

B U I L D I N G A
S U S T A I N A B L E
E N T E R P R I S E



CONTENTS

02

BOARD OF
DIRECTORS

04

CONSOLIDATED
HIGHLIGHTS

06

CHAIRMAN'S
LETTER

10

MANAGEMENT
DISCUSSION
& ANALYSIS

22

CORPORATE
SOCIAL
RESPONSIBILITY

28

CORPORATE
GOVERNANCE

40

DIRECTORS'
REPORT

48

INDEPENDENT
AUDITORS'
REPORT

FINANCIALS

52

BALANCE
SHEET

53

STATEMENT
OF PROFIT
AND LOSS

54

CASH FLOW
STATEMENT

55

SIGNIFICANT
ACCOUNTING
POLICIES

57

NOTES TO
THE FINANCIAL
STATEMENTS

75

CONSOLIDATED
FINANCIALS



BOARD OF DIRECTORS

GAUTAM THAPAR

Chairman

R. R. VEDERAH

Managing Director
& Executive Vice Chairman

B. HARIHARAN

Group Director (Finance)

P. V. BHIDE

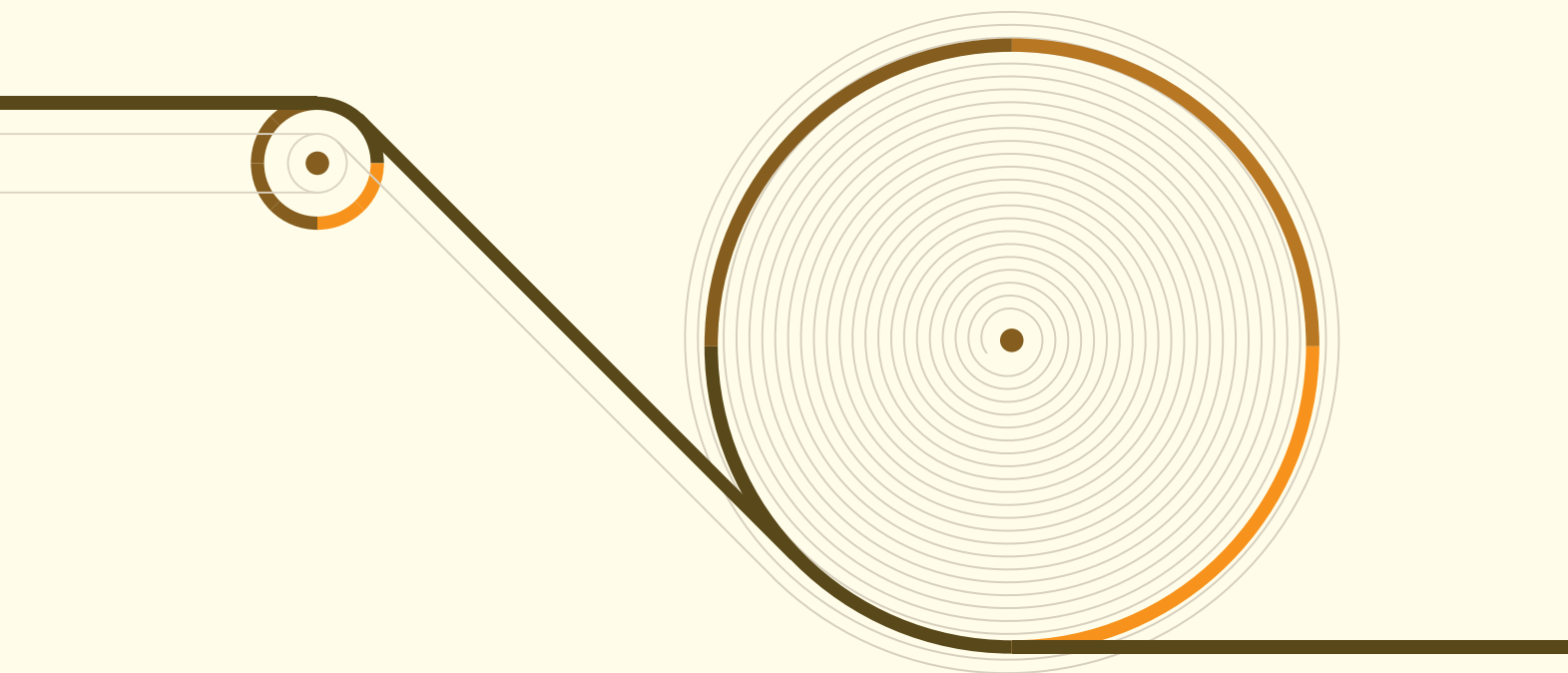
SANJAY LABROO

A. S. DULAT

ASHISH GUHA

A. P. SINGH

Nominee of LIC



COMPANY INFORMATION

REGISTERED OFFICE

P. O. Ballarpur Paper Mills-442901,
District Chandrapur, Maharashtra

HEAD OFFICE

Thapar House, 124 Janpath,
New Delhi-110001

OPERATING OFFICE

First India Place, Tower-C, Block-A,
Sushant Lok-I, Mehrauli-Gurgaon Road,
Gurgaon-122002

