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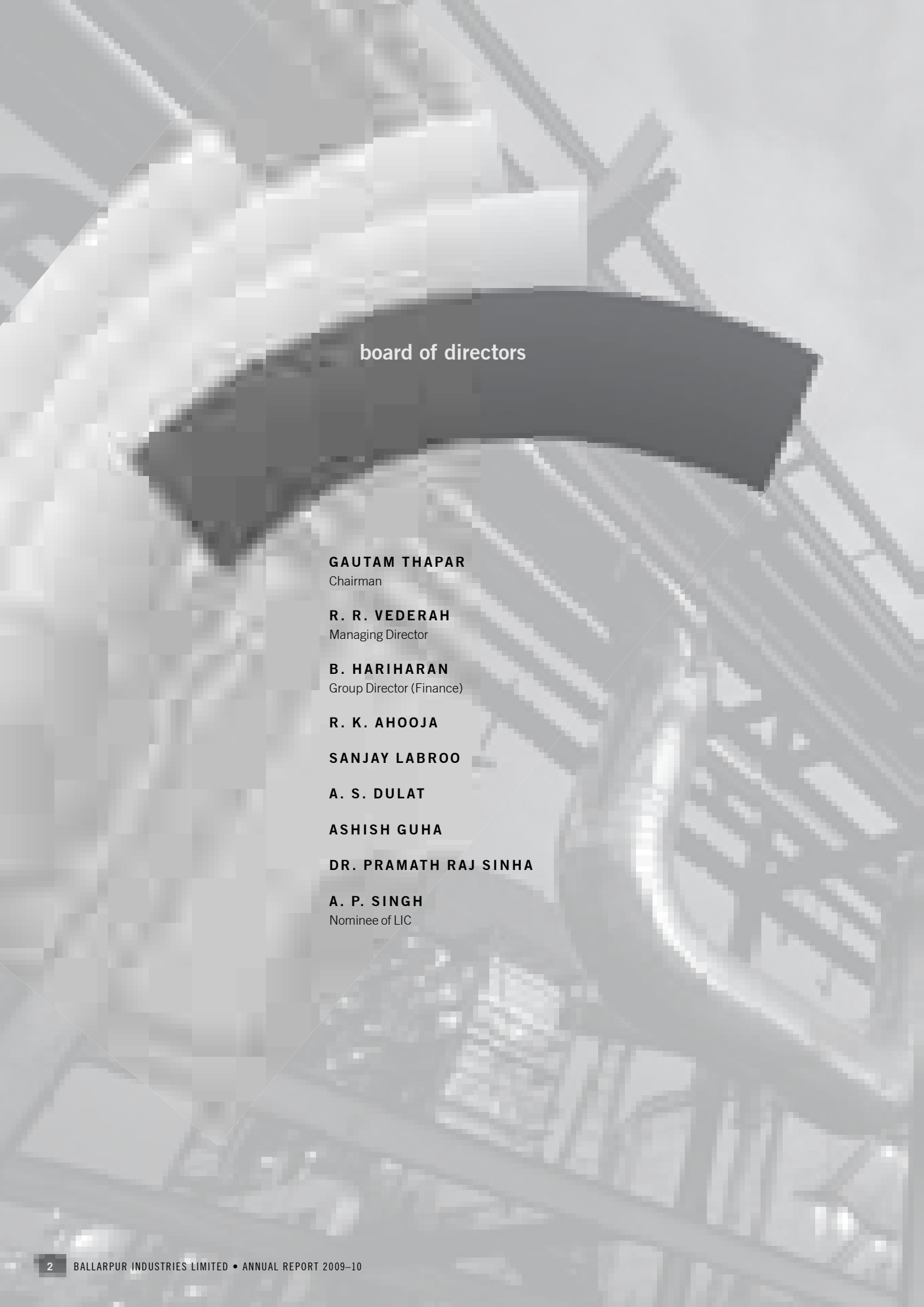
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board of directors

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 & CERTIFICATIONS

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

05-06	404,150		
06-07	496,847		
07-08		599,929	
08-09		604,731	
09-10			796,718

NET SALES • IN RS CRORE

05-06	1,912.7		
06-07	2,317.8		
07-08		2,831.1	
08-09		2,824.7	
09-10			3,794.6

DILUTED EPS • IN RS

05-06	2.25		
06-07	2.81		
07-08		4.76	
08-09	2.72		
09-10	3.11		

PBDIT • IN RS CRORE

05-06	501.9		
06-07	585.5		
07-08		714.7	
08-09		655.8	
09-10			818.4



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

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.

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.

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