONNE)		FURNACE OIL (K.L./ TONNE)		OTHERS/INTERNAL GENERATION (M.T./TONNE)	
	CURRENT YEAR 2009-10	PREVIOUS YEAR 2008-09	CURRENT YEAR 2009-10	PREVIOUS YEAR 2008-09	CURRENT YEAR 2009-10	PREVIOUS YEAR 2008-09	CURRENT YEAR 2009-10	PREVIOUS YEAR 2007-08
Paper	1051	859	0.196	0.205	0.032	0.020	0.000	0.000

ENERGY CONSERVATION MEASURES TAKEN, RESULTS ACHIEVED & PLANS FOR THE FUTURE, SPECIFIC MEASURES TAKEN DURING THE YEAR 2009-2010:

Following measures taken for Energy Conservation:-

1. Reduced Power Consumption by installing VFDs at various locations:
   a. VFDs installed for Pulp Chest Pumps, Sump Pumps, Water Supply Pumps, Disc Filter Shower Pump in Paper Machines & Pulp Mill at Unit Shree Gopal
   b. VFDs at Paper Machines & Pulp Mill at Unit Sewa.

2. Replaced old energy in-efficient motors (open type A Class motors) & energy in-efficient pumps with with energy efficient motors (F Class motors) & efficient pumps at Unit Shree Gopal & Unit Sewa.
3. Optimized Voltage in Plants/ Shop Floors and implemented other power saving ideas proposed during Mills' Lighting Audit at Unit Shree Gopal & Unit Sewa.
4. Optimizing the Pulp refining power in Unit Shree Gopal & Unit Sewa.
5. Identified & minimized idle run time of equipments at all the units.
6. Provided timer based energy efficient street lights in Unit Sewa and energy efficient lighting in Unit Shree Gopal & Unit Ashti.
7. Provided adequate insulation for steam pipe lines to reduce losses.
8. Close monitoring & checking of steam traps & replacement of defective ones.
9. Plugged steam, air & water leakages by attending leakages on-line whereas possible.
10. Installation of turbo air ventilators in place of exhaust fans at Unit Ashti.
11. Installed air pressure booster at rewinder to reduce compressor power consumption at Unit Ashti.
12. Reduction in fossil fuel consumption i.e. coal by utilizing bamboo dust as a supplement fuel at Unit Ashti.

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

1. Installation of energy efficient screw type air compressor at Unit Ashti.
2. Installation of VFD for FD fan of boiler at Unit Ashti.
3. Modified steam distribution system at Unit Sewa.
4. Use of natural sun light in workshop & machine house area by providing acrylic transparent roof sheets.
5. Optimizing power for air compressors & vacuum pumps to conserve electrical energy.
6. Utilization of treated effluent water in gardening & other plantations in the units to reduce power & fresh water consumption.
7. Installing energy efficient motor & pumps replacing old in-efficient ones in phased manner in Unit Sewa & Shree Gopal.
8. To study the use of thermo-compressor based steam & condensate system at Unit Sewa.
9. Use of solar power in mill canteens & company guest houses.

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

1. Specific areas in which R&D carried out by the Company:
   a. Product Quality Enhancement
      — Improvement in strength properties of the packing material at Unit Ashti.
      — Paper Brightness increased from 91 per cent ISO to 93 per cent ISO at Unit Ashti
      — FSC Certification
      — Improved stiffness & IGT of BCB paper by using oxidized starch at Unit Shree Gopal
      — Global benchmarking of quality parameters.
   b. New Product developed:
      — New Copier in 70 gsm segment i.e. brand 'Chennai Super King' & 'Kolkata Knight Rider' at Unit Ashti
      — MMPP Chaimos for Quran printing, canary yellow in retail segment for export market & sunlit cartridge for west zone market at Unit Shree Gopal
   c. Improvement & optimization in manufacturing process
      — Use of 100 per cent PCC as filler in all grades of paper at Unit Ashti.
      — Substitute of Raisamyl Cationic Starch for low consumption & cost reduction.
      — Split addition of ClO2 at water treatment plant at Unit Ashti.
      — Revision in optical properties of BCP & TOT grades by increasing brightness & opacity.
      — Improvement in biocide & slime control programme in Unit Shree Gopal, Unit Sewa & Unit Ashti .
      — Replaced Urea & DAP with ammonium sulphate & phosphoric acid as ETP nutrients at Unit Shree Gopal.
   d. Interactions with printers and printing machine manufacturers to understand customers requirement.
2. Benefits derived as a result of above R&D:
   a. The bursting strength of cartons improved at Unit Ashti
   b. The liquid PCC from M/S SMI used as filler in all copier grades inplace of GCC by which smoothness, brightness & opacity improved.
   c. Successfully conducted trial with Chem floc. During trial improvement observed in effluent characteristics & consumption reduced compared to tru-floc.
   d. The Drew-Chloro flow doses splited at clarifier & reservoir by which drew chloro consumption reduced by 20 per cent.
   e. Paper manufactured with indigenous pulp by replacing imported pulps in the furnish for cost reduction.
   f. Introducing Amox technology for biocide treatment at Unit Ashti.
   g. FSC certification for Unit Ashti, Shree Gopal & Unit Sewa.
   h. Increased volume of exports in retail segment
   i. Energy & fresh water conservation.
   j. Environment compliance.
3. Future Plan of Action:
   a. Product Quality Improvement:
      i. Single Nip Calender for PM-5 at Shree Gopal, from Gapcon (Germany)
      ii. QCS & Calliper control for PM-4 & 5 at Unit Shree Gopal.
      iii. 2nd Synchro Sheeter at Shree Gopal Unit
      iv. Improving refining pulp with Bio enzyme at Unit Ashti
      v. Up-gradation of pulp bleaching sequence to CD-EOP-D1-D2 at Unit Sewa
      vi. Use of PCC as a filler at Unit Sewa.
      vii. Replacing HDPE tops with Ceramic ones for suction boxes at paper machines at Unit Shree Gopal.
      viii. Improved brightness of REB & Super Printing Paper.
   b. Increasing Ash per cent in paper at Unit Ashti, by PCC Treatment Technology by SMI.
   c. Reduction in fresh water consumption in all Units
   d. Installation of on line stack emission monitoring system.
   e. Installation of coal dust arrestor & vent bag filter to reduce dust emission.

f. Development of high bright paper of above 88 per cent ISO
g. Use of NCG burning in Lime Kiln.
h. Potential CDM projects/ Carbon trading.

4. Expenditure on R&D (including through approved agencies): Rs.Lac
   a. Capital (incl. WIP & Misc.) Nil
   b. Revenue 21.19
   c. Total 21.19
   d. Total Expenses as a per cent of turnover 0.021%

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts made in brief towards technology absorption:
   a. New servall rewinder & new single nip calander for PM-4 at Unit Shree Gopal.
   b. Synchro sheeter & on-line ream packer at Unit Shree Gopal
   c. New centricleaner system on PM-1; New DCS system and Induction profiler on PM-2 at Unit Sewa.
   d. Hot stock screen in pulp mill at Unit Sewa.
   e. In-house R&D technology has been successfully absorbed for the improvement of products and development of new value added products for paper.
   f. Optimisation of process parameters, fibrous and non-fibrous inputs.
2. Benefits derived as a result of the above:
   — Improved product quality
   — Cost reduction
   — Sustenance in business through improved product quality, new product developed & cost effectiveness
   — Stakeholders satisfaction
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):
   a. Technology Imported: Induction Profiler, DCS System, New A4, Hot Stock Screening & Centicleaner
   b. Year of Import : 2008-09 & 2009-10
   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.

FORM C

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase:
   Company's brands have been well accepted in the international markets Coated paper is being regularly exported to markets like USA, Canada, Europe etc and the product quality is appreciated by discerning customers in these developed & matured markets.
2. Total Foreign Exchange used and earned:
   a. Foreign Exchange used – Rs. 115.44 Crore
   b. Foreign Exchange earned – Rs. 26.52 Crore.

auditors' report

TO THE MEMBERS OF BALLARPUR INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of M/s Ballarpur Industries Limited, as at 30th June 2010, 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 audited accounts of Unit 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 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 and 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2010 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 Accounts 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, 2010;
      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
19th August 2010

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 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 the 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, 2010 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 sales tax, excise duty, custom duty, income tax and cess as on 30th June, 2010 which have not been deposited on account of disputes have been stated in Note 2(b) of Schedule M of the financial statements.
10. The Company has no accumulated losses as at 30th June, 2010 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. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
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 and vice versa.
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
19th August 2010

BALANCE SHEET

as at june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule		30.06.2010		30.06.2009
I. SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	"A"	**1,311,234**		1,111,234	
(b) Reserves & Surplus	"B"	**15,201,781**		12,386,488	
			16,513,015		13,497,722
2. LOAN FUNDS					
(a) Secured Loans	"C"	**3,864,525**		5,090,402	
(b) Unsecured Loans	"D"	**4,756,292**		3,806,037	
			8,620,817		8,896,439
3. DEFERRED TAX LIABILITY (Net of Assets)			**1,008,713**		968,713
Total			**26,142,545**		23,362,874
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
(a) Gross Block	"E"	**15,661,674**		13,625,437	
Less: Depreciation & Impairment		**5,945,866**		5,137,286	
Net Block		**9,715,808**		8,488,151	
(b) Construction and Installation–in–Progress		**855,139**		1,918,260	
including Expenditure thereon (Pending Allocation)					
(c) Advance against Capital Assets		**29,613**		22,353	
			10,600,560		10,428,764
2. INVESTMENTS	"F"		**11,510,275**		2,855,471
3. CURRENT ASSETS, LOANS & ADVANCES					
(a) Interest accrued on Investments and Fixed Deposits		**239**		197	
(b) Inventories	"G"	**1,783,281**		1,300,003	
(c) Sundry Debtors	"H"	**2,218,652**		2,054,245	
(d) Cash and Bank Balances	"I"	**821,917**		104,107	
(e) Loans and Advances	"J"	**4,447,613**		10,298,534	
		9,271,702		13,757,086	
LESS: CURRENT LIABILITIES AND PROVISIONS	"K"				
(a) Current Liabilities		**2,625,330**		1,461,066	
(b) Provisions		**2,614,662**		2,254,030	
		5,239,992		3,715,096	
Net Current Assets			**4,031,710**		10,041,990
4. MISCELLANEOUS EXPENDITURE	"L"		**–**		36,649
(to the extent not written off or adjusted)					
NOTES TO BALANCE SHEET	"M"				
Total			**26,142,545**		23,362,874

Note: Schedules "A" to "M" 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

New Delhi, dated the
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

PROFIT & LOSS ACCOUNT

for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule		30.06.2010		30.06.2009
INCOME					
Sales	"I"		**10,591,132**		10,535,678
Less: Excise Duty			**385,353**		542,368
Net Sales			**10,205,779**		9,993,310
Other Income	"II"		**63,195**		49,503
Increase / (Decrease) in Stocks	"III"		**34,420**		214,020
Total			**10,303,394**		10,256,833
EXPENDITURE					
Manufacturing Costs	"IV"		**6,566,364**		6,475,062
Purchases			**566,741**		432,620
Personnel Costs	"V"		**697,591**		617,964
Administration, Selling & Miscellaneous Costs	"VI"		**505,045**		360,631
Deferred Revenue Expenditure - Amortised (Net)			**36,649**		40,973
Interest and Finance Costs (Net)	"VII"		**223,226**		137,766
Depreciation & Impairment			**833,743**		769,544
Total			**9,429,359**		8,834,560
Profit Before Taxation			**874,035**		1,422,273
Provisions for Taxation					
Current Tax		**251,201**		107,185	
Deferred Tax		**40,000**		52,535	
Fringe Benefits Tax		**–**		8,700	
			291,201		168,420
Profit After Taxation			**582,834**		1,253,853
Add: Balance brought forward from last year			**3,025,269**		2,271,384
Add :Debenture Redemption Reserve no longer required			**75,000**		75,000
Amount available for Appropriation			**3,683,103**		3,600,237
APPROPRIATIONS					
General Reserve			**150,000**		250,000
Proposed Dividend:					
On 655523839 equity shares @ 25 %		**327,762**		–	
(On 555523839 equity shares @ 25%)		**–**		277,762	
		327,762		277,762	
Add: Dividend Tax on above		**54,437**		47,206	
			382,199		324,968
Balance carried to Balance Sheet			**3,150,904**		3,025,269
NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT	"VIII"				
			3,683,103		3,600,237
BASIC EARNINGS PER SHARE (RS.)			**1.02**		2.26
DILUTED EARNINGS PER SHARE (RS.)			**0.92**		2.02