AUDITORS

K. K. Mankeshwar & Co.,
Chartered Accountants
Kingsway, Nagpur-440001

LISTING ON STOCK EXCHANGES

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Exchange Plaza, Plot No. C-1, G Block,
Bandra Kurla Complex, Bandra(E),
Mumbai-400051

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

CONSOLIDATED HIGHLIGHTS

AWARDS & CERTIFICATIONS

SFI

OSHAS 18001–2007 & MS 1711:2011 certification and Environment Management system certification under ISO 14001–2004.

Forest Stewardship Council (FSC) Chain of Custody (COC) certification to sell the products as 100% FSC and FSC mix.

JCI-UN Socially Responsible Company (SRC) Awards 2012 for the community initiatives.

UNIT BHIGWAN

RISI (Resource Information Systems Inc.) award for 'Water Efficiency of the Year' and 'Mill Manager of the Year' at International level.

Confederation of Indian Industry (CII) National Award for Excellence in Water Management for Excellent Water Efficient Unit within the fence; and Water Efficient Unit beyond the fence.

UNIT BALLARPUR

Shortlisted among top six companies globally by RISI-Pulp and Paper International for the **Best Efficiency Improvement of the Year Award**.

Energy Efficient Unit Award 2012 from CII GBC, Hyderabad for Energy Conservation Project.

IPMA Award for Energy Conservation.

FSC COC certification and Control Wood certificate.

PAPER SALES IN MT

830,342

NET SALES IN RS. CRORE

4,854.8

FY2012–13	
FY 2011–2012	838,542
FY 2010–2011	836,544
FY 2009–2010	792,971
FY 2008–2009	605,734

FY2012–13	
FY 2011–2012	4,732.3
FY 2010–2011	4,498.1
FY 2009–2010	3,794.6
FY 2008–2009	2,824.7

2012-2013

FINANCIALS

PAPER SALES

Decreased by 1% from 838,542 MTPA in 2011-12 to 830,342 MTPA in 2012-13.

NET SALES

Increased by 2.6% from Rs. 4732.3 Crore in 2011-12 to Rs. 4854.8 Crore in 2012-13.

DEBT EQUITY RATIO

Increased from 0.9 in 2011-12 to 1.3 in 2012-13.

PBDIT

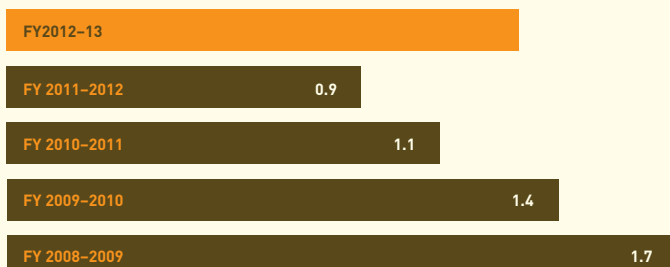
Increased by 9.3% from Rs. 800.9 Crore in 2011-12 to Rs. 875.6 Crore in 2012-13.

BILT TREE TECH LIMITED (BTTL)

World Bank 2013 India Development Market Place Award for Chhattisgarh farm forestry operations.

