

FINANCIALS

A B O U T

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BALANCE SHEET AS AT 30TH JUNE, 2005

	SCHEDULE		30 th June, 2005 (Rs. '000)		30 th June, 2004 (Rs. '000)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Share Capital	"A"	1,674,479		1,674,479	
(b) Reserves & Surplus	"B"	13,263,657		12,505,732	
			14,938,136		14,180,211
2. LOAN FUNDS					
(a) Secured Loans	"C"	9,912,652		10,880,050	
(b) Unsecured Loans	"D"	1,976,289		2,422,042	
			11,888,941		13,302,092
3. DEFERRED TAX LIABILITY (Net of Assets)					
TOTAL			1,734,924		1,514,724
			28,562,001		28,997,027
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
(a) Gross Block	"E"	32,044,468		30,866,424	
Less : Depreciation and Impairment		11,877,273		10,925,976	
Net Block		20,167,195		19,940,448	
(b) Construction and Installation-in-Progress including Expenditure thereon (Pending allocation)		1,838,528		2,274,102	
(c) Advance against Machinery, Land, Property rights etc.		409,394		368,026	
			22,415,117		22,582,576
2. INVESTMENTS					
	"F"		549,720		549,732
3. CURRENT ASSETS, LOANS & ADVANCES					
(a) Interest accrued on Investments and Fixed Deposits (Net)		13,851		13,929	
(b) Inventories	"G"	2,802,407		2,496,506	
(c) Sundry Debtors	"H"	1,859,110		1,790,289	
(d) Cash and Bank Balances	"I"	1,552,895		2,405,040	
(e) Loans and Advances	"J"	2,527,457		2,130,845	
		8,755,720		8,836,609	
LESS : CURRENT LIABILITIES AND PROVISIONS					
(a) Liabilities	"K"	2,810,257		2,529,813	
(b) Provisions		649,743		743,980	
		3,460,000		3,273,793	
NET CURRENT ASSETS					
			5,295,720		5,562,816
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
NOTES TO BALANCE SHEET	"L"		301,444		301,903
TOTAL	"M"		28,562,001		28,997,027

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

As per our report attached

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - Chairman

GAUTAM THAPAR - Vice Chairman & Managing Director

R. R. VEDERAH - Joint Managing Director

B. HARIHARAN - Group Director (Finance)

R. K. CHOPRA - Vice President & Group Chief Accounts Officer

NEERJA SHARMA - Chief General Manager & Company Secretary

Dated : 30th August, 2005

Place : New Delhi

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	SCHEDULE	Current Year (Rs. '000)	Previous Year (Rs. '000)
INCOME			
Sales	"I"	19,974,009	19,694,567
Less : Excise Duty		2,072,567	1,929,272
Net Sales		17,901,442	17,765,295
Other Income	"II"	96,540	108,955
Increase/(Decrease) in Stocks	"III"	47,483	(329,383)
TOTAL		18,045,465	17,544,867
EXPENDITURE			
Manufacturing Costs	"IV"	10,364,475	9,450,368
Purchases		1,145,386	1,838,118
Personnel Costs	"V"	1,233,497	1,279,779
Administration, Selling & Miscellaneous Costs	"VI"	585,646	516,291
Deferred Revenue Expenditure-Amortised (Net)		116,834	112,897
Interest and Finance Costs (Net)	"VII"	1,103,960	1,263,317
Depreciation		1,430,830	1,307,386
TOTAL		15,980,628	15,768,156
Profit before Taxation		2,064,837	1,776,711
Provisions for Taxation			
Current Tax/MAT		165,500	137,500
Deferred Tax		220,200	300,147
Fringe Benefits Tax		4,525	—
		390,225	437,647
Less : Excess Provision for Taxation relating to earlier Years		6,348	—
Profit after Taxation		1,680,960	1,339,064
Add : Balance brought forward from last year		674,778	456,457
Add : Debenture Redemption Reserve no longer required		—	419,900
Amount available for Appropriation		2,355,738	2,215,421

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	SCHEDULE		Current Year (Rs. '000)		Previous Year (Rs. '000)
APPROPRIATIONS					
Debenture Redemption Reserve			50,900		60,000
Preference Share Capital Redemption Reserve			—		451,350
General Reserve			1,100,000		500,000
Interim Dividend :					
On 162429154 Equity Shares @ 12.50 %		203,036		—	
Add: Dividend Tax on above		26,534	229,570	—	—
Dividend to Global Depository Shareholders relating to year 2002-03		—		42,322	
(On 2,11,60,820 underlying equity shares @ 20%)					
Add : Dividend Tax on above		—		5,422	
			—		47,744
Proposed Dividend:					
On Redeemable Non-Convertible Cumulative Preference Shares		6,000		19,862	
On 162429154 Equity Shares @ 12.5%		203,036		406,073	
(2003-04 on 162429154 Equity Shares @ 25%)					
		209,036		425,935	
Add : Dividend Tax on above		29,275		55,614	
			238,311		481,549
Balance carried to Balance Sheet			736,957		674,778
NOTES FORMING PART OF PROFIT & LOSS ACCOUNT	"VIII"				
			2,355,738		2,215,421
BASIC EARNINGS PER SHARE (Rs.)			10.31		8.11
DILUTED EARNINGS PER SHARE (Rs.)			9.45		7.27

As per our report attached

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - Chairman

GAUTAM THAPAR - Vice Chairman & Managing Director

R. R. VEDERAH - Joint Managing Director

B. HARIHARAN - Group Director (Finance)

R. K. CHOPRA - Vice President & Group Chief Accounts Officer

NEERJA SHARMA - Chief General Manager & Company Secretary

Dated : 30th August, 2005

Place : New Delhi

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2005

	30 th June, 2005 (Rs. '000)	30 th June, 2004 (Rs. '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Appropriations	2,064,837	1,776,711
Add/(Less) :		
Adjustments for :		
(Profit)/Loss on sale of Assets (Investing Activity)	38,808	(10,019)
Unspent Liabilities and Excess Provisions of earlier years written back	(31,528)	(48,358)
Loss on Assets discarded	98	23
Interest (net)	1,103,960	1,263,317
Depreciation	1,430,830	1,307,386
Deferred revenue expenses amortised	116,834	112,897
Bad debts and claims written off	26,694	38,841
Unusable stores and spares written off/provided for	–	500
Operating Profit before Working Capital changes	4,750,533	4,441,298
Adjustments for Working Capital changes :		
Trade payable and others	383,853	(1,768,374)
Inventories	(305,901)	331,892
Trade and other receivables	(95,515)	5,756
Loans and Advances	(234,415)	(170,369)
Cash generated from Operations	4,498,556	2,840,203
Deferred Revenue expenditure (net)	(116,375)	(5,245)
Direct Taxes (net)	(192,500)	(8,771)
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,189,681	2,826,187
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets, Capital WIP, Capital Advances (Net)	(1,850,090)	(1,686,947)
Sale of Assets	104,215	17,556
Sale/Redemption of Investments	12	801
NET CASH USED IN INVESTING ACTIVITIES	(1,745,863)	(1,668,590)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2005 (PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

	30 th June, 2005 (Rs. '000)	30 th June, 2004 (Rs. '000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Global Depository Shares	–	1,597,702
Refund of Share Application money	(11,605)	–
Proceeds from Issuance/(Repayment) of Preference Share Capital (net)	–	(451,350)
Increase/(Decrease) in long term and other borrowings (net)	(1,413,151)	1,501,692
Interest and Financing charges (net)	(1,165,101)	(1,324,616)
Share/Debenture/Rights Issue expenses	(11,555)	(158,604)
Dividend Paid (including dividend tax)	(694,550)	(439,297)
NET CASH USED IN FINANCING ACTIVITIES	(3,295,962)	725,527
NET INCREASE IN CASH AND CASH EQUIVALENTS	(852,145)	1,883,124
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	2,405,040	521,916
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	1,552,895	2,405,040

NOTES

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

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - *Chairman*

GAUTAM THAPAR - *Vice Chairman & Managing Director*

R. R. VEDERAH - *Joint Managing Director*

B. HARIHARAN - *Group Director (Finance)*

R. K. CHOPRA - *Vice President & Group Chief Accounts Officer*

NEERJA SHARMA - *Chief General Manager & Company Secretary*

Dated : 30th August, 2005

Place : New Delhi

SCHEDULES “A” TO “M” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

	As at 30th June, 2005 (Rs. '000)	As at 30th June, 2004 (Rs. '000)
SCHEDULE “A” : SHARE CAPITAL		
AUTHORISED :		
297500000 (Previous Year 297500000) Equity Shares of Rs. 10/- each	2,975,000	2,975,000
10250000 (Previous Year 10250000) Preference Shares of Rs. 100/- each	1,025,000	1,025,000
	4,000,000	4,000,000
ISSUED		
162722906 (Previous Year 162722906) Equity Shares of Rs. 10/- each	1,627,229	1,627,229
500000 (Previous Year 500000) 12% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 100/- each	50,000	50,000
	1,677,229	1,677,229
SUBSCRIBED AND PAID UP :		
162479103 (Previous Year 162479103) Equity Shares of Rs. 10/- each	1,624,791	1,624,791
Less : 49949 Equity Shares of Rs. 10/- each forfeited	499	499
	1,624,292	1,624,292
Add : Forfeited Shares (Amount paid up)	187	187
	1,624,479	1,624,479
500000 (Previous Year 500000) 12% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 100/- each	50,000	50,000
	1,674,479	1,674,479

Of the above :

- 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 in 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 pursuant to the Scheme of Arrangement and Amalgamation between the company and Bilt Graphic Papers Ltd.
- h) 2,11,60,820 Equity shares of Rs. 10/- each allotted as a fully paid up against Global Depository Shares (GDSs) aggregating to USD 35 Millions.
- i) 92,775 Equity Shares of Rs. 10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.
- j) 500,000 12 % Redeemable Non-Convertible Cumulative Preference Shares of Rs. 100/- each issued on private placement basis are redeemable on 12th January, 2006.

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE "B" : RESERVES & SURPLUS		
CAPITAL RESERVE		
As per Last Account	148,329	148,329
	148,329	148,329
SHARE PREMIUM ACCOUNT		
As per Last Account	6,402,970	5,176,408
Add : Premium on Equity shares underlying GDSs allotted	–	1,385,166
Less : Expenses on issue of Debentures/Shares adjusted	11,556	158,604
	6,391,414	6,402,970
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
As per Last Account	688,469	237,119
Add : Transferred from Profit & Loss Account	–	451,350
	688,469	688,469
GENERAL RESERVE		
As per Last Account	4,212,686	3,712,686
Less : Impairment in the value of Assets adjusted	443,598	–
Add : Transferred from Profit & Loss Account	1,100,000	500,000
	4,869,088	4,212,686
DEBENTURE REDEMPTION RESERVE		
As per Last Account	378,500	738,400
Less : Transferred to Profit & Loss Account	–	419,900
	378,500	318,500
Add : Transferred from Profit & Loss Account	50,900	60,000
	429,400	378,500
BALANCE AS PER PROFIT & LOSS ACCOUNT		
	736,957	674,778
	13,263,657	12,505,732

SCHEDULES “A” TO “M” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

		As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE “C” : SECURED LOANS			
	Notes		
Debentures	(1)	1,717,778	2,374,328
Term Loans from Banks/Financial Institutions including External Commercial Borrowings	(2)	4,381,655	4,618,709
Foreign Currency Convertible Bonds	(3)	1,969,200	2,074,500
Working Capital Facilities from Banks	(4)	1,844,019	1,812,513
		9,912,652	10,880,050

Notes :

- These comprise of :-
 - The above Debentures are secured by pari-passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future subject to prior charges created/to be created in favour of the Company's bankers to secure borrowings for Working Capital.
 - The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 8th November, 2005 and the last being due on 30th June, 2013. The amount of Debentures due for redemption in financial year 2005-06 is Rs. 544.44 lacs.
- The above Term loans & ECBs are secured by Parri Passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future subject to prior charges created/to be created in favour of the Company's bankers to secure borrowings for Working Capital.
- The Foreign Currency Convertible Bonds secured by a parri passu first charge on moveable and immoveable assets of the company both present and future subject to prior charges created/to be created in favour of the Company's bankers to secure borrowings for Working Capital.
Conversion at the option of the holder - at any time (other than closing period) after 45 days from the date of issue (18th November, 2003) up to 15th June, 2011. Redemption - to be redeemed in six half yearly instalments starting December 2008.
- The Working Capital facilities from banks are secured by First pari-passu charge on current assets of the company both present and future and shall include Raw Materials, General Stores and Spares, Goods-in-process, Finished stock, Book Debts and other moveable assets except Plant & Machinery. A second pari-passu charge on moveable and immoveable Fixed Assets of the Company.