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
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

CASH FLOW STATEMENT

for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Appropriations	**874,035**	1,422,273
Add /(Less) :		
Adjustments for :		
(Profit) / Loss on sale of Assets (Investing Activity)	**(100)**	8
Unspent Liabilities and Excess Provisions of earlier years written back	**(4,661)**	(3,771)
Profit on sales of investment	**(24,160)**	–
Interest and Finance Costs (net)	**223,226**	137,766
Depreciation & Impairment	**833,743**	769,544
Deferred revenue expenses amortised	**36,649**	40,973
Operating Profit before Working Capital changes	**1,938,732**	2,366,793
Adjustments for Working Capital changes :		
Trade payable and others	**1,042,816**	93,772
Inventories	**(483,278)**	44,593
Trade and other receivables	**(164,407)**	(201,725)
Loans and Advances	**6,181,068**	(483,221)
Cash generated from Operations	**8,514,931**	1,820,212
Deferred Revenue expenditure (net)	**–**	(17,998)
Direct Taxes (net)	**(330,145)**	(403,842)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**8,184,786**	1,398,372
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets, Capital WIP, Capital Advances (Net)	**(1,005,502)**	(2,635,496)
Sale of assets (Net)	**63**	422,882
Refund of advances	**–**	1,512,900
Advance for investment	**–**	(2,119,265)
Redemption of Investment	**131,403**	–
Subscription / Purchase of Equity Shares	**(8,762,047)**	(199,108)
NET CASH USED IN INVESTING ACTIVITIES	**9,636,083**	(3,018,087)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from (Issuance / Repayment) of share capital net	**13,500,000**	–
Payment for Buyback (Compulsory & Optional)	**(688)**	(2,945)
Proceeds from issuance of unsecured zero coupon compulsory convertible bonds	**1,650,000**	–
Increase / (Decrease) in long term and other borrowings (net)	**(275622)**	(1,284,574)
Interest and Financing charges (net)	**(228,581)**	(170,841)
Dividend Paid (including dividend tax)	**(326,002)**	(455,648)
NET CASH USED IN FINANCING ACTIVITIES	**2,169,107**	**(1,914,008)**
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]	**717,810**	**(3,533,723)**
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	**104,107**	**3,637,830**
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	**821,917**	**104,107**

Notes

1. The above statement has been prepared following the Indirect Method.
2. 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.
3. Proceeds from long term and other borrowings are shown net of repayments.
4. Cash and Cash Equivalents represent Cash and Bank Balances only.
5. 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
19th August, 2010

GAUTAM THAPAR — chairman
R. R. VEDERAH — managing director
B. HARIHARAN — group director (finance)
VIVEK KUMAR GOYAL — chief financial officer
AKHIL MAHAJAN — company secretary

New Delhi, dated the
19th August, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "A": SHARE CAPITAL		
AUTHORISED		
1487500000 Equity Shares of Rs. 2/- each	**2,975,000**	2,975,000
(Previous Year 1487500000 Equity Shares of Rs.2/- each)		
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 Shares of Rs. 2/- each	**2,060,012**	1,860,012
(Previous Year 930005910 Equity Shares of Rs. 2/- each)		
	2,060,012	1,860,012
SUBSCRIBED AND PAID UP		
655773584 Equity Shares of Rs. 2/- each	**1,311,546**	1,111,546
(Previous Year 555773584 Equity Shares of Rs. 2/- each)		
Less : 249745 Equity Shares of Rs. 2/- each forfeited	**499**	499
(Previous Year 249745 Equity Shares of Rs. 2/- each forfeited)		
655523839 Equity Shares of Rs.2/- each	**1,311,047**	1,111,047
Add: Forfeited Shares (amount paid up)	**187**	187
	1,311,234	1,111,234

I. PRE-SPLIT AND BUYBACK OF EQUITY SHARES :

a) 35,000 Equity Shares of Rs. 10/- each allotted as fully paid up without payment being received in cash.

b) 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.

c) 950,000 Equity Shares of Rs.10/- each fully paid up issued to Financial Institutions on part conversion of Loans/Debentures.

d) 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.

e) 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/-.

f) 11,887,469 Equity Shares of Rs.10/- each allotted as fully paid up, in terms of Scheme of Arrangement & Reorganisation.

g) 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.

h) 21,160,820 Equity shares of Rs 10/- each allotted as fully paid up against Global Depository Shares (GDS) aggregating to USD 35 Million.

i) 92,775 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.

j) 23,278,276 Equity shares of Rs.10/- each allotted in the previous year 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 :

a) 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.

b) 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.

c) During the year, the Company had allotted the following equity shares to Bilt Paper Holdings Limited (BPHL), a promoter:

(i) 45,000,000 Equity Shares at Rs. 30/- per share (face value of Rs. 2/- and Premium of Rs. 28/-)

(ii) 55,000,000 Equity Shares at Rs. 30/- per share (face value of Rs. 2/- and Premium of Rs. 28/-) upon conversion of 55,000,000 unsecured zero coupon compulsory convertible bonds.

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "B" RESERVES & SURPLUS		
CAPITAL RESERVE		
As per Last Account	**151,546**	151,546
SHARE PREMIUM ACCOUNT		
As per Last Account	**317,314**	428,394
Add : Premium received on issue of equity shares	**2,800,000**	–
Less : Security Premium Payable on redemption of ZCCB	**185,342**	207,731
Add : Security Premium on Buyback of USD 8 Mn ZCCB during the year	**–**	96,651
	2,931,972	317,314
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
As per Last Account	**738,469**	738,469
GENERAL RESERVE		
As per Last Account	**7,853,890**	7,603,890
Add: Transferred from Profit & Loss Account	**150,000**	250,000
	8,003,890	7,853,890
DEBENTURE REDEMPTION RESERVE		
As per Last Account	**300,000**	375,000
Less: Transferred to Profit & Loss Account	**75,000**	75,000
	225,000	300,000
BALANCE AS PER PROFIT & LOSS ACCOUNT	**3,150,904**	3,025,269
	15,201,781	12,386,488

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010	30.06.2009
SCHEDULE "C" SECURED LOANS	**Notes**		
Debentures	(1)	**900,000**	1,200,000
Term Loans from Banks / Financial Institutions	(2)	**2,964,525**	3,890,402
including External Commercial Borrowings			
		3,864,525	5,090,402

Notes

1. These comprise of :-
   (a) The above Debentures are secured by parri-passu first charge created on all immoveable and moveable properties of the Company both present and future.
   (b) The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 31st July 2010 and the last being due on 30th June 2013.The amount of Debentures due for redemption for the financial year 2010-11 is Rs. 3000 lacs.
2. 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.

	30.06.2010	30.06.2009
SCHEDULE "D" UNSECURED LOANS		
Fixed Deposits *	**10,237**	18,905
Loan from Banks	**2,481,455**	1,522,532
Zero Coupon Convertible Bonds (US $ 52 mn)	**2,264,600**	2,264,600
	4,756,292	3,806,037

* 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.

SCHEDULES "A" TO "M"

attached to and forming part of the balance sheet as at June 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Assets	Gross Block				Depreciation Block				NET BLOCK	
	As at 1st July, 2009	Additions/ Adjustments during the year	Sales/ Adjustments & Disposals during the year	Total as at 30th June, 2010	As at 1st July,2009	For the year	On Sales, Adjustments & Disposals during the year	Total as at 30th June, 2010	As at 30th June, 2010	As at 30th June, 2009
SCHEDULE "E" : FIXED ASSETS										
A. Tangible Assets										
Land (including leasehold lands)	174,869	–	–	**174,869**	–	–	–	**–**	**174,869**	174,869
Buildings	1,290,951	22,189	–	**1,313,140**	405,456	37,531	–	**442,987**	**870,153**	885,495
Railway Sidings, Trolley Lines,	1,930	–	–	**1,930**	1,059	121	–	**1,180**	**750**	871
Tramway and Tipping Tubs										
Plant, Machinery & Equipments	11,368,241	2,003,480	24,755	**13,346,966**	4,205,969	697,009	24,716	**4,878,262**	**8,468,704**	7,162,272
Furniture, Fixtures and	164,238	25,415	800	**188,853**	72,094	15,272	447	**86,919**	**101,934**	92,144
Office Equipments										
Improvement to Leased Assets	52,848	–	–	**52,848**	51,077	1,309	–	**52,386**	**462**	1,771
Vehicles	31,532	10,279	–	**41,811**	15,740	5,356	–	**21,096**	**20,715**	15,792
B. Intangible Assets										
ERP Project	539,854	–	–	**539,854**	385,891	77,145	–	**463,036**	**76,818**	153,963
TOTAL: This Year	13,624,463	2,061,363	25,555	**15,660,271**	5,137,286	833,743	25,163	**5,945,866**	**9,714,405**	8,487,177
TOTAL: Previous Year	12,175,647	2,041,332	592,516	**13,624,463**	4,537,504	769,544	169,762	**5,137,286**	**–**	–
Scrap Assets									**1,403**	974
									9,715,808	8,488,151

Notes

1. Buildings include Rs. 38969 thousands (Previous year Rs. 38,969 thousands) towards revalued value of ownership flats in Cooperative Housing Societies.
2. The Lease-Agreement in respect of 5.04 Acres of Land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company. Lease Deeds held in the name of erstwhile amalgamating Company Sewa Paper Limited are being mutated in favour of the Company.

