

Bilt Paper B.V.

4th June, 2026

The Singapore Exchange Securities Trading Limited
Listing Policy & Product Admission
2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804

Attn: Issue & Data Services, Depository Operations

Sub: Filing of Annual Report for the financial year ended 30th June, 2018

Stock Codes: 4ZHB & 4ZGB

This is to inform you that US\$ 200 Million Subordinated Perpetual Capital Securities (Bonds) of the Company, earlier known as Ballarpur International Graphic Paper Holdings B.V. (the Company), are listed on your Exchange under the aforesaid Stock Codes.

Pursuant to the Rules of Singapore Stock Exchange for Listing of Foreign Debt Securities, we are required to file the standalone & consolidated accounts (Annual Report) of the Company for the financial year ended 30th June, 2018, in English. In this connection, we are attaching herewith the Annual Report of the Company for the financial year ended 30th June, 2018.

You are requested to please announce/disseminate the same via SGXNET to the public and confirm the same.

Thanking you,

For Bilt Paper B.V.



**Parashiva Murthy B S
Managing Director**

Hoogoorddreef 15
1101 BA Amsterdam
The Netherlands

Bilt Paper B. V.
Registered at the Chamber
of Commerce in Amsterdam
under number 34301128

Bilt Paper B.V.

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Bilt Paper B.V.

A. Report on the audit of the financial statements for the period July 1, 2017 to June 30, 2018 included in the annual report

Our qualified opinion

We have audited the accompanying financial statements for the year ended June 30, 2018 of Bilt Paper B.V., Amsterdam ('the Company').

In our opinion, except for the possible effects of the matters described in the 'Basis for our qualified opinion' section, the accompanying financial statements give a true and fair view of the financial position of Bilt Paper B.V. as at June 30, 2018, and of its result and its cash flows for the period from July 1, 2017 to June 30, 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company statement of financial position as at June 30, 2018;
2. the following statements for the period July 1, 2017 to June 30, 2018: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our qualified opinion

- (a) The management has not performed physical count of inventories as at June 30, 2018. We have been appointed subsequent to 30 June 2018 to perform the audit of the financial statements and accordingly we have not performed physical count of inventories as at June 30, 2018. Further, we were unable to perform any alternate procedures to audit the existence of the inventories as per ISA 501 'Audit Evidence – Specific Consideration for Selected Items'. Therefore, we are unable to conclude on the existence of the inventories as at June 30, 2018.
- (b) CG Power and Industrial Solutions Limited (CGPISL) and CG Power Solutions Limited (CG PSOL), together referred to as "CG Group", has initiated a legal suit against the Company in March 2020 for recovery of USD 118,333,528 (Rs. 8,112 million) towards alleged losses suffered by CG Group on certain transaction with/involving the Company. We are unable to determine the impact of the same on the financial statements since the legal claim initiated by CG Power Solutions Limited is sub judice [Refer note 34(a)].
- (c) During the financial year 2016-17, the Company has offset non-convertible debentures of USD 15,433,094 against receivables from related party specified in Note 36(d)(4). The management had informed us that the offset has been done based on an arrangement between the Company and the specified related party. However, we have not been provided with formal documentation for the set-off. During the current year, these debentures were transferred to CG Power Solutions Limited (CGPSOL) and are continued to be offset against receivables from the related party specified in Note 36(d)(4) as at June 30, 2018. [Refer note 21(r) and 36(n)].

Boon Registeraccountants B.V.

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BTW NL0085.04.076 B.01
Rekeningnummer 11 88 86
AFM-vergunning 13000199

10 JUN 2025

Financial liabilities (current borrowings) and financial assets (dues from related parties) are understated by USD 15,433,094 on account of this. This has been claimed by CG Group in the legal suit as stated in (b) above.

- (d) We draw reference to note 21(t) and 36(m) which explains that during the year 2016-2017 Yes bank has liquidated fixed deposits of related party specified in 36(d)(11) amounting to USD 46,299,283 (Rs. 3,000 million) which was cross collateralized towards borrowings of the Company from Yes Bank. The Company has offset this consequential payable to the related party specified in 36(d)(11) amounting to USD 46,299,283 against receivables from related party specified in Note 36(d)(4). The Company continues to offset said balances as at June 30, 2018.

The management has informed us that the offset has been done based on an understanding between the Company and the said related parties [Refer note 21(t) and 36(m)]. However, we have not been provided with formal documentation for the same and accordingly, in our opinion, the offset of the financial asset and financial liability is not in compliance with the requirements of IAS 32 'Financial Instruments: Presentation'.

- (e) We have not received confirmation of balances as at June 30, 2018 from related parties, the details of which is as follows

Particulars	No of related parties	Net amount (USD)	Provision (USD)	Gross Amount (USD)
Receivables from related parties (net)	5	8,056	345,162,188	345,170,244
Payables to related parties (net)	9	9,787,830	-	9,787,830

The impact of the same on the financial statements cannot be determined.

- (f) The Company has sold Sewa Unit on a slump sale basis in February 2020. Consequently, sufficient appropriate audit evidences necessary for the audit of financial information pertaining to Sewa Plant have not been provided to us [Refer note 40(1)(ii)]. Accordingly, we have not audited the financial information of Sewa Plant, whose financial information reflect total assets of USD 3,900,947, total liabilities of USD 58,005,513 as at June 30, 2018, and total revenue of USD 9,526,797, total expenses of USD 18,134,789 and net cash inflow of USD 101,239 for the year ended June 30, 2018.

Other matters

During the year the Company has entered into a 'Master restructuring agreement' ('MRA') with its lenders. One of the non-assenting lenders had issued a corporate insolvency and resolution process notice (CIRP notice) under the Insolvency and Bankruptcy Code, 2016 and the matter was pending at the Hon'ble High Court of Delhi, India, as at June 30, 2018. The Company has given effect to the MRA in the books of account and has recognized exceptional gain of USD 164136967 (Rs. 10,696 million) pending resolution of the matter at High Court of Delhi as at June 30, 2018. However, the legal suit has been subsequently withdrawn in May 2022. Refer note 21.1(d) to the financial statements.

Voor waarmaking getuigenden
Boon Registeraccountants B.V.

10 JUN 2025

Ruimte voor paraf

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Bilt Paper B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to the going concern section in the notes on page 27 of the financial statements which indicates that Bilt Paper B.V.'s accumulated deficit was USD 876 million as at June 30, 2018. Further, the group had a net liability position as at June 30, 2018. The notes states that the group's ability to continue as a going concern is highly contingent on completion and implementation of the restructuring plan of the borrowings of one of its subsidiaries and continuing to manage costs to achieve breakeven position.

Part of the restructuring plan is the sale (of the assets) of Sabah Forest Industries ("SFI"), a fellow subsidiary of the Company, which is under resolution process in Malaysia. In April 2018 a sale and purchase agreement amounting to USD 310 million was signed, however the Government of Malaysia still has to approve the transfer of Plantation Licenses to the buyer to complete the assets sale of SFI.

These conditions, along with other matters as set forth in the basis of preparation of note 2.1 (b), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Except for the possible effects of the matter/matters described in the 'Basis for our 'qualified opinion' section, we conclude, based on the following procedures performed, that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Voor waarmede wij te tekenen
Boon Registeraccountants B.V.

10 JUN 2025

Ruimte voor de handtekening

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

Voor waarden, getekend en
Econ Registeraccountants B.V.

10 JUN 2025

Ruimte voor de handtekening

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

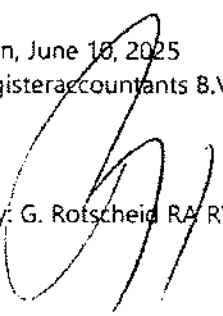
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Apeldoorn, June 10, 2025
Boon Registeraccountants B.V.

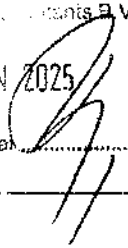
Signed by: G. Rotscheid RA RV CPA



Voor waarmaken en te tekenen
Boon Registeraccountants B.V.

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Ruimte voor paragraaf



Bilt Paper B.V.

Annual Report

2017-18

Voor waarmerkingsdoeleinden
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Ruimte voor paraaf

Bilt Paper B.V.

All amounts in US Dollar thousands unless otherwise stated

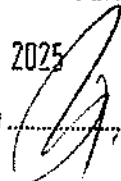
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Voor waarmerkingsdoeleinden
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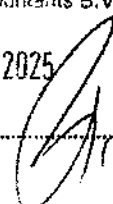
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Report of the Board of Directors

Voor waarmerkingsdoeleinden
Boon Registeraccountants B.V.

10 JUN 2025

Ruimte voor paraaf

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Bilt Paper B.V.

All amounts in US Dollar thousands unless otherwise stated

Report of the Board of Directors

The Board of Directors herewith submit their report for the year ended 30 June 2018.

The Company

Bilt Paper B.V. (the "Company"), was incorporated on 29 April 2008 in Amsterdam, The Netherlands as a private Company with limited liability.

The consolidated financial statements include the financial position and results of the Company and its subsidiaries Ballarpur Paper Holdings B.V. (BPH), Bilt Graphic Paper Products Limited (BGPPL) and Sabah Forest Industries Sdn. Bhd. (SFI) (together, 'the Group').

Bilt Paper B.V. is a subsidiary of Ballarpur International Holdings B.V. Amsterdam ("BIH") which holds 62.21% (June 2017: 62.21%). Ballarpur Industries Limited (Bilt), a Company with limited liability in India, is the holding Company of the Group. Bilt is incorporated and domiciled in India.

The principal activities of the subsidiaries included in the consolidated financial statements are as follows:

Company	Production Units	Principal Activity	Country of Incorporation	Equity interest on 30 June 2018
BPH		Holding of BGPPL and SFI	Netherlands	100.00%
BGPPL			India	96.78%
	Ballarpur Bhigwan	Pulp and paper Paper	India	
	Sewa	Pulp and paper	India	
	Ashti	Paper	India	
SFI	Sabah	Pulp, paper and forestry	Malaysia	98.08%

The non-controlling interest (3.22%) in BGPPL (30 June 2017: 0.01%) out of which .01% is owned by BILT (30 June 2017: 0.01%) and 3.21% is owned by Avantha Holdings Limited (30 June 2017: Nil) and the non-controlling interest (1.92%) (30 June 2017: 1.92%) in SFI is owned by the Government of Malaysia.

The registered office and correspondence address of the Company is Hoogoorddreef 15, 1101 BA Amsterdam The Netherlands

The Company's registration number with the Trade Register of the Chamber of Commerce in Amsterdam is 34301128.

Activities

The Group is engaged in manufacturing of writing and printing paper. These are in accordance with the Company's Articles of Incorporation.

Voor waarmerkingsdoeleinden
Boon Registeraccountants B.V.

10 JUN 2018

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Bilt Paper B.V.

All amounts in US Dollar thousands unless otherwise stated

Directors

The directors who served during the Year are as stated below:

- Gautam Thapar	Non-Executive Director	Resigned w.e.f. 31 October 2019
- Rajeev Ranjan Vederah	Non-Executive Director	Existing Director
- Bhuthalingam Hariharan	Non-Executive Director	Resigned w.e.f. 31 October 2019
- Pankaj Sood	Non-Executive Director	Resigned w.e.f. 31 October 2019
- Yogesh Agarwal	Executive Director	Resigned w.e.f. 25 May 2022
- Pradeep Vasudeo Bhide	Independent Director	Resigned w.e.f. 15 September 2019
- Jogchum Beetsma	Independent Director	Resigned w.e.f. 31 July 2017
- Ashish Guha	Independent Director	Appointed w.e.f. 08 August 2017 and Resigned w.e.f. 21 August 2019
- Rudra Pratap Singh Puar	Independent Director	Appointed w.e.f. 27 February 2018

As referred to in article 2:276 of the Dutch Civil Code, efforts are made to achieve a balanced composition of the management board and Board of Directors is yet to decide on a manner for the Company to achieve it.

Results for the period

The Group's consolidated profit for the year ended 30 June 2018 is US\$ 38,125 and Equity of US\$ (204,388). In the opinion of the directors, the results of the Group for the period have been affected by the depreciation of rupee/ ringgit against the dollar, economic conditions across the globe resulting in pressure on selling prices and liquidity issues due to which operations at certain plants were shut during the period and for certain other units subsequent to balance sheet date.

DIVIDEND

No dividend has been paid or declared by the Company to the equity shareholders since the end of the previous financial year. The directors do not recommend any dividend payment to equity shareholders in respect of the current period.

During the year ended 30 June 2018, the Company has deferred the distribution of coupon payments amounting to US\$9,640 in August 2017 and US\$9,640 in February 2018 to perpetual capital securities holders which have been reflected as distribution in the statement of changes in equity.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year ended 30 June 2018 other than those disclosed in the financial statements.

OTHER FINANCIAL INFORMATION

At the date of this report, the directors are not aware of any circumstances:

- Which would render the values attributed to current assets in the financial statements of the Company misleading; or
- Which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or
- Not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

Any material contingent liability of the Company which has arisen since the balance sheet date. No contingent or

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Bilt Paper B.V.

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other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the balance sheet date which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

MANAGEMENT DISCUSSION AND ANALYSIS

Net results for the year ended 30 June 2018 and 30 June 2017:

	Year ended 30 June 2018	Year ended 30 June 2017
Revenue (Net of excise duty)	398,978	211,664
Operating profit	22,307	(28,026)
Finance cost (Net)	(103,901)	(151,118)
(Loss) before income tax	89,113	25,741
(Loss) for the year	38,125	(534,378)

The consolidated operating profit of the Group has decreased mainly due to decline in operating margins in uncoated and coated paper at BGPPL and SFI. Further the operating profit has decreased due to recognition of impairment charge on uncoated paper segment in India and Malaysia.