SCHEDULE “D” : UNSECURED LOANS			
Fixed Deposits *		929,412	1,348,444
Loan from Banks		1,003,096	1,000,405
Loan from Others		43,781	73,193
		1,976,289	2,422,042

* Includes Rs. 44837 thousand of 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 the respective due dates.

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

ASSETS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
	As at 1 st July, 2004	Additions/ Adjustments during the year	Sales/Adj-Disposals during the year	Total as at 30 th June, 2005	As at 1 st July, 2004	For the year	On Sales, Adjustments & Disposals during the year	Impairment Loss	Total as at 30 th June, 2005	As at 30 th June, 2005	As at 30 th June, 2004
A. Tangible Assets											
Land (including leasehold lands)	593,957	—	25,459	568,498	—	—	—	—	—	568,498	593,957
Buildings	3,478,357	3,743	65,339	3,416,761	710,523	81,249	21,284	9,314	779,802	2,636,959	2,767,834
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	1,606	—	—	1,606	1,584	3	—	—	1,587	19	22
Plant, Machinery & Equipments	25,908,877	1,879,099	618,032	27,169,944	10,014,324	1,246,884	546,271	83,701	10,798,638	16,371,306	15,894,553
Furniture, Fixtures and											
Office Equipments	212,572	5,063	1,412	216,223	145,652	12,927	1,067	762	158,274	57,949	66,920
Improvement to Leased Assets	52,848	—	—	52,848	15,849	7,046	—	—	22,895	29,953	36,999
Vehicles	73,168	6,569	5,352	74,385	37,475	5,599	4,688	—	38,386	35,999	35,693
Gas Cylinders	363	—	—	363	358	—	—	—	358	5	5
B. Intangible Assets											
ERP Project	539,854	—	—	539,854	211	77,122	—	—	77,333	462,521	539,643
TOTAL : This Year	30,861,602	1,894,474	715,594	32,040,482	10,925,976	1,430,830	573,310	93,777	11,877,273	20,163,209	19,935,626
TOTAL : Previous Year	28,775,653	2,150,030	64,081	30,861,602	9,674,312	1,307,386	55,722	—	10,925,976	3,986	4,822
Scrap Assets											

NOTES :

- Buildings include Rs. 209621 thousands (Previous year Rs. 209621 thousands) towards revalued value of ownership flats in Cooperative Housing Societies.
- Additions during the year includes Rs. 83 thousands for Research & Development .
- The Lease-Agreement in respect of 6.08 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.
- Notwithstanding vesting of certain assets in the Company and the assets vesting out (in terms of approved Scheme of Arrangement & Reorganisation) and sale of Unit AAC, Palwal, the assets/charges continue to be in the name of the transferor company/company's lenders. Actions are being initiated for formal transfer of Title Deeds/Ownership Rights in the name of the Company/Transferee Company.

SCHEDULES “A” TO “M” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	As at 30 th June, 2005		As at 30 th June, 2004	
	Face Value/ Nos.	Book Value (Rs. '000)	Face Value/ Nos.	Book Value (Rs. '000)
SCHEDULE “F” : INVESTMENTS				
GOVERNMENT SECURITIES :				
7 - Year National Savings Certificates (Lodged as Security Deposit)	Rs. 3000	3	Rs. 3000	3
6 - Year National Savings Certificates (Lodged as Security Deposit) (Redeemed during the year Rs. 11800)	Rs. 118600	119	Rs. 130400	131
5 - Year Kisan Vikas Patra (Lodged as Security Deposit)	Rs. 2000	2	Rs. 2000	2
11.55% 150 Nos. State Bank of India Bonds, 2006 Fully paid Bonds of Rs. 10,00,000/- each	Rs. 150000000	155,409	Rs. 150000000	155,409
OTHER INVESTMENTS :				
Subsidiary Companies : (Considered to be of Strategic Importance)				
Bilt Tree Tech Limited Fully paid Equity Shares of Rs. 10/- each	990000	3,960	990000	3,960
The Paper Base Company Limited Fully paid Equity Shares of Rs. 10/- each	999930	—	999930	—
The Paper Base Company Limited Fully paid 7% Redeemable Cumulative Non- Convertible Preference Shares of Rs. 100/- each (Coupon rate revised from 25% to 7% wef 1st January, 2004)	300000	—	300000	—
Other Companies : (Considered to be of Strategic Importance)				
Blue Horizon Investments Limited Fully paid Equity Shares of Rs. 10/- each	5000	335	5000	335
APR Packaging Ltd. Fully paid Equity Shares of Rs. 10/- each	11711937	389,892	11711937	389,892
		549,720		549,732
		155,533		155,545
		394,187		394,187
		549,720		549,732
Break-up :				
Unquoted Investments		394,187		394,187
Others :				
Government Securities & Bonds		155,533		155,545
		549,720		549,732

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

		As at 30 th June, 2005 (Rs. '000)		As at 30 th June, 2004 (Rs. '000)
SCHEDULE "G" : INVENTORIES				
(As valued and certified by the Management)				
Raw Materials		1,102,621		1,037,457
Stock of Stores, Spare Parts, Chemicals etc.		841,406		845,253
Block Stores		13,423		15,785
Raw Materials and Stores-in-Transit		267,520		68,057
Stock-in-Trade :				
Finished Stock -		464,392		457,599
Stock-in-Process -		113,045		72,355
		2,802,407		2,496,506
SCHEDULE "H" : SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months :				
Secured -				
Considered Good		12,932		3,447
Unsecured -				
Considered Good -				
Due from Others		157,504		176,529
Considered Doubtful		5,694		5,994
		176,130		185,970
Other Debts :				
Secured -				
Considered Good		47,971		39,794
Unsecured -				
Considered Good -				
Due from Others (net of bills discounted)		1,635,009		1,564,525
		1,682,980		1,604,319
		1,859,110		1,790,289
SCHEDULE "I" : CASH AND BANK BALANCES				
Cash on Hand		4,704		4,706
Cheques and Drafts on Hand		-		732
Bank Balances :				
With Scheduled Banks -				
On Current Accounts	66,696		64,975	
On Savings Accounts	37		36	
On Margin Money Account	17,888		17,498	
On Employees' Security Deposit Account in Savings Bank	258		249	
On Fixed Deposit Accounts (lodged as security deposit Rs. 3780 thousand)	1,451,391		2,306,234	
On Unpaid Dividend Account	11,675		10,364	
		1,547,945		2,399,356
With Post Office on Saving Bank Accounts (Pass Books lodged as Security Deposit)				
		246		246
		1,552,895		2,405,040

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE "J" : LOANS AND ADVANCES		
Unsecured - Considered Good Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for value to be received	2,148,719	1,917,407
Due from Subsidiaries	1,187	700
Balance with Customs and Excise Authorities	8,544	5,928
Advance Tax, Tax deducted at Source (including Income Tax refund receivable)	369,007	206,810
	2,527,457	2,130,845
Other Advances include amount advanced to Directors Rs. 4482 thousands (Maximum amount outstanding at any time during the year Rs. 4812 thousands).		
SCHEDULE "K" : CURRENT LIABILITIES AND PROVISIONS		
A) LIABILITIES :		
For Acceptances	69,845	80,327
Sundry Creditors - Small Scale Industrial Undertakings	35,896	54,599
Sundry Creditors - Others (Includes Interest free sales tax loan/deferral)	2,111,361	1,749,335
Share Application Money pending refund	-	11,605
Security Deposits (including Interest accrued thereon)	136,134	122,854
Provision for Gratuity	367,221	363,005
Interest on Loans accrued but not due	33,170	94,389
Trustees Staff Welfare Account	527	527
Unclaimed Dividend/Dividend Payable *	11,645	10,703
Employees Security Deposit	258	249
Due to Subsidiaries	-	4,220
Commission payable to Chairman/Vice Chairman & MD and other Directors	44,200	38,000
	2,810,257	2,529,813
B) PROVISIONS :		
Taxation including MAT	416,525	283,151
Proposed Dividend	204,532	407,569
Provision for Dividend Tax	28,686	53,260
	649,743	743,980
	3,460,000	3,273,793

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

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	As at 01.07.2004 (a)	Expenses/ Adjustment during the year (b)	Written off during the year (c)	(Rs. '000) Balance As at 30.06.2005 (a+b-c)
SCHEDULE "L" : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Approved Voluntary Retirement Expenses	108,260	116,375	39,963	184,672
Project Research & Development at Unit AP Rayons	31,976	–	21,975	10,001
ERS Compensation	26,251	–	6,563	19,688
Product Development Expenses	63,086	–	22,920	40,166
Deferred Finance Charges	72,330	–	25,413	46,917
	301,903	116,375	116,834	301,444

SCHEDULE "M" : SIGNIFICANT ACCOUNTING POLICIES AND NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

A. FIXED ASSETS - TANGIBLE

1. Fixed Assets (other than those which have been revalued) are stated at their original cost Including Freight, Duties, Taxes and other Incidental Expenses related to Acquisition and Installation. In the case of Revalued Assets in hand as at the close of the year the Book Value is inclusive of revaluation.
2. Expenditure during construction period including interest on specific borrowings for new major projects are capitalised till the stabilisation of commercial production.
3. The Company capitalises its Assets (including Construction and Installation in Progress) at a value net of Cenvat received /receivable in respect of Capital Goods.

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 balance 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

Inventories are valued at lower of cost, computed on a weighted average basis and estimated net realisable value. Finished stocks and stock in process include all the applicable allocable overheads and excise duty wherever applicable and other costs incurred in bringing the inventories to their present location and condition.

E. INVESTMENTS

- (a) Investments made by the Company in various securities are primarily meant to be held over long-term period.
- (b) (i) Holding of certain Investments are 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 relation-ship 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 Thapar 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 the 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 CURRENCIES

The original cost of Fixed Assets, acquired through foreign currency loans are adjusted so as to show the liabilities for these loans, at the rates of exchange prevailing on the date of the Balance Sheet or at the forward cover rates as applicable.

SCHEDULES “A” TO “M” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

Transactions in foreign currencies, covering current assets and current liabilities, are accounted for at exchange rates prevailing on the dates, the transactions take place. Net gains or losses arising out of subsequent fluctuations in exchange rates are shown under separate head in the Profit and Loss Account.

H. REVENUE RECOGNITION

As per 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/deferred revenue expenditure, as the case may be 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

- Provision for Gratuity and for Leave encashable at the time of retirement is made in the books on the basis of actuarial valuation.
- The Company has an approved Superannuation Scheme for its officers (who are not covered under Payment of Bonus Act, 1965). Regular contributions are made in accordance with the Scheme and Trust Rules. The Company with effect from 1st April 2005 has adopted a policy to give an option to its employees to either continue with the existing superannuation scheme or to opt for a special allowance .

K. INCOME FROM INVESTMENTS

Income from Investments, where appropriate, is taken into revenue in full on declaration or receipt and tax deducted at source thereon is treated as advance tax.

L. ADVANCE LICENCE, IMPORT ENTITLEMENTS

Advance Licence and Import Entitlements accruing against exports made by the Company are accounted in the books only on their utilisation/disposal.

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. SALES TAX DEFERRAL

As provided under Sales tax laws of respective States, the Company had opted for deferral of sales tax payment at some of its Units. The liability as per the Scheme of incentives, is periodically reviewed for settlement/assignment, as applicable.

O. IMPAIRMENT OF ASSETS

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

P. PROVISION AND CONTINGENCIES

The Company create a provision when there is 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 can not be made.