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	30.06.2010		30.06.2009	
	Face Value or Nos.	Book Value	Face Value or Nos.	Book Value
SCHEDULE "F" : INVESTMENTS				
GOVERNMENT SECURITIES :				
5 - Year Kisan Vikas Patra	**Rs 2000**	**2**	Rs 2000	2
(Lodged as Security Deposit)				
6 - Year National Saving Certificates	**Rs 3000**	**3**	Rs 3000	3
7 - Year National Saving Certificates	**Rs 3000**	**3**	Rs 3000	3
OTHER INVESTMENTS :				
Subsidiary Companies :				
(Considered to be of Strategic Importance) :				
Bilt Tree Tech Limited	**990,000**	**3,960**	990000	3,960
Fully paid Equity Shares of Rs.10/- each.				
Ballarpur International Holdings B.V.	**168,679,093**	**11,428,387**	45649900	2,668,668
Fully paid Equity Shares of Euro 1/- each				
(123029193 Equity shares subscribed during the year)				
Bilt Graphics Paper Products Ltd	**50,000**	**500**	50000	500
Fully paid Equity Shares of Rs.10/- each.				
Ballarpur Speciality Paper Holdings B.V.	**18,000**	**1,196**		
Fully paid Equity Shares of Euro.1/- each.				
(Subscribed during the year)				
Ballarpur Packaging Holdings B.V.	**18,000**	**1,132**		
Fully paid Equity Shares of Euro.1/- each.				
(Subscribed during the year)				
OTHER COMPANIES :				
(Considered to be of Strategic Importance)				
Blue Horizon Investments Limited	**5,000**	**335**	5000	335
Fully paid Equity Shares of Rs.10/- each.				
Avantha Power & Infrastructure Limited (Earlier Bilt Power Limited)	**8,372,750**	**74,757**	20384000	182,000
Fully paid Equity Shares of Rs.10/- each.				
(12011250 Equity shares sold during the year)				
		11,510,275		2,855,471
In Government Securities		**8**		8
In Fully paid Equity Shares		**11,510,267**		2,855,463
		11,510,275		2,855,471
Break-up :				
Unquoted Investments		**11,510,267**		2,855,463
Others :				
Government Securities & Bonds		**8**		8
		11,510,275		2,855,471

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010		30.06.2009
SCHEDULE "G": INVENTORIES				
(As valued and certified by the Management)				
Raw Materials		**409,289**		244,742
Stock of Stores, Spare Parts, Chemicals etc.		**566,561**		405,169
Block Stores		**6,843**		8,566
Raw Materials and Stores-in-Transit		**151,041**		26,399
Stock-in-Trade :				
Finished Stock -		**556,450**		535,329
Stock-in-Process -		**93,097**		79,798
		1,783,281		1,300,003
SCHEDULE "H": SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months :				
Secured -				
Considered Good		**13,495**		6,873
Unsecured -				
Considered Good		**62,706**		69,655
		76,201		76,528
Other Debts :				
Secured -				
Considered Good		**61,761**		204,418
Unsecured -				
Considered Good		**2,080,690**		1,773,299
		2,142,451		1,977,717
		2,218,652		2,054,245
SCHEDULE "I": CASH AND BANK BALANCES				
Cash on Hand		**1,698**		1,193
Bank Balances :				
With Scheduled Banks -				
On Current Accounts	**26,670**		30,358	
On Margin Money Accounts	**8,477**		11,477	
On Fixed Deposit Accounts	**751,548**		25,838	
(lodged as security deposit Rs. 288 thousands)				
On Employees' Security Deposit Account in Savings Bank	**307**		302	
On Compulsory Buyback	**19,373**		20,021	
On Optional Buyback	**207**		247	
On Unpaid Dividend Accounts	**13,637**		14,671	
		820,219		102,914
		821,917		104,107

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "J": LOANS AND ADVANCES		
Unsecured - Considered Good		
Loan to Subsidiaries	**–**	4,167,276
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for to be received	**1,591,674**	1,268,893
Advance Against Investment	**126**	2,119,265
Due From Subsidiaries and Step Down Subsidiaries	**155,737**	318,761
Balance with Customs and Excise Authorities	**79,120**	133,528
Advance Tax , Tax deducted at Source (including Income Tax refund receivable)	**2,252,556**	1,922,411
MAT Credit Entitlement	**368,400**	368,400
	4,447,613	10,298,534
Advance include amount advanced to Directors Rs. 2831 thousands		
(Maximum amount outstanding at any time during the year Rs. 3162 thousands)		
SCHEDULE "K": CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
For Acceptances	**131,320**	15,248
Sundry Creditors - Micro, Small and Medium Enterprises	**19,458**	19,659
Sundry Creditors - Other Creditors	**1,406,584**	553,579
(Includes Interest free sales tax loan/deferral)		
Security Deposits (including Interest accrued thereon)	**139,127**	138,574
Advances Received From Customers	**20,681**	–
Provision on Security premium payable on redemption of ZCCB	**817,068**	631,727
Unclaimed Dividend / Dividend Payable *	**13,610**	14,644
Employees Security Deposit	**307**	302
Unclaimed Compulsory Buyback Consideration	**19,373**	20,021
Unclaimed Optional Buyback Consideration	**207**	247
Commission payable to Chairman, MD and other Directors	**21,859**	26,016
Interest on Loans accrued but not due	**35,736**	41,049
	2,625,330	1,461,066
B. PROVISIONS		
Provision for Taxation	**1,917,850**	1,666,649
Provision for Proposed Dividend	**327,762**	277,762
Provision for Dividend Tax	**54,437**	47,206
Provision for Retirement Benefit	**314,613**	262,413
	2,614,662	2,254,030
	5,239,992	3,715,096

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

	AS AT 01.07.2009	EXPENDITURE DURING THE YEAR	WRITTEN OFF DURING THE YEAR (NET)	BALANCE AS AT 30.06.2010
SCHEDULE "L : MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
ERS / VRS Compensation	36,649	–	36,649	**–**
	36,649	–	36,649	**–**

SCHEDULE "M": 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 transactions 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 Expenses and Income 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 9618 Lacs being claims (30th June 2009 Rs. 8254 Lacs) approximately against the company not acknowledge as debts.

b) The details of disputed dues as per clause 9(b) of Section 227(4A) of the Companies Act, 1956 are as follows:

Name of Statute	Nature of dues	Amount (Rs.in Lacs)	Forum where dispute is pending
Central Excise & Tariff Act,1985	Excise duty	861	Assessing Authority
		1123	Appellate Authority
		372	High Court
Central Sales Tax Act ,1956	Sales Tax	1573	Assessing Authority
and Sales Tax Act of Various States			
		664	Appellate Authority
		5	High Court
Custom Act, 1961	Custom Duty	7	Custom Commissioner
Water (Prevention and Control of Pollution)	Charges	8	Hon'ble High Court of Orissa
Cess (Amendment) Act 2003			
		1	State Pollution Control Board of India
Income Tax Act,1961	Income Tax *	3147	Hon'ble High Court Nagpur Bench
Total		**7761**	

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

c) 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. 2.07 Lacs (30th June, 2009 Rs. 6 Lacs).

3. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs. 943.24 Lacs (30th June, 2009 Rs. 935.10 Lacs).

4. Estimated amount of contracts remaining to be executed on Capital Account Rs. 504.98 Lacs (Net of Advances) (30th June, 2009 Rs. 831.19 Lacs).

5. 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. 43.17 Lacs (Previous Year Rs. 38.49 Lacs). As of 30th June, 2010, the future minimum lease payments for non–cancellable operating leases are as below :–

– Not later than one year from 30th June, 2010 Rs. 17.58 Lacs
– Later than one year and not later than five years Nil

6. Unit Ashti has imported certain Plant and Machinery at concessional rate of custom duty under 5% Export Promotion Capital Goods (EPCG) scheme. The Unit has been granted two licenses, accordingly the unit is obliged to export goods amounting USD$ 9.17 million, which is equivalent to eight and half times the duty saved on import of machinery. The unit is required to meet this export obligation over a period of eight years starting 17th March 2005. The unit has achieved total export of USD 8.68 million as on 30.06.10. As such the liability that may arise for non–fulfillment of export obligation is currently non–ascertainable.

7. 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 account of principal – Rs.128.27 (Previous Year Rs. NIL) and interest due thereon 3 Lacs (Previous Year Rs. NIL).

8. 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,2010 (Rs. in Lacs)	As at 30th June,2009 (Rs. in Lacs)
1.	Employer's Contribution in Provident Fund	**336.61**	316.67
2.	Employer's contribution in Superannuation Fund	**52.65**	49.61
3.	Employer's Contribution in Pension Scheme	**200.50**	202.05

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)	Encashment (Unfunded) (Rs. in Lacs)	Gratuity (Unfunded) (Rs.in Lacs)	Encashment (Unfunded) (Rs. in Lacs)
		2009–10	2009–10	2008–09	2008–09
a.	**Reconciliation of Opening and closing of Defined Benefit Obligation**				
	Defined benefit obligation at beginning of the year	**2249.84**	**374.29**	2159.90	389.46
	Current Service Cost	**184.31**	**24.74**	170.77	16.32
	Interest Cost	**186.14**	**29.62**	165.35	28.60
	Actuarial (gain)/loss	**182.15**	**83.01**	65.22	56.42
	Benefit paid	**(251.68)**	**(79.39)**	(311.40)	(116.51)
	Plan Amendments	**163.10**	**–**	–	–
	Defined benefit obligation at year end	**2713.86**	**432.27**	2249.84	374.29
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	**251.68**	**79.39**	311.4	116.51
	Benefit Paid	**(251.68)**	**(79.39)**	(311.4)	(116.51)
	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, 2010				
	Present value of obligation as at 30th June, 2010	**2713.86**	**432.27**	2249.84	374.29
	Amount recognized in Balance Sheet	**2713.86**	**432.27**	2249.84	374.29
d.	**Expenses recognized during the year**				
	(under the head "payments to and Provisions for Employees")				
	Current Service Cost	**184.31**	**24.74**	170.77	16.32
	Interest Cost	**186.14**	**29.62**	165.35	28.60
	Expected return on plan assets			–	–
	Actuarial (gain)/loss	**182.15**	**83.01**	65.22	56.42
	Plan Amendments	**163.10**	**–**	–	–
	Net Cost	**715.70**	**137.37**	401.34	101.34
e.	**Discount rate (per annum)**	**7.50%**	**7.50%**	7.50%	7.50%
	Expected rate of return on plan assets (per annum)				

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.

9. MISCELLANEOUS EXPENDITURE – DEFERRED REVENUE EXPENDITURE

Compensation paid under the Approved Voluntary Retirement Scheme for its employees have been treated as Deferred Revenue Expenditure, which was being written off over a period of five years or up to 31st March 2010, whichever is earlier.

10. The Provision for taxation for the year is the aggregate of the provision made for nine months ended 31.03.10 and three months ended 30.06.10. 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 30.06.10 and 30.06.09 comprising timing difference on accounts of :–

Particulars	30.06.10 (Rs. In Lacs)	30.06.09 (Rs. In Lacs)
Deferred Tax Asset		
Expenses allowable on payment basis	**219.24**	216.11
Provision for Gratuity & Others	**1048.41**	891.94
Total	**1267.65**	1108.05
Deferred Tax Liability		
Higher Depreciation Allowed under Tax Laws (Net of unabsorbed Depreciation)	**11354.78**	10777.55
Others Including Deferred Revenue Expenditure	**–**	17.63
Total	**11354.78**	10795.18
Net Deferred Tax Liability	**10087.13**	9687.13

11. Construction and Installation in Progress and Advances against Capital Assets include 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 rearranged and regrouped, wherever necessary to conform to Current year's classification.

Signature to schedules "A" to "M"

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
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

SCHEDULES "I" TO "VIII"

attached to and forming part of the profit & loss account for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010		30.06.2009
SCHEDULE "I": SALES				
Paper (Including Paper Products and Office Supplies)	**11,002,627**		10,742,881	
Less: Discount	**411,495**		207,203	
		10,591,132		10,535,678
		10,591,132		10,535,678
SCHEDULE "II" : OTHER INCOME				
Interest on Investments		**126**		133
Profit on Sales of Stores, Raw Materials, Scrap etc.		**18,950**		20,208
Rent and License Fee (Gross)		**120**		120
Profit on sale of investment		**24,160**		
Miscellaneous Income		**12,181**		11,622
Gain arising on Buyback of Zero Coupon Convertible Bonds		**–**		17,420
Foreign Currency Fluctuation (Net)		**7,558**		–
Profit on Sale of Assets (Net)		**100**		–
		63,195		49,503
SCHEDULE "III": INCREASE/(DECREASE) IN STOCKS				
Opening Stock :				
Finished		**535,329**		367,847
In Process		**79,798**		33,260
		615,127		401,107
Closing Stock :				
Finished		**556,450**		535,329
In Process		**93,097**		79,798
		649,547		615,127
Net Increase/(Decrease) on Stocks		**34,420**		214,020
SCHEDULE "IV": MANUFACTURING COSTS				
Raw Materials consumed (including Expenses thereon)		**3,121,661**		2,998,965
Stores and Spare Parts consumed		**1,436,313**		1,739,295
Excise duty on year end inventory of Finished Goods		**(388)**		(278)
Power, Fuel and Water Charges		**1,666,522**		1,510,526
Repairs and Maintenance - Buildings		**16,504**		13,367
Repairs and Maintenance - Plant & Machinery		**211,293**		81,415
Repairs and Maintenance Sundries		**11,160**		9,141
Processing Charges		**76,561**		102,045
Other Expenses		**26,738**		20,586
		6,566,364		6,475,062
SCHEDULE "V": PERSONNEL COSTS				
Salaries, Wages, Bonus and Gratuity		**583,672**		515,354
Directors' Commission on Profits -Gross		**21,859**		26,016
Contribution to Provident, Superannuation & Other Funds		**40,784**		37,344
Workers and Staff Welfare Expenses		**51,276**		39,250
		697,591		617,964