The Board of Bilt Paper B.V. considers the business from a production unit perspective which also aligns with the products and the geography of the Group's domestic markets. Accordingly, management considers the performance of its businesses as follows:

- Coated paper manufactured in India – Bhigwan production unit
- Uncoated paper manufactured in India – Ballarpur, Sewa and Ashti production units
- Uncoated paper manufactured in Malaysia – SFI production unit

The reportable operating segments derive their revenue primarily from the manufacture and sale of paper and pulp. Certain segments include ancillary income as follows:

- The Ballarpur production unit sells surplus caustic soda, that it produces, to the market
- The SFI production unit operates an integrated timber complex which produces plywood, sawn timber and veneer wood products for external sale
- The SFI production unit also produces pulp which is exported to Bhigwan production unit
- Ballarpur unit and Bhigwan unit sell surplus power, that they produce, to the market
- Ballarpur unit produces pulp which is sold to Bhigwan production unit

The results of these activities are included in the relevant segment as this is how the segments are presented to the Board. All the production units sell their products in both domestic and export markets.

The Board assesses the performance of the operating segments based on a measure of EBITDA. Interest income and expenditure and gains and losses on trading activities are not allocated to segments. Interest income and expenditure activities are driven by the central treasury function, which manages the cash and risk position of the Group.

The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

Voor waarmerkingsdoeleinden
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10 JUN 2025

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Bilt Paper B.V.

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The segment information provided to the Board for the reportable segments for the year ended 30 June 2018 and year ended 30 June 2017 is as follows:

Year ended 30 June 2018						
	Paper		Head office /Others**	Total		Total
	India			Continuing Operation	Discontinued Operation	
	Coated	Uncoated				
Total Segment Revenue	152,824	222,880	2	375,706	23,272	398,978
Inter Segment Revenue	-	-	-	-	-	-
Revenue from External Customers	152,824	222,880	2	375,706	23,272	398,978
Net Revenue from External Customers*	152,824	222,880	2	375,706	23,272	398,978
EBITDA	13,328	57,942	(8,167)	63,103	(12,912)	50,191
Depreciation/amortisation and impairment charge	(6,522)	(21,243)	(119)	(27,884)	-	(27,884)
Operating Profit/(Loss)	6,806	36,699	(8,286)	35,219	(12,912)	22,307

Year ended 30 June 2017						
	Paper		Head office /Others**	Total		Total
	India			Continuing	Discontinued	
	Coated	Uncoated		Operation	Operation	
Total Segment Revenue	77,927	129,140	194	207,261	15,648	222,908
Inter Segment Revenue	-	(21)	-	(21)	-	(21)
Revenue from External Customers	77,927	129,118	194	207,239	15,648	222,887
Net Revenue from External Customers*	73,630	122,192	194	196,016	15,648	211,664
EBITDA	3,238	19,362	(14,113)	8,487	(62,254)	(53,768)
Depreciation/amortisation and impairment charge	(8,254)	34,076	(80)	25,741	(0)	25,741
Operating Profit/(Loss)	(5,016)	53,438	(14,193)	34,228	(62,254)	(28,026)

*Net revenue from external customers represents revenue net of excise duty which is applicable to the paper and pulp operations in India.

**Head office / others relate to administration costs incurred by BGPPL Head office, Dutch entities and trading activities.

Sales between segments are carried out on an arm's length basis.

EBITDA represents profit before tax, depreciation, amortisation, impairment charge and finance costs (net).

During the year ended 30 June 2018, At Bhigwan, total paper production was 173,942 MT against 48,098 MT of production for the year ended 30 June 2017. In pursuing continuous cost reduction, new indigenous vendors were developed for (i) nano-particle size acrylic latex booster for binder cost optimization, and (ii) delaminated clay to substitute the imported variety. These initiatives resulted in reduction in production cost. On the product development front, the mill successfully developed clay coated kraft paper for label stock and high strength C1S 55 GSM for flexible packaging.

During the year ended 30 June 2018, At Ballarpur, total paper production was 245,204 MT against 147,321 MT of production for the year ended 30 June 2017. The new pulp mill produced highest ever pulp production i.e. 228,453 ADMT (Air Dry Metric Ton) of bleached pulp during the year to meet the captive pulp requirements and to supply pulp to Bhigwan and Ashti. This highest pulp production was possible through continuous de-bottlenecking initiatives taken by the Ballarpur team inspite of fund constraints leading to low levels of inventories and critical spares. Some of the actions taken for increased pulp production are:

- Reduction in down time by providing emergency by-pass arrangements for major equipment in the bleach plant process.

- Use of cooking aid to enhance productivity and reduction in chemicals consumptions.
- In-house repair of the oxygen delignification (ODL) press, which prevented an extended pulp mill shut.
- Improved preventive maintenance practices in mill wide operations.

Voor waarmerkingsdoeleinden
Boon Registratieaccountants B.V.

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Bilt Paper B.V.

All amounts in US Dollar thousands unless otherwise stated

The surplus bleached pulp was supplied to Bhigwan to partially meet their requirement of purchased pulp. This has given a significant economic advantage to Bhigwan in view of the high prevailing prices of market pulp.

Sewa had significantly lower production during FY2018 and FY17 due to shortage of working capital. Working capital was infused in January 2018. The mill utilised the opportunity to bring about a significant reduction in fixed costs and the plant is being now being managed with a reduced level of manpower. There was particular focus on other fixed costs which were brought down to the minimum.

During the year ended 30 June 2018, Ashti produced significantly less due to shortage of working capital and high prevailing prices of market pulp. Total production was 5,974 MT of paper during the ended 30 June 2017. However, the mill utilised the opportunity to focus on cutting down fixed costs and carrying out preventive maintenance activities in the plant. An additional 4,247 MT of copier paper produced at Ballarpur was converted at Ashti to service the customers.

During the year ended 30 June 2018, SFI produced 9,429 MT of paper against 22,498 MT of production for the 15-months period ended 30 June 2017. Total bleached pulp production was 8,609 ADMT in FY2018 compared to 20,279 ADMT in FY2017. The mill also produced 535 MT of market pulp sheets in FY2018. Production was affected by shortage of both raw material supply and working capital

Strategic, operating and financing plans

SFI

Even after considerable efforts and investment, SFI was not able to generate sufficient returns. While from a pulp sourcing perspective, SFI was part of Group's overall integration plan, from a product market perspective it did not fit into Group's core business. In light of this, with market dynamics in terms of hard wood pulp undergoing changes and prices reducing, the need for complete integration was reanalysed. Given the fact that without SFI the Group has internal sources of supply for majority of its requirements, the Group strategically decided to demarcate SFI as a non core asset. Having done so, the Company signed a share-sale agreement (SSA) with PandawaSakti (Sabah) of Malaysia for sale of its entire equity stake of 98.08% in SFI, subject to certain conditions.

After several iterations, the buyer was not successful in performing its commitments by 30 June 2016, which was the long stop date. Consequently, the deal had fallen through and BPH invoked the performance guarantee of US\$50 million furnished by the buyer for which recovery proceedings are in progress. The Group continued to look for other prospective buyers.

Post balance sheet date, in case of SFI, notices of recovery were received from one of the lenders, consequent to which receiver and manager (R&M) has been appointed under Malaysian laws to pursue scheme of arrangement and compromise between SFI and its creditors. In April 2018, R&M announced the signing of sale and purchase agreement (SPA) between R&M and Pelangi Pretasi Sdn. Bhd ("Buyer") for a consideration of 1.2 billion Malaysia Ringgit (approximately USD 310 million). The buyer has deposited 10% of the consideration in cash. The said agreement will be implemented after obtaining necessary corporate and regulatory approvals. The R&M Appointed has filed an application with the Hon'ble High court of Sabah & Sarawak, Malaysia on July 13, 2018 seeking extension of three months to file the revised scheme. In its order in October 2018 the Hon'ble High court has granted extension of 9 months from the date of order.

The initial cut-off date for fulfilment of the condition precedent was extended several times, with the last extension ending on 31 March 2019. The state government eventually did not consent to the issuance of a fresh timber license to Pelangi. Given that this condition precedent was not fulfilled, the SPA was deemed to have been automatically terminated with effect from 31 March 2019.

Post termination of the SPA with Pelangi, the R&M embarked on second tender exercise for the sale of SFI's assets and received an offer from Fujian Nanjing paper Co. Ltd. However, the retender exercise was halted due to an ex-parte injunction order obtained by Pelangi on 19.04.2019 and subsequent High Court order dated 22.10.2019 in respect of Pelangi's application for an inter-partes injunction against SFI ("Pelangi's injunction"). Pelangi obtained the ex-parte and inter-partes injunctions in the High court, Kuala Lumpur. Pelangi's Injunction was recently discharged on 01.10.2021

On 19th May 2021 the State Attorney-General issued to SFI and Pelangi, with the following conditions precedent

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imposed earlier and stipulated that the sale and purchase agreement be completed until 18th September 2021. With Pelangi refusal/failure to complete the SPA under the new deadline, the R&M considered a retender exercise of SFI's business as going concern.

On 1st September 2021 the Chief Minister of the State of Sabah exercising his powers under section 24A of the Forest Enactment 1968 purportedly terminated the Timber Licence Agreements with immediate effects purportedly on the grounds of public interest. The R&M by letter dated 9th September 2021 objected to the termination of the Timber Licence Agreements and gave notice that they dispute the termination and requested that the State Govt. of Sabah do maintain the status quo until the validity of the purported termination of the Timber licence Agreements are fully and finally disposed off.

As SFI strenuously disputed the said termination of the Timber Licence Agreements it gave notices of arbitration dated 15th September 2021 and 17th September 2021 to the Chief Minister, the State Government of Sabah and Chief Conservator of Forests pursuant to the Timber Licences.

On 15th October 2021 the R&M requested the Asian International Arbitration Centre to make the nomination of the arbitrator pursuant to clause 13(3) and (4) of the Arbitration Act 2005 for the appointment to arbitrate the said dispute between the parties under the rules of the Kuala Lumpur Regional Arbitration Centre.

On 20th October 2021 the R&M filed summons in the High Court of Sabah and Sarawak at Kota Kinabalu, Malaysia to order the Chief Minister and State Government of Sabah to attend before the Honourable High Court judge on 29th November 2021 on the hearing of an application by the R&M under section 11(1)(f),(g) and (h) of the Arbitration Act 2005 (Act 646) and/or under the inherent jurisdiction of the court.

On 15th November 2021, the High Court of Sabah and Sarawak had passed order for winding up of SFI. SFI has appealed the winding up orders in the Court of Appeal of Malaysia on 10th December 2021.

BGPPL

BGPPL was facing severe financial crunch during the FY 2017. The units were under interim shut down during the FY 2017 due to lack of working capital and thus impacted the revenue from operations. In FY17, BGPPL requested the lenders to structure the facilities provided by them and based on the negotiations with the lenders, the Board of Directors in its meeting held on 07 November 2017 approved a Corrective Action Plan (CAP) in the form of a debt restructuring scheme.

In the debt restructuring scheme BGPPL requested lenders to convert outstanding financial obligations (including overdue interest) as at March 31, 2017 in the following four components, based on the security cover held in the business viz.;

Particulars	Secured Lender	Unsecured Lender
Rupee term Loans	70%	35%
Non-Convertible Debentures	20%	20%
Compulsorily Redeemable Preference Shares (CRPS)	Nil	35%
Equity Shares	10%	10%

The scheme also envisaged a One Time Settlement (OTS) option for un-secured lenders, thereby allowing exit for lenders who do not prefer to enter into a long-term re-alignment with the company.

Majority of the lenders agreed to debt restructuring scheme proposed by the BGPPL. As per RBI Guidelines, approval was sought from Independent Evaluation Committee (IEC) for the proposed debt restructuring scheme and the same was approved on October 16, 2017 pursuant to which a Master Restructuring Agreement was executed on December 6, 2017 between the lenders and the Company.

However, one of the assenting lenders, IDBI Bank Limited based on a directive from RBI had initiated Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016. BGPPL had appealed to the Hon'ble High Court of Delhi and obtained a stay on RBI's directive to

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IDBI Bank for taking the BGPPL to National Company Law Tribunal ("NCLT").

Time line of the events is detailed below –

1. IDBI Bank had filed an insolvency application under section 7 of IBC against BGPPL before NCLT. Mumbai on 25th Jan 2018.
2. On 12.02.2018, BGPPL filed a Writ Petition [WP (Civil) No. 1427 of 2018] before Hon'ble High Court of Delhi for quashing/setting aside of the directions of RBI directing the IDBI Bank to initiate proceedings under Insolvency and Bankruptcy Code, 2016 against BGPPL.
3. Delhi High Court vide its order dated 15.02.2018 directed IDBI Bank to maintain status quo with respect to its petition lodged with NCLT.
4. The stay order dated 15.02.2018 was later modified by Delhi High Court on 22.11.2018 to the extent that directives of RBI to IDBI Bank shall remain stayed but the same shall not preclude any lender from availing any right or remedy otherwise available to them under the law.
5. Thereafter on 19.11.2018, BGPPL filed a Transfer Petition before Hon'ble Supreme Court for transfer of WP(Civil) No. 1426 of 2018 from Delhi High Court to Supreme Court to be heard with Special Leave Petition (Civil) No. 9286-9287 of 2018 titled as Jaiswal Neco Industries Limited and Anr. versus Reserve Bank of India already pending before Hon'ble Supreme Court.
6. Vide order dated 03.12.2018 of the Supreme Court, the Transfer Petition has been tagged with Jayaswal Neco matter and Supreme Court also ordered that status quo shall be maintained by the Parties.