2. CONTINGENT LIABILITIES

(a) Rs. 85.73 Crores (30th June, 2004 Rs. 55.29 Crores) approximately being claims against the Company not acknowledged 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 the Statute	Nature of the Dues	Amount (in Crores)	Forum where dispute is pending
Central Excise Tariff Act, 1985	Excise Duty	5.27	Assessing Authority
		27.40	Appellate Authority
		0.07	Bombay High Court
		0.04	Collector, Central Excise, Nagpur
Central Sales Tax Act, 1956 and Sales Tax Act of various states	Sales Tax	7.74	Assessing Authority
		1.68	Appellate Authority
		0.44	Tribunal
Customs Act, 1962	Customs Duty	0.01	Custom Commissioner
Water (Prevention and Control of Pollution) Cess (Amendment) Act, 2003	Charges	2.84	Government of Orissa, Tehasildar
		0.08	Hon'ble High Court of Orissa
Income Tax Act, 1961	Income Tax*	7.43	High Court, Nagpur Bench
		10.84	Income Tax Appellate Tribunal

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

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

- (c) Guarantees given by the Company Rs. 1.15 crore (30th June, 2004 Rs. 1.21 crores).
- (d) 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. 0.10 Crores (30th June, 2004 Rs. 0.21 Crores).
3. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills Discounted with Banks remaining outstanding amount to Rs. 40.72 Crores (30th June, 2004 Rs. 39.49 Crores).
4. Estimated amount of contracts remaining to be executed on Capital Account Rs. 42.24 Crores (Net of Advances) (30th June, 2004 Rs. 53.71 Crores).
5. (a) Certain vehicles, EPABX System, Instruments, Computers and Machineries have been taken by the Company on a financial lease, prior to 1st July, 2001 and the future obligation for the rentals under the lease amount to Rs. 1.61 Crores (30th June, 2004 Rs. 7.23 Crores).
- (b) 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 is Rs. 3.01 Crores. (Previous Year Rs. 2.69 Crores). As of 30th June, 2005, the future minimum lease payments for non-cancellable operating leases are as below :-
- | | |
|---|-------------|
| – not later than one year from 30th June, 2005 | 0.36 Crores |
| – later than one year and not later than five years | 0.57 Crores |
| – later than five years | NIL |
6. Unit Bhigwan imported certain Plant and Machinery at 'nil' customs duty under the Export Promotion Capital Goods (EPCG) Scheme. Under the scheme, the Unit is 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 has been granted an extension in the period for fulfilling the export obligation from 8 years to 12 years till January 11, 2008. The Director General of Foreign Trade, on an application by the Company has further reduced the Export Obligation to USD 226.88 Million. The Unit has achieved total export of US \$ 123.32 Million as on 30th June, 2005. As such the liability that may arise for non fulfilment of export obligation, is currently not-ascertainable.
7. There are no specific claims from suppliers under the "Interest on delayed payments to Small Scale and Ancillary Act, 1993".
8. As per the information received by the Company, the Small scale industrial undertakings to whom the amount is outstanding for more than 30 days are as detailed below:
- Active Enterprises, Ajit Industries Pvt. Ltd., Akriti Printers, Anmol Polymers Pvt. Ltd., Apex Knives Pvt. Ltd., Anti Corrosive Equipment, Aravico Rubber Industries, Arora Industries, Arora Packwell, Ashoka Minerals, Bengal Tools Limited, Canle Valves Pvt. Ltd., Cardinal Chemicals Pvt. Ltd., Cinq. Micron Chem Pvt. Ltd., Coimbatore Flow Controls, DB Engg. Pvt. Ltd., Devatha Packaging, Dinesh Plastic Products, Diamond Products Pvt. Ltd., EKO Rubber Industries, Enterprises, Fibro Plastchem India Pvt. Ltd., Gill Chemicals Pvt. Ltd., Gupta Plastic, Indian Compressors Ltd., Indian Plastic, Indian Rubber Industries, Indo Foreign Machinery Mfg. Co., Ispat Asbestos and Allied Products, Ivax Paper Chemicals, Jurgyan Industries, Kalimata Moulding Works, Khanna Brothers, KJB Titanium Pvt. Ltd., Krishi Discs Pvt. Ltd., Krishna Minerals & Traders, M. Guru Controls Ltd., Kamlimata Moulding Works, Maharani Industrial Corporation, Maharashtra Engg. Works, MBM Engg. Infotech Ltd., Mercury Agencies, Nagpur Ceramics Pvt. Ltd., Narotam Mago Engg., Naushari Lal & Sons, NEC Containers Pvt. Ltd., Oil seal Mfg.Co., Padia Dyes & Chemicals, Planter Stores & Engg Co., Plastomatic Industries, Prabhu Packaging Products Pvt. Ltd., Puja Minerals Pvt. Ltd., Punjab Business & Supply Co. Pvt. Ltd., Rajasthan Barytes Ltd., Royal Industries, Ruchira Packaging Products, Saharanpur Packwell Pvt. Ltd, Sai Industries, Sakshi Packers Pvt. Ltd., Shivalik Containers, Shree Paramhans Gases, S. B. Engineering Enterprises, Sankalpa Global Engineers, Satyam Packers, Shiva Metal Industries, Shreyas Instruments Pvt. Ltd., Shri Venkatesh Trading Company, Silica Ware Pvt. Ltd., S N G Chemicals Pvt. Ltd., Souvenir Ceramics, SPM Metallic Industries, Sree Durga Engineering, Sri Lakshmi Madhavi Alums, Sriram Packaging, Srinivasa Industries, Swati Packaging, Tamilnadu Shafts Pvt. Ltd., Tara Ma Engg. Works, Terpene Allies, Thejo Engg Services (P) Ltd., Venkatesh Plastofilms, Vertex Chem Pvt. Ltd., Vipon Electronics, Vipul Chemicals India, Yamuna Packages, Yen Flexi Pack, Zandu Engineering Works, Dujodwala Udyog Ltd., Dujodwala Resins & Terpenes Ltd., Suyog Chemicals Pvt. Ltd., Industrial Traders, Parksons Dye Stuff Industries Pvt. Ltd., Associated Power Team Pvt. Ltd., Pioneer Spring Manufacturing Co., TODI & Co.
9. Loans and advances include Rs. 2.65 Crores (Previous Year Rs. 2.98 Crores), being advances given in connection with expenditure incurred up to the current year on plantation on own land and on crop sharing basis, which is being carried forward and will be adjusted in the future years during which the related raw material are expected to be available to the company's various units.
10. MISCELLANEOUS EXPENDITURE - DEFERRED REVENUE EXPENDITURE
- The following expenses have been treated as Deferred Revenue Expenditure, which is generally being written off over a period of five years or as specifically mentioned :-
- (a) Compensation paid under the Approved Voluntary Retirement Scheme and Early Retirement Scheme for its employees during the Current year as well as in the earlier years.
- (b) Product Development Expenses.
- (c) Expenses incurred on Research & Development for projects at Unit AP Rayons, Kamalapuram.
- (d) Deferred Finance Charges representing up-front fee paid to financial institutions is being written off over the period of loan.
11. The Provision for taxation for the year is the aggregate of the provision made for the nine month ended 31.03.05 and three month ended 30.06.05. The ultimate tax liability shall however be based on the previous year as defined in the Income Tax Act, 1961.
- Provision for Deferred Tax liability is lower on account of certain favourable Appellate Decisions. In terms of Accounting Standard 22, the computation has been made to the extent there is reasonable certainty that Deferred Tax Asset would be realised in future. The Deferred Tax Asset and Liability as on 30.06.05 and 30.06.04 comprise timing differences on account of:-

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

Particulars	Amount (Rs. '000) 30th June, 2005	Amount (Rs. '000) 30th June, 2004
Deferred Tax Asset		
Expenses allowable on payment basis	17,503	9,972
Provision for Gratuity & Others	136,958	143,699
Total	154,461	153,671
Deferred tax Liability		
Higher Depreciation claimed under tax laws (net of unabsorbed depreciation)	1,846,378	1,603,811
Deferred revenue expenditure & others	43,007	64,584
Total	1,889,385	1,668,395
Net deferred tax liability	(1,734,924)	(1,514,724)

12. The Company filed an application under Section 25 (O) of the Industrial Disputes Act on 22nd December, 2002 with Government of Orissa seeking permission for closure of its Unit Choudwar, whose operations had already been suspended on 19th September, 2002. Government of Orissa refused permission to close the undertaking and the communication to this effect was received at the Unit on 22nd February, 2003 which was beyond the stipulated 60 days time within which the Government was to communicate. The Management has taken this as deemed permission in terms of Section 25(O) sub section 3 of the Industrial Disputes Act. Accordingly, it was notified that the Unit would stand closed w.e.f 31st March, 2003. As on date, most of the workers of the Unit have already taken voluntary retirement, as per an approved scheme. The assets except Land and certain other assets stand disposed off consequent upon closure of unit
13. Construction and Installation in Progress and advances against Machinery etc. includes expenses (including Interest and forex fluctuations) related to ongoing Projects at various Units of the Company.
14. The company has adjusted Rs. 44.36 crores from the balance in General Reserve as on 1/7/2004 towards estimated Impairment in the value of certain assets including those meant for future projects.
15. 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.
16. SIGNIFICANT EVENT OCCURRING AFTER BALANCE SHEET DATE
- The company raised US \$ 60 million in July 2005 through an issue of Foreign Currency Convertible Bonds (FCCB). The proceeds of the issue are being used for prepayment of debt; new projects/modernisation/expansion of existing production units or capital expenditure and import of capital goods.
17. Share Application money pending refund represents amount received in earlier years, from a foreign shareholder paid during the year.
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 "M"

As per our report attached

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - *Chairman*

GAUTAM THAPAR - *Vice Chairman & Managing Director*

R. R. VEDERAH - *Joint Managing Director*

B. HARIHARAN - *Group Director (Finance)*

R. K. CHOPRA - *Vice President & Group Chief Accounts Officer*

NEERJA SHARMA - *Chief General Manager & Company Secretary*

Dated : 30th August, 2005

Place : New Delhi

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

		Current Year (Rs. '000)		Previous Year (Rs. '000)
SCHEDULE "I" : SALES				
Paper (including coated)	16,197,166		15,261,085	
Less : Discount	116,426		258,276	
		16,080,740		15,002,809
Caustic Soda, Chlorine etc.		23,618		23,003
Pulp : Rayon Grade		2,303,297		2,397,528
Steam and Power		224,286		187,106
Others (including traded goods)		1,342,068		2,084,121
		19,974,009		19,694,567
SCHEDULE "II" : OTHER INCOME				
Interest on Investments		17,338		17,382
Profit on Sales of Stores, Raw Materials, Scrap etc.		24,386		41,932
Rent and Licence Fee (Gross) (Tax deducted at source Rs. 72 thousand)		977		1,425
Miscellaneous Income		27,708		22,305
Foreign Currency Fluctuation (Net)		26,131		15,892
Profit on Sale of Assets (Net)		-		10,019
		96,540		108,955
SCHEDULE "III" : INCREASE/(DECREASE) IN STOCKS				
Opening Stock :				
Finished		457,599		716,814
In Process		72,355		142,523
		529,954		859,337
Closing Stock :				
Finished		464,392		457,599
In Process		113,045		72,355
		577,437		529,954
Net Increase/(Decrease) on Stocks		47,483		(329,383)
SCHEDULE "IV" : MANUFACTURING COSTS				
Raw Materials consumed (including Expenses thereon)		4,313,258		3,780,998
Stores and Spare Parts consumed		3,146,563		3,036,260
Excise duty on year end inventory of Finished Goods		(4,856)		(31,728)
Power, Fuel and Water Charges		2,251,582		1,903,137
Repairs and Maintenance - Buildings		20,145		33,263
Repairs and Maintenance - Plant & Machinery		436,060		422,785
Repairs and Maintenance Sundries		56,562		58,046
Processing Charges		42,802		40,006
Lease charges of Machinery		56,021		150,669
Other Expenses		46,338		56,932
		10,364,475		9,450,368
SCHEDULE "V" : PERSONNEL COSTS				
Salaries, Wages, Bonus and Gratuity		1,013,034		1,056,267
Directors' Commission on Profits - Gross		44,200		38,000
Contribution to Provident, Superannuation & Other Funds		90,263		95,966
Workers and Staff Welfare Expenses		86,000		89,546
		1,233,497		1,279,779