DEBT EQUITY RATIO

1.3

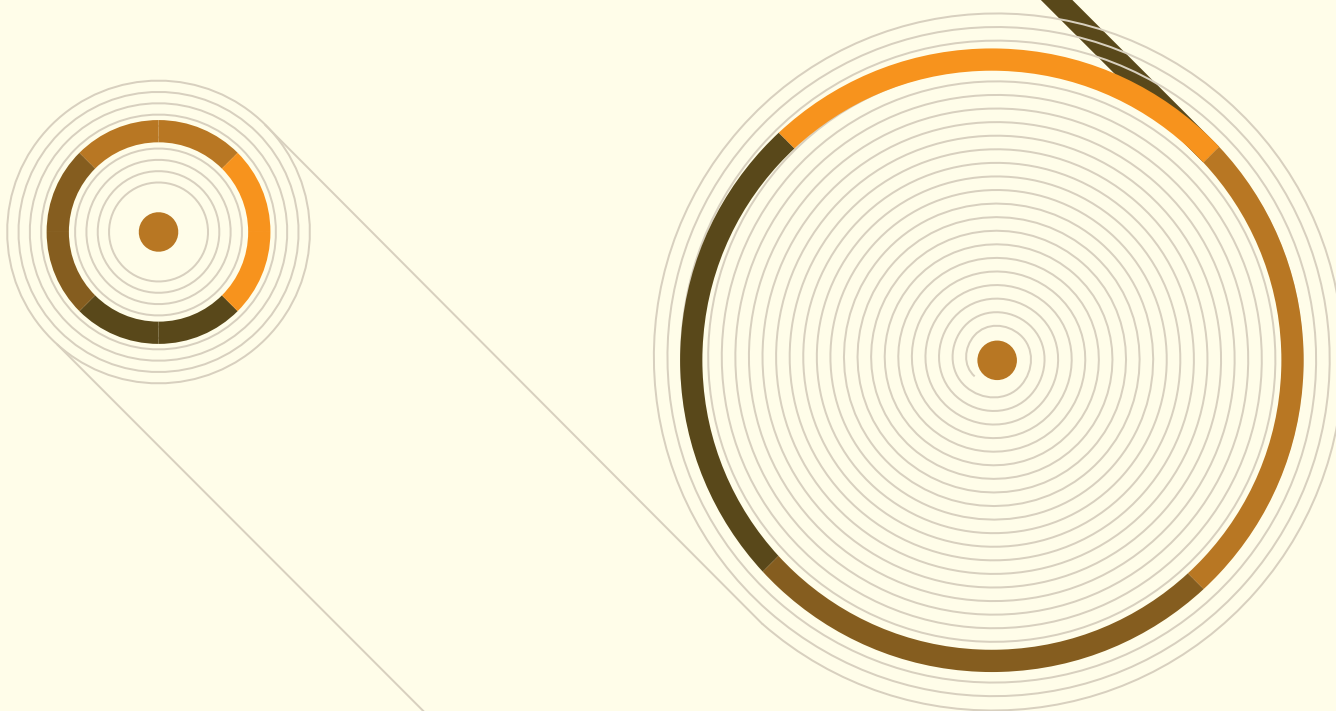


PBDIT IN RS. CRORE

875.6



CHAIRMAN'S LETTER



Dear Shareholder In what is a relatively short letter to you this year, I wish to focus on three areas — the first two as points of information, and the third in somewhat greater detail as an issue of deep conviction.

The first is to do with your Company's capital outlay. Although there were considerable delays, I am relieved to inform you that the expansion programme which I referred to in the last two years' annual reports is over — both in Ballarpur (India) and in Sabah (Malaysia). The additional pulping mill facilities in both locations are on the ground. The pulp mill modernisation project in Ballarpur has been completed and trial runs have commenced from July 2013. The project at Sabah was completed earlier, and it has already significantly ramped up its production of pulp.

These two facilities will provide your Company with much greater in-house access to its key raw material, and hence, reduce its dependence on the vagaries of global purchase of pulp. As I wrote last year, subject to there being no major untoward downward movement in paper prices, this significant addition in pulping capacity should allow your Company not only to produce more paper products, but also do so at higher margins than before.

With this, the current capital cycle has come to an end. In the next few years, there will be no significant capital investments.

While I am pleased with the completion of the project, the Company's management will need to spend considerable time and effort in serious introspection about the cause and nature of the delay and inform the board and stakeholders about the process changes to be made to ensure such delays do not occur again. This will be done before the board approves any other major capital expenditure. I am confident that the management team under the new Chief Executive Officer, Mr. Yogesh Agarwal will deliver this change according to expectation.

In the interim period, your Company's management will focus on 'sweating' the additional capital to produce more output at lower unit costs and earn better returns.

My second area is related to your Company's financial performance. Let me categorically state something: given the paper supply-demand imbalances



in India and elsewhere, rising price of purchasable pulp as well as energy and the delays in project implementation, your Company has performed creditably.

In a difficult environment, BILT has succeeded in growing net sales by 2.6% to almost Rs.4,855 crore in FY2013.

It has increased profit before interest, depreciation and tax (PBDIT) by 9.3% to over Rs.875 crore.

Thanks to substantial cost savings, it has raised the operating margin (PBDIT/



THE PULP MILL MODERNISATION PROJECT

in Ballarpur has been completed and trial runs have commenced from July 2013. The project at Sabah was completed earlier, and it has already significantly ramped up its production of pulp.

Net Sales) by 110 basis points from 16.9% in FY2012 to 18% in FY2013.

The problem has been at the levels of profit before and after tax. Because of delays in commissioning the pulping plant at Ballarpur, the scale of operations were not at a level that could absorb the delays to capacity additions. Thus, profit after tax (PAT) in FY2013 fell by 41% to Rs.93.6 crore, primarily on account of higher depreciation and finance cost.