IDBI Bank assigned their entire Debt & rights with respect to BGPPL to Edelweiss ARC in January 2020 and subsequently Edelweiss ARC has agreed to the terms of MRA and signed the Restated & Amended MRA. Further parties are in process of withdrawing the cases filed by IDBI Bank.

In addition to the above, during the financial year 2018-19, Kotak Mahindra Bank (KMB), one of the non-assenting lenders, filed a petition with NCLT to initiate Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016 which is yet to be listed in the NCLT. Further, in pursuance of the defaults by the BGPPL, facilities granted were recalled by KMB and an application for consideration as a secured lender was filed before Dispute Recovery Tribunal, Delhi which is pending for hearing and disposal as on date. During the 2019-20, KMB has initiated case before Delhi High Court to expedite the hearing process. Hon'ble Delhi High Court has reverted the matter to DRT. During the financial year 2020-21, Kotak Mahindra Bank filed a Writ Petition before Bombay High Court seeking reliefs relating to restructuring process of BGPPL. Further the BGPPL has received show cause notice dated 9th Feb 2021 from Kotak Mahindra Bank Committee for identification of wilful Defaulters and Non-Cooperative Borrowers. The Company has duly replied to the same.

During the financial year 2021-22 a settlement agreement has been executed between BGPPL and Kotak Mahindra Bank (KMB) as per which, BGPPL and KMB agreed that as a full and final settlement of the dues of the Company towards KMB, an amount of INR 160 Crore, being the settlement consideration, shall be paid by the company to KMB in accordance with the terms of settlement agreement. The BGPPL and KMB mutually agreed that pursuant to the execution of settlement agreement, BGPPL and KMB will file consent terms before the various judicial forum and shall seek disposal of the respective pending matters.

During the financial year 2022-23, the entire amount of INR 160 Crore has been fully settled by BGPPL and all cases filed by KMB has been withdrawn from various judicial forums.

Post execution of MRA, the BGPPL is regular in servicing its debt of the assenting lenders as per the terms agreed in the MRA (amended) and amounts due to non-assenting lenders are being deposited in the Trust and Retention Account (TRA).

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Amended and Restated MRA

As per the said MRA, some Lenders were envisaged to be paid through One Time Settlement. However, due to unforeseen circumstances, OTS Lenders were not settled within the stipulated timelines. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments. Amended and Restated MRA was signed on December 7, 2020 by 96% of lenders.

Following significant amendments were incorporated in the Amended and Restated MRA:

- **OTS Lenders opted for Restructuring**

As OTS Lenders were not settled within the stipulated timelines, these OTS accounts were taken over by Edelweiss and Goldman Sachs who then proposed to restructure such accounts from OTS to Long Term Restructuring with the same terms and conditions as other accounts.

Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments to affect the above-mentioned transaction

- **Request for granting of moratorium as per RBI's COVID 19 guidelines**

Due to COVID-19 pandemic and nationwide lockdown that was imposed in 020, plants at Ballarpur and Bhigwan were temporarily shut down. With no dispatches taking place between the months of March-May 2020 and minimum receipt of funds, the company operated on limited cash flows which were utilized for priority payments. Hence, the Company requested all Lenders to grant moratorium, for all loans and working capital facilities (except Priority Facilities) falling due between March 1, 2020 and August 31, 2020. Such request was accepted by all lenders which were parties to MRA and MRA was subsequently amended to incorporate the impact of grant of such moratorium on all facilities.

INTERNAL CONTROL OF PROCESSES, PROCEDURES, RISK MANAGEMENT AND QUALITY CONTROL

The Group has a wide-ranging system of internal controls to safeguard and protect all assets against loss from unauthorized use or disposition and to ensure accurate recording and reporting of all transactions. This framework is supported by a robust process of internal audits, review by management and the Board of Directors.

Annual Internal Audit Plans are prepared at the beginning of the year, specifying areas to be covered and timing of the execution of the plan. This is reviewed and approved by the holding company's audit committee. Quarterly Audit Reports on observations and progress on the annual audit plan are submitted to the Management and the Board.

The internal controls are designed to ensure that financial and other records are reliable for preparing financial information and ensuring adequacy of backup and relevant approvals based on the formal Delegation of Authority matrix which is approved by the Board. For all critical processes there exist documented policies, procedures and guidelines.

The Group has adopted preventive as well as Risk and Controls Matrix based internal audits to assess processes, validate effectiveness of controls and implement requisite corrective actions, which are reported and reviewed by Management, the audit committee of the holding company and the Board of Directors.

The Board is ultimately responsible for the Group's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risk of failure to meet business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Group's risk management and internal control system is designed to determine risks in relation to the achievement of business objectives and appropriate risk responses.

RISK MANAGEMENT

The risk management is an integral part of our approach and includes, management reviews and reviews of internal controls over financial reporting and provide a reasonable level of assurance that the financial reporting

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does not contain any material inaccuracies. The financial statements fairly represent the financial condition and result of operations of the Group and provide the required disclosures. The management has a risk management and control system, which is designed to ensure that significant risks are identified and are monitored and to ensure compliance with relevant laws and regulations.

The processes which the Board has applied in reviewing the effectiveness of the Group's system of internal controls are summarized as follows:

Risk assessment and evaluation are an integral part of the annual strategic planning cycle. Every unit is required to document the management and mitigating actions in place and proposed; the principal risks identified during the annual strategic planning cycle and the effectiveness of the management and mitigating actions in place are reviewed. Regularly, objectives which are not addressed within the business unit, appropriate approaches are developed to managing and mitigating these risks. Annual financial plans, significant capital investments or contractual commitments and major acquisitions are all subject to review and approval by the Board; there are Group Accounting Policies which set out the minimum standards and procedures to be applied in relation to risk areas which are regarded as significant. A process of self-assessment of compliance and reporting thereon has been established, providing for a documented trail of accountability. The necessary actions are taken to remedy any failings or weaknesses identified by its review of the internal control system. Monthly financial information which includes key performance and risk indicators and regular reports on significant legal issues and insurance matters are received from the related departments.

Apart from the regular business risks inherent in any business, there are some that are specific to the paper industry. These include;

1. **Digitization:** With increased digitization, paper is getting substituted. While such a trend is not expected to be seen in BGPPL's primary markets of India and South East Asia in the near future. The group has been implementing strategic initiatives to improve profitability by enhancing productivity through cost saving measures as well as focussing on high margin products.
2. **Raw Material:** Paper production at BGPPL/ SFI is wood based. With forest and climate related restrictions, there is always the risk of scarcity of raw materials as well as volatility in their prices. The group has continuously hedged against this risk with its initiatives in forestry and development of alternate sources.
3. **Competition and Pricing:** There is an increasing risk of having to face market pressures in an industry already characterized by nil customs duty from all ASEAN countries. The group has been proactively pre-empting this risk and its businesses strategy is geared to overcome this challenge.
4. **Capital Intensive:** Due to the capital intensive nature of business investment the Company is constantly focused on driving down associated risks and has taken significant steps this year to reduce the impact of capital adequacy issues.
5. Other perceivable risks to the business are financial risks, including foreign currency risk, market risk, credit risk, liquidity and interest rates risk, cash flow risk and tax risk. The Group has formulated a financial risk management framework whose principal objective is to minimize its exposure to risks and/or costs associated with the financing, investing and operating activities.

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. During the current 15-months period there has been significant fluctuation in foreign currencies which has adversely affected the Group. To minimize the risk, the group proposes to engage in forward buying and hedging when necessary.

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(ii) Credit risk

To minimize the risk, the Group has in place a policy whereby it ensures a large customer base in various industries and geographical locations so as to limit high concentration in a customer or customers from a particular market. Also, wherever required customers granted credits are required to have collateral. We are of the opinion that the risk of incurring material losses related to this credit risk is remote.

(iii) Liquidity risk

Significant amount of financing is required to fund the business and servicing of the existing debt obligations. The group's ability to generate sufficient cash is dependent on various factors, some of them are beyond the control of the group. Though the group practises liquidity risk management to minimize the mismatch of financial assets and liabilities, to maintain sufficient credit facilities for contingent funding requirements of working capital. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The Group is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders. Refer note 3.1(d) and note 21.1 of the financial statements for non-compliance with certain covenants during the financial year.

(iv) Interest Rate Movement Risk

The Group's significant borrowings are at variable rates except for short term borrowings. These borrowings are linked to LIBOR and prime lending rates of banks in India. The Group has taken interest rate swaps for certain of its LIBOR linked borrowings. To mitigate the exposure to interest rate fluctuations on borrowings the Group is utilizing interest rate swaps and interest rate options.

(v) Cash flow risk

The Company reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(vi) Other risk

The Company is also exposed to certain biological assets related risks and tax and legal risks which have been explained in the financial statements.

Environmental and personnel related information

We recognise our responsibility to help preserve the future of our planet while continuing to create sustainable value for the business. We will do this by minimising environmental impacts and being cost effective. We are determined to reduce the carbon intensity of our operations and use energy more efficiently as a key part of our commitment to sustainable growth and to help combat climate change. We have in place an integrated environment policy and standards. Our policy and standards deal with environmental issues related to the manufacturing of our products, energy, water, protecting bio-diversity and the eco-systems from which we source raw materials, the management of our supply chain and the distribution, sale and consumption of our products. We comply with all the mitigation measures to preserve the environment when carrying out our operations. Our effluent and gas quantity discharges comply with the standards set under the Environmental Quality Regulations.

Protecting the health and safety of employees is fundamental to Our Business Principles programme to strengthen performance. Human resource management at the Group is built upon core values of honesty, integrity, flexibility and respect for individual and team performance. Over the years, these values have been imbibed at all levels to produce superior results. Phenomenal growth of the economies has led to a shortage of talent across industries. The challenge of acquiring and retaining talent in the Group is being addressed in multiple ways such as providing

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opportunities to promising young managers, lateral hiring, focused training, aggressive hiring of graduate engineers, targeted financial rewards and campus relations. The Group has steered industrial relations to focus on productivity and improved work practices.

Post Balance Sheet events

- 1) Bilt Graphic Paper Products Limited ("BGPPL", one of the subsidiary of Bilt Paper B.V.)
 - (i) Corrective Action Plan (CAP)

Bilt Graphic Paper Products Limited ("BGPPL", one of the Subsidiary of Bilt Paper B.V.) was facing severe financial crunch during the FY 2017. The units were under interim shut down during the year due to lack of working capital and thus impacted the revenue from operations. In FY17, BGPPL requested the lenders to structure the facilities provided by them and based on the negotiations with the lenders, the Board of Directors in its meeting held on 07 November 2017 approved a Corrective Action Plan (CAP) in the form of a debt restructuring scheme.

In the debt restructuring scheme BGPPL requested lenders to convert outstanding financial obligations (including overdue interest) as at March 31, 2017 in the following four components, based on the security cover held in the business viz.:

Particulars	Secured Lender	Unsecured Lender
Rupee term Loans	70%	35%
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The scheme also envisaged a One Time Settlement (OTS) option for un-secured lenders, thereby allowing exit for lenders who do not prefer to enter into a long-term re-alignment with the company.

Majority of the lenders agreed to debt restructuring scheme proposed by the BGPPL. As per RBI Guidelines, approval was sought from Independent Evaluation Committee (IEC) for the proposed debt restructuring scheme and the same was approved on October 16, 2017 pursuant to which a Master Restructuring Agreement was executed on December 6, 2017 between the lenders and the Company.

However, one of the assenting lenders, IDBI Bank Limited based on a directive from RBI had initiated Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016. BGPPL had appealed to the Hon'ble High Court of Delhi and obtained a stay on RBI's directive to IDBI Bank for taking the BGPPL to National Company Law Tribunal ("NCLT").

Time line of the events is detailed below –

- a) IDBI Bank had filed an insolvency application under section 7 of IBC against BGPPL before NCLT, Mumbai on 25th Jan 2018.
- b) On 12.02.2018, BGPPL filed a Writ Petition [WP (Civil) No. 1427 of 2018] before Hon'ble High Court of Delhi for quashing/setting aside of the directions of RBI directing the IDBI Bank to initiate proceedings under Insolvency and Bankruptcy Code, 2016 against BGPPL.
- c) Delhi High Court vide its order dated 15.02.2018 directed IDBI Bank to maintain status quo with respect to its petition lodged with NCLT.

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- d) The stay order dated 15.02.2018 was later modified by Delhi High Court on 22.11.2018 to the extent that directives of RBI to IDBI Bank shall remain stayed but the same shall not preclude any lender from availing any right or remedy otherwise available to them under the law.
- e) Thereafter on 19.11.2018, BGPPL filed a Transfer Petition before Hon'ble Supreme Court for transfer of WP(Civil) No. 1426 of 2018 from Delhi High Court to Supreme Court to be heard with Special Leave Petition (Civil) No. 9286-9287 of 2018 titled as Jaiswal Neco Industries Limited and Anr. versus Reserve Bank of India already pending before Hon'ble Supreme Court.
- f) Vide order dated 03.12.2018 of the Supreme Court, the Transfer Petition has been tagged with Jayaswal Neco matter and Supreme Court also ordered that status quo shall be maintained by the Parties.

IDBI Bank assigned their entire Debt & rights with respect to BGPPL to Edelweiss ARC in January 2020 and subsequently Edelweiss ARC has agreed to the terms of MRA and signed the Restated & Amended MRA. Further the cases filed by IDBI Bank has been withdrawn by Edelweiss ARC.