	30.06.2010	30.06.2009
SCHEDULE "VI": ADMINISTRATION, SELLING & MISCELLANEOUS COSTS	**(Rs. "000")**	**(Rs. "000")**
Rent	**2,428**	1,769
Lease Rent	**1,889**	2,080
Rates and Taxes	**6,176**	6,986
Insurance Charges	**17,195**	13,322
Directors Fees	**1,320**	1,400
Debenture Trustee Remuneration	**317**	364
Office & Other Expenses (Including Rs. 2119 thousands for Research and Development)	**150,855**	86,746
Carriage and Freight	**227,241**	172,712
Other Selling Expenses	**102,285**	69,125
Loss on Sale of Assets (Net)	**–**	8
Foreign Currency Fluctuation (Net)	**–**	9,890
	509,706	364,402
Less: Unspent Liabilities and excess provisions in respect of earlier years written back	**4,661**	3,771
	505,045	360,631
SCHEDULE "VII": INTEREST AND FINANCE COSTS		
Interest :		
On Debentures and Fixed Loans	**255,789**	294,336
On Other Accounts	**173,802**	147,911
Finance and Placement Charges	**40**	47
Guarantee Commission paid to Banks	**848**	971
	430,479	443,265
Less: Interest earned (Tax deducted at source Rs.17014 Thousands)	**207,253**	305,499
	223,226	137,766

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 (ANNUAL)		ACTUAL PRODUCTION (ANNUAL)	
		30.06.2010	30.06.2009	30.06.2010	30.06.2009
Paper including Wrapper and Coated Paper	M.T.	**232,068**	232,068	**206,313**	207,544

a) The installed capacity is as certified by the Management and license capacity is not given as licensing is not applicable.

b) Includes Production 9263 MT (Previous Year 9007 MT) of Coated Paper at Unit ShreeGopal converted out of the paper manufactured by company .

c) Includes Production 5411 MT (Previous Year 4915 MT) of Paper Stationery converted out of the paper manufactured by company .

d) The Installed Capacity and Actual Production of paper & wrapper includes Specialised Grades of paper.

	30.06.2010 Value (Rs. "000")	30.06.2009 Value (Rs. "000")
2 Particulars in respect of Purchases, Stock of Finished Goods and Sales:		
(a) Purchases		
Purchases	**566,741**	432,620

(b) Stock of Finished Goods and Sales **Amount (Rs. "000")**

Class of Goods	Unit of Qty.	OPENING STOCK				CLOSING STOCK				SALES			
		30.06.2010		30.06.2009		30.06.2010		30.06.2009		30.06.2010		30.06.2009	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Paper (including	M.T.	**1,363**	**52,720**	1,236	46,602	**747**	**30,417**	1,363	52,720	**201,518**	**9,674,391**	202,502	10,230,164
Wrapper and													
Coated Paper)													
Others including		**–**	**482,609**	–	321,245	**–**	**526,033**	–	482,609	**–**	**916,741**	–	305,514
Office supplies													
			535,329		367,847		**5 56,450**		535,329		**10,591,132**		10,535,678

3. Analysis of Materials consumed

	Unit	Quantity		Amount (Rs."000")	
		30.06.2010	30.06.2009	30.06.2010	30.06.2009
Bamboo	M.T.	**137,072**	90,570	**445,863**	315,724
Wood and Wood species	M.T.	**316,694**	370,167	**935,969**	979,628
Wood Pulp	M.T.	**59,380**	56,246	**1,685,321**	1,640,409
Others				**54,508**	63,204
		513,146	516,983	**3,121,661**	2,998,965

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

	30.06.2010 (Rs. "000")	30.06.2009 (Rs. "000")
a) Raw Materials	**900,043**	549,735
b) Components, Spare Parts and other Stores	**127,502**	520,568
c) Others	**50,288**	47,685
	1,077,833	1,117,988

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

5. Expenditure in Foreign Currency

		30.06.2010	30.06.2009
		(Rs. "000")	(Rs. "000")
i)	Foreign Travel, Commission, Claims, Consultancy Fees,	**22,718**	51,923
	Deferred payment Instalments, Subscriptions etc.		
ii)	Interest on Foreign Currency Loans	**53,849**	124,718
		76,567	176,641
6.	**Earnings in Foreign Exchange on Cash Basis;**		
a)	F.O.B. Value of Exports	**204,988**	96,874
b)	Interest on loan	**53,602**	212,671
c)	Others	**6,621**	
		265,211	309,545

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.

		Amount		Percentage	
		Current Year	Previous Year	Current Year	Previous Year
		(Rs. "000")	(Rs. "000")	(%)	(%)
A)	Raw Materials				
	- Imported	**838,583**	743,831	**26.86**	24.80
	- Indigenous	**2,283,078**	2,255,134	**73.14**	75.20
		3,121,661	2,998,965	**100.00**	100.00
B)	Spare Parts and Components				
	- Imported	**32,572**	101,370	**14.28**	11.84
	- Indigenous	**195,448**	754,599	**85.72**	88.16
		228,020	855,969	**100.00**	100.00

Notes:

i) Consumption of Raw Material, Components & Spare Parts includes estimated values of stocks brought forward from earlier year.

ii) 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.

		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	2007-08		Three		5,723,025		4,006
	Final	2008-09	**Three**		**5,723,025**		**2,862**	

		30.06.2010 (Rs. "000")	30.06.2009 (Rs. "000")
9.	**Expenses / costs incurred on exploitation and procurement of forests based raw materials, Lime Kiln, Water Works and those for own Departmental transport charged in these accounts include the following :-**		
	Salaries and Wages	**3,343**	2,971
	Contribution to Provident and Other Funds	**268**	251
	Rent, Rates and Taxes (incl. Lease Rent)	**73**	160
	Staff Welfare	**118**	127
	Repairs and Maintenance - Others	**8**	9
	Office and Other Expenses	**298**	237
		4,108	3,755
10.	**Statement showing computation of Net Profits in accordance with Section 198 read with Section 309(5) of the Companies Act,1956**		
	Profit as per Profit & Loss Account before Taxation	**874,035**	1,422,273
	Less : Profit/ (Loss) on Sale of assets (Net)	**100**	(8)
	Depreciation	**833,743**	769,544
		40,192	652,737
	Add back :-		
	Directors Fee	**1,320**	1,400
	Remuneration paid/payable to Chairman, Managing Director	**80,527**	70,583
	and other Directors		
	Profit Commission to Chairman	**18,738**	22,804
	Depreciation under Section 350 of the Companies Act, 1956	**833,743**	769,544
	Commission to other Directors	**3,121**	3,212
		937,449	867,543
	Profit Under Section 198 :	**977,641**	1,520,280
	Remuneration Under Section 198 @ 11% of above	**107,541**	167,231
	Amount of Profit Commission as approved by Board -		
	to be shared as under :		
	Chairman	**18,738**	22,804
	Other Directors	**3,121**	3,212
		21,859	26,016
	Actual remuneration including Commission & Perquisites	**102,386**	96,599
11.	**Remuneration paid / payable to Chairman, Managing Director and Directors:**		
	Salary (Including Commission of Rs 21859 thousands)	**90,206**	82,866
	(Previous Year Rs. 26016 thousands) Payable both to		
	Executive & Non Executive Directors		
	Contribution to Provident and Superannuation Funds	**4,810**	4,594
	Perquisites	**7,370**	9,139
		102,386	96,599

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.

		30.06.2010 (Rs. "000")	30.06.2009 (Rs. "000")
12.	**Amount paid/payable to Auditors**		
	Audit Fee (Including Cost Audit Fee of Rs 91 Thousands)	**3,413**	3,403
	In Other Capacity	**5,593**	3,744
	Out of Pocket Expenses	**921**	439
		9,927	7,586

13. Depreciation charged for the year and debited to the Profit & Loss Account includes Rs. 14653 thousands (Previous Year 33482 thousand) being depreciation on the revalued portion of Fixed Assets, since the Revaluation Reserve stood exhausted in the earlier years.

14. 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.

Amount (Rs. "000")

Particulars	Year	Paper	Paper Products & office supplies	Others	Total
Revenues					
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)**
Gross sale to External Customers	2008-09	7,358,443	3,177,235	–	10,535,678
Excise Duty	2008-09	(384,064)	(158,304)	–	(542,368)
Total Segment Revenues (Net Of Excise Duty)	**2009-10**	**6,417,751**	**3,788,028**	**–**	**10,205,779**
	2008-09	6,974,379	3,018,931	–	9,993,310
Segment Results	**2009-10**	**919,800**	**273,874**	**–**	**1,193,674**
	2008-09	1,351,255	318,333	–	1,669,588
Less: Unallocated Corporate Expenses	**2009-10**				**96,413**
(Net of other income)	2008-09				109,549
Profit Before Interest, Tax and Exceptional items	**2009-10**				**1,097,261**
	2008-09				1,560,039
Interest (Net of Income)	**2009-10**				**223,226**
	2008-09				137,766
Profit Before Tax and Exceptional items	**2009-10**				**874,035**
	2008-09				1,422,273
Provision For Tax					
– Current Tax (Net of MAT Entitlement Credit)	**2009-10**				**251,201**
	2008-09				107,185
– Deferred Tax	**2009-10**				**40,000**
	2008-09				52,535
– Fringe Benefit Tax	**2009-10**				**–**
	2008-09				8,700
Net Profit	**2009-10**				**582,834**
	2008-09				1,253,853
Other Information					
Segmental Assets	**2009-10**	**23,845,317**	**3,955,464**	**133,102**	**27,933,883**
	2008-09	20,060,173	3,610,138	133,102	23,803,413
Unallocated Corporate assets	**2009-10**				**3,448,654**
	2008-09				3,274,557
Total Assets	**2009-10**				**31,382,537**
	2008-09				27,077,970
Segmental Liabilities	**2009-10**	**3,138,441**	**607,894**	**585,802**	**4,332,137**
	2008-09	1,882,296	513,294	585,802	2,981,392
Unallocated Corporate Liabilities	**2009-10**				**907,855**
	2008-09				733,704
Total Liabilities	**2009-10**				**5,239,992**
	2008-09				3,715,096

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	Year	Paper	Paper Products & office supplies	Others	Total
Capital Expenditure during the period	**2009-10**				**1,005,502**
(Including Movements in CWIP & Capital Advances)	2008-09				2,635,496
Depreciation & Impairment	**2009-10**				**833,743**
	2008-09				769,544
Amortisation	**2009-10**				**36,649**
	2008-09				40,973
Total Liabilities Excludes					
Secured Loans	**2009-10**				**3,864,525**
	2008-09				5,090,402
Unsecured Loans	**2009-10**				**4,756,292**
	2008-09				3,806,037
Deferred Tax Liabilities	**2009-10**				**1,008,713**
	2008-09				968,713

15. 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.*
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
* 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

Subsidiary Companies

Ballarpur Paper Holdings B.V.*
Sabah Forest Industries Sdn. Bhd.*
BILT Tree Tech Limited
BILT Graphic Paper Products Limited*
Ballarpur Speciality Paper Holdings B.V.
Ballarpur Packaging Holdings B.V.
* Step Down subsidiaries of Ballarpur International Holdings B.V.