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	Current Year (Rs. '000)	Previous Year (Rs. '000)
SCHEDULE "VI" : ADMINISTRATION, SELLING & MISCELLANEOUS COSTS		
Rent	15,699	15,692
Lease Rent	14,434	11,198
Rates and Taxes	45,897	54,438
Insurance Charges	64,060	53,820
Directors Fees	1,120	720
Debenture Trustee Remuneration	1,452	2,205
Office & Other Expenses (Including Rs. 22829 thousands for Research and Development)	128,582	123,481
Commission	20,444	20,938
Carriage and Freight	168,158	166,774
Other Selling Expenses	91,728	76,019
Assets Discarded	98	23
Unusable Stores & Spares written off/provided for	—	500
Bad Debts and Claims written off/provided for	26,694	38,841
Loss on Sale of Assets (Net)	38,808	—
	617,174	564,649
Less : Unspent Liabilities and excess provisions in respect of earlier years written back	31,528	48,358
	585,646	516,291
SCHEDULE "VII" : INTEREST AND FINANCE COSTS		
Interest :		
On Debentures and Fixed Loans	522,568	574,388
On Other Accounts	531,926	689,354
Finance and Placement Charges	71,093	69,886
Guarantee Commission paid to Banks	17,105	23,953
	1,142,692	1,357,581
Less : Interest earned (Tax deducted at Source Rs. 6188 thousands)	38,732	94,264
	1,103,960	1,263,317

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, Licensed and Installed Capacities :

Class of Goods	Unit	LICENSED CAPACITY (ANNUAL)		INSTALLED CAPACITY (ANNUAL)		ACTUAL PRODUCTION	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Paper including Wrapper and Coated Paper	M.T.	454,500	454,500 (b)	406,568 (d)	386,568 (d)	383,422 (a)	369,850 (a)
Caustic Soda	M.T.	28,100	28,100	13,200	26,400	9,045	8,936
Chlorine	M.T.	14,310	14,310	6,600	12,810	4,554	4,745
Hydrochloric Acid	M.T.	9,950	9,950	5,000	9,950	7,454	7,157
Hypochlorite	M.T.	10,980	10,980	5,280	10,980	1,217	1,023
Rayon Grade Pulp	M.T.	98,550	98,550	98,550	98,550	83,183	93,725

- a) Includes Production of 8224 MT (Previous Year 8590 MT) of Coated Production at Unit Shree Gopal converted out of the paper manufactured by company.
- b) The Licenced Capacity includes 22000 MT capacity at Unit Choudwar where operations were closed w.e.f. 31st March, 2003.
- c) The Licenced Capacity, Installed Capacity and Actual Production of paper & wrapper includes Specialised Grades of paper.
- d) The installed capacity excludes 22000MT of unit Choudwar.
- e) Licensed and Installed capacities are as certified by the Management.

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

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

(a) Purchases

Particulars	Current Year Value (Rs. '000)	Previous Year Value (Rs. '000)
Purchases - others	1,145,386	1,838,118

(b) Stock of Finished Goods and Sales

Class of Goods	Unit of Quantity	OPENING STOCK				CLOSING STOCK				SALES			
		Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year	
		Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)
Paper including Wrapper and Coated Paper	M.T.	5,707	200,372	12,602	452,436	4,795	176,381	5,707	200,372	384,334	16,080,740	376,734	15,002,809
Caustic Soda	M.T.	142	1,197	103	964	115	938	142	1,197	9,072	22,525	8,897	20,762
Chlorine	M.T.	27	228	13	111	13	104	27	228	4,568	-	4,731	29
Hydrochloric Acid	M.T.	111	404	98	354	123	381	111	404	7,442	1,093	7,144	2,212
Hypochlorite	M.T.	-	-	-	-	-	-	-	-	1,217	-	1,023	-
Rayon Grade Pulp	M.T.	125	3,306	549	12,965	1,198	30,317	125	3,306	82,110	2,303,297	94,149	2,397,528
Others			252,092		249,984		256,271		252,092		1,566,354		2,271,227
			457,599		716,814		464,392		457,599		19,974,009		19,694,567

3. Analysis of Materials consumed :

	Unit	QUANTITY		AMOUNT	
		Current Year	Previous Year	Current Year (Rs. '000)	Previous Year (Rs. '000)
Bamboo	M.T.	319,862	267,906	722,303	564,073
Wood and Wood species	M.T.	882,828	945,669	1,726,603	1,561,226
Wood Pulp	M.T.	75,365	73,234	1,801,296	1,612,011
Salt	M.T.	15,145	15,080	18,150	16,538
Others				45,108	27,414
				4,313,460	3,781,262

Note : Raw Material worth Rs. 202 Thousand (Previous Year 264 Thousand) consumed during the year have been charged to other heads of accounts.

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

	Current Year (Rs. '000)	Previous Year (Rs. '000)
a) Raw Materials	1,633,269	1,430,880
b) Components, Spare Parts and other Stores	677,568	664,413
c) Capital Goods	57,425	3,247
d) Others	1,104,196	1,805,498
	3,472,458	3,904,038

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

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	Current Year (Rs. '000)	Previous Year (Rs. '000)
5. Expenditure in Foreign Currency :		
i) Foreign Travel, Commission, Claims, Consultancy Fees, Deferred payment Instalments, Subscriptions etc.	20,462	113,563
ii) Interest on Foreign Currency Loans	199,552	90,883
	220,014	204,446
6. Earnings in Foreign Exchange on Cash Basis :		
a) F.O.B. Value of Exports	1,921,655	2,657,245
b) Others	—	194
	1,921,655	2,657,439

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 (Rs. '000)	Previous Year (Rs. '000)	Current Year	Previous Year
a) Raw Materials				
– Imported	1,726,852	1,571,581	40.03	41.56
– Indigenous	2,586,608	2,209,681	59.97	58.44
	4,313,460	3,781,262	100.00	100.00
b) Spare Parts and Components				
– Imported	855,245	845,153	55.04	54.63
– Indigenous	698,576	701,759	44.96	45.37
	1,553,821	1,546,912	100.00	100.00

Notes : i) Consumption of Raw Material, Components & Spare Parts includes estimated values of stocks brought forward from earlier period.
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	2003-04	Three	Three	11,193,825	13,043,825	27,985	26,088
	Interim	2004-05	Three	—	11,193,825	—	13,992	—
Preference		—	—	One	—	3,963,500	—	43,599*

* Excludes Interim Dividend of Rs. 10033 Thousand paid on 11% Preference Shares for the year 2003-04.

9. Sales Turnover :-

In line with clarifications issued by the Institute of Chartered Accountants of India on 2nd April, 2005, inter divisional transfers which hitherto was considered as part of turnover is now not considered.

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

10. 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 :-

	Current Year (Rs. '000)	Previous Year (Rs. '000)
Salaries and Wages	53,792	65,066
Contribution to Provident and Other Funds	2,822	3,626
Insurance	5,139	1,488
Rent, Rates and Taxes (incl. Lease Rent)	4,126	5,323
Staff Welfare	1,543	1,604
Repairs and Maintenance to Machinery	3,750	4,928
Repairs and Maintenance to Building	-	22
Repairs and Maintenance - Others	67	78
Power and Fuel	10,253	42,980
Office and Other Expenses	5,435	5,182
	86,927	130,297

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

	Current Year (Rs. '000)
Profit as per Profit & Loss Account before Taxation	2,064,837
Less : Profit/(Loss) on Sale of assets (Net)	(38,808)
Depreciation	1,430,830
	672,815
Add back :-	
Directors Fee	1,120
Remuneration paid/payable to Chairman, Vice Chairman & Managing Director and other Directors	40,402
Profit Commission to Chairman, Vice Chairman & Managing Director	42,100
Depreciation under Section 350 of the Companies Act, 1956	1,430,830
Commission to other Directors	2,100
	1,515,432
Profit Under Section 198 :	2,189,367
Remuneration Under Section 198 @ 11% of above	240,830
Amount of Profit Commission as approved by Board - to be shared as under :	
Chairman	21,050
Vice Chairman & Managing Director	21,050
Other Directors	2,100
	44,200
Actual remuneration including Commission & Perquisites	84,602

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

12. Remuneration paid/payable to Chairman, Vice Chairman & Managing Director and Directors :

	Current Year (Rs. '000)	Previous Year (Rs. '000)
Salary (Including Commission of Rs. 44200 Thousand) (Previous Year 38000 thousands) Payable both to Executive & Non Executive Directors	74,947	63,878
Contribution to Provident and Superannuation Funds	5,346	4,096
Perquisites	4,309	3,655
	84,602	71,629

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.

13. Amount paid/payable to Auditors

	Current Year (Rs. '000)	Previous Year (Rs. '000)
Audit Fee (Including Cost Audit Fee of Rs. 87 Thousands)	4,802	4,492
In Other Capacity	2,197	2,369
Out of Pocket Expenses	1,180	979
	8,179	7,840

14. Depreciation charged for the year and debited to the Profit & Loss Account includes Rs. 154912 thousand (Previous Year 175883 thousand) being depreciation on the revalued portion of Fixed Assets, since the Revaluation Reserve stood exhausted in the earlier years.

15. Segment Reporting

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

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

The Disclosure of chemicals revenue as a segment is being discontinued as it represents less than 10% of company turnover, assets and profit. Figures for the previous year have accordingly been regrouped.

Segment Revenues, Results and Other Information

(Rs. '000)

Particulars		Paper	Pulp	Others	Total
Revenues :-					
Gross Sales to External Customers	2004-05	16,080,740	2,303,297	1,589,972	19,974,009
Excise Duty	2004-05	(2,062,046)	-	(10,521)	(2,072,567)
Gross Sales to External Customers	2003-04	15,002,809	2,397,528	2,294,230	19,694,567
Excise Duty	2003-04	(1,920,733)	-	(8,539)	(1,929,272)
Total Segmental Revenues (Net of Excise)	2004-05	14,018,694	2,303,297	1,579,451	17,901,442
	2003-04	13,082,076	2,397,528	2,285,691	17,765,295
Segmental Results :-					
Profit before Interest	2004-05	3,299,015	101,492	(13,709)	3,386,798
	2003-04	3,033,493	238,972	(6,479)	3,265,986
Less : Unallocated Corporate Expenses (Net of other Income)	2004-05				218,001
	2003-04				225,958
Profit before Interest & Tax	2004-05				3,168,797
	2003-04				3,040,028
Interest (Net of Income)	2004-05				1,103,960
	2003-04				1,263,317

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

Particulars		Paper	Pulp	Others	Total
Profit Before Tax	2004-05 2003-04				2,064,837 1,776,711
Provision for Tax					
– Current Tax	2004-05 2003-04				165,500 137,500
– Deferred Tax	2004-05 2003-04				220,200 300,147
– Fringe Benefit Tax	2004-05 2003-04				4,525 –
– Excess Provision for Taxation relating to earlier years written off	2004-05 2003-04				6,348 –
Net Profit	2004-05 2003-04				1,680,960 1,339,064
Other Information					
Segmental Assets	2004-05 2003-04	24,535,936 23,364,470	5,237,099 5,354,454	1,355,401 778,393	31,128,436 29,497,317
Unallocated Corporate Assets	2004-05 2003-04				893,565 2,773,503
Total Assets	2004-05 2003-04				32,022,001 32,270,820
Segmental Liabilities	2004-05 2003-04	1,975,170 1,668,082	667,122 702,394	64,534 11,176	2,706,826 2,381,652
Unallocated Corporate Liabilities	2004-05 2003-04				753,174 892,141
Total Liabilities	2004-05 2003-04				3,460,000 3,273,793
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	2004-05 2003-04				1,850,090 1,687,236
Depreciation	2004-05 2003-04	1,095,816 1,022,090	242,202 241,878	92,812 43,418	1,430,830 1,307,386
Amortisation	2004-05 2003-04				116,834 112,897
Other Non Cash Expenses	2004-05 2003-04	67,548 35,707	18 683	– 4,834	67,566 41,224
Total Liabilities Exclude					
Secured Loans	2004-05 2003-04				9,912,652 10,880,050
Unsecured Loans	2004-05 2003-04				1,976,289 2,422,042
Deferred Tax Liabilities	2004-05 2003-04				1,734,924 1,514,724

16. Information on Related Parties as required by Accounting Standard - AS 18 "Related Party disclosures"

I. List of Related Parties over which control exists

Subsidiary Companies

- Bilt Treotech Ltd.
- The Paperbase Company Ltd.