In addition to the above, during the financial year 2018-19, Kotak Mahindra Bank (KMB), one of the non-assenting lenders, filed a petition with NCLT to initiate Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016 which is yet to be listed in the NCLT. Further, in pursuance of the defaults by the BGPPL, facilities granted were recalled by KMB and an application for consideration as a secured lender was filed before Debt Recovery Tribunal, Delhi which is pending for hearing and disposal as on date. During the 2019-20, KMB has initiated case before Delhi High Court to expedite the hearing process, Hon'ble Delhi High Court has reverted the matter to DRT.

During the financial year 2020-21, Kotak Mahindra Bank filed a Writ Petition before Bombay High Court seeking reliefs relating to restructuring process of BGPPL. Further the BGPPL has received show cause notice dated 9th Feb 2021 from Kotak Mahindra Bank Committee for identification of wilful Defaulters and Non-Cooperative Borrowers.

During the financial year 2021-22 a settlement agreement has been executed between BGPPL and Kotak Mahindra Bank (KMB) as per which, BGPPL and KMB agreed that as a full and final settlement of the dues of the Company towards KMB, an amount of INR 160 Crore, being the settlement consideration, shall be paid by the company to KMB in accordance with the terms of settlement agreement. The BGPPL and KMB mutually agreed that pursuant to the execution of settlement agreement, BGPPL and KMB will file consent terms before the various judicial forum and shall seek disposal of the respective pending matters.

During the financial year 2022-23, the entire amount of INR 160 Crore has been fully settled by BGPPL and all cases filed by KMB has been withdrawn from various judicial forums.

During the financial year 2023-24,

The Company entered into a bilateral settlement agreement with (i) Goldman Sachs International on 28 April 2023 and (ii) EARC Trust SC 356 on 14th September 2023. Pursuant to the agreements, the agreed-upon dues have been settled, and no dues confirmation has been obtained from the lenders. As per the settlement agreement, the financial obligation has been settled by the Company on at a reduced value H 23,647 Lakhs and the balance of H 12,782 Lakhs has been waived off by the lender. The gain has been recognised as an exceptional item in the Statement of Profit and Loss for the financial year 2023-24.

(b) As per the terms agreed in the Restated MRA, a part of the loan outstanding was converted into equity and CRPS. The equity shares to be issued to the lenders were earmarked for the aforesaid purpose, and the same was disclosed as a separate component under other equity up to 31 March 2023 refer to Note 22(b)(ii) On 14 December 2023, the company allotted equity shares and CRPS (except for the Coöperatieve Rabobank (lender), for which allotment is pending due to the non-availability of the demat details from the lender).

(c) As per the terms of the MRA, sweat equity shares may be allotted to the promoters/management provided certain milestones are achieved and other procedures, including the issue of equity shares and compulsorily redeemable preference shares to the lenders, and subject to necessary corporate authorisations. The milestones were achieved during the financial years 2018-19 to 2020-21, and during the current year, the Company has issued equity shares and compulsorily redeemable preference shares

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to the lenders. Consequently, the Board of Directors, in the Board meeting held on 23 October 2023, have approved the issue of 7,32,00,902 sweat equity shares to Mr Gautam Thapar, Group President of the Holding Company, Ballarpur Paper Holdings BV, at nil consideration for the contributions made in the past. The shareholders approved the same at the extraordinary general meeting held on 23 November 2023.

The fair value of the equity shares is considered at INR 22.40 per share based on an independent valuation report. The Company has recognized sweat equity cost of INR 16,397 lakhs (7,32,00,902 equity shares at INR 22.40 per share), in terms of Ind AS 102 'Share-based payment', as an exceptional item (refer note 39) with a corresponding credit to sweat equity reserve during 2023-24.

(d) The Restated MRA provides an option to the lenders to revise interest rate effective January of the calendar year. The lenders have exercised the same and revision in interest rate was agreed upon with lenders on 13 June 2024 at 10% with effect from 01 January 2024.

Accordingly, the Company has accrued the incremental interest retrospectively from 01 January 2024. Since the revision rate revision was agreed upon after the balance sheet date, the Company considers the incremental interest accrued in the books of account for 31 March 2024, not a default.

Post execution of MRA, the BGPPL is regular in servicing its debt of the assenting lenders as per the terms agreed in the MRA (amended) and amounts due to non-assenting lenders are being deposited in the Trust and Retention Account (TRA).

Amended and Restated MRA

As per the said MRA, some Lenders were envisaged to be paid through One Time Settlement. However, due to unforeseen circumstances, OTS Lenders were not settled within the stipulated timelines. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments. Amended and Restated MRA was signed on December 7, 2020 by 96% of lenders.

Following significant amendments were incorporated in the Amended and Restated MRA:

OTS Lenders opted for Restructuring

As OTS Lenders were not settled within the stipulated timelines, these OTS accounts were taken over by Edelweiss and Goldman Sachs who then proposed to restructure such accounts from OTS to Long Term Restructuring with the same terms and conditions as other accounts. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments to affect the above-mentioned transaction

Request for granting of moratorium as per RBI's COVID 19 guidelines

Due to COVID-19 pandemic and nationwide lockdown that was imposed in March 2020, plants at Ballarpur and Bhigwan were temporarily shut down. With no dispatches taking place between the months of March-May 2020 and minimum receipt of funds, the company operated on limited cash flows which were utilized for priority payments. Hence, the Company requested all Lenders to grant moratorium, for all loans and working capital facilities (except Priority Facilities) falling due between March 1, 2020 and August 31, 2020. Such request was accepted by all lenders which were parties to MRA and MRA was subsequently amended to incorporate the impact of grant of such moratorium on all facilities.

(ii) Sale of Sewa Unit

During the FY 2020-21 the BGPPL has sold Sewa unit on slump basis for a consideration of US\$2,315/- to fulfil one of the conditions of MRA. Considering the sewa unit has been sold, the Company is unable to provide the relevant details required for the audit of financial information pertaining to Sewa unit. Accordingly, the financial information pertaining to Sewa unit as at 30 June 2018 and the year ended on that date, have been certified by the management and not subject to audit.

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(iii) Following legal cases have been filed against BGPPL post balance date

- a) Yes Bank has filed this original application (OA) against Avantha Holdings Limited (AHL) and also impleaded BGPPL on the ground that AHL had obtained Term Loan -II facility for making advance payment to BGPPL for purchase of captive power plant at Bhigwan unit. BGPPL has already filed a commercial suit against Yes Bank challenging the legality of the put option agreement claiming asset sale did not take place and there is no liability on account of this. (Refer note 33 (b)). The matter is subjudice.

As due to legal proceedings, BGPPL's operations may face disruptions, potentially affecting its overall business performance. The company might incur additional costs and face challenges in securing future financial support. In extreme scenarios, continued legal issues and financial strain could pose a risk of court-mandated liquidation. This could have profound implications for BGPPL's existence as a corporate entity.

Accordingly, BGPPL has no option but to settle the entire aforesaid liability arising out of credit facility of INR 230 Crores sanctioned by the Bank to AHL.

As part of the Settlement Proposal (as defined hereinafter) and subject to the terms of this Agreement, JCFARC has agreed to offer to the BGPPL a one-time settlement of the liabilities of the BGPPL with respect to the BGPPL Outstanding Facility Amount, subject to the BGPPL making payment for an amount of Rs. 77 Crores (Rupees Seventy-Seven Crores only) ("BGPPL OTS Amount") to JCFARC, in accordance with the terms of this Agreement. It is clarified that one-time settlement of the liabilities of BGPPL in relation to the BGPPL Outstanding Facility Amount as contemplated hereunder is without prejudice to the rights and entitlements of JCFARC against AHL.

On 25th July 2023, BGPPL enters in to a One Time Settlement agreement with J.C. Flowers Asset Reconstruction Private Limited (Acting in its capacity as trustee of JCF YES Trust 2022-23/6 (JCF ARC)), the consent of the Board of the Directors be and is hereby accorded to enter into a settlement agreement and/or such other agreements & documents etc. (Settlement) with JCF ARC for Rs 77 crores to settle the entire aforesaid liability arising out of credit facility of INR 230 Crores sanctioned by the Bank to AHL & Withdrawal of all legal cases filed against and/or by the company in relation to the commercial/civil disputes (including section 138 proceedings) pending before different courts upon entire payment.

On 27th Aug 2023 AHL issued letter/declaration that, AHL will not have any claims, liabilities and obligations from BGPPL arising out of the put option agreement dated 28th July, 2016 or any other document executed pursuant to the loan facility.

- b) The BGPPL has received a demand notice amounting to US\$85,241/- from CG Power and Industrial Solutions Limited and CG Power Solutions Limited (CG Group) towards alleged losses suffered by CG Group on account of certain pledge / security / guarantee transactions. BGPPL in response to the notice has denied and disputed the demand notice (Refer note 33 (a)). CG Group has filed a suit against BGPPL before Bombay High Court in March 2020 for recovery of the amounts demanded aggregating to US\$118,334/- (including interest). BGPPL has submitted written statement in the Bombay High Court in August 2021. Based on BGPPL's internal assessment these claims are untenable as BGPPL has a fairly strong case.

The resolution professional of CG Power Solutions Limited has filed interlocutory application before the National Company Law Tribunal, Mumbai.

During the year ended 30 June 2017, based on an arrangement with the related party, certain liabilities of the Company, including the portion of the amount claimed by CG Group have been set-off against Group transactions with 'Entity defined in note 35 (d) (4)'. This has been done based on a common understanding with the related party which is subsequently disputed by CG Group as above.

It is not possible to predict the outcome of the pending litigations with accuracy, the BGPPL believes, based on legal opinions received, that it has meritorious defences to the claims. The management believe the pending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the BGPPL.

- (iv) In the matter of CG Group, Serious Fraud Investigation Office (SFIO) has launched an investigation. In this

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regard, SFIO has sought certain information/documents from the BGPPL which has been furnished.

- (v) on 24 April 2024, the Company has allotted 7,32,00,902 sweat equity shares to Mr. Gautam Thapar, which has been approved by the Board of Directors in the meeting of the Board of Directors held on 23 October 2023, and the shareholders in the extra ordinary general meeting held on 23 November 2023.

2) Sabah Forest Industries, Malaysia (SFI)

(i) Appointment of the Receiver and Manager (R&M)

Subsequent to June 30, 2016, RABO Bank, Malaysia, issued notices to Sabah Forest Industries, Malaysia (SFI), subsidiary of the Company, on October 20, 2016, March 3, 2017 and June 19, 2017 notifying SFI of the events of default as per the loan agreement between SFI and Rabo Bank.

Following the above, on June 28, 2017, Grant Thornton Consulting Sdn. Bhd. was appointed as the Receiver and Manager (R&M) of the fixed assets of SFI by the Joint Security Agent viz. Maybank, and a notice intimating such appointment was served on SFI as required under Section 377 of the Companies Act, 2016 of Malaysia.

SFI made an application through the R&M Appointed to the Hon'ble High Court of Sabah and Sarawak at Kota Kinabalu seeking a restraining order under Sections 368 and 369 of the Companies Act, 2016 of Malaysia. This provided SFI a defined period of time to formulate a scheme of arrangement and compromise, in conjunction with the R&M Appointed, subject to the approval of creditors and relevant authorities. A restraining order allowing three months was passed by the Hon'ble High Court on July 13, 2017.

Subsequently, the R&M Appointed filed for extension of the restraining order by additional nine months i.e. till July 2018. This application primarily focused on settlement of creditors by way of generating funds from sale of SFI or its assets by Management or R&M Appointed, subject to approval of such scheme by creditors and relevant authorities.

(ii) Sale and purchase agreement between the R&M and Pelangi Pretasi Sdn. Bhd ("the Buyer")

In April 2018, the Group management announced the signing of sale and purchase agreement between the R&M Appointed and Pelangi Pretasi Sdn. Bhd ("the Buyer") for a consideration of 1.2 billion Malaysian Ringgit (approximately, USD 310 million). The Buyer deposited with the R&M Appointed 10% of consideration in cash. The said agreement will be implemented after obtaining necessary corporate and regulatory approvals. The R&M Appointed has filed an application with the Hon'ble High court of Sabah & Sarawak, Malaysia on July 13, 2018 seeking further extension. In its order in October 2018 the Hon'ble High court has granted extension of 9 months from the date of order.

The initial cut-off date for fulfilment of the condition precedent was extended several times, with the last extension ending on 31 March 2019. The state government eventually did not consent to the issuance of a fresh timber license to Pelangi. Given that this condition precedent was not fulfilled, the SPA was deemed to have been automatically terminated with effect from 31 March 2019.

Post termination of the SPA with Pelangi, the R&M embarked on second tender exercise for the sale of SFI's assets and received an offer from Fujian Nanjing paper Co. Ltd. However, the retender exercise was halted due to an ex-parte injunction order obtained by Pelangi on 19.04.2019 and subsequent High Court order dated 22.10.2019 in respect of Pelangi's application for an inter-partes injunction against SFI ("Pelangi's injunction"). Pelangi obtained the ex-parte and inter-partes injunctions in the High court, Kuala Lumpur. Pelangi's Injunction was recently discharged on 01.10.2021

On 19th May 2021 the State Attorney-General issued to SFI and Pelangi, withdrawing the conditions precedent imposed earlier and stipulated that the sale and purchase agreement be completed until 18th September 2021. With Pelangi refusal/failure to complete the SPA under the new deadline, the R&M considered a retender exercise of SFI's business as going concern.

On 18th Jan 2023, in a unanimous decision of the three-member Apex Court panel led by Chief Justice of

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Malaysia, upheld the Court of Appeal's decision of 5th Jan 2022 by striking out Pelangi's 2019 suit and injunction against SFI and dismissed Pelangi's leave application. Pelangi is now liable to pay damages which have yet to be assessed.