Enterprise in which Key Management Personnel has 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
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
Krebs & Cie (India) Limited
Mirabelle Trading Pte. Limited
Salient Business Solutions Ltd.
Solaris Chemtech Industries Limited (earlier Solaris Bio Chemicals Ltd.)
Solaris Holdings Ltd.
The Paperbase Company Limited
UHL Power Company Limited

Key Management Personnel
Mr. Gautam Thapar
Mr. R.R. Vederah
Mr. B. Hariharan
Mr. Yogesh Agarwal

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	30.06.2010 Rs. "000"	30.06.2009 Rs. "000"
a.	Sales of goods, rent received & allocation of common expenses for rendering corporate service:		
	– Other Related Parties	**5,952**	5,873
b.	Purchase of goods & service :		
	– Step Down Subsidiary Company	**6,04,797**	7,61,371
	– Other Related Parties	**12,75,269**	15,91,387
c.	Investment made during the year:		
	– Other Related Parties	**–**	1,99,108
	– Subsidiary Companies	**87,59,719**	
	– Step Down Subsidiary Company	**2,328**	–
d.	Sale of Investment:		
	– Step Down Subsidiary Company	**1,31,403**	1,99,108
e.	Refund of Advances:		
	– Subsidiary Companies	**–**	15,12,900
f	Interest on Loan Given:		
	– Subsidiary Companies	**1,36,102**	212,671
g.	Advances Against Equity :		
	– Subsidiary Companies	**126**	21,19,265
h.	Advances given:		
	– Subsidiary Companies	**10,764**	10,619
i.	Remuneration		
	Key Management Personnel	**1,35,553**	1,16,314
j.	Outstanding balances as at 30th June,2010:		
	– Subsidiary Companies- Loans & Advances	**1,55,737**	42,80,886
	– Subsidiary Companies- Advance against investment	**126**	21,19,265
	– Step Down Subsidiary Companies - Loans & Advances	**–**	2,05,151
	– Other Related Parties - Loans, Advances & Debtors	**6,34,214**	7,66,807
	– Key Management Personnel - Advances	**2,831**	3,162

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010 Rs. "000"	30.06.2009 Rs. "000"
16.	**Earnings Per Share**		
I	Profit Computation for both Basic and Diluted Earnings		
	Per Share of Rs. 2/- each		
	Net Profit after Tax as per Profit & Loss Account	**582,834**	1,253,853
	Net Profit after Tax available to Equity Shareholders For Basic EPS	**582,834**	1,253,853
	Adjustment for the purpose of Diluted EPS :-		
	Net Profit available to Equity Shareholders For Diluted EPS	**582,834**	1,253,853
II	Weighted Average number of Equity Share for Earnings Per		
	Share Computation		
A)	No. of shares for Basic Earnings Per Share	**571,606,031**	555,523,839
	Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	**64,322,070**	64,322,070
B)	No. of Shares for Diluted Earnings Per Share	**635,928,101**	619,845,909
III	Earnings Per Share		
	Basic (Rs.)	**1.02**	2.26
	Diluted (Rs.)	**0.92**	2.02

17. The aggregate value of Stores and Spare Parts consumed during the year amounts to Rs. 1313502 thousands (Previous Year Rs. 1791136 thousands) which were charged to various account heads including capital expenditure.

18. 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

New Delhi, dated the
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

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	0				
	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 :			2	0	0	0	0	0	

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

Total Liabilities :	2	6	1	4	2	5	4	5	Total Assets :	2	6	1	4	2	5	4	5	

Sources of funds :

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

Application of funds :

Net Fixed Assets :	1	0	6	0	0	5	6	0	Investments :	1	1	5	1	0	2	7	5	
Net Current Assets :		4	0	3	1	7	1	0	Misc. Expenditure :			N	I	L				
Accumulated Losses :			N	I	L													

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

Turnover & Other Revenues :	1	0	2	6	8	9	7	4	Total Expenditure :		9	3	9	4	9	3	9	
Profit before Tax :			8	7	4	0	3	5	Profit after Tax :			5	8	2	8	3	4	
Basic Earnings per share in Rs.:					1	.	0	2	Dividend Rate (%) :							2	5	

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
Membership No. 097820
For and on behalf of
K. K. MANKESHWAR & CO.
Chartered Accountants
FRN: 106009W

New Delhi, dated the
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT,1956

Name of the Subsidiary			Ballarpur International Holdings B.V.	Ballarpur Paper Holdings B.V.	Ballarpur International Paper Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	BILT Tree Tech Limited	BILT Graphic Paper Products	Sabah Forest Industries Sdn. Bhd.	Ballarpur International Packaging Holdings B.V.	Ballarpur Packaging Holdings B.V.	Ballarpur Speciality Paper Holdings B.V.
1.	Financial period/year of the Subsidiary ended on		30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010	30.06.2010
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	118932858 (a)	18000 (b)	1483675 (c)	990,000	450050000 (d)	8277856532 (e)	18000 (f)	18,000	18,000
	(b) Share Holding per cent in the Subsidiary held by Ballarpur Industries Limited	%	100	100 (a)	100 (b)	79.53 (c)	91.67	100 (d)	97.78 (e)	100 (f)	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	(179,711)	(285,393)	286,852	(1,670)	489	647,173	1,580,899	(37)	(132)	(1,180)
	(ii) For the Previous Financial years / Period since it became a Subsidiary	Rs.'000	(532,317)	(748,733)	393,079	(5,570)	5,244	2,636,845	549,815	NIL	NIL	NIL
	(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
	(ii) For the Previous Financial years / Period since it became a Subsidiary	Rs.'000	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes

a. Held through Ballarpur International Graphic Paper Holdings B.V.

b. Held through Ballarpur Paper Holdings B.V.

c. Held through Ballarpur International Holdings B.V.

d. 99.99% held through Ballarpur Inernational Paper Holdings B.V. and balance held by the Company

e. Held through Ballarpur Paper Holdings B.V.

f. Held through Ballarpur Packaging Holdings B.V.

INFORMATION IN RESPECT OF SUBSIDIARIES

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particular	Ballarpur International Holdings B.V.	Ballarpur Paper Holdings B.V.	Ballarpur International Paper Holdings B.V.	Ballarpur International Graphic Paper Holdings B.V.	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 Speciality Paper Holdings B.V.
Capital										
Equity Share Capital	11,262,112	6,645,240	1,139	1,175	10,800	4,500,500	15,525,270	1,126	1,124	1,273
Reserves	(1,055,736)	6,737,542	5,636,456	15,252,629	(2,102)	3,284,018	(173,212)	(21)	(123)	(1,241)
Total Assets	13,643,415	24,736,245	12,532,376	15,262,014	144,762	41,205,474	17,511,601	1,105	1,201	1,013
Total Liabilities	13,643,415	24,736,245	12,532,376	15,262,014	144,762	41,205,474	17,511,601	1,105	1,201	1,013
Investments										
(Except Investments in Subsidiaries)										
Government or Trust Securities	–	–	–	–	13	5	–	–	–	–
Shares, Debentures or Bonds	–	–	–	–	–	330,511	–	–	–	–
Turnover	–	–	–	–	45,284	22,589,039	6,176,407	–	–	–
Profit Before Taxation	(179,711)	(285,393)	286,852	(2,100)	337	1,233,992	1,128,392	(37)	(132)	(1,180)
Provision for Taxation										
Current Tax	–	–	–	–	–	219,028	1,964	–	–	–
MAT ENTITLEMENT CREDIT	–	–	–	–	–	(219,028)	–	–	–	–
Deferred Tax	–	–	–	–	33	586,818	(490,739)	–	–	–
Provision for Taxation relating to earlier years	–	–	–	–	(229)	–	376	–	–	–
Profit After Taxation	(179,711)	(285,393)	286,852	(2,100)	533	647,173	1,616,791	(37)	(132)	(1,180)
Dividend Paid	–	–	99,336	–	–	–	–			
Reporting Currency	USD	USD	USD	USD	INR	INR	RM	USD	USD	USD
Exchange Rate – Balance Sheet items (Closing rate)	46.4816	46.4816	46.4816	46.4816	1.00	1.00	14.32	46.4816	46.4816	46.4816
Exchange Rate – Profit & Loss items (Average rate)	46.8568	46.8568	46.8568	46.8568	1.00	1.00	13.93	46.8568	46.8568	46.8568

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors
Ballarpur Industries Limited

1. We have audited the attached Consolidated Balance Sheet of Ballarpur Industries Limited ('The Company') and its subsidiaries as at 30th June, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year on that date, annexed there to.

2. 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. We have conducted our audit in accordance with generally accepted auditing standards in India. These 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 and Accounting Standard (AS) 23, Accounting for Investment in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Company, its subsidiaries and associate 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, 2010.

   (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
19th August, 2010

CONSOLIDATED BALANCE SHEET

as at june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule		30.06.2010		30.06.2009
I. SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
(a) Share Capital	"A"	**1,311,234**		1,111,234	
(b) Reserves & Surplus	"B"	**21,122,658**		17,192,165	
			22,433,892		18,303,399
2. MINORITY INTEREST			**4,110,206**		3,676,085
3. LOAN FUNDS					
(a) Secured Loans	"C"	**20,633,430**		28,257,090	
(b) Unsecured Loans	"D"	**15,282,785**		8,881,551	
			35,916,215		37,138,641
4. DEFERRED TAX LIABILITY (Net of Assets)			**1,914,255**		1,778,143
Total			**64,374,568**		60,896,268
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
(a) Gross Block	"E"	**76,075,559**		65,260,543	
Less: Depreciation & Impairment		**25,015,184**		21,399,701	
Net Block		**51,060,375**		43,860,842	
(b) Construction and Installation-in-Progress					
including Expenditure thereon (Pending allocation)		**2,835,936**		8,022,371	
(c) Advance against Capital Assets		**403,738**		551,879	
			54,300,049		52,435,092
2. INVESTMENTS	"F"		**405,629**		381,479
3. CURRENT ASSETS, LOANS & ADVANCES					
(a) Interest accrued on Investments		**6,323**		931	
and Fixed Deposits (Net)					
(b) Inventories	"G"	**7,692,660**		4,861,303	
(c) Sundry Debtors	"H"	**4,605,307**		3,260,094	
(d) Cash and Bank Balances	"I"	**2,416,772**		1,043,233	
(e) Loans and Advances	"J"	**10,189,036**		7,786,474	
		24,910,098		16,952,035	
LESS: CURRENT LIABILITIES AND PROVISIONS	"K"				
(a) Current Liabilities		**11,625,337**		6,067,639	
(b) Provisions		**3,625,862**		3,012,537	
		15,251,199		9,080,176	
Net Current Assets			**9,658,899**		7,871,859
4. MISCELLANEOUS EXPENDITURE	"L"		**9,991**		207,838
(to the extent not written off or adjusted)					
NOTES TO BALANCE SHEET	"VIII"				
Total			**64,374,568**		60,896,268