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

II. Name of the Related Parties with whom transaction were carried out during the year and nature of relationship

Subsidiary Companies

- Bilt Treotech Ltd.
- The Paperbase Company Ltd.

Associate Companies

- APR Packaging Ltd.
- Asia Aviation Ltd.
- Bilt Industrial Packaging Company Ltd.
- Bilt Paper Holdings Ltd.
- Biltech Building Elements Ltd. (Formerly E-Groupdeals.com Ltd.)
- Crompton Greaves Ltd.
- Global Green Company Ltd.
- Greaves Cotton Ltd.
- IBilt Technologies Ltd.
- Janpath Investments & Holdings Ltd.
- Newquest Corporation Ltd.
- Premium Energy Transmission Ltd. (Formerly Bilt Infrastructure Ltd.)
- Solaris Biochemicals Ltd.
- Solaris Chemtech Ltd.
- Toscana Lasts Ltd.
- TT & G Trading (P) Ltd.
- UHL Power Company Ltd.

Key Management Personnel

- Mr. L. M. Thapar
- Mr. Gautam Thapar
- Mr. R. R. Vederah
- Mr. B. Hariharan

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 obligations)

	Current Year (Rs. '000)	Previous Year (Rs. '000)
a. Sales of goods & allocation of common expenses for rendering corporate services		
- Subsidiary Companies	636	-
- Associate Companies	543,664	626,658
b. Sale of Assets		
- Associate Companies	1,313	3,170
c. Purchase of goods & services		
- Subsidiary Companies	57,443	153,475
- Associate Companies	359,506	349,192
d. Remuneration etc.		
- Key Management Personnel	84,602	69,639
e. Fixed Deposits accepted/renewed		
- Associate Companies	-	4,250
- Key Management Personnel	26,500	34,500
f. Refund of Fixed Deposits		
- Key Management Personnel	250	190
- Associate Companies	4,250	5,500
g. Interest on Fixed Deposits		
- Associate Companies	259	187
- Key Management Personnel	3,172	1,071

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

		Current Year (Rs. '000)	Previous Year (Rs. '000)
h. Interest on Loan			
– Associate Companies		–	194
i. Outstanding balances as at 30th June, 2005			
– Subsidiary Companies	Loans & Advances	1,187	700
	Creditors	–	4,220
– Associate Companies	Credit balance	–	2,226
	Loan, Advances & Debtors	436,608	442,661
	Fixed Deposits	–	4,250
– Key Management Personnel	Advances	4,482	4,812
	Fixed Deposits	61,000	34,750
	Interest accrued on fixed deposits	369	32

IV. Companies coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include Bilt Paper Holdings Ltd., Newquest Corporation Ltd., KCT & Bros. Ltd., iBilt Technologies Ltd., KCT Papers Ltd. and Janpath Investments & Holdings Ltd.

17. Earnings Per Share

I	Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 10/- each		
	Net Profit after Tax as per Profit & Loss Account	1,680,960	1,339,065
	Less : Preference Dividend (Including Dividend Tax thereon)	6,799	22,407
	Net Profit after Tax available to Equity Shareholders For Basic EPS	1,674,161	1,316,658
	Adjustment for the purpose of Diluted EPS :-		
	Add : Effect of potential equity shares on conversion of Foreign Currency Convertible Bonds/Debtentures	79,496	38,677
	Net Profit available to Equity Shareholders For Diluted EPS	1,753,657	1,355,335
II	Weighted Average number of Equity Share for Earning Per Share Computation		
	A) No. of shares for Basic Earning Per Share	162,429,154	162,429,154
	Add : Effect of potential equity shares on conversion of Foreign Currency Convertible Bonds/Debtentures	23,183,875	24,003,480
	B) No. of Shares for Diluted Earning Per Share	185,613,029	186,432,634
III	Earning Per Share		
	Basic	Rupees 10.31	8.11
	Diluted	Rupees 9.45	7.27

18. The aggregate value of Stores and Spare Parts consumed during the year amounts to Rs.2252739 thousand (Previous Year Rs. 2336034 thousand) which were charged to various account heads including capital expenditure.

19. 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'

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - *Chairman*

GAUTAM THAPAR - *Vice Chairman & Managing Director*

R. R. VEDERAH - *Joint Managing Director*

B. HARIHARAN - *Group Director (Finance)*

R. K. CHOPRA - *Vice President & Group Chief Accounts Officer*

NEERJA SHARMA - *Chief General Manager & Company Secretary*

Dated : 30th August, 2005

Place : New Delhi

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	0	5
--	---	---	---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR : (Amount in Rs. Thousands)

Public Issue :

		N	I	L			
--	--	---	---	---	--	--	--

 Rights Issue :

		N	I	L			
--	--	---	---	---	--	--	--

Bonus Issue :

		N	I	L			
--	--	---	---	---	--	--	--

 Private Placement :

		N	I	L			
--	--	---	---	---	--	--	--

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in Rs. Thousands)

Total Liabilities :

	2	8	5	6	2	0	0	1
--	---	---	---	---	---	---	---	---

 Total Assets :

	2	8	5	6	2	0	0	1
--	---	---	---	---	---	---	---	---

SOURCES OF FUNDS :

Paid-Up Capital :

	1	6	7	4	4	7	9
--	---	---	---	---	---	---	---

 Reserves & Surplus :

	1	3	2	6	3	6	5	7
--	---	---	---	---	---	---	---	---

Secured Loans :

	9	9	1	2	6	5	2
--	---	---	---	---	---	---	---

 Unsecured Loans :

	1	9	7	6	2	8	9
--	---	---	---	---	---	---	---

Deferred Tax Liability (Net) :

	1	7	3	4	9	2	4
--	---	---	---	---	---	---	---

APPLICATION OF FUNDS :

Net Fixed Assets :

	2	2	4	1	5	1	1	7
--	---	---	---	---	---	---	---	---

 Investments :

			5	4	9	7	2	0
--	--	--	---	---	---	---	---	---

Net Current Assets :

	5	2	9	5	7	2	0
--	---	---	---	---	---	---	---

 Misc. Expenditure :

			3	0	1	4	4	4
--	--	--	---	---	---	---	---	---

Accumulated Losses :

		N	I	L			
--	--	---	---	---	--	--	--

IV. PERFORMANCE OF COMPANY : (Amount in Rs. Thousands)

Turnover & Other Revenues :

	1	7	9	9	7	9	8	2
--	---	---	---	---	---	---	---	---

 Total Expenditure :

	1	5	9	3	3	1	4	5
--	---	---	---	---	---	---	---	---

Profit before Tax :

	2	0	6	4	8	3	7
--	---	---	---	---	---	---	---

 Profit after Tax :

	1	6	8	0	9	6	0
--	---	---	---	---	---	---	---

Basic Earnings per share in Rs. :

			1	0	.	3	1
--	--	--	---	---	---	---	---

 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
---	---	---	---	---

Item Code No. (ITC Code)

	4	7	0	2
--	---	---	---	---

Product Description

W	O	O	D	P	U	L	P
---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

	2	8	1	5	1	1	.	0	1
--	---	---	---	---	---	---	---	---	---

Product Description

C	A	U	S	T	I	C	S	O	D	A
---	---	---	---	---	---	---	---	---	---	---

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - *Chairman*

GAUTAM THAPAR - *Vice Chairman & Managing Director*

R. R. VEDERAH - *Joint Managing Director*

B. HARIHARAN - *Group Director (Finance)*

R. K. CHOPRA - *Vice President & Group Chief Accounts Officer*

NEERJA SHARMA - *Chief General Manager & Company Secretary*

Dated : 30th August, 2005

Place : New Delhi

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of Subsidiary	Bilt Tree Tech Ltd.	The Paperbase Company Ltd.
2. Holding Company's Interest	Holders of 9,90,000 Equity Shares of Rs.10 each out of total subscribed capital of 10,80,000 Equity Shares of Rs.10 each.	Holders of 9,99,930 Equity Shares of Rs.10 each out of the Subscribed Capital of 10,00,000 Equity Shares and the entire Subscribed Capital of 3,00,000 7% Redeemable Non-Convertible Cumulative Preference Shares of Rs.100 each.
3. Net aggregate amount of Subsidiaries' profits less losses and not dealt with in the Company's Accounts:		
i) For the subsidiaries' financial year ended	31st March, 2005	31st March, 2005
	Rs. 341,715 (Profit)	Rs. 4926 (Loss)
ii) For the previous financial years since it became subsidiary.	Rs. 4,521,708 (Profit)	Rs. 9,98,55,910 (Loss)
4. Net aggregate amount of subsidiaries' profits less losses and dealt with in the Company's Accounts:		
i) For Subsidiaries' financial year ended	Nil	Nil
ii) For the previous financial years since it became subsidiary.	Nil	Nil
5. No material changes have occurred between the end of the preceding financial year of the Subsidiary and the end of the Holding Company's financial year, in respect of the Subsidiary's :-		
i) Fixed Assets		
ii) Investments		
iii) Moneys lent by it		
iv) Moneys borrowed by it for any purpose other than that of meeting current liabilities.		

L. M. THAPAR - Chairman
GAUTAM THAPAR - Vice Chairman & Managing Director
R. R. VEDERAH - Joint Managing Director
B. HARIHARAN - Group Director (Finance)
R. K. CHOPRA - Vice President & Group Chief Accounts Officer
NEERJA SHARMA - Chief General Manager & Company Secretary

Dated : 30th August, 2005

Place : New Delhi

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, 2005 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.
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 did not audit the financial statements of The Paperbase Company Ltd., a subsidiary of the Company, which have been audited by other auditor whose report has been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. 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.
5. Although The Paperbase Company Limited (TPCL) had incurred substantial losses in the past resulting in erosion of its net worth, the accounts of TPCL had been prepared on going concern basis, based on commitment of continued financial support to be provided by the Company.
6. In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its aforesaid subsidiaries and associate 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, 2005; and
 - (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 then ended.
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year then ended

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. MANKESHWAR & CO.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2005

	SCHEDULE		30 th June, 2005 (Rs. "000)		30 th June, 2004 (Rs. "000)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Share Capital	"A"	1,674,479		1,674,479	
(b) Reserves & Surplus	"B"	13,306,751		12,541,021	
			14,981,230		14,215,500
2. MINORITY INTEREST					
			653		622
3. LOAN FUNDS					
(a) Secured Loans	"C"	9,912,652		10,880,050	
(b) Unsecured Loans	"D"	1,976,289		2,422,042	
			11,888,941		13,302,092
4. DEFERRED TAX LIABILITY(Net of Assets)					
TOTAL			1,734,994		1,514,596
			28,605,818		29,032,810
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
(a) Gross Block	"E"	32,066,635		30,885,840	
Less: Depreciation		11,882,676		10,930,329	
Net Block		20,183,959		19,955,511	
(b) Construction and Installation-in-Progress including Expenditure thereon (Pending allocation)		1,838,528		2,274,103	
(c) Advance against Machinery, Land ,Property rights etc.		409,394		368,025	
			22,431,881		22,597,639
2. GOODWILL (ON CONSOLIDATION)					
			23,236		23,236
3. INVESTMENTS					
4. CURRENT ASSETS, LOANS & ADVANCES					
(a) Interest accrued on Investments and Fixed Deposits (Net)		13,851		13,929	
(b) Inventories	"G"	2,805,446		2,498,258	
(c) Sundry Debtors	"H"	1,859,832		1,790,412	
(d) Cash and Bank Balances	"I"	1,555,282		2,406,893	
(e) Loans and Advances	"J"	2,531,799		2,132,405	
			8,766,210	8,841,897	
LESS : CURRENT LIABILITIES AND PROVISIONS					
(a) Liabilities	"K"	2,828,490		2,541,655	
(b) Provisions		650,465		744,759	
			3,478,955	3,286,414	
NET CURRENT ASSETS					
			5,287,255		5,555,483
5. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
	"L"		301,462		301,938
NOTES TO BALANCE SHEET					
TOTAL	"VIII"		28,605,818		29,032,810