(iii) Termination of Timber Licence Agreements

On 1st September 2021 the Chief Minister of the State of Sabah exercising his powers under section 24A of the Forest Enactment 1968 purportedly terminated the Timber Licence Agreements with immediate effects purportedly on the grounds of public interest. The R&M by letter dated 9th September 2021 objected to the termination of the Timber Licence Agreements and gave notice that they dispute the termination and requested that the State Govt. of Sabah do maintain the status quo until the validity of the purported termination of the Timber licence Agreements are fully and finally disposed-off.

As SFI strenuously disputed the said termination of the Timber Licence Agreements it gave notices of arbitration dated 15th September 2021 and 17th September 2021 to the Chief Minister, the State Government of Sabah and Chief Conservator of Forests pursuant to the Timber Licences.

On 15th October 2021 the R&M requested the Asian International Arbitration Centre to make the nomination of the arbitrator pursuant to clause 13(3) and (4) of the Arbitration Act 2005 for the appointment to arbitrate the said dispute between the parties under the rules of the Kuala Lumpur Regional Arbitration Centre.

On 20th October 2021 the R&M filed summons in the High Court of Sabah and Sarawak at Kota Kinabalu, Malaysia to order the Chief Minister and State Government of Sabah to attend before the Honourable High Court judge on 29th November 2021 on the hearing of an application by the R&M under section 11(1)(f),(g) and (h) of the Arbitration Act 2005 (Act 646) and/or under the inherent jurisdiction of the court.

CM's Anti Arbitration suit was filed in the High Court of Sabah and Sarawak in Kota Kinabalu to restrain SFI from proceedings with Arbitration against them. The CM's Anti Arbitration suit was struck out by the KK High Court on 16th Nov 2022. On 17th Nov 2022 Chief Minister & Sabah state government filed an ex parte interim injunction application in the KL High court seeking to restrain SFI, Ketua Pengarah Insolvency Malaysia, AIAC and Arbitrator from taking any further steps in the arbitration proceedings. On 10th Feb 2023, SFI defeated the CM's KL-OS as the RM's intervener application was allowed.

Based on summary determination of proceedings, the arbitrator has held that the arbitrator has no jurisdiction to adjudicate on the revocation of the timber licenses but the arbitrator nonetheless has jurisdiction to hear other claims i.e. damages for the timber license revocation. SFI is claiming the difference between the Pelangi offer price and quantum of compensation for acquisition of the lands. Both sides are appealing against the arbitrator's decision.]

It may be relevant to mention that there is a separate action by SFI on the revocation of timber licenses i.e. by way of judicial review application. The High Court has previously held that the R&M has no locus to bring this claim on behalf of SFI. SFI's appeal against this decision is pending at the Court of Appeal.

(iv) Compulsory land acquisition by State Government

On 28th July 2022 & 4th August 2022, State Govt of Sabah orders the acquisition of 12 pieces of lands belonging to SFI pursuant to Sec -3 of the Land Acquisition Ordinance. The Govt has earlier ordered to acquire 3 pieces of land. The compensation offer is of RM 256 Million. SFI has made counter offer of RM 652 Million.

SFI has filed Judicial Review proceedings relating to the State Govt's compulsory acquisition of lands in KK High court to challenge the decision-making process of the State Govt's compulsory acquisition of lands. The Judicial Review application will be heard together and have been stayed pending the outcome of SFI's appeals in the Judicial Review of Timber License Agreements and CM's Anti Arbitration suit.

The proceedings for the compulsory acquisition of the lands are still pending hearing at the High Court.

(v) Winding up order by the High Court of Sabah and Sarawak

On 15th November 2021, the High Court of Sabah and Sarawak had passed order for winding up of SFI. SFI has appealed the winding up orders in the Court of Appeal of Malaysia on 10th December 2021.

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SFI's appeal against the winding-up order is pending at the Court of Appeal.

- 3) A countrywide lockdown was announced on 24 March 2020 due to COVID 19 pandemic and the production was temporarily suspended until 11 May 2020. Despite the challenges faced due to COVID 19 pandemic, the manufacturing units at Ballarpur and Bhigwan resumed operations with effect from 12 May 2020 and have been operating since then with minor disruptions. The manufacturing unit at Ashti continues to be shut. The Company's production, despatches, sales and market collections remained affected during April 2020 to September 2020 and remained mainly unaffected during the period Oct 2020 to March 2021. The second wave of COVID 19 has impacted production, despatches, sales and market collections from April 2021 and May 2021. But the Company has taken pro-active measures in terms of mobilisation of its critical work force, adopting stringent social distancing procedures and safety measures to overcome the manpower challenges faced by the Company due to lockdown. With such measures company has been able to continue its production despite covid second wave.

The Company has made an assessment of its capital and financial resources including liquidity position and its ability to service debt and other financing arrangements for next one year. Though there is no major impact of COVID 19, the Company after discussions with lenders, the revised MRA was signed by all lenders for the debt obligations from March 2020. The company has met all its debt obligations from March 2020 onwards to till date. The company is in position of servicing its debt obligations in the next 12 months.

The Company has assessed the recoverability of the carrying values of its assets such as property plant and equipment, inventory, trade receivables, investments and other current assets as at the balance sheet date and has concluded that there is no notable impact of COVID 19 thereon.

- 4) The Company had pledged 70% of its shareholding in Ballarpur Paper Holdings B.V. (BPH), with certain lenders towards financial facilities provided by the lenders to BPH. In February 2021, the pledge was invoked by the lenders and the voting rights attached to the pledged shares has been transferred to the lenders. The Company has reassessed the relationship status and concluded that Company is ceased to control the BPH consequent to invocation of the pledge in February 2021. Refer note 20.
- 5) The Company has granted a corporate guarantee to the ICICI Bank for USD 100 Million on behalf of Avantha International Assets B.V., USD 65 Million on behalf of MTP New Ocean (Mauritius) Limited and USD 50 million on behalf of Mirabelle Trading Pte. Ltd., In August 2023, The Company has received the demand letter from the ICICI Bank for USD 131 million. (USD 71 million for principal and USD 60 million for interest). Further, the Company has received a summon from Debt Recovery Tribunal (Delhi) for Recovery of USD 67 Mn. against the corporate guarantee given to ICICI Bank. The Company has duly submitted its reply/statement against the notice.
- 6) Ballarpur Industries Limited, the ultimate holding company, was admitted into corporate insolvency resolution process ('CIRP') during the financial year 2019-2020. During the financial year 2022-2023, National Company Law Tribunal (NCLT) has approved the resolution plan in the matter of Finquest Financial Solutions Private Ltd. (Successful Resolution Applicant).

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Date: June 10, 2025

Board of Directors

Rajeev Ranjan Vederah

Rudra Pratap Singh Puar

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Date: June 10, 2025

Board of Directors

A handwritten signature in black ink, appearing to read 'Rajeev Ranjan Vederah', written in a cursive style.

Rajeev Ranjan Vederah

Rudra Pratap Singh Puar

Bill Paper B.V.

Attestation of the Board of Directors of the company stated

Date June 10, 1961

Board of Directors



Signature of R. Vedemah



Signature of R. Vedemah

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**Consolidated financial statements as at 30 June 2018 and for the
year ended 30 June 2018**

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Consolidated income statement

	Note	Year ended 30 June 2018	Year ended 30 June 2017
Continuing operations			
Revenue	5	375,706	207,239
Other operating income	24	5,834	7,421
		381,540	214,660
Raw materials and consumables used	25	(273,176)	(153,132)
Excise duty expenses		-	(11,223)
Employee benefit expense	28	(26,610)	(24,988)
Depreciation and Amortisation	6a & 6b	(27,884)	(24,281)
Impairment (charge)/ Reversal - Property, plant and equipment	6a & 7	0	50,022
Foreign exchange gains / (losses) - net	32	418	466
Other operating expenses	26	(19,069)	(17,297)
Operating profit/ (loss)		35,219	34,226
Finance income	30	21,353	1,887
Finance costs	30	(122,986)	(135,260)
Finance costs, net		(101,633)	(133,373)
Onetime settlement gain on borrowing and Impairment charge/ (Credit) of trade and other receivable	21 & 36	170,707	(499,767)
Profit/ (Loss) before income tax from continuing operations		104,293	(598,914)
Income tax Credit/ (expense)	31	(50,988)	144,533
Profit/ (Loss) for the year from continuing operations		53,305	(454,381)
Discontinued operation			
Profit/ (Loss) from discontinued operation	37	(15,180)	(79,997)
Profit/ (Loss) for the year		38,125	(534,378)
Profit/ (Loss) attributable to:			
Owners of the parent		35,419	(532,992)
Non-controlling interest		2,706	(1,386)
Earnings per share (Basic and diluted) from continuing and discontinued operations attributable to the equity holders of the Company (expressed in USD per share)			
	33		
From continuing operations		0.04	(0.69)
From discontinued operation		(0.02)	(0.10)
From profit/ (loss) for the year		0.02	(0.79)

The notes on pages 26 to 105 are an integral part of these consolidated financial statements.

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Consolidated statement of comprehensive income

	Note	Year ended 30 June 2018	Year ended 30 June 2017
Profit/ (Loss) for the year		38.125	(534.378)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations	23	449	(163)
Deferred tax on Remeasurement of post employment benefit obligations	31	(139)	50
		<u>310</u>	<u>(113)</u>
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	31	6.741	(28.472)
		<u>6.741</u>	<u>(28.472)</u>
Other comprehensive Profit/ (loss) for the year, net of tax		<u>7.051</u>	<u>(28.585)</u>
Total comprehensive Profit/ (loss) for the year		<u>45.176</u>	<u>(562.963)</u>
Attributable to:			
– Owners of the parent		42.323	(561.673)
– Non-controlling interest		2.853	(1.290)
Total comprehensive Profit/ (loss) for the year		<u>45.176</u>	<u>(562.963)</u>
Total comprehensive profit/ (loss) for the year attributable to owners of the parent from:			
-Continuing operations		48.856	(488.954)
-Discontinued operation		(6.533)	(72.720)
Total comprehensive profit/ (loss) for the year		<u>42.323</u>	<u>(561.673)</u>

The income tax relating to each component of other comprehensive income is disclosed in note 31.

The notes on pages 26 to 105 are an integral part of these consolidated financial statements.

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Consolidated statement of financial position

	Note	As at	
		30 June 2018	30 June 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6a	510,022	562,437
Intangible assets	6b	-	342
Capital work-in-progress	7	1,848	1,963
Land use rights	8b	1,463	3,544
Deferred income tax asset	22	110,097	183,923
Trade and other receivables	9 & 13	8,059	8,083
		<u>631,489</u>	<u>760,292</u>
Current assets			
Inventories	14	42,136	38,680
Trade and other receivables	9 & 13	36,102	45,422
Restricted deposits	9 & 15	4	169
Cash and cash equivalents (excluding bank overdraft)	9 & 16	21,687	19,582
		<u>99,929</u>	<u>103,853</u>
Assets classified as held for sale and discontinued operation		272,854	252,723
Total assets		<u>1,004,272</u>	<u>1,116,868</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Ordinary shares	17 (a)	8,833	8,833
Share premium	17 (a)	515,305	515,305
Perpetual capital securities	17(b)	191,114	191,114
Translation reserve		(194,241)	(204,640)
Other reserves	19	152,744	18,600
Accumulated deficit	18	(875,698)	(891,562)
		<u>(201,944)</u>	<u>(362,350)</u>
Non-controlling interest		(2,444)	(485)
Total equity		<u>(204,388)</u>	<u>(362,835)</u>
LIABILITIES			
Non-current liabilities			
Borrowings	9 & 21	638,897	356,515
Derivative financial instruments	9 & 12	-	353
Retirement benefit obligation	23	7,829	10,798
		<u>646,726</u>	<u>367,666</u>
Current liabilities			
Trade and other payables	9 & 20	203,362	249,814
Current income tax liabilities		1,117	1,131
Borrowings	9 & 21	171,186	719,435
		<u>375,665</u>	<u>970,380</u>
Total liabilities		<u>1,022,391</u>	<u>1,338,046</u>
Liabilities classified as held for sale and discontinued operation		186,269	141,656
Total equity and liabilities		<u>1,004,272</u>	<u>1,116,868</u>

The notes on pages 26 to 105 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

	Note	Share capital	Share premium	Perpetual capital securities	Translation reserve	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at 30 June 2016		8,833	515,305	191,114	(176,072)	18,713	(339,290)	218,603	804	219,407
Comprehensive income										
Loss for the year		-	-	-	-	-	(532,991)	(532,991)	(1,386)	(534,377)
Other comprehensive income										
Currency translation differences	31	-	-	-	(28,568)	-	-	(28,568)	97	(28,472)
Remeasurement of post employment benefit obligations	23	-	-	-	-	(113)	-	(113)	-	(113)
Total other comprehensive income		-	-	-	(28,568)	(113)	-	(28,681)	97	(28,584)
Total comprehensive income		-	-	-	(28,568)	(113)	(532,991)	(561,672)	(1,290)	(562,961)
Transaction with owners										
Distribution on perpetual capital securities	16 (b)	-	-	-	-	-	(19,281)	(19,281)	-	(19,281)
Total transactions with owners		-	-	-	-	-	(19,281)	(19,281)	-	(19,281)
Balance at 30 June 2017		8,833	515,305	191,114	(204,640)	18,600	(891,562)	(362,350)	(485)	(362,835)
Comprehensive income										
Loss for the year		-	-	-	-	-	35,419	35,419	2,706	38,125
Other comprehensive income										
Currency translation differences	31	-	-	-	6,594	-	-	6,594	147	6,741
Remeasurement of post employment benefit obligations	23	-	-	-	-	310	-	310	-	310
Total other comprehensive income		-	-	-	6,594	310	-	6,904	147	7,051
Total comprehensive income		-	-	-	6,594	310	35,419	42,323	2,853	45,176
Transfer from statutory reserve	19 (a)	-	-	-	-	(3,303)	3,303	-	-	-
Transaction with owners										
Compulsorily redeemable preference shares	19 (a)	-	-	-	-	69,405	-	69,405	-	69,405
Amount towards share to be allotted under MRA	19 (a)	-	-	-	-	67,766	-	67,766	-	67,766
Distribution on perpetual capital securities	17 (b)	-	-	-	-	-	(23,900)	(23,900)	-	(23,900)
Changes in share of other equity components due to change in stake of Non-controlling interest		-	-	-	3,805	(36)	1,042	4,812	(4,812)	-
Total transactions with owners		-	-	-	3,805	137,136	(22,858)	118,083	(4,812)	113,271
Balance at 30 June 2018		8,833	515,305	191,114	(194,241)	152,744	(875,698)	(201,944)	(2,444)	(204,388)

The notes on pages 26 to 105 are an integral part of these consolidated financial statements.