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

New Delhi, dated the
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

CONSOLIDATED PROFIT & LOSS ACCOUNT

for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	Schedule		30.06.2010		30.06.2009
INCOME					
Sales	"I"		**38,964,062**		29,436,497
Less: Excise Duty			**1,018,110**		1,189,575
Net Sales			**37,945,952**		28,246,922
Other Income	"II"		**238,556**		131,790
Increase / (Decrease) in Stocks	"III"		**129,152**		474,453
Total			**38,313,660**		28,853,165
EXPENDITURE					
Manufacturing Costs	"IV"		**25,522,297**		18,696,518
Purchases			**566,700**		417,648
Personnel Costs	"V"		**2,482,893**		2,191,230
Administration, Selling & Miscellaneous Costs	"VI"		**1,360,496**		886,491
Deferred Revenue Expenditure - Amortised (Net)			**197,847**		103,710
Interest and Finance Costs (Net)	"VII"		**2,371,088**		1,708,196
Depreciation & Impairment			**3,018,853**		2,325,531
Total			**35,520,174**		26,329,324
Profit Before Taxation			**2,793,486**		2,523,841
Provisions for Taxation					
Current Tax/MAT		**472,192**		310,214	
MAT Entitlement Credit		**(219,028)**		(194,944)	
Deferred Tax		**136,112**		513,469	
Fringe Benefits Tax		**–**		16,325	
			389,276		645,064
Profit After Taxation			**2,404,210**		1,878,777
Less: Excess Provision for Taxation relating to earlier Years			**148**		–
Less: Minority Interest			**434,121**		211,640
			1,969,941		1,667,137
Add: Share of Profit in Associate			**–**		15,800
Add: Balance brought forward from last year			**4,965,216**		4,040,883
Add :Debenture Redemption Reserve no longer required			**75,000**		75,000
Less : Adjustment for change in holding of subsidiary / associate company			**–**		258,636
Amount available for Appropriation			**7,010,157**		5,540,184
APPROPRIATIONS					
General Reserve			**150,000**		250,000
Proposed Dividend:					
On 655523839 Equity Shares @ 25%		**327,762**		–	
(On 555523839 Equity Shares @ 25%)		**–**		277,762	
		327,762		277,762	
Add: Dividend Tax on above		**54,437**	**382,199**	47,206	324,968
Balance carried to Balance Sheet			**6,477,958**		4,965,216
NOTES FORMING PART OF PROFIT & LOSS ACCOUNT	"VIII"				
			7,010,157		5,540,184
BASIC EARNINGS PER SHARE (Rs.)			**3.45**		3.03
DILUTED EARNINGS PER SHARE (Rs.)			**3.11**		2.72

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
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

CONSOLIDATED CASH FLOW STATEMENT

for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	30.06.2010	30.06.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Appropriations	**2,793,486**	**2,523,841**
Add /(Less) :		
Adjustments for :		
(Profit) / Loss on Sale of Assets (Investing Activity)	**(1,667)**	(5,027)
Unspent Liabilities and Excess Provisions of earlier years written back	**(11,705)**	(29,472)
Assets discarded	**5,346**	41
Interest and Finance Costs (net)	**2,371,088**	1,708,196
Depreciation & Impairment	**3,018,853**	2,325,531
Deferred revenue expenses amortised	**197,847**	103,710
Bad debts and claims written off	**18,636**	–
Operating Profit before Working Capital changes	**8,391,884**	6,626,820
Adjustments for Working Capital changes :		
Trade payable and others	**5,429,651**	(203,913)
Inventories	**(2,803,046)**	155,945
Trade and other receivables	**(1,363,849)**	(133,468)
Loans and Advances	**(1,611,383)**	103,703
Cash generated from Operations	**8,043,257**	6,549,087
Deferred Revenue expenditure (net)	**–**	(231,941)
Direct Taxes (net)	**(572,151)**	(535,489)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**7,471,106**	5,781,657
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets ,Capital WIP, Capital Advances (Net)	**(4,472,087)**	(13,727,655)
Sale of assets (Net)	**2,100**	432,662
Subscription / Purchase of Investment (Net of Redemption)	**(24,150)**	(199,014)
NET CASH USED IN INVESTING ACTIVITIES	**(4,494,137)**	(13,494,007)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance / (Repayment) of Share Capital (net)	**1,350,000**	–
Payment for buy-back compulsory and optional	**(688)**	(2,945)
Proceeds from issuance of unsecured zero coupon compulsory convertible bonds	**1,650,000**	–
Increase / (Decrease) in long term and other borrowings (net)	**(1,222,426)**	8,339,614
Interest and Financing Charges (net)	**(2,327,110)**	(1,712,626)
Dividend Paid (including dividend tax)	**(326,002)**	(455,648)
NET CASH USED IN FINANCING ACTIVITIES	**(876,226)**	**6,168,395**
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]	**2,100,743**	**(1,543,955)**
IMPACT OF FOREIGN CURRENCY TRANSLATION RESERVE	**(727,204)**	**(2,295,627)**
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	**1,043,233**	4,882,815
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	**2,416,772**	**1,043,233**

Notes

1. The above statement has been prepared following the Indirect Method.
2. 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.
3. Proceeds from long term and other borrowings are shown net of repayments.
4. Cash and Cash Equivalents represent Cash and Bank Balances only.
5. 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
19th August, 2010

GAUTAM THAPAR — chairman
R. R. VEDERAH — managing director
B. HARIHARAN — group director (finance)
VIVEK KUMAR GOYAL — chief financial officer
AKHIL MAHAJAN — company secretary

New Delhi, dated the
19th August, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "A": SHARE CAPITAL		
AUTHORISED		
1487500000 Equity Shares of Rs. 2/- each	**2,975,000**	2,975,000
(Previous Year 1487500000 Equity Shares of Rs.2/- each)		
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 Shares of Rs. 2/- each	**2,060,012**	1,860,012
(Previous Year 930005910 Equity Shares of Rs. 2/- each)		
	2,060,012	1,860,012
SUBSCRIBED AND PAID UP		
655773584 Equity Shares of Rs. 2/- each	**1,311,546**	1,111,546
(Previous Year 555773584 Equity Shares of Rs. 2/- each)		
Less : 249745 Equity Shares of Rs. 2/- each forfeited	**499**	499
(Previous Year 249745 Equity Shares of Rs. 2/- each forfeited)		
	1,311,047	1,111,047
655523839 Equity Shares of Rs.2/- each	**1,311,047**	1,111,047
Add: Forfeited Shares (Amount paid up)	**187**	187
	1,311,234	1,111,234

I. PRE-SPLIT AND BUYBACK OF EQUITY SHARES :

a) 35,000 Equity Shares of Rs. 10/- each allotted as fully paid up without payment being received in cash.

b) 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.

c) 950,000 Equity Shares of Rs.10/- each fully paid up issued to Financial Institutions on part conversion of Loans/Debentures.

d) 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.

e) 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/-.

f) 11,887,469 Equity Shares of Rs.10/- each allotted as fully paid up, in terms of Scheme of Arrangement & Reorganisation.

g) 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.

h) 21,160,820 Equity share of Rs 10/- each allotted as fully paid up against Global Depository Shares (GDS) aggregating to USD 35 Million.

i) 92,775 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.

j) 23,278,276 Equity shares of Rs.10/- each allotted in the previous year 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 :

a) 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.

b) 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.

c) During the year, The company had alloted the following equity shares to Bilt Paper Holdings Limited (BPHL), a promoter:

(i) 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

(ii) 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.

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "B" RESERVES & SURPLUS		
CAPITAL RESERVE ON CONSOLIDATION	**5,244,825**	5,244,825
CAPITAL RESERVE		
As per Last Account	**151,546**	151,546
SHARE PREMIUM ACCOUNT		
As per Last Account	**317,314**	428,394
Add : Premium received on issue of equity share	**2,800,000**	–
Add : Security Premium on buyback USD 8 mn ZCCB during the year	**–**	96,651
Less : Security Premium Payable on redemption of ZCCB	**185,342**	207,731
	2,931,972	317,314
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
As per Last Account	**738,469**	738,469
GENERAL RESERVE		
As per Last Account	**7,854,010**	7,604,010
Add: Transferred from Profit & Loss Account	**150,000**	250,000
	8,004,010	7,854,010
DEBENTURE REDEMPTION RESERVE		
As per Last Account	**300,000**	375,000
Less: Transferred to Profit & Loss Account	**75,000**	75,000
	225,000	300,000
FOREIGN CURRENCY TRANSLATION RESERVE		
As per Last Account	**(2,379,215)**	(632,892)
Additions during the year	**(271,907)**	(1,746,323)
	(2,651,122)	(2,379,215)
BALANCE AS PER PROFIT & LOSS ACCOUNT	**6,477,958**	4,965,216
	21,122,658	17,192,165

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010	30.06.2009
SCHEDULE "C" SECURED LOANS	**Notes**		
Debentures	(1)	**900,000**	1,200,000
Term Loans from Banks / Financial Institutions including External Commercial Borrowings	(2)	**2,964,525**	3,947,301
Loan from Others	(3)	**16,768,905**	23,109,789
		20,633,430	28,257,090

Notes

1. These comprise of :-
   (a) The above Debentures of the Company are secured by parri-passu first charge created on all immoveable and moveable properties of the Company both present and future.
   (b) The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 31st July 2010 and the last being due on 30th June 2013.The amount of Debentures due for redemption for the financial year 2010-11 is Rs. 3000 lacs.
2. 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.Further in case of one of its subsidisry a fixed deposits of Rs. 214,800 thousands have been pledged to the bank as security for the outstanding bankers acceptances.
3. "Loan from others" includes foreign currency loan of USD 145mn, which is secured by "parri-passu charge on fixed assets of Bilt Graphic Paper Product Limited" and pledge of shares of Ballarpur International Paper Holdings B.V.
   The Rupee term loan of 1000 crores is secured by parri-passu charge on the fixed assets of Bilt Graphic Paper Product Limited.

	30.06.2010	30.06.2009
SCHEDULE "D" UNSECURED LOANS		
Compulsory Convertible Debentures	**4,648,160**	–
Fixed Deposits *	**10,237**	18,905
Loan from Banks	**4,980,285**	3,199,371
Zero Coupon Convertible Bonds (US $ 52mn)	**2,264,600**	2,264,600
Zero Coupon Compulsory Convertible Bonds (US $ 15mn)	**697,224**	729,657
Loan from Others	**2,682,279**	2,669,018
	15,282,785	8,881,551

* Unclaimed matured deposits 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

Assets	Gross Block					Depreciation Block					NET BLOCK	
	As at 1st July, 2009	Additions/ Adjustments during the year	Sales/ Adjustments & Disposals during the year	Translation Reserve	Total as at 30th June, 2010	As at 1st July, 2009	For the year	On Sales, Adjustments & Disposals during the year	Translation Reserve	Total as at 30th June, 2010	As at 30th June, 2010	As at 30th June, 2009
SCHEDULE "E" : FIXED ASSETS												
A. Tangible Assets												
Land (including leasehold lands)	1,075,875	261	–	20,695	**1,096,831**	57,248	9,833	–	2,481	**69,562**	**1,027,269**	1,018,627
Buildings	6,897,161	984,086	5,084	168,261	**8,044,424**	3,096,372	244,578	391	113,378	**3,453,937**	**4,590,487**	3,800,789
Railway Sidings, Trolley Lines,	1,930	–	–	–	**1,930**	1,058	121	–	–	**1,179**	**751**	872
Tramway and Tipping Tubs												
Plant, Machinery & Equipments	53,178,672	8,446,317	31,672	746,918	**62,340,235**	16,970,044	2,565,105	30,671	465,362	**19,969,840**	**42,370,395**	36,208,628
Furniture, Fixtures and	503,777	46,536	4,681	11,804	**557,436**	341,639	32,107	4,171	10,655	**380,230**	**177,206**	162,138
Office Equipments												
Improvement to Leased Assets	130,522	–	–	–	**130,522**	56,157	1,309	–	–	**57,466**	**73,056**	74,365
Vehicles	207,638	34,318	11,117	4,332	**235,171**	111,302	19,765	11,116	3,440	**123,391**	**111,780**	96,336
Gas Cylinders	1	–	1	–	**–**		–	–	–	**–**	**–**	1
Plantation	2,677,342	286,868	–	116,746	**3,080,956**	378,227	98,412	–	18,141	**494,780**	**2,586,176**	2,299,115
B. Intangible Assets												
ERP Project	586,649	–	–	–	**586,649**	387,654	77,145	–	–	**464,799**	**121,850**	198,995
TOTAL: This Year	65,259,567	9,798,386	52,555	1,068,756	**76,074,154**	21,399,701	3,048,375	46,349	613,457	**25,015,184**	**51,058,970**	43,859,866
TOTAL: Previous Year	49,759,410	15,003,592	600,188	1,096,753	**65,259,567**	18,497,983	2,478,537	172,795	595,976	**21,399,701**		
Scrap Assets											**1,405**	976
											51,060,375	43,860,842

Notes

1. Buildings include Rs. 38,969 thousands (Previous year Rs. 38,969 thousands) towards revalued value of ownership flats in Co-operative Housing Societies.
2. The Lease-Agreement in respect of 5.04 Acres of Land of Unit Sewa in possession of the Company are yet to be executed in favour of the Company. Lease Deeds held in the name of erstwhile amalgamating Company Sewa Paper Limited are being mutated in favour of the Company.
3. Depreciation during the year include :
   - Rs. 13,647 thousands (Previous Year Rs. 11200 thousands) charged to Inventories.
   - Rs.14,664 thousands (Previous Year Rs. 12500 thousands) charged to Plantation.
   - Rs. 1211 thousands (Previous Year 129306 thousands) allocated to Project Development Expenditure.
4. During the year, the company has adjusted the foreign currency differences on amounts borrowed for acquisition of fixed assets relating to project under construction, to the carrying cost of fixed assets under head capital work in progress. Accordingly adjustment for Rs 695.95 Lacs was made to the cost of related fixed assets.