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

As per our report attached

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - Chairman

GAUTAM THAPAR - Vice Chairman & Managing Director

R. R. VEDERAH - Joint Managing Director

B. HARIHARAN - Group Director (Finance)

R. K. CHOPRA - Vice President & Group Chief Accounts Officer

NEERJA SHARMA - Chief General Manager & Company Secretary

Dated : 30th August, 2005

Place : New Delhi

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	SCHEDULE		Current Year (Rs. '000)		Previous Year (Rs. '000)
INCOME					
Sales	"I"		19,975,349		19,700,112
Less Excise Duty			2,072,567		1,929,272
Net Sales			17,902,782		17,770,840
Other Income	"II"		96,547		108,955
Increase/(Decrease) in Stocks	"III"		47,007		(328,521)
TOTAL			18,046,336		17,551,274
EXPENDITURE					
Manufacturing Costs	"IV"		10,310,253		9,391,949
Purchases			1,194,824		1,895,337
Personnel Costs	"V"		1,235,390		1,281,676
Administration, Selling & Miscellaneous Costs	"VI"		587,726		517,473
Deferred Revenue Expenditure - Amortised (Net)			116,851		112,914
Interest and Finance Costs (Net)	"VII"		1,103,960		1,263,317
Depreciation			1,431,880		1,308,294
TOTAL			15,980,884		15,770,960
Profit before Taxation			2,065,452		1,780,314
Provisions for Taxation					
Current Tax/MAT		165,549		138,173	
Deferred Tax		220,398		300,129	
Fringe Benefits Tax		4,525		–	
		390,472		438,302	
Less : Excess Provision for Taxation relating to earlier years		6,348	384,124	–	438,302
Profit after Taxation			1,681,328		1,342,012
Less : Minority Interest			31		249
			1,681,297		1,341,763
Add : Share of Profit in Associate			7,468		8,600
Add : Balance brought forward from last year			588,246		358,626
Add : Debenture Redemption Reserve no longer required			–		419,900
Amount available for Appropriation			2,277,011		2,128,889

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	SCHEDULE	Current Year (Rs. '000)	Previous Year (Rs. '000)
APPROPRIATIONS			
Debenture Redemption Reserve		50,900	60,000
Preference Share Capital Redemption Reserve		—	451,350
General Reserve		1,100,000	500,000
Interim Dividend :			
On 162429154 Equity Shares @ 12.50 %	203,036	—	—
Add: Tax on dividend	26,534	229,570	—
Dividend to Global Depository Shareholders relating to year 2002-03	—		42,322
(On 2,11,60,820 underlying equity shares @ 20%)			
Add : Tax on dividend	—		5,422
Proposed Dividend :		—	47,744
On Redeemable Non-Convertible Cumulative Preference Shares	6,000		19,862
On 162429154 Equity Shares @ 12.50 % (2003-04 on 162429154 Equity Shares @ 25%)	203,036		406,073
	209,036		425,935
Add : Tax on dividend	29,275		55,614
Balance carried to Balance Sheet		238,311	481,549
		658,230	588,246
NOTES FORMING PART OF PROFIT & LOSS ACCOUNT	"VIII"		
		2,277,011	2,128,889
BASIC EARNINGS PER SHARE (Rs.)		10.35	8.18
DILUTED EARNINGS PER SHARE (Rs.)		9.49	7.33

As per our report attached

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - Chairman

GAUTAM THAPAR - Vice Chairman & Managing Director

R. R. VEDERAH - Joint Managing Director

B. HARIHARAN - Group Director (Finance)

R. K. CHOPRA - Vice President & Group Chief Accounts Officer

NEERJA SHARMA - Chief General Manager & Company Secretary

Dated : 30th August, 2005

Place : New Delhi

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2005

(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

	30-Jun-05 (Rs. '000)	30-Jun-04 (Rs. '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Appropriations	2,065,452	1,780,314
Add/(Less) :		
Adjustments for :		
(Profit)/Loss on sale of Assets (Investing Activity)	38,808	(10,019)
Unspent Liabilities and Excess Provisions of earlier years written back	(31,528)	(48,358)
Loss on Assets discarded	98	23
Interest (net)	1,103,960	1,263,317
Depreciation	1,431,880	1,308,294
Deferred revenue expenses amortised	116,851	112,914
Bad debts and claims written off	26,694	38,843
Unusable stores and spares written off/provided for	-	500
Operating Profit before Working Capital changes	4,752,215	4,445,828
Adjustments for Working Capital changes :		
Trade payable and others	391,223	(1,755,011)
Inventories	(307,188)	330,861
Trade and other receivables	(96,114)	5,632
Loans and Advances	(236,587)	(182,582)
Cash generated from Operations	4,503,549	2,844,728
Deferred Revenue expenditure (net)	(116,375)	(5,245)
Direct Taxes (net)	(194,195)	(10,389)
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,192,979	2,829,094
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase in Fixed Assets, Capital WIP, Capital Advances (Net)	(1,852,841)	(1,688,759)
Sale of Assets	104,215	17,557
Purchase of Investments	(14)	(4)
Sale/Redemption of Investments	12	801
NET CASH USED IN INVESTING ACTIVITIES	(1,748,628)	(1,670,405)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Global Depository Shares	-	1,597,702
Refund of Share Application money	(11,605)	-
Proceeds from Issuance/(Repayment) of Preference Share Capital (net)	-	(451,350)
Increase/(Decrease) in long term and other borrowings (net)	(1,413,151)	1,501,692
Interest and Financing charges (net)	(1,165,101)	(1,324,616)
Share/Debenture/Rights Issue expenses	(11,555)	(158,604)
Dividend Paid (including dividend tax)	(694,550)	(439,297)
NET CASH USED IN FINANCING ACTIVITIES	(3,295,967)	725,527
NET INCREASE IN CASH AND CASH EQUIVALENTS	(851,611)	1,884,217
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	2,406,893	522,676
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	1,555,282	2,406,893

NOTES :

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

As per our report attached

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - Chairman

GAUTAM THAPAR - Vice Chairman & Managing Director

R. R. VEDERAH - Joint Managing Director

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R. K. CHOPRA - Vice President & Group Chief Accounts Officer

NEERJA SHARMA - Chief General Manager & Company Secretary

Dated : 30th August, 2005

Place : New Delhi

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

	As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE "A" : SHARE CAPITAL		
AUTHORISED		
297500000 (Previous Year 297500000) Equity Shares of Rs. 10/- each	2,975,000	2,975,000
10250000 (Previous Year 10250000) Preference Shares of Rs. 100/- each	1,025,000	1,025,000
	4,000,000	4,000,000
ISSUED		
162722906 (Previous Year 162722906) Equity Shares of Rs. 10/- each	1,627,229	1,627,229
500000 (Previous Year 500000) 12% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 100/- each	50,000	50,000
	1,677,229	1,677,229
SUBSCRIBED AND PAID UP		
162479103 (Previous Year 162479103) Equity Shares of Rs. 10/- each	1,624,791	1,624,791
Less : 49949 Equity Shares of Rs. 10/- each forfeited	499	499
	1,624,292	1,624,292
Add : Forfeited Shares (Amount paid up)	187	187
	1,624,479	1,624,479
500000 (Previous Year 500000) 12% Redeemable Non-Convertible Cumulative Preference Shares of Rs. 100/- each	50,000	50,000
	1,674,479	1,674,479

Of the above :

- 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 in 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 pursuant to the Scheme of Arrangement and Amalgamation between the company and Bilt Graphic Papers Ltd.
- h) 2,11,60,820 Equity shares of Rs. 10/- each allotted as a fully paid up against Global Depository Shares (GDS) aggregating to USD 35 Millions
- i) 92,775 Equity Shares of Rs.10/- each allotted as fully paid up on conversion of 9.5 % Fully Convertible Debentures.
- j) 500,000 12 % Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each issued on private placement basis are redeemable on 12th January, 2006.

SCHEDULES “A” TO “M” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

	As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE “B” : RESERVES & SURPLUS		
CAPITAL RESERVE		
As per Last Account	148,329	148,329
	148,329	148,329
SHARE PREMIUM ACCOUNT		
As per Last Account	6,432,970	5,206,408
Add : Premium on Equity shares underlying GDSs allotted	–	1,385,166
Less : Expenses on issue of Shares/Debentures adjusted	11,556	158,604
	6,421,414	6,432,970
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE		
As per Last Account	688,469	237,119
Add : Transferred from Profit & Loss Account	–	451,350
	688,469	688,469
GENERAL RESERVE		
As per Last Account	4,304,507	3,804,507
Less : Impairment in the value of Assets adjusted	443,598	–
Add : Transferred from Profit & Loss Account	1,100,000	500,000
	4,960,909	4,304,507
DEBENTURE REDEMPTION RESERVE		
As per Last Account	378,500	738,400
Less : Transferred to Profit & Loss Account	–	419,900
	378,500	318,500
Add : Transferred from Profit & Loss Account	50,900	60,000
	429,400	378,500
BALANCE AS PER PROFIT & LOSS ACCOUNT	658,230	588,246
	13,306,751	12,541,021

SCHEDULES “A” TO “M” ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

		As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE “C” SECURED LOANS	Notes		
Debentures	(1)	1,717,778	2,374,328
Term Loans from Banks/Financial Institutions including External Commercial Borrowings	(2)	4,381,655	4,618,709
Foreign Currency Convertible Bonds	(3)	1,969,200	2,074,500
Working Capital Facilities from Banks	(4)	1,844,019	1,812,513
		9,912,652	10,880,050

Notes:

1. These comprise of :-
 - (a) The above Debentures are secured by pari-passu first charge created/to be created on all immoveable and moveable properties of the Company both present and future subject to prior charges created/to be created in favour of the Company's bankers to secure borrowings for Working Capital.
 - (b) The Debentures referred to above are redeemable at par, in one or more instalments, on various dates with earliest redemption being on 8th November, 2005 and the last being due on 30th June, 2013. The amount of Debentures due for redemption in financial year 2005-06 is Rs. 544.44 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 subject to prior charges created/to be created in favour of the Company's bankers to secure borrowings for Working Capital.
3. The Foreign Currency Convertible Bonds secured by a parri passu first charge on moveable and immoveable assets of the company both present and future subject to prior charges created/to be created in favour of the Company's bankers to secure borrowings for Working Capital.

Conversion at the option of the holder - at any time (other than closing period) after 45 days from the date of issue (18th November, 2003) up to 15th June, 2011.

Redemption - to be redeemed in six half yearly instalments starting December 2008.
4. The Working Capital facilities from banks are secured by First pari-passu charge on current assets of the company both present and future and shall include Raw Materials, General Stores and Spares, Goods-in-process, Finished stock, Book Debts and other moveable assets except Plant & Machinery. A second pari-passu charge on moveable and immoveable Fixed Assets of the Company.

		As at 30 th June, 2005 (Rs. '000)	As at 30 th June, 2004 (Rs. '000)
SCHEDULE “D” UNSECURED LOANS			
Fixed Deposits *		929,412	1,348,444
Loan from Banks		1,003,096	1,000,405
Loan from Others		43,781	73,193
		1,976,289	2,422,042

* Includes Rs. 44837 thousand of 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 the respective due dates .