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Consolidated statement of cash flows

	Note	Year ended 30 June 2018	Year ended 30 June 2017
Cash flows from operating activities			
(Loss) for the period before income tax from continuing operation			
(Loss) for the period before income tax from discontinued operation			
Profit/ (Loss) for the year before income tax		89.112	(678.911)
Adjustments for:			
Depreciation and amortisation	6	27.940	24.280
Impairment charge/ (Reversal) - Property, plant and equipment	6 & 7	-	(50.023)
Impairment charge/ (reversal) trade and other receivable	21 & 36	(144.076)	499.766
Bad debts provision and write off / (Reversal)	13	(3.392)	(531)
Release of hedge reserve	12	-	-
Inventory provision and write off/ back	14	638	4.399
(Profit) on sale of property, plant and equipment	24	-	(85)
Finance costs net recognized in income statement	30	76.359	151.118
Defined benefit obligation expense	28	1.289	882
(Gain)/ loss on change in fair value of biological assets	8(a)	-	4.059
Income from Government Grant	24	(1.507)	(5.070)
Changes in working capital			
(Increase)/ Decrease in inventories		(5.993)	63.018
(Increase)/ Decrease in trade and other receivables		(6.395)	82.687
(Decrease)/ Increase in trade and other payables		(10.866)	(33.449)
Net cash (used in)/ generated from operating activities		23,109	52,140
Cash flows from investing activities			
Addition to biological assets	8(a)	-	(2.647)
Proceeds from disposal of property, plant and equipment		306	930
Additions to property, plant and equipment and intangible assets		(271)	(693)
Additions to capital work-in-progress		(2.128)	(1.666)
Proceeds from redemption of mutual fund investments		-	1.625
Interest received		-	446
Decrease in restricted deposits		163	(131)
Net cash (used in)/ generated in investing activities		(1,930)	(2,136)
Cash flows from financing activities			
Finance cost paid		(20.314)	(100.408)
Proceeds from borrowings net of transaction costs	21.1	33.569	98.274
Repayment of borrowings	21.1	(40.678)	(89.549)
Loans / advances given to related parties	21.1	5.862	(352.479)
Loans / advances received from related parties		-	176.296
Net movement in working capital loans, cash credit, packing credit & bankers acceptance	21	(427)	124.340
Net cash (used in) financing activities		(21,988)	(143,526)
Effect of change in exchange rate		3.613	5.822
Net (decrease)/ increase in cash and cash equivalents net of bank overdrafts		2,804	(87,700)
Cash and cash equivalents net of bank overdrafts at beginning of the year	16	20.162	110.464
Exchange (loss)/ gains on cash and cash equivalents net of bank overdrafts		(997)	(2.599)
Cash and cash equivalents net of bank overdrafts at end of the year	16	21,969	20,165

Consolidated statement of cash flows has been prepared on gross basis i.e. representing continuing and discontinued operations. (Refer accompanying notes for continuing and discontinuing operations and refer note 37 for discontinued operations).

The notes on pages 26 to 105 are an integral part of these consolidated financial statements.

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Notes to the consolidated financial statements

1. General information and development of the Bilt Paper Group

Bilt Paper B.V. ("Bilt Paper" or the "Company"), a company incorporated and domiciled in the Netherlands, is currently a majority owned subsidiary of Ballarpur International Holdings B.V., Hoogoorddreef 15, 1101 BA Amsterdam, ("BIH"), which is wholly owned by Ballarpur Industries Limited (Bilt, together with its subsidiaries "Bilt Group") domiciled in India.

The Group's operations comprise production of pulp and paper spanning across production units in India and in Malaysia. The unit in Malaysia owns two timber licenses granted under a 99 years lease (ending in year 2094) by the State Government of Sabah, Malaysia for extraction of timber from the natural forest and for industrial tree plantation (ITP) in Sabah, Malaysia. Refer note no. 40 (2) for the current status of SFI operations.

These consolidated financial statements include the financial position and results of the Company and its subsidiaries Ballarpur Paper Holdings B.V. (BPH), Bilt Graphic Paper Products Limited (BGPPL) and Sabah Forest Industries (SFI) (together "the Group").

The principal activities of the subsidiaries included in the consolidated financial statements are as follows:

Company	Production Units	Principal Activity	Country of Incorporation	Equity interest on 30 June 2018
BPH	-	Holding of BGPPL and SFI	Netherlands	100.00%
BGPPL	Ballarpur	Pulp and paper	India	96.78%
	Bhigwan	Paper	India	
	Sewa	Pulp and paper	India	
	Ashti	Paper	India	
SFI	Sabah	Pulp, paper and forestry	Malaysia	98.08%

The non-controlling interest (3.22%) in BGPPL (30 June 2017: 0.01%) out of which .01% is owned by BILT (30 June 2017: 0.01%) and 3.21% is owned by Avantha Holdings Limited (30 June 2017: Nil) and the non-controlling interest (1.92%) (30 June 2017: 1.92%) in SFI is owned by the Government of Malaysia.

The registered office address of the Company is Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

The consolidated financial statements of the Group for the year ended 30 June 2018 were authorised for issue in accordance with the resolution of the Board of Directors on June 10, 2025.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

a) The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union (together "IFRS"). These have been prepared under the historical cost convention, except for available for sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and biological assets, which have been measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's Boon Register account page 26

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accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

b) Going Concern

The Group incurred net profit/ (loss) of US\$38,125 and (US\$534,378) for the year ended 30 June 2018 and 30 June 2017, respectively. The accumulated (deficit) was US\$(875,698) and US\$(891,562) as of 30 June 2018 and 30 June 2017, respectively. Also, the Group had net liability position as at 30 June 2018 and 30 June 2017.

SFI operations were shut down in April 2016 and briefly restarted in July 2017 but were shut again in August 2017. In April 2018, R&M announced the signing of sale and purchase agreement between R&M and Pelangi Pretasi Sdn. Bhd ("Buyer") for a consideration of 1.2 billion Malaysia Ringgit (USD 310 million~). The buyer has deposited 10% of the consideration in cash.

The initial cut-off date for fulfilment of the condition precedent was extended several times, with the last extension ending on 31 March 2019. The state government eventually did not consent to the issuance of a fresh timber license to Pelangi. Given that this condition precedent was not fulfilled, the SPA was deemed to have been automatically terminated with effect from 31 March 2019.

Post termination of the SPA with Pelangi, the R&M embarked on second tender exercise for the sale of SFI's assets and received an offer from Fujian Nanjing paper Co. Ltd. However, the retender exercise was halted due to an ex-parte injunction order obtained by Pelangi on 19.04.2019 and subsequent High Court order dated 22.10.2019 in respect of Pelangi's application for an inter-partes injunction against SFI ("Pelangi's injunction"). Pelangi obtained the ex-parte and inter-partes injunctions in the High court, Kuala Lumpur. Pelangi's Injunction was recently discharged on 01.10.2021

On 19th May 2021 the State Attorney-General issued to SFI and Pelangi, withdrawing the conditions precedent imposed earlier and stipulated that the sale and purchase agreement be completed until 18th September 2021. With Pelangi refusal/failure to complete the SPA under the new deadline, the R&M considered a retender exercise of SFI's business as going concern.

On 1st September 2021 the Chief Minister of the State of Sabah exercising his powers under section 24A of the Forest Enactment 1968 purportedly terminated the Timber Licence Agreements with immediate effects purportedly on the grounds of public interest. The R&M by letter dated 9th September 2021 objected to the termination of the Timber Licence Agreements and gave notice that they dispute the termination and requested that the State Govt. of Sabah do maintain the status quo until the validity of the purported termination of the Timber licence Agreements are fully and finally disposed off.

As SFI strenuously disputed the said termination of the Timber Licence Agreements it gave notices of arbitration dated 15th September 2021 and 17th September 2021 to the Chief Minister, the State Government of Sabah and Chief Conservator of Forests pursuant to the Timber Licences.

On 15th October 2021 the R&M requested the Asian International Arbitration Centre to make the nomination of the arbitrator pursuant to clause 13(3) and (4) of the Arbitration Act 2005 for the appointment to arbitrate the said dispute between the parties under the rules of the Kuala Lumpur Regional Arbitration Centre.

On 20th October 2021 the R&M filed summons in the High Court of Sabah and Sarawak at Kota Kinabalu, Malaysia to order the Chief Minister and State Government of Sabah to attend before the Honourable High Court judge on 29th November 2021 on the hearing of an application by the R&M under section 11(1)(f),(g) and (h) of the Arbitration Act 2005 (Act 646) and/or under the inherent jurisdiction of the court.

On 15th November 2021, the High Court of Sabah and Sarawak had passed order for winding up of SFI. SFI has appealed the winding up orders in the Court of Appeal of Malaysia on 10th December 2021. (refer post balance sheet event note no.2)

Operations for Ballarpur, Bhigwan and Ashti were shut down subsequent to 30 June 2016, and restarted around mid-2017. For Sewa, operations were shut down in December 2015 and restarted again from March 2018 under operation & maintenance agreement entered into with a third-party operator in which the company receives 49% of cash flows with no other obligations towards operations of the plant. During the financial year 2021 the Sewa unit has been disposed of. (refer post balance sheet event note no.3)

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During the previous year the Group was able to raise US\$62,000 to recommence the operations at its manufacturing units and successfully restarted the operations at Ballarpur and Bhigwan.

BGPPL requested the lenders to structure the facilities provided by them and based on the negotiations with the lenders, the Board of Directors in its meeting held on 07 November 2017 approved a Corrective Action Plan (CAP) in the form of a debt restructuring scheme.

In the debt restructuring scheme BGPPL requested lenders to convert outstanding financial obligations (including overdue interest) as at March 31, 2017 in the following four components, based on the security cover held in the business viz.:

Particulars	Secured Lender	Unsecured Lender
Rupee term Loans	70%	35%
Non-Convertible Debentures	20%	20%
Compulsorily Redeemable Preference Shares (CRPS)	Nil	35%
Equity Shares	10%	10%

The scheme also envisaged a One Time Settlement (OTS) option for un-secured lenders, thereby allowing exit for lenders who do not prefer to enter into a long-term re-alignment with the company.

Majority of the lenders agreed to debt restructuring scheme proposed by the BGPPL. As per RBI Guidelines, approval was sought from Independent Evaluation Committee (IEC) for the proposed debt restructuring scheme and the same was approved on October 16, 2017 pursuant to which a Master Restructuring Agreement was executed on December 6, 2017 between the lenders and the Company.

However, one of the assenting lenders, IDBI Bank Limited based on a directive from RBI had initiated Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016. BGPPL had appealed to the Hon'ble High Court of Delhi and obtained a stay on RBI's directive to IDBI Bank for taking the BGPPL to National Company Law Tribunal ("NCLT").

Time line of the events is detailed below –

1. IDBI Bank had filed an insolvency application under section 7 of IBC against BGPPL before NCLT, Mumbai on 25th Jan 2018.
2. On 12.02.2018, BGPPL filed a Writ Petition [WP (Civil) No. 1427 of 2018] before Hon'ble High Court of Delhi for quashing/setting aside of the directions of RBI directing the IDBI Bank to initiate proceedings under Insolvency and Bankruptcy Code, 2016 against BGPPL.
3. Delhi High Court vide its order dated 15.02.2018 directed IDBI Bank to maintain status quo with respect to its petition lodged with NCLT.
4. The stay order dated 15.02.2018 was later modified by Delhi High Court on 22.11.2018 to the extent that directives of RBI to IDBI Bank shall remain stayed but the same shall not preclude any lender from availing any right or remedy otherwise available to them under the law.
5. Thereafter on 19.11.2018, BGPPL filed a Transfer Petition before Hon'ble Supreme Court for transfer of WP(Civil) No. 1426 of 2018 from Delhi High Court to Supreme Court to be heard with Special Leave Petition (Civil) No. 9286-9287 of 2018 titled as Jaiswal Neco Industries Limited and Anr. versus Reserve Bank of India already pending before Hon'ble Supreme Court.
6. Vide order dated 03.12.2018 of the Supreme Court, the Transfer Petition has been tagged with Jayaswal Neco matter and Supreme Court also ordered that status quo shall be maintained by the Parties.

IDBI Bank assigned their entire Debt & rights with respect to BGPPL to Edelweiss ARC in January 2020 and subsequently Edelweiss ARC has agreed to the terms of MRA and signed the Restated & Amended MRA.

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Further, the cases filed by IDBI has been withdrawn by Edelweiss ARC on 9th September 2022.