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	30.06.2010		30.06.2009	
	Face Value or Nos.	Book Value	Face Value or Nos.	Book Value
SCHEDULE "F" : INVESTMENTS				
GOVERNMENT SECURITIES :				
7 - Year National Saving Certificates	Rs. 3000	3	Rs. 3000	3
6 - Year National Saving Certificates	Rs. 21,500	21	Rs. 31,200	31
(Lodged as Security Deposit)				
5 - Year Kisan Vikas Patra	Rs. 2000	2	Rs. 2000	2
(Lodged as Security Deposit)				
OTHER INVESTMENTS				
AVANTHA POWER & INFRASTRUCTURE LTD.	38584000	405,268	38584000	381,108
(formerly known as Bilt Power Ltd.)				
Fully paid Equity Shares of Rs.10/- each.				
Blue Horizon Investment Limited	5000	335	5000	335
Fully Paid Equity Shares of Rs 10/- each				
		405,629		**381,479**
In Government Securities		26		36
In Fully Paid Equity Shares		405,603		381,443
		405,629		**381,479**
Break-up :				
Unquoted Investments		405,603		381,443
Others :				
Government Securities & Bonds		26		36
		405,629		**381,479**

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010		30.06.2009
SCHEDULE "G": INVENTORIES				
(As valued and certified by the Management)				
Raw Materials		**2,567,065**		1,055,859
Stock of Stores, Spare Parts, Chemicals etc.		**2,497,615**		2,013,335
Block Stores		**34,090**		36,169
Raw Materials and Stores-in-Transit		**996,135**		337,377
Stock-in-Trade :				
Finished Stock -		**909,903**		779,220
At cost or net realisable value whichever is lower				
Stock-in-Process -		**687,852**		639,343
		7,692,660		4,861,303
SCHEDULE "H": SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months :				
Secured -				
Considered Good		**24,377**		17,581
Unsecured -				
Considered Good				
Due from Others		**101,351**		115,911
Considered Doubtful				
		125,728		133,492
Other Debts :				
Secured -				
Considered Good		**61,787**		218,211
Unsecured -				
Considered Good				
Due from Others (Net of Bills Discounted)		**4,417,792**		2,908,391
		4,479,579		3,126,602
		4,605,307		3,260,094
SCHEDULE "I": CASH AND BANK BALANCES				
Cash on Hand		**94,588**		36,218
Bank Balances :				
With Scheduled Banks -				
On Current Accounts	**78,324**		43,338	
On Margin Money Accounts	**8,477**		11,477	
On Fixed Deposit Accounts	**1,771,583**		481,165	
(lodged as security deposits Rs. 218,352 thousands)				
On Employees' Security Deposit Account in Savings Bank	**307**		302	
On Compulsory Buyback	**19,373**		20,021	
On Optional Buyback	**207**		247	
On Unpaid Dividend Accounts	**13,637**		14,671	
		1,891,908		571,221
With Non-Scheduled Banks -				
On Current Accounts		**430,276**		435,794
		2,416,772		1,043,233

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "J": LOANS AND ADVANCES		
Unsecured - Considered Good		
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for to be received	**4,576,719**	3,492,517
Balance with Customs and Excise Authorities	**1,982,620**	1,455,439
Advance Tax , Tax deducted at Source (including Income Tax refund receivable)	**2,847,325**	2,275,174
MAT Credit Entitlement	**782,372**	563,344
	10,189,036	7,786,474
Other Advances include amount advanced to Directors Rs. 2831 thousands		
(Maximum amount outstanding at any time during the year Rs.3162 thousands)		
SCHEDULE "K": CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
For Acceptances	**3,480,674**	367,394
Sundry Creditors - Micro, Small and Medium Enterprises	**30,866**	21,156
Sundry Creditors - Capital Goods	**213,728**	223,214
Sundry Creditors - Others (Includes Interest free sales tax loan/deferral)	**6,368,311**	4,439,291
Security Deposits (including Interest accrued thereon)	**458,503**	236,137
Advances received from Customers	**80,344**	16,373
Provision on security premium payable on redemption of ZCCB	**817,068**	631,727
Trustees Staff Welfare Account	**527**	527
Unclaimed Dividend / Dividend Payable *	**13,610**	14,644
Employees Security Deposit	**307**	302
Unclaimed Compulsory Buyback Consideration	**19,373**	20,021
Unclaimed Optional Buyback Consideration	**207**	247
Commission payable to Chairman, MD and other Directors	**21,859**	26,016
Interest on Loans accrued but not due	**119,960**	70,590
	11,625,337	6,067,639
B. PROVISIONS		
Taxation including MAT	**2,619,843**	2,152,580
Proposed Dividend	**327,762**	277,762
Provision for Dividend Tax	**54,437**	47,206
Provision for Employee Benefits	**623,820**	534,989
	3,625,862	3,012,537
	15,251,199	9,080,176

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

	AS AT 01.07.2009	EXPENDITURE DURING THE YEAR	WRITTEN OFF DURING THE YEAR (NET)	BALANCE AS AT 30.06.2010
SCHEDULE "L : MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
VRS/ERS Compensation	192,852	–	192,852	**–**
Share Issue Expenses	14,986	–	4,995	**9,991**
	207,838	–	197,847	**9,991**

CONSOLIDATED SCHEDULES "I" TO "VIII" attached to and forming part of the profit & loss account for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		30.06.2010		30.06.2009
SCHEDULE "I": SALES				
Paper (including coated)	**35,772,113**		27,964,608	
Less: Discount	**873,565**		287,838	
		34,898,548		27,676,770
Caustic Soda, Chlorine etc.		**56,880**		40,285
Pulp		**3,424,852**		1,153,720
Others (including traded goods)		**583,782**		565,722
		38,964,062		29,436,497
SCHEDULE "II" : OTHER INCOME				
Interest on Investments		**126**		133
Foregin Currency Fluctuation (Net)		**108,553**		452
Profit on Sales of Stores, Raw Materials, Scrap etc.		**18,950**		20,208
Rent and Licence Fee (Gross)		**8,342**		5,837
Miscellaneous Income		**100,918**		82,713
Profit on Sale of Assets (Net)		**1,667**		5,027
Gain arising on buyback of Zero Coupon Convertible Bonds		**–**		17,420
		238,556		131,790
SCHEDULE "III": INCREASE/(DECREASE) IN STOCKS				
Opening Stock :				
Finished		**779,220**		573,356
In Process		**639,343**		200,409
		1,418,563		773,765
Add : Stock of pre-operative stage at (BGPPL)				
Finished		**16,259**		61,684
In Process		**33,781**		108,661
		1,468,603		944,110
Closing Stock :				
Finished		**909,903**		779,220
In Process		**687,852**		639,343
		1,597,755		1,418,563
Net Increase/(Decrease) on Stocks		**129,152**		474,453
SCHEDULE "IV": MANUFACTURING COSTS				
Raw Materials consumed (including Expenses thereon)		**12,396,197**		8,182,457
Stores and Spare Parts consumed		**6,811,623**		5,250,617
Excise duty on year end inventory of Finished Goods		**6,080**		(439)
Power, Fuel and Water Charges		**5,464,884**		4,418,490
Repairs and Maintenance - Buildings		**35,495**		40,381
Repairs and Maintenance - Plant & Machinery		**434,423**		271,205
Repairs and Maintenance Sundries		**97,021**		65,114
Processing Charges		**90,253**		110,107
Lease charges of Machinery		**325**		325
Other Expenses		**185,996**		358,261
		25,522,297		18,696,518

CONSOLIDATED SCHEDULES "I" TO "VIII" attached to and forming part of the profit & loss account for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

	30.06.2010	30.06.2009
SCHEDULE "V": PERSONNEL COSTS		
Salaries, Wages, Bonus and Gratuity	**2,120,554**	1,882,240
Directors' Commission on Profits - Gross	**21,859**	26,016
Contribution to Provident, Superannuation & Other Funds	**154,194**	148,626
Workers and Staff Welfare Expenses	**186,286**	134,348
	2,482,893	2,191,230
SCHEDULE "VI": ADMINISTRATION, SELLING & MISCELLANEOUS COSTS		
Rent	**5,062**	3,814
Lease Rent	**6,303**	9,203
Rates and Taxes	**22,748**	17,520
Insurance Charges	**87,726**	78,262
Directors Fees	**1,632**	2,359
Debenture Trustee Remuneration	**317**	364
Office & Other Expenses	**471,371**	379,494
(including Rs. 2119 thousands for Research & Development)		
Commission	**22,750**	7,870
Carriage and Freight	**562,195**	308,081
Other Selling Expenses	**168,063**	96,256
Assets Discarded	**5,346**	41
Bad Debts and Claims written off / provided for	**18,636**	–
Foreign Exchange Rate Fluctuation (Net)	**52**	12,699
	1,372,201	915,963
Less: Unspent Liabilities and excess provisions in respect of earlier years Written Back	**11,705**	29,472
	1,360,496	886,491
SCHEDULE "VII": INTEREST AND FINANCE COSTS		
Interest :		
On Debentures and Fixed Loans	**912,712**	307,136
On Other Accounts	**1,317,290**	1,242,478
Other Finance Charges	**368,537**	367,278
	2,598,539	1,916,892
Less: Interest earned	**227,451**	208,696
	2,371,088	1,708,196

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 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. Pre-operative 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 Expenses and Income 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. 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.

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 as 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.

2. The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (The Company) for year ended 30th June 2010 and its following Subsidiaries and Associate

Name of the Company	Country of Incorporation	Proportion of Ownership Interest either directly or through subsidiary As at 30th June 2010
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%
Step down Subsidiary		
Ballarpur Paper Holdings B.V.	Netherlands	100%
Sabah Forest Industries Sdn. Bhd.	Malaysia	97.78%
Ballarpur International Graphic Paper Holdings B.V.	Netherlands	79.53%
Ballarpur International 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. Further investment in Associate Company has been accounted for as per the equity method in accordance with AS-23.

(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 754.30 Crores (30th June, 2009 Rs 625.65 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.0.021 Crores (30th June, 2009 Rs. 0.057 Crores).

4. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs.56.29 Crores (30th June, 2009 Rs. 52.42 Crores).

5. Estimated amount of contracts remaining to be executed on Capital Account Rs 713.69 Crores (Net of Advances) (30th June, 2009 Rs. 617.26 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.1.11 Crores. (Previous Year Rs. 1.30 Crores). As of 30th June, 2010, the future minimum lease payments for non-cancellable operating leases are as below :-

– Not later than one year from 30th June, 2010 - Rs. 0.18 Crores

– Later than one year and not later than five years - Nil Crores

7. a) The 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 USD 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 had 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 USD 94.12 Million and has re-fixed the export obligation to USD 226.85 Million. The Unit has achieved total export of USD 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 USD$ 9.17 million, which is equivalent to eight and half times the duty saved on import of machinery. The unit is required to meet this export obligation over period of eight years starting 17th March 2005. The unit has achieved total export of USD 8.68 million as on 30.06.10. As such the liability that may arise for non-fulfillment of export obligation is currently non-ascertainable.