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

SCHEDULE 'E' : FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK				
	As at 1 st July, 2004	Additions/ Adjustments during the Year	Sales/ Adjustments & Disposals during the Year	Total as at 30 th June, 2005	As at 1 st July, 2004	for the year	On Sales, Adjustments & disposals during the year	Impairment Loss	Total as at 30 th June, 2005	As at 30 th June, 2004	As at 30 th June, 2005
A. Tangible Assets											
Land (including leasehold lands)	593,957	-	25,459	568,498	-	-	-	-	-	-	593,957
Buildings	3,490,215	3,743	65,339	3,428,619	710,913	81,462	21,284	9,314	780,405	2,779,302	2,779,302
Railway Sidings, Trolley Lines, Tramway and Tipping Tubs	1,606	-	-	1,606	1,584	3	-	-	1,587	22	22
Plant, Machinery & Equipments	25,915,443	1,881,417	618,032	27,178,828	10,017,890	1,247,498	546,271	83,701	10,802,818	15,897,553	15,897,553
Furniture, Fixtures and Office Equipments	212,591	5,070	1,412	216,249	145,670	12,934	1,067	762	158,299	66,921	66,921
Improvement to Leased Assets	52,848	-	-	52,848	15,849	7,046	-	-	22,895	36,999	36,999
Vehicles	74,141	6,995	5,352	75,784	37,854	5,815	4,688	-	38,981	36,287	36,287
Gas Cylinders	363	-	-	363	358	-	-	-	358	5	5
B. Intangible Assets											
ERP Project	539,854	-	-	539,854	211	77,122	-	-	77,333	539,643	539,643
TOTAL: This Year	30,881,018	1,897,225	715,594	32,062,649	10,930,329	1,431,880	573,310	93,777	11,882,676	19,950,689	20,179,973
TOTAL: Previous Year	28,792,980	2,152,119	64,081	30,881,018	9,677,757	1,308,294	55,722	-	10,930,329	19,955,511	20,183,959
Scrap Assets											4,822

Notes :

- Buildings include Rs. 209621 thousands (Previous year Rs. 209621 thousands) towards revalued value of ownership flats in Cooperative Housing Societies.
- Additions during the year includes Rs. 83 thousands for Research & Development.
- The above Schedule includes the Company's share of the fixed assets of Khanna Factory owned by the Company and JCT Ltd.
- The Lease-Agreement in respect of 6.08 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.
- Notwithstanding vesting of certain assets in the Company and the assets vesting out (in terms of approved Scheme of Arrangement & Reorganisation) and sale of Unit AAC, Palwal, the assets/charges continue to be in the name of the transferor company/company's lenders. Actions are being initiated for formal transfer of Title Deeds/Ownership Rights in the name of the Company/Transferee Company.

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

Particulars	As at 30th June, 2005		As at 30th June, 2004	
	Face Value/ Nos.	Book Value (Rs. '000)	Face Value/ Nos.	Book Value (Rs. '000)
SCHEDULE "F" INVESTMENTS				
GOVERNMENT SECURITIES				
7 – Year National Savings Certificates (Lodged as Security Deposit)	Rs.3000	3	Rs.3000	3
6 – Year National Savings Certificates (Lodged as Security Deposit) (Purchased during the year Rs. 14000 & Redeemed during the year Rs. 11800)	Rs. 142100	142	Rs. 139900	140
5 – Year Kisan Vikas Patra (Lodged as Security Deposit)	Rs.2000	2	Rs.2000	2
11.55% 150 Nos. State Bank of India Bonds, 2006 Fully paid Bonds of Rs. 10,00,000/- each	Rs. 150000000	155,409	Rs.150000000	155,409
OTHER INVESTMENTS				
In Associate				
APR Packaging Ltd.* Fully paid Equity Shares of Rs. 10/- each.	11711937	406,093	11711937	398,625
OTHER COMPANIES				
(Considered to be of Strategic Importance)				
Blue Horizon Investments Limited Fully paid Equity Shares of Rs. 10/- each.	5000	335	5000	335
		561,984		554,514
In Government Securities		155,556		155,554
In Fully paid Equity Shares		406,428		398,960
		561,984		554,514
Break-up :				
Unquoted Investments		406,428		398,969
Others :				
Government Securities & Bonds		155,556		155,545
		561,984		554,514

Note :

* The carrying amount of Investment includes:

- Rs. 69475 Thousands on account of goodwill arising on acquisition.
- Rs. 8733 Thousands and Rs. 7468 Thousands on account of share of profit in Associate at the beginning of the year and for the year respectively.

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

		As at 30 th June, 2005 (Rs. '000)		As at 30 th June, 2004 (Rs. '000)
SCHEDULE "G": INVENTORIES				
(As valued and certified by the Management)				
Raw Materials		1,102,621		1,037,457
Stock of Stores, Spare Parts, Chemicals etc.		843,491		845,575
Block Stores		13,423		15,785
Raw Materials and Stores-in-Transit		267,520		68,057
Stock-in-Trade :				
Finished Stock -		464,392		457,793
Stock-in-Process -		113,999		73,591
		2,805,446		2,498,258
SCHEDULE "H": SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months :				
Secured —				
Considered Good		12,932		3,447
Unsecured —				
Considered Good —				
Due from Others		157,504		176,529
Considered Doubtful		5,694		5,994
		176,130		185,970
Other Debts :				
Secured —				
Considered Good		47,971		39,794
Unsecured —				
Considered Good —				
Due from Others (net of bills discounted)		1,635,731		1,564,648
		1,683,702		1,604,442
		1,859,832		1,790,412
SCHEDULE "I": CASH AND BANK BALANCES				
Cash on Hand		4,708		4,731
Cheques and Drafts on Hand		—		732
Bank Balances :				
With Scheduled Banks -				
On Current Accounts	69,079		66,802	
On Savings Accounts	37		37	
On Margin Money Account	17,888		17,498	
On Employees' Security Deposit Account in Savings Bank	258		249	
On Fixed Deposit Accounts (lodged as security deposit Rs. 3780 thousand)	1,451,391		2,306,234	
On Unpaid Dividend Account	11,675		10,364	
		1,550,328		2,401,184
With Post Office on Saving Bank Accounts (Pass Books lodged as Security Deposit)		246		246
		1,555,282		2,406,893

SCHEDULES "A" TO "M" ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2005

		As at 30 th June, 2005 (Rs. '000)		As at 30 th June, 2004 (Rs. '000)
SCHEDULE "J": LOANS AND ADVANCES				
Unsecured - Considered Good				
Advances, Deposits and Prepaid Expenses recoverable in cash or in kind or for value to be received		2,150,658		1,917,665
Balance with Customs and Excise Authorities		8,544		5,928
Advance Tax, Tax deducted at Source (including Income Tax refund receivable)		372,597		208,812
		2,531,799		2,132,405
Other Advances include amount advanced to Directors Rs. 4482 thousands (Maximum amount outstanding at any time during the year Rs. 4812 thousands).				
SCHEDULE "K": CURRENT LIABILITIES AND PROVISIONS				
A LIABILITIES				
For Acceptances		69,845		80,327
Sundry Creditors - Small Scale Industrial Undertakings		35,896		54,599
Sundry Creditors - Others (Includes Interest free sales tax loan/deferral)		2,129,228		1,765,066
Share Application Money pending refund		-		11,605
Security Deposits (including Interest accrued thereon)		136,134		122,854
Provision for Gratuity		367,587		363,336
Interest on Loans accrued but not due		33,170		94,389
Trustees Staff Welfare Account		527		527
Unclaimed Dividend/Dividend Payable *		11,645		10,703
Employees Security Deposit		258		249
Commission payable to Chairman/Vice Chairman & MD and other Directors		44,200		38,000
		2,828,490		2,541,655
B) PROVISIONS				
Taxation including MAT		417,247		283,930
Proposed Dividend		204,532		407,569
Provision for Dividend Tax		28,686		53,260
		650,465		744,759
		3,478,955		3,286,414
* Includes amount to be transferred to Investor Education and Protection Fund which will be determined on the respective due dates.				
SCHEDULE "L": MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				(Rs. '000)
	As at 1.7.2004	Expenses/Adjustment during the year	Written off during the year	Balance as at 30.6.2005
	(a)	(b)	(c)	(a+b-c)
Approved Voluntary Retirement Expenses	108,263	116,375	39,963	184,675
Project Research & Development at Unit AP Rayons	31,976	-	21,975	10,001
ERS Compensation	26,248	-	6,563	19,685
Preliminary Expenses	35	-	17	18
Product Development Expenses	63,086	-	22,920	40,166
Deferred Finance Charges	72,330	-	25,413	46,917
	301,938	116,375	116,851	301,462

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

		Current Year (Rs. '000)		Previous Year (Rs. '000)
SCHEDULE "I" : SALES				
Paper (including coated)	16,197,166		15,309,901	
Less: Discount	116,426		307,092	
		16,080,740		15,002,809
Caustic Soda, Chlorine etc.		23,618		23,003
Pulp : Rayon grade		2,303,297		2,397,528
Steam and Power		224,286		187,106
Others (including traded goods)		1,343,408		2,089,666
		19,975,349		19,700,112
SCHEDULE "II" : OTHER INCOME				
Interest on Investments		17,338		17,382
Profit on Sales of Stores, Raw Materials, Scrap etc.		24,386		41,932
Rent and Licence Fee (Gross) (Tax deducted at source Rs. 72 thousand)		967		1,425
Miscellaneous Income		27,725		22,305
Foreign Currency Fluctuation (Net)		26,131		15,892
Profit on Sale of Assets (Net)		—		10,019
		96,547		108,955
SCHEDULE "III": INCREASE/(DECREASE) IN STOCKS				
Opening Stock :				
Finished		457,793		716,814
In Process		73,591		143,091
		531,384		859,905
Closing Stock :				
Finished		464,392		457,793
In Process		113,999		73,591
		578,391		531,384
Net Increase/(Decrease) on Stocks		47,007		(328,521)
SCHEDULE "IV": MANUFACTURING COSTS				
Raw Materials consumed (including Expenses thereon)		4,258,813		3,722,180
Stores and Spare Parts consumed		3,146,563		3,036,260
Excise duty on year end inventory of Finished Goods		(4,856)		(31,728)
Power, Fuel and Water Charges		2,251,692		1,903,267
Repairs and Maintenance - Buildings		20,145		33,263
Repairs and Maintenance - Plant & Machinery		436,079		422,852
Repairs and Maintenance - Sundries		56,584		58,079
Processing Charges		42,802		40,006
Lease charges of Machinery		56,021		150,669
Other Expenses		46,410		57,101
		10,310,253		9,391,949
SCHEDULE "V": PERSONNEL COSTS				
Salaries, Wages, Bonus and Gratuity		1,014,538		1,057,878
Directors' Commission on Profits - Gross		44,200		38,000
Contribution to Provident, Superannuation & Other Funds		90,462		96,135
Workers and Staff Welfare Expenses		86,190		89,663
		1,235,390		1,281,676

SCHEDULES "I" TO "VIII" ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	Current Year (Rs. '000)	Previous Year (Rs. '000)
SCHEDULE "VI": ADMINISTRATION, SELLING & MISCELLANEOUS COSTS		
Rent	15,699	15,857
Lease Rent	14,434	11,198
Rates and Taxes	46,390	54,438
Insurance Charges	64,067	53,827
Directors Fees	1,120	720
Debenture Trustee Remuneration	1,452	2,205
Office & Other Expenses (Including Rs. 22829 thousands for Research and Development)	130,162	124,489
Commission	20,444	20,938
Carriage and Freight	168,158	166,774
Other Selling Expenses	91,728	76,019
Assets Discarded	98	23
Unusable Stores & Spares written off / provided for	-	500
Bad Debts and Claims written off / provided for	26,694	38,843
Loss on Sale of Assets (Net)	38,808	-
	619,254	565,831
Less: Unspent Liabilities and excess provisions in respect of earlier years written back	31,528	48,358
	587,726	517,473
SCHEDULE "VII": INTEREST AND FINANCE COSTS		
Interest :		
On Debentures and Fixed Loans	522,568	574,388
On Other Accounts	531,926	689,354
Finance and Placement Charges	71,093	69,886
Guarantee Commission paid to Banks	17,105	23,953
	1,142,692	1,357,581
Less: Interest earned (Tax deducted at Source Rs. 6188 thousands)	38,732	94,264
	1,103,960	1,263,317

SCHEDULE "VIII" : SIGNIFICANT ACCOUNTING POLICIES & NOTES

1. Basis of Presentation of Consolidated Financial Statements

- (i) 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.
- (ii) The Consolidated Financial Statements comprise of the financial statements of Ballarpur Industries Limited (The Company) for year ended 30th June, 2005 and its following Subsidiaries and Associate:-

Name of the Company	Country of Incorporation	Accounting Year/ Ending date	Proportion of ownership Interest as at 30 th June 2005
Subsidiaries			
Bilt Tree Tech Ltd.	India	31 st March, 2005	91.67 %
The Paperbase Company Ltd.	India	31 st March, 2005	99.99 %
Associate			
APR Packaging Limited	India	31 st March, 2005	38.91%

- (iii) 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 has been accounted for as per the equity method given in AS 23 and the difference between the cost of investment in the associates & the share of net assets at the time of acquisition of the shares in the associate is identified in the financial statements as Goodwill.
- (iv) No material or significant transaction has taken place between the reporting dates of financial statements of the Company & its Subsidiaries/Associate. In the process of consolidation, all Intra-company balances have been adjusted/eliminated based on reconciliation/available information.
- (v) The Company has disclosed only such Policies and Notes from the individual financial statements, which fairly cover the required disclosures.