In addition to the above, during the financial year 2018-19, Kotak Mahindra Bank (KMB), one of the non-assenting lenders, filed a petition with NCLT to initiate Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016 which is yet to be listed in the NCLT. Further, in pursuance of the defaults by the BGPPL, facilities granted were recalled by KMB and an application for consideration as a secured lender was filed before Dispute Recovery Tribunal, Delhi which is pending for hearing and disposal as on date. During the 2019-20, KMB has initiated case before Delhi High Court to expedite the hearing process, Hon'ble Delhi High Court has reverted the matter to DRT.

During the financial year 2020-21, Kotak Mahindra Bank filed a Writ Petition before Bombay High Court seeking reliefs relating to restructuring process of BGPPL. Further the BGPPL has received show cause notice dated 9th Feb 2021 from Kotak Mahindra Bank Committee for identification of wilful Defaulters and Non-Cooperative Borrowers. The Company has duly replied to the same, the matter is in process.

During the financial year 2021-22 a settlement agreement has been executed between BGPPL and Kotak Mahindra Bank (KMB) as per which. BGPPL and KMB agreed that as a full and final settlement of the dues of the Company towards KMB, an amount of INR 160 Crore, being the settlement consideration, shall be paid by the company to KMB in accordance with the terms of settlement agreement. The BGPPL and KMB mutually agreed that pursuant to the execution of settlement agreement. BGPPL and KMB will file consent terms before the various judicial forum and shall seek disposal of the respective pending matters..

Adjustments, if any, arising upon pronouncement of the aforesaid decisions by the relevant Courts / Authorities shall be given effect in the year in which the decision is pronounced. BGPPL has made the settlement of INR 160 Crores to KMB during 2022-23, and KMB has withdrawn the legal cases initiated by it against BGPPL in this regard.

Post execution of MRA, the BGPPL is regular in servicing its debt of the assenting lenders as per the terms agreed in the MRA (amended) and amounts due to non-assenting lenders are being deposited in the Trust and Retention Account (TRA).

Amended and Restated MRA

As per the said MRA, some Lenders were envisaged to be paid through One Time Settlement. However, due to unforeseen circumstances, OTS Lenders were not settled within the stipulated timelines. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments. Amended and Restated MRA was signed on December 7, 2020 by 96% of lenders.

Following significant amendments were incorporated in the Amended and Restated MRA:

- **OTS Lenders opted for Restructuring**

As OTS Lenders were not settled within the stipulated timelines, these OTS accounts were taken over by Edelweiss and Goldman Sachs who then proposed to restructure such accounts from OTS to Long Term Restructuring with the same terms and conditions as other accounts.

Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments to affect the above-mentioned transaction

- **Request for granting of moratorium as per RBI's COVID 19 guidelines**

Due to COVID-19 pandemic and nationwide lockdown that was imposed in March 2020, plants at Ballarpur and Bhigwan were temporarily shut down. With no dispatches taking place between the months of March-May 2020 and minimum receipt of funds, the company operated on limited cash flows which were utilized for priority payments. Hence, the Company requested all Lenders to grant moratorium, for all loans and working capital facilities (except Priority Facilities) falling due between March 1, 2020 and August 31, 2020. Such request was accepted by all lenders which were parties to MRA and MRA was subsequently amended to incorporate the impact of grant of such moratorium on all facilities.

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The Group's ability to continue as a going concern is dependent on the ability of the company to operate at optimal capacity and revival of demand in post COVID environment, successful outcome of the cases surrounding Master Restructuring Agreement of BGPPL and outcome of sale process of discontinued operations.

Based on the evaluation of the projected cash flows from operations, proposed savings in finance costs arising upon signing of the MRA with its lenders, management is confident of overcoming the aforesaid challenges and expects to meet its obligations as and when they arise for at least next one year.

Accordingly, it is considered appropriate to prepare these financial statements on a going concern basis. The financial statements do not include any adjustments that might result from this uncertainty.

2.2 Changes in accounting policy and disclosure on adoption of new standards

a. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 01 July 2017.

The Group has adopted with effect from 1 April 2017, the following new amendment and pronouncements. Their adoption has not had any significant impact on the amounts reported in the financial statements. > Amendments to IAS 1: Disclosure Initiative > Annual Improvements to IFRSs: 2012-2014 Cycle > Amendments to IAS 27: Equity method in separate financial statements > Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, Amendment to IFRS 10, IFRS 12 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. > Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exemption

The Group has not early adopted any other amendments, standards or interpretations that have been issued but are not yet effective.

Other standards, amendments and interpretations which are effective for the financial year beginning on 01 July 2017 are not material to the group.

b. New and amended standards, and interpretations issued but not effective for the financial year beginning 01 July 2017 and not early adopted

IFRS 9, Financial Instruments: In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 – Financial Instruments. The standard reduces the complexity of the current rules on financial instruments as mandated in IAS 39. IFRS 9 has fewer classification and measurement categories as compared to IAS 39 and has eliminated the categories of held to maturity, available for sale and loans and receivables. Further it eliminates the rule based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements. The effective date for adoption of IFRS 9 is annual periods beginning on or after 1 January 2018, though early adoption is permitted. The Group is in process to assess IFRS9's full impact.

IFRS 15, 'Revenue from Contracts' with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new standard will come into effect for the annual reporting periods beginning on or after 1 January 2018 with early application permitted. The Group is in process to assess IFRS15 full impact.

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The indicative impacts of implementing IFRS 15 on the Group results are detailed below.

The Group's revenue is predominantly derived from paper sales, where the point of recognition is transfer of risk and rewards. As the transfer of risks and rewards generally coincides with the transfer of control, the timing and amount of revenue recognized for the sale of paper is unlikely to be materially affected for the majority of sales.

IFRS 16, 'Leases' specifies recognition, measurement and disclosure criteria for leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new standard will come into effect for the annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 – Revenue from Contracts with Customers has also been applied. The Group is currently in the process of determining the potential impact of adopting the above standard.

Amendments to IAS 7 Statement of Cash Flows: Narrow-scope amendments: The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Group will be required to provide information on movements in gross liabilities arising from financing activities in addition to the net debt reconciliation currently provided. The amendments are effective for annual periods beginning on or after 1 January 2017, although entities are permitted to apply them earlier.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017, although entities are permitted to apply them earlier.

IFRIC 22: Foreign Currency Transactions and Advance Consideration: not yet endorsed by the EU : The Interpretation, which was issued on 8 December 2016, addresses how to determine the date of a transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of it) when a related non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency is derecognised. The amendments are effective for annual periods beginning on or after 1 January 2018, although entities are permitted to apply them earlier.

Certain amendments relating IFRS 40, IFRS 2 and IFRS 4 are not disclosed as these amendments are not applicable to the Group.

2.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except for business combinations between entities under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is

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recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with the equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in comprehensive income are reclassified to profit or loss.

2.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Bilt Paper B.V. that makes strategic decisions. The accounting policies followed by the segments are same as those followed by the Group.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Malaysian operations at SFI is Malaysian Ringgit, and the functional currency of the Indian operations and the Dutch holding entities is Indian Rupees (INR).

The consolidated financial statements are presented in United States Dollars ("US\$") as the Group believes this is a currency familiar to international investors and the Company attracts financing primarily in US\$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. All foreign exchange gains or losses are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

(c) Translation into presentation currency

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows.

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- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- components of equity are translated at historical rates;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The translation rates applied to translate from the functional currencies Indian Rupee and Malaysian Ringgit into the presentation currency US\$ are as follows:

Currency	Code	As at 30 June 2018	Year ended 30 June 2018	As at 30 June 2017	Year ended 30 June 2017
Indian Rupee	INR	68.55	65.16	64.80	66.54
Malaysian Ringgit	MYR	4.03	4.08	4.30	4.29

2.6 a) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of asset not put to use before such date are disclosed under capital work in progress.

Freehold land is not depreciated. Depreciation is charged on a straight line basis so as to write off the cost of the assets to their residual values using the straight-line method over their estimated useful lives as follows:

	30 June 2018	30 June 2017
Buildings	Years	Years
Factory buildings	8 to 45	8 to 45
Residential buildings	55 to 60	55 to 60
Plant and machinery		
Paper, pulp and utility plants, machinery and equipment acquired and installed in recent years (2009 onwards)	20 to 35	20 to 35
Other paper, pulp and utility plants, machinery and equipment	15 to 30	15 to 30
Power plants	15 to 30	15 to 30
Office and other equipment	4 to 15	4 to 15
Motor vehicles	4 to 10	4 to 10
Jetty and access roads	10	10

The estimated useful lives, residual values and depreciation method are reviewed at each period / year end, with the effect of any changes in estimate being accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

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Assets taken on finance lease are amortised over shorter of the estimated useful lives and lease term.

b) Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed seven years.

2.7 Biological assets

Biological asset is defined as the timber forest controlled by the Group which is involved in agricultural activity of transformation of the biological assets. The biological assets are valued and reported at fair value after deduction of estimated selling costs. The fair value of the Group's biological assets is calculated as the present value of anticipated future cash flow from the assets discounted at pre-tax weighted average cost of capital of the business unit. The calculation is based on existing, sustainable forest surveys and assessments regarding growth, timber prices, felling costs including costs for statutory replanting. The changes in fair value are recorded in a separate line item in consolidated income statement.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment and additionally whenever there is a triggering event for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) largely independent of cash flows of other cash-generating units. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or

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loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value. Change in the fair value of securities classified as available for sale are recognised in other comprehensive income.

(c) At fair value through profit or loss

Derivative financial instruments are classified in this category and are subsequently carried at fair value with changes recorded in the income statement, unless they are designated as hedges. Assets in this category are categorised as current assets if they are expected to be realised within 12 months of the balance sheet date. Financial assets at fair value through profit or loss are subsequently carried at fair value.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Derivative financial instruments and hedging activities

(a) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged

(b) Hedging activities

The Group had designated certain borrowings in cash flow hedging relationship. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of the hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is 12 months or less.

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i. Cash flow hedge

The effective portion of foreign exchange results relating to proportion of the borrowings that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

ii. Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any these derivative instruments are recognised immediately in the income statement.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair

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value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement. Impairment testing of trade receivables is described in note 2.13.

2.12 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined on the weighted average method. The cost of work in progress and finished goods comprises the cost of raw materials, labour and proportion of conversion costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs to completion and costs necessary to make the sale.

The cost for the purpose of transfer from biological assets is fair value of harvested produce less estimated selling costs.

2.13 Trade receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

2.14 Cash and cash equivalents

In the consolidated statement of cash flow, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and is net of bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital, share premium and perpetual securities

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

Instruments which have no contractual obligations towards principal redemption and interest distributions and meets the definition of equity instrument are also classified as Equity.

2.16 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the

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liability for at least 12 months after the balance sheet date.

If the company revises its estimates of payments or receipts, the carrying amount of the financial liability is adjusted to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate and the adjustment is recognised in profit or loss as income or expense.

A financial liability is extinguished from the balance sheet when the obligation is discharged, cancelled or expired. This condition is met when the debtor either:

- discharges the liability by paying the creditor normally with cash, other financial assets, goods or services, or
- is legally released from primary responsibility for the liability either by the process of law or by the creditor

Where an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Where borrowings from the shareholders or entities under common control are extinguished for consideration other than fair value, the difference between the consideration and the fair value of the borrowings is accounted for as equity distribution/contribution and the difference between the carrying value and the fair value of the borrowings is accounted for in the consolidated income statement.

Borrowing costs are expensed as incurred, except for interest directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use i.e. a qualifying asset, in which case they are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised up to the date when the asset is completed and ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined at the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period do not exceed the amount of borrowing cost incurred during that period. Other borrowing costs are recognised as expenses when incurred.

2.18 Taxation

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

The current tax is based on taxable profit for the fifteen months period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of an asset or liability in a transaction that at the time of the transaction affects neither the

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taxable profit or loss nor the accounting profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) *Gratuity plan*

The gratuity plan is a defined benefit plan that, at retirement or termination of employment, provides eligible employees with a lump sum payment, which is a function of the last drawn salary and completed years of service. The liability recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, if any, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate government bond rate and that have terms to maturity approximating to the terms of the related gratuity liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service cost are recognised immediately in the income.

(b) *Compensated absences*

The Group operates both accumulating and non-accumulating absences plan. The Group measures the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur. The Group records a liability for accumulating balance based on actuarial valuation determined using projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to income statements in the period in which they arise.

(c) *Short-term employee benefits*

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

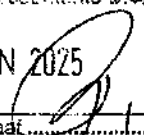
Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(d) *Post-employment benefits - Defined contribution plans*

The Group's contributions to defined contribution plans are charged to the income statement in the period to which

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they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

2.20 Revenue recognition and Other Operating Income

(a) Revenue Recognition

Revenue from sale of goods is recognised when the risks and rewards of ownership have passed to the customers and is exclusive of excise duty / Goods and Service Tax. Usually, this means that sales are recorded upon delivery of goods to customers in accordance with agreed terms of delivery. Revenue is recognised net of discounts, returns and value added taxes.

(b) Other Operating Income

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Export incentives are recognised at the time of export when the Group will have certainty to comply with all attached conditions.

Rental income is accrued on a time proportion basis by reference to the agreements entered into.