8. Disclosures required under the Micro Small and Medium Enterprises Development Act, 2006. ("The Development Act") delayed payment due as at end of the year on account of principal - Rs. 128.27 lacs (Previous Year Rs. NIL lacs) and interest due thereon Rs. 3 lacs (Previous Year Rs. NIL 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 recognized and charged to various account heads including Capital Expenditure for the year, are as under:

Sr. No.	Defined Contribution Plan	2009-10 (Rs. "000")	2008-09 (Rs. "000")
	Contribution to defined contribution plan is recognized and charged off for the year, are as under :		
1	Employer's Contribution in Provident Fund	**618.68**	569.07
2	Employer's contribution in Superannuation Fund	**146.01**	140.76
3	Employer's Contribution in Pension Scheme	**424.41**	432.72

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	2009-10 (Rs. "000")			2008-09 (Rs. "000")		
		Gratuity Funded (Rs. Lacs)	Gratuity Unfunded (Rs. Lacs)	Encashment Unfunded (Rs. Lacs)	Gratuity Funded (Rs. Lacs)	Gratuity Unfunded (Rs. Lacs)	Encashment Unfunded (Rs. Lacs)
a.	**Reconciliation of Opening and closing of Defined Benefit Obligation**						
	Defined benefit obligation at beginning of the year	**184.30**	**4,629.10**	**658.17**	142.01	4,530.53	650.83
	Current Service Cost	**29.22**	**378.95**	**105.25**	15.43	339.19	74.77
	Interest Cost	**17.18**	**367.21**	**50.55**	12.21	338.89	47.78
	Actuarial (gain)/loss	**33.20**	**414.61**	**94.77**	24.24	339.51	92.23
	Benefit paid	**(23.65)**	**(618.35)**	**(159.75)**	(9.59)	(919.02)	(207.44)
	Plan Amendments	**5.03**	**200.76**	**–**	–	–	–
	Defined benefit obligation at year end	**245.28**	**5,372.28**	**748.99**	184.30	4,629.10	658.17
b.	**Reconciliation of opening and closing balance of fair value of plan assets**						
	Fair value of plan assets at beginning of the year	**121.68**	**–**	**–**	103.63	–	–
	Expected return on plan assets	**9.73**	**–**	**–**	9.22	–	–
	Actuarial gain/ (loss)	**0.35**	**–**	**–**	1.94	–	(10.41)
	Employer contribution	**20.24**	**(618.35)**	**(159.75)**	16.48	919.01	207.44
	Benefit Paid	**(23.65)**	**(618.35)**	**(159.75)**	(9.59)	(919.01)	(207.44)
	Fair Value of plan assets at year end	**128.35**	**–**	**–**	121.68	–	(10.41)
	Actual return on plan assets	**10.09**	**–**	**–**	11.16	–	–
c.	**Reconciliation of fair value of assets and obligations**						
	Fair value of plan assets as at 30th June, 2010	**128.35**	**–**	**–**	121.68	–	–
	Present value of obligation as at 30th June, 2010	**245.28**	**5,372.28**	**748.99**	184.30	4,629.10	658.17
	Amount recognized in Balance Sheet	**116.93**	**5,372.28**	**748.99**	62.62	4,629.10	658.17
d.	**Expenses recognized during the year**						
	(under the head "payments to and						
	Provisions for Employees")						
	Current Service Cost	**29.22**	**378.95**	**105.25**	15.43	339.19	74.77
	Interest Cost	**17.18**	**367.21**	**50.55**	12.21	338.89	47.78
	Expected return on plan assets	**9.73**	**–**	**–**	9.22	–	–
	Past Service cost	**5.03**	**(0.14)**	**–**	–	–	–
	Actuarial (gain)/loss	**32.85**	**414.61**	**94.77**	22.30	339.51	102.64
	Plan Amendments	**–**	**200.76**	**–**	–	–	–
	Net Cost	**94.01**	**1,361.39**	**250.57**	59.16	1,017.58	225.19
e.	**Discount rate (per annum)**						
	Expected rate of return on plan assets (per annum)	**7.50%**	**7.50%/8%**	**7.50%/8%**	8%	7.50%/8%	7.50%/8%

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.

Note: * Discount rate (per annum) in case of Ballarpur Industries Limited is 7.50% and in case of Bilt Graphic Paper Products Limited - Unit Kamlapuram is 7%,Unit Ballarpur 7.50% and Unit Bhigwan 8%.

10. MISCELLANEOUS EXPENDITURE - DEFERRED REVENUE EXPENDITURE

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

b. Compensation paid under the Approved Voluntary Retirement Scheme for its employees have been treated as Deferred Revenue Expenditure, which was being written off over a period of five years or up to 31st March 2010, whichever is earlier.

11. The Provision for taxation for the year is the aggregate of the provision made for nine months ended 31.03.10 and three months ended 30.06.10. 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 30.06.10 and 30.06.09 comprising timing difference on accounts of :-

Particulars Deferred Tax Asset	Amount (Rs. '000) 30.06.2010	Amount (Rs. '000) 30.06.2009
Expenses allowable on payment basis	**47,859**	36,806
Provision for Gratuity & Others	**207,168**	181,658
Unabsorbed capital allowance	**490,739**	–
Total	**745,766**	218,464
Deferred Tax Liability		
Higher Depreciation claimed under tax laws (net of unabsorbed depreciation)	**2,657,278**	1,992,229
Deferred revenue expenditure & others	**2,743**	4,378
Total	**2,660,021**	1,996,607
Net Deferred Tax Asset (Liability)	**(1,914,255)**	(1,778,143)

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 include 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. 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	Total
Revenues						
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)**
Gross sale to External Customers	2008-09	24,499,535	3,177,235	1,153,721	606,006	29,436,497
Excise Duty	2008-09	(1,021,517)	(158,304)	–	(9,754)	(1,189,575)
Total Segment Revenues (Net Of Excise)	**2009-10**	**29,958,603**	**3,867,528**	**3,424,852**	**694,969**	**37,945,952**
	2008-09	23,478,018	3,018,931	1,153,721	596,252	28,246,922
Segment Results	**2009-10**	**4,645,540**	**277,790**	**576,825**	**(45,148)**	**5,455,007**
	2008-09	4,301,993	318,345	(198,419)	(43,186)	4,378,733
Less: Unallocated Corporate Expenses	**2009-10**					**290,233**
(Net of other income)	2008-09					146,696
Profit Before Interest and Tax	**2009-10**					**5,164,574**
	2008-09					4,232,037
Interest (Net of Income)	**2009-10**					**2,371,088**
	2008-09					1,708,196
Profit Before Tax	**2009-10**					**2,793,486**
	2008-09					2,523,841
Provision For Tax						
-Current Tax (Net of MAT Entitlement Credit)	**2009-10**					**253,312**
	2008-09					115,270
-Deferred Tax	**2009-10**					**136,112**
	2008-09					513,469
-Fringe Benefit Tax	**2009-10**					**–**
	2008-09					16,325
Net Profit	**2009-10**					**2,404,062**
	2008-09					1,878,777

CONSOLIDATED SCHEDULES "I" TO "VIII" attached to and forming part of the profit & loss account for the year ended june 30, 2010

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

Particulars	Year	Paper	Paper Products & office supplies	Pulp	Others	Total
Minority Interest	**2009-10**					**434,121**
	2008-09					211,640
Share of Profit in Associates	**2009-10**					**–**
	2008-09					15,800
Net Profit after Minority Interest and Share	**2009-10**					**1,969,941**
of Profit in Associates	2008-09					1,682,937
Other Information						
Segmental Assets	**2009-10**	**66,469,314**	**3,955,464**	**4,089,732**	**3,201,289**	**77,715,799**
	2008-09	58,112,327	3,610,093	4,472,878	1,920,763	68,116,061
Unallocated Corporate assets	**2009-10**					**1,909,968**
	2008-09					1,860,383
Total Assets	**2009-10**					**79,625,767**
	2008-09					69,976,444
Segmental Liabilities	**2009-10**	**9,638,953**	**607,894**	**456,232**	**936,200**	**11,639,279**
	2008-09	4,854,276	513,293	423,864	895,871	6,687,304
Unallocated Corporate Liabilities	**2009-10**					**3,611,920**
	2008-09					2,392,872
Total Liabilities	**2009-10**					**15,251,199**
	2008-09					9,080,176
Capital Expenditure during the period	**2009-10**					4,472,087
(Including Movements in CWIP &	2008-09					13,727,655
Capital Advances)						
Depreciation	**2009-10**					**3,018,853**
	2008-09					2,325,531
Amortisation	**2009-10**					**197,847**
	2008-09					103,710
Total Liabilities Exclude						
Secured Loans	**2009-10**					**20,633,430**
	2008-09					28,257,090
Unsecured Loans	**2009-10**					**15,282,785**
	2008-09					8,881,551
Deferred Tax Liabilities	**2009-10**					**1,914,255**
	2008-09					1,778,143
Minority Interest	**2009-10**					**4,110,206**
	2008-09					3,676,085

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

I. Enterprise in which. Key Management Personnel has 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
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
Krebs & Cie (India) Limited
Mirabelle Trading Pte. Limited
Salient Business Solutions Ltd.
Solaris Chemtech Industries Limited (earlier Solaries Bio Chemicals Ltd.)
Solaris Holdings Ltd.
The Paparbase Company Limited
UHL Power Company Limited

II. 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	30.06.2010 Rs. "000"	30.06.2009 Rs. "000"
a.	Sales of goods, rent received & allocation of common expenses		
	for rendering corporate service:		
	– Other Related Parties	**5,952**	5,873
b.	Purchase of goods & service :		
	– Other Related Parties	**12,75,269**	15,91,387
c.	Investment made during the year::		
	– Other Related Parties	**–**	1,99,108
d.	Remuneration		
	Key Management Personnel	**1,35,553**	1,16,314
e.	Outstanding balances as at 30th June,2010:		
	– Other Related Parties – Loans, Advances & Debtors	**6,34,214**	7,66,807
	– Key Management Personnel – Advances	**2,831**	3,162

ALL AMOUNT IN INDIAN RUPEES THOUSANDS EXCEPT SHARE DATA

		Current Year Rs. "000"	Previous Year Rs. "000"
16.	**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	**1,969,941**	16,82,937
	Convertible Bonds/Debentures		
	Net Profit available to Equity Shareholders For Diluted EPS	**1,969,941**	1,682,937
II	Weighted Average number of Equity Share for Earnings Per Share Computation		
	A) No. of shares for Basic Earnings Per Share	**57,16.06,031**	55,55,23,839
	Add: Effect of potential equity shares on conversion of Zero Coupon Convertible Bonds	**6,43,22,070**	6,43,22,070
	B) No. of shares for Diluted Earning Per Share	**63,59,28,101**	61,98,45,909
III	Earnings Per Share		
	Basic (Rs.)	**3.45**	3.03
	Diluted (Rs.)	**3.11**	2.72

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

18. 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

New Delhi, dated the
19th August, 2010

GAUTAM THAPAR
chairman
R. R. VEDERAH
managing director
B. HARIHARAN
group director (finance)
VIVEK KUMAR GOYAL
chief financial officer
AKHIL MAHAJAN
company secretary

New Delhi, dated the
19th August, 2010

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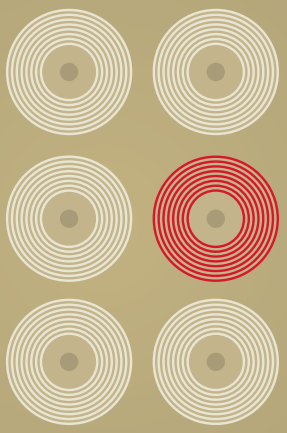

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