2. CONTINGENT LIABILITIES

- (a) Rs. 85.73 Crores (30th June, 2004 Rs. 56.12 Crores) approximately being claims against the Company not acknowledged as debts.
- (b) Guarantees given by the Company Rs. 1.15 Crores (30th June, 2004 Rs. 1.21 crores).
- (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. 0.10 Crores (30th June, 2004 Rs. 0.21 Crores).
3. Guarantees given by bankers on behalf of the Company remaining outstanding and Bills discounted with Banks remaining outstanding amount to Rs. 40.72 Crores (30th June, 2004 Rs. 39.49 Crores).
4. Estimated amount of contracts remaining to be executed on Capital Account Rs. 34.24 Crores (Net of Advances) (30th June, 2004 Rs. 53.71 Crores).
5. a) Certain vehicles, EPABX System, Instruments, Computers and Machineries have been taken by the Company on a financial lease, prior to 1st July, 2001, and the future obligation for the rentals under the lease amount to Rs 1.61 Crores (30th June, 2004 Rs. 7.23 Crores).
- b) 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 is Rs. 3.01 Crores. (Previous Year Rs 2.69 Crore).
- As of 30th June 2005, the future minimum lease payments for non-cancellable operating leases are as below :-
- | | |
|---|-------------|
| – not later than one year from 30 th June 2005 | 0.36 Crores |
| – later than one year and not later than five years | 0.57 Crores |
6. Unit Bhigwan imported certain Plant and Machinery at 'nil' customs duty under the Export Promotion Capital Goods (EPCG) Scheme. Under the scheme, the Unit is 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 has been granted an extension in the period for fulfilling the export obligation from 8 years to 12 years till January 11, 2008. The Director General of Foreign Trade, on an application by the Company has further reduced the Export Obligation to USD 226.88 Million. The Unit has achieved total export of US \$ 123.32 Million as on 30th June, 2005. As such the liability that may arise for non fulfilment of export obligation, is currently not-ascertainable.
7. The accounts of The Paperbase Company Limited (TPCL) have been prepared on a going concern basis, based on the commitment of continuing financial support to be provided by the Company.

SCHEDULE "VIII" : SIGNIFICANT ACCOUNTING POLICIES & NOTES

8. In terms of Accounting Standard 22, the computation has been made to the extent there is reasonable certainty that Deferred Tax Asset would be realised in future. The Deferred Tax Asset and Liability of the Company and one of its subsidiary, Bilt Tree-Tech Ltd as on 30.06.05 and 30.06.04 comprise timing differences on account of :-

Particulars	Amount 30.06.2005 (Rs. '000)	Amount 30.06.2004 (Rs. '000)
Deferred Tax Asset		
Expenses allowable on payment basis	17,626	10,093
Provision for Gratuity & Others	136,958	143,699
Total	154,584	153,792
Deferred tax Liability		
Higher Depreciation claimed under tax laws (Net of unabsorbed depreciation)	1,846,571	1,603,804
Deferred revenue expenditure & others	43,007	64,584
Total	1,889,578	1,668,388
Net deferred tax liability	(1,734,994)	(1,514,596)

In case of The Paperbase Company Ltd., Net deferred tax assets shall be recognised as and when there is a virtual certainty for recovery there-of.

9. The Company filed an application under Section 25 (O) of the Industrial Disputes Act on 22nd December, 2002 with Government of Orissa seeking permission for closure of its Unit Choudwar, whose operations had already been suspended on 19th September, 2002. Government of Orissa refused permission to close the undertaking and the communication to this effect was received at the Unit on 22nd February, 2003 which was beyond the stipulated 60 days time within which the Government was to communicate. The Management has taken this as deemed permission in terms of Section 25(O) sub section 3 of the Industrial Disputes Act. Accordingly, it was notified that the Unit would stand closed w.e.f 31st March, 2003. As on date, most of the workers of the Unit have already taken voluntary retirement, as per an approved scheme. The assets except Land and certain assets stand disposed off consequent upon closure of Unit.
10. The company has adjusted Rs. 44.36 crores from the balance in General Reserve as on 1/7/2004 towards estimated Impairment in the value of certain assets including those meant for future projects.

11. 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 Disclosure of chemicals revenue as a segment is being discontinued as it represents less than 10% of company turnover, assets and profit. Figures for the previous year have accordingly been regrouped.

Segment Revenues, Results and Other Information

Particulars		Paper	Pulp	Others	Total
Revenues :-					
Gross Sales to External Customers	2004-05	16,080,740	2,303,297	1,591,312	19,975,349
Excise Duty	2004-05	(2,062,046)	-	(10,521)	(2,072,567)
Gross Sales to External Customers	2003-04	14,983,864	2,397,528	2,318,720	19,700,112
Excise Duty	2003-04	(1,920,733)	-	(8,539)	(1,929,272)
Segmental Results:-					
Profit before Interest	2004-05	3,299,015	101,492	(13,092)	3,387,415
	2003-04	3,033,493	238,972	(2,882)	3,269,583
Less : Unallocated Corporate Expenses (Net of other Income)	2004-05				218,003
	2003-04				225,952
Profit before Interest & Tax	2004-05				3,169,412
	2003-04				3,043,631
Interest (Net of Income)	2004-05				1,103,960
	2003-04				1,263,317

SCHEDULE "VIII" : SIGNIFICANT ACCOUNTING POLICIES & NOTES

Particulars		Paper	Pulp	Others	Total
Profit Before Tax	2004-05				2,065,452
	2003-04				1,780,314
Provision for Tax					
– Current Tax	2004-05				165,549
	2003-04				138,173
– Deferred Tax	2004-05				220,398
	2003-04				300,129
– Fringe Benefit Tax	2004-05				4,525
	2003-04				–
– Excess Provision for Taxation relating to earlier years written off	2004-05				6,348
	2003-04				–
Profit from ordinary Activities	2004-05				1,681,328
	2003-04				1,342,012
– Minority Interest	2004-05				31
	2003-04				249
– Share of Profit in Associates	2004-05				7,468
	2003-04				8,600
Net Profit	2004-05				1,688,765
	2003-04				1,350,363
Other Information					
Segmental Assets	2004-05	24,535,936	5,237,099	1,355,401	31,128,436
	2003-04	23,364,470	5,354,454	778,393	29,497,317
Unallocated Corporate Assets	2004-05				956,337
	2003-04				2,821,907
Total Assets	2004-05				32,084,773
	2003-04				32,319,224
Segmental Liabilities	2004-05	1,975,170	667,122	64,534	2,706,826
	2003-04	1,668,082	702,394	11,176	2,381,652
Unallocated Corporate Liabilities	2004-05				772,129
	2003-04				904,762
Total Liabilities	2004-05				3,478,955
	2003-04				3,286,414
Capital Expenditure during the period (Including Movements in CWIP & Capital Advances)	2004-05				1,852,841
	2003-04				1,689,046
Depreciation	2004-05	1,095,816	242,202	93,862	1,431,880
	2003-04	1,022,090	241,878	44,326	1,308,294
Amortisation	2004-05				116,851
	2003-04				112,914
Other Non Cash Expenses	2004-05	67,548	18	–	67,566
	2003-04	35,707	683	4,834	41,224
Total Liabilities Exclude					
Secured Loans	2004-05				9,912,652
	2003-04				10,880,050
Unsecured Loans	2004-05				1,976,289
	2003-04				2,422,042
Deferred Tax Liabilities	2004-05				1,734,994
	2003-04				1,514,596
Minority Interest	2004-05				653
	2003-04				622

SCHEDULE “VIII” : SIGNIFICANT ACCOUNTING POLICIES & NOTES

12. Discloser of Related Parties/Related Parties Transaction other than subsidiary Companies:-

I. Name of the Related Parties with whom transaction were carried out during the year and nature of relationship

Associate Companies

- APR Packaging Ltd.
- Asia Aviation Ltd.
- Bilt Industrial Packaging Company Ltd.
- Bilt Paper Holdings Ltd.
- Bilttech Building Elements Ltd. (Formerly E-Groupdeals.com Ltd.)
- Crompton Greaves Ltd.
- Global Green Company Ltd.
- Greaves Cotton Ltd.
- IBilt Technologies Ltd.
- Janpath Investments & Holdings Ltd.
- Newquest Corporation Ltd.
- Premium Energy Transmission Ltd. (Formerly Bilt Infrastructure Ltd.)
- Solaris Biochemicals Ltd.
- Solaris Chemtech Ltd.
- Toscana Lasts Ltd.
- TT & G Trading (P) Ltd.
- UHL Power Company Ltd.

Key Management Personnel

- Mr. L. M. Thapar
- Mr. Gautam Thapar
- Mr. R. R. Vederah
- Mr. B. Hariharan

SCHEDULE "VIII" : SIGNIFICANT ACCOUNTING POLICIES & NOTES

	Current Year (Rs. '000)	Previous Year (Rs. '000)
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 obligations)		
a. Sales of goods & allocation of common expenses for rendering corporate services		
– Associate Companies	543,664	626,658
b. Sale of Assets		
– Associate Companies	1,313	3,170
c. Purchase of goods & services		
– Associate Companies	359,506	349,192
d. Remuneration etc.		
– Key Management Personnel	84,602	69,639
e. Fixed Deposits accepted/ renewed		
– Associate Companies	–	4,250
– Key Management Personnel	26,500	34,500
f. Refund of Fixed Deposits		
– Key Management Personnel	250	190
– Associate Companies	4,250	5,500
g. Interest on Fixed Deposits		
– Associate Companies	259	187
– Key Management Personnel	3,172	1,071
h. Interest on Loan		
– Associate Companies	–	194
i. Outstanding balances as at 30th June,2005		
– Associate Companies		
Credit balance	–	2,226
Loan, Advances & Debtors	436,608	712,233
Interest accrued on fixed deposits	–	–
Fixed Deposits	–	4,250
– Key Management Personnel		
Advances	4,482	4,812
Fixed Deposits	61,000	34,750
Interest accrued on fixed deposits	369	32

III. Companies coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include Bilt Paper Holdings Ltd., Newquest Corporation Ltd., KCT & Bros. Ltd., iBilt Technologies Ltd., KCT Papers Ltd. and Janpath Investments & Holdings Ltd.

SCHEDULE "VIII" : SIGNIFICANT ACCOUNTING POLICIES & NOTES

	Current Year (Rs. '000)	Previous Year (Rs. '000)
13. Earning per Share		
I Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 10/- each		
Net Profit after Tax, Minority Interest and Share of profit in Associate as per Profit & Loss Account	1,688,765	1,350,363
Less : Preference Dividend (Including Dividend Tax thereon)	6,799	22,407
Net Profit after Tax available to Equity Shareholders for Basic EPS	1,681,966	1,327,956
Adjustment for the purpose of Diluted EPS :-		
Add : Effect of potential equity shares on conversion of Bonds/Debentures	79,496	38,677
Net Profit available to Equity Shareholders for Diluted EPS	1,761,462	1,366,633
II Weighted Average number of Equity Share for Earning Per Share Computation		
A) For Basic Earning Per Share	162,429,154	162,429,154
Add : Effect of potential equity shares on conversion of Bonds/Debentures	23,183,875	24,003,480
B) For Diluted Earning Per Share	185,613,029	186,432,634
III Earning Per Share		
Basic	10.35	8.18
Diluted	9.49	7.33

14. Other Accounting Policies and Notes on Accounts of the Financial Statements of the Company and all the Subsidiaries are set out in their respective Financial Statements.
15. Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Company's Financial Statements.
16. 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

ASHWIN MANKESHWAR

Partner

Membership No. 46219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Dated : 30th August, 2005

Camp : Gurgaon

L. M. THAPAR - *Chairman*

GAUTAM THAPAR - *Vice Chairman & Managing Director*

R. R. VEDERAH - *Joint Managing Director*

B. HARIHARAN - *Group Director (Finance)*

R. K. CHOPRA - *Vice President & Group Chief Accounts Officer*

NEERJA SHARMA - *Chief General Manager & Company Secretary*

Dated : 30th August, 2005

Place : New Delhi