I expect this to be a thing of the past in FY2014 and thereafter. The additional pulping facilities that are now on the ground will create much needed space for raising paper output and margins, especially across the higher value segments in which your Company specialises. This, in turn, ought to generate adequate funds for both depreciation and interest, and still increase PBIT and PAT, thus raising both the return on capital employed and that on net worth. I certainly look forward to better times. So should you.

This brings me to the most substantive aspect of the letter: 'Sustainability'. Wood is our major import, consumed to manufacture pulp which produces paper. Unless enterprises seriously focus on sustainability in this industry, they create severe long term problems for themselves.

BILT believes in sustainability — and it goes much beyond the mere cache of a well-intentioned word.

We invest in forests. Our subsidiary, Sabah Forest Industries (SFI) planted 8,476 hectares, which was a 73% increase over FY2012. It has constructed the first phase of a new central nursery and all indications suggest that there will be a vast improvement in the recovery from sowing to delivery which will help in setting even more ambitious planting targets. Work is going on to provide better quality propagation material to increase the production of cuttings for the nursery.

At the time of taking over SFI, your Company's management was aware that there were a number of issues relating to the plantations. These were created by the previous owners. This included, community rights of the indigenous communities living around the periphery of the plantation, illegal felling of timber, non-viable forestry practices and poor germplasm and nursery infrastructure. Your Company has worked

with the Government of Sabah, Forestry Department and local communities to overcome most of these problems and I am happy to report that we have been successful.

In India, the emphasis on sustainability is even more impressive. Your Company operates a farm forestry programme in Odisha, Madhya Pradesh, Chhattisgarh, Andhra Pradesh and Maharashtra. We supply fast growing, site specific planting stock with technical know-how. We have environmentally controlled global standard nurseries in Maharashtra and Odisha with a capacity to produce 20 million plants of clonal saplings. We also supply quality seedlings of leucaena (subabul) in Andhra Pradesh and Maharashtra, casuarina in Andhra Pradesh and the Odisha Coast and acacia in Odisha. Your Company expects to expand and continue to grow this program, which is a very important part of its CSR focus.

The focus of this activity is on small and marginal farmers with rain fed lands. We facilitate financial assistance for small and marginal farmers through bank loans to encourage them to take up plantations in their rain fed fallow lands. We also give assured buy back of wood at a declared support/ market price, whichever is higher. I am proud to say that in FY2013, BTTL raised pulpwood plantations in approximately 10,000 hectares (or 25,000 acres) of farmland, which benefited some 15,000 small and marginal farmers. Although challenging, we believe the program is scalable and provides a social security net to the most poor and marginalized.

Finally, we have received VLC (Verification of Legal Compliance) certification and have applied for FSC-FM (Forest Stewardship Council-Forest Management) certification for the plantation at SFI. BTTL also received the World Bank 2013 India Development Market Place Award for our Chhattisgarh farm forestry operations. All of these achievements strengthen our vision and capability of sustainability in business.

As your chief fiduciary and shareholder, I want two kinds of 'sustainability' in the years ahead. The first has to do with sustainability of profits and shareholder value. It is important but, if I may suggest to you, these are outcomes, not 'means'. The second, and by far the most important, is sustainability of the environment and livelihood of those who inhabit our



WOOD IS OUR MAJOR IMPORT, consumed to

manufacture pulp which produces paper. Unless enterprises seriously focus on sustainability in this industry, they create severe long term problems for themselves.

larger eco system. We cannot have an exploitative industry that focuses only on the former while ignoring the latter. That will be an ultimately self-defeating short run view.

Instead, your Company needs to be known as one that has steadily invested in growing forests, in bettering the environment and creating a long term sustainable basis for farmers who are partners in progress. And, by doing so, it has earned higher profits and created greater value for the shareholders.

With our restructuring this year, we have now two distinct and separate businesses. A print and packaging business (BIGPH), a 79.21% owned subsidiary focussed on the offset printing and imaging market and (BILT), a speciality paper, branded stationery, tissue and hygiene business, in short, a more branded and consumer business.

In the past, the cross ownership of assets has had issues of organisational effectiveness. We will now be able to run both businesses as clear and distinct entities, each focussed on their own customer, distribution and brands, with a management and cost structure appropriate for the business. This should lead to overall improvement on brand focus and financial performance.

It has been a long journey in bringing the old BILT to the new 21st century world. Global and local events have not always provided us the tailwinds we have desired. Yet we have persevered and I commend the management team on their effort. Improved focus should lead to improved financial performance and rewards for the shareholders and other stakeholders.



GAUTAM THAPAR
Chairman