2.21 Government grants / Assistance

Grants from the government are recognised at their estimated value where there is reasonable assurance that the grant will be received and the Group will comply with all necessary conditions. Government grants are classified as grants relating to assets and revenue grants based on the nature of the grants. Grants relating to assets are initially measured based on estimated grant receivable under the scheme. The grants are recognised in the income statement on a systematic basis over the useful life of the asset. Amount of benefits receivable in excess of grant income accrued based on usage of the assets is accounted as deferred income. Change in estimates are recognised prospectively over the remaining life of the assets. Government revenue grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Sales tax incentives

The Group receives the benefit of certain sales tax incentives under the Packaged Scheme Incentive of the Maharashtra Government (the "Sales Tax Incentive Scheme"). The benefits under the Sales Tax Incentive Scheme are recognized when it is reasonable to expect that the benefit will be received and that all related conditions will be met. The main benefits relevant to the Group are the Sales Tax Deferment Scheme, the Sales Tax Exemption Scheme and the Sales Tax Refund Scheme.

(a) Sales Tax Deferment Scheme

Under the Scheme, the Sales Tax amounts collected from sales to customers are deferred and repaid to the Government Authorities, without interest, after a specified period. The benefit of sales tax deferral with no associated interest outflow is recognized as deferred income in accordance with the imputation under IAS 20 Accounting for Governments Grants and Disclosure of Government Assistance. This deferred sales tax liability is measured in

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accordance with IAS 39 Financial Instruments: Recognition and Measurement. The benefit of the interest free loan is measured as the difference between initial carrying value of the loan at fair value in accordance with IAS 39 and the sales tax collected. The deferred sales tax liability to the State is measured at amortized cost using the effective interest rate method and therefore a finance charge is recorded as the discount on this liability unwinds. In certain cases, the Group settles the net present value of deferred sales tax liability and recognizes the benefit as grant income over the period.

(b) Sales Tax Exemption Scheme

The benefit of the sales tax exemption applies to qualifying sales to customers within the State of Maharashtra of paper produced from one of the paper machine in Bhigwan. As per the scheme, the Group is exempt from levying and payment of sales tax on sales of paper to customers that would otherwise be payable and hence no adjustment is made to revenue.

(c) Sales Tax Refund Scheme

The benefit of sales tax refund scheme applies to qualifying sales made from the State of Maharashtra in respect of assets of the company in Ballarpur and Bhigwan. Under the scheme, sales tax is levied and collected from the customer and claim for refund is filed with the sales tax authorities. These benefits are accounted for as capital grants over the useful life of the related assets.

2.22 Prepaid land lease payments

Prepaid land lease payments in the balance sheet represent up-front payment made for leases for land use rights paid and payable to the counterparties. Land use rights are carried at cost and are charged to the consolidated income statement on a straight-line basis over the respective periods of the leases which range from 30 years to 99 years.

2.23 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

2.24 Compound financial instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.25 Dividend/Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial

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statements in the period in which the dividends are approved by the Company's shareholders. Distribution on perpetual capital securities is recognized as a liability in the consolidated financial statements in the period in which the coupon payments are declared by the Company.

2.26 Business combination -under common control (Group restructuring)

Transactions under common control that do not meet the definition of a business combination within the scope of IFRS 3 are accounted for as Group Restructuring. The acquired business results and balance sheets are incorporated as if they had always been combined, prospectively from the date on which the business combination occurred. The predecessor accounting method is used, i.e. the assets and liabilities are included based on the carrying amount of the previous financial statements. The assets and liabilities of the acquired units have been fair valued on the date of transfer in accordance with IFRS 1. Any difference between the fair value of the consideration paid and the amounts at which the assets and liabilities are recorded is recognised directly in equity.

2.27 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.28 Discontinued operations and non-current assets held for sale

Non-current assets (disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets held for sale are carried at the lower of carrying amount or fair value less costs to sell. Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. Tax effects are not considered for the purpose of allocation to continued and discontinued operations when these are not separately identifiable to individual units.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), commodity risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the treasury department under policies approved by the board of directors. The treasury team identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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I. Market Risk

(a) Foreign exchange risk

The Group has borrowings, deposits and balances with banks, derivative financial instruments, financial trade and other receivables and payables which are denominated in currencies other than the functional currency of the respective Group entity. The payments and period end translation of these instruments is affected by exchange rate movements.

Certain transactions of the Group act as a natural hedge as a portion of both assets and liabilities are denominated in foreign currencies. For the remaining exposure to foreign exchange risk, the Group adopts a policy of selective hedging based on risk perception of the management.

The tables below summarise the impact of changes in the exchange rate of INR to US\$, INR to Euro, MYR to US\$ and MYR to Euro. The impact is expressed in terms of the resulting change in the Group's profit / (loss) before tax for the period and as a result of movement of period-end balances. The impact on equity is also the same. The sensitivities are based on the assumption that the exchange rate changes by 6%/4% in respect to INR to US\$, 8%/1% in respect to INR to EUR, 6%/7% in respect to MYR to US\$ and 4%/10% in respect to MYR to EUR for the year ended 30 June 2018 and 30 June 2017 with all other variables held constant.

INR to US\$	Effect on profit / (loss) before tax/Equity	
	Year ended 30	Year ended 30
	June 2018	June 2017
Gain/(loss) associated with change from year end		
INR weakens/ strengthens by 6%/4% against US\$	6.914	5.409
INR strengthens/ weakens by 6%/4% against US\$	(6.914)	(5.409)

INR to Euro	Effect on profit / (loss) before tax/Equity	
	Year ended 30	Year ended 30
	June 2018	June 2017
Gain/(loss) associated with change from year end		
INR strengthens by 8%/1% against Euro	175	23
INR weakens by 8%/1% against Euro	(175)	(23)

MYR to US\$	Effect on profit / (loss) before tax/Equity	
	Year ended 30	Year ended 30
	June 2018	June 2017
Gain/(loss) associated with change from year end		
MYR weakens/strengthens by 6%/7% against US\$	(13.582)	14.996
MYR strengthens/ weakens by 6%/7% against US\$	13.582	(14.996)

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	Effect on profit / (loss) before tax/Equity	
	Year ended 30 June 2018	Year ended 30 June 2017
MYR to Euro		
Gain/(loss) associated with change from year end		
MYR weakens/ strengthens by 4%/10% against Euro	(14)	32
MYR strengthens/ weakens by 4%/10% against Euro	14	(32)
<i>(b) Interest rate risk</i>		

The Group's borrowings are at variable rates except for non-convertible debentures issued at fixed rate (refer note 21). These borrowings are linked to LIBOR. The Group also has certain outstanding interest rate swaps (refer note 12 for interest rate swap contracts outstanding as at each balance sheet date and the gain/loss recognised on these contracts).

The table below summarises the impact of changes in interest rates. The impact is expressed in terms of the resulting change in the Group's profit / (loss) before tax for the year. The sensitivities are based on the assumption that the interest rate changes by 50 basis points for the year ended 30 June 2018 and year ended 30 June 2017 with all other variables hold constant.

Interest rates	Effect on profit / (loss) before tax/Equity	
	Year ended 30 June 2018	Year ended 30 June 2017
Gain/(loss) associated with change from year end		
Interest rates higher by 50/ 50 basis points	(195)	(1.981)
Interest rates lower by 50/ 50 basis points	195	1.981

(c) Credit risk

The Group considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Group does not maintain significant cash and deposit balances other than those required for its day to day operations.

The Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings with the Group for extension of credit to customers. The Group monitors the payment track record of the customers. The Group has also taken security deposits from its distributors, which mitigate the credit risk to an extent.

The Group maintains balances and deposits with financial institutions after consideration of their market reputation. The deposits and balances of the Group have been maintained with financial institutions which have credit ratings of:

- AAA (AAA ratings are judged to be of highest quality and are subject to minimal credit risk), AA and AA+ (AA ratings are judged to be of high quality and are subject to very low credit risk) and A (A ratings are considered upper-medium grade and are subject to low credit risk).
- P1 (P1 ratings are judged to be of highest quality and are subject to minimal credit risk), P2 (P2 ratings are judged to be of high quality and are subject to low credit risk) and P3 (P3 ratings are considered of adequate quality and are subject to medium credit risk).

Maximum exposure to credit risk and credit quality is disclosed in note 9 and note 10.

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(d) Liquidity risk

The Group relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The maturity profile based on undiscounted cash flows is as under:

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings (excluding financial lease liabilities)	794,418	110,117	231,057	22,265
Trade and other payables (excluding deferred revenue)	183,721	-	-	-
Total	978,139	110,117	231,057	22,265

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings (excluding financial lease liabilities)	766,189	92,271	231,057	19,716
Trade and other payables (excluding deferred revenue)	229,109	-	-	-
Total	995,298	92,271	231,057	19,716

The Group is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders.

The borrowings have been treated in the maturity analysis in accordance with the original terms of the agreements.

II. Competition and Price risk

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continually upgrading its expertise and range of products to meet the needs of its customers. We have in place policies to manage exposure to fluctuations in the prices of the key raw materials and commodities used in operations. We enter into fixed price contracts to establish determinable prices for key raw materials and consumables.

3.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Group also proposes to maintain an optimal capital structure to reduce the cost of capital, it also manages the Group's debt profile to optimize cost of debt time to time. In order to maintain or adjust the capital structure, the Group may adjust any dividend payments, return capital to shareholders or issue new shares. Perpetual capital securities are considered as equity. To maintain or adjust Group's debt exposure, refinance of debts or terms are discussed and revised as necessary. Refer note 21 for borrowings.

The following table shows the components of equity managed by the Group:

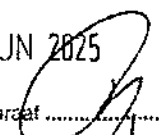
	30 June 2018	30 June 2017
Equity as per Stockholders equity	(201,944)	(362,350)
	(201,944)	(362,350)

3.3 Fair value estimation

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The table below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities that are measured at fair value as at 30 June 2018 and 30 June 2017.

Group's assets and liabilities that are measured at fair value at 30 June 2018 and 30 June 2017.

See note 8 (a) for disclosures of the biological assets measured at fair value.

	30 June 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivatives	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Financial assets at fair value through profit or loss				
– Derivatives	-	-	-	-
	-	-	-	-
	30 June 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Derivatives	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Financial assets at fair value through profit or loss				
– Derivatives	-	353	-	353
	-	353	-	353

The fair value of financial instruments traded in active markets are based on quoted market prices at the balance sheet date and included in level 1. The Group does not have any financial instruments to be included in level 1 in the financial statements.

The fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4. Critical accounting estimates, assumptions and judgements

The preparation of consolidated financial statements requires management to make estimates, assumptions and judgments relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and for reporting amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Significant estimates and assumptions are used when accounting for the following items:

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(a) Property, plant and equipment

The external adviser is used to assist in determining their remaining useful lives. Management believes that the assigned values and useful lives, as well as the underlying assumptions, are reasonable, though different assumptions and assigned lives could have a significant impact on the reported amounts. (Refer note 6)

(b) Biological assets

The fair value of the biological assets is the present value of the expected future cash flows taking into account the estimated market prices in available markets, estimated projected growth over the rotation period for the existing biological assets and estimated cost of extraction including transportation costs. The discount rate used is the applicable pre-tax weighted average cost of capital of the business unit. Determining the appropriate discount rate, cost and expected revenue requires significant assumptions and changes in these assumptions could change the outcome of the plantation valuation.

Changes in the assumptions or estimates used in these calculations may affect the results, in particular, valuation of biological assets and as a result, the amount recorded in profit or loss arising from fair value changes and growth.

A key assumption and estimation is the projected growth estimation and projected harvesting plan over a period of 5 to 9 years per rotation. The Group involves experts on a periodic basis to determine inputs to the plantation growth model since these are complex and involve estimations and judgements. The expert establishes a long-term sample plot network which is representative of the species and sites on which trees are grown and the measured data from these permanent sample plots are used as input into the growth estimation. Availability of resources and sub-contractors may affect execution of harvesting plan. Refer note 8a for sensitivity of assumptions used in the biological assets.

(c) Fair value of derivatives and available-for-sale financial asset

Derivative financial assets and liabilities are measured at their fair value. The fair value of interest rate swaps has been determined based on, among other estimates, applicable or effective dates and day conventions, fixed rate coupon, floating index, notional amount and reset frequency. Changes in any estimates could lead to recognition of significant fair value changes in income statement.

(d) Government grants

Grants relating to assets are initially measured based on estimated grant receivable under the scheme, however not accounted for but as a basis for annual income recognition. Grants receivables are based on sales estimates within State of Maharashtra which involves gathering and evaluating sales estimates for future periods as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance life of the asset. Refer note 38

(e) Impairment of tangible assets

Assets are tested for impairment on an annual basis as per IAS 36. Under IAS 36, we are required to assess the conditions that could cause an asset to become impaired and to perform a impairment test. The recoverable amounts of the India operations and SFI were determined based on calculations of value in use, which require the use of estimates (refer note 6). The value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Management believes that the assumptions used in assessment of recoverable amount based on value are reasonable, though different assumptions could have significant impact on the assessment. (refer note 6)

The significant judgement is in relation to the following items:

(a) Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The Group considers whether it is probable that the subsidiary will have sufficient taxable profits against which the unused tax losses or unused tax credits can be utilised. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements. (refer note no.22 and 31)

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(b) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

(c) Impairment of tangible assets

Assets are tested for impairment on an annual basis as per IAS 36. Under IAS 36, we are required to assess the conditions that could cause an asset to become impaired and to perform a recoverability test. The value in use is calculated by using cash flow projections based on financial budgets approved by management covering a five-year period based on assumptions like, maturity of the underlying market, market share and volume development to determine the revenue mix and growth rate or recoverable amount, wherever available. Management believes that the assumptions used in assessment of recoverable amount based on value are reasonable, though different assumptions could have significant impact on the assessment. (refer note 6)

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Bilt Paper B.V. that are used to make strategic decisions.

The Board of Bilt Paper B.V. considers the business from a production unit perspective which also aligns with the products and the geography of the Group's domestic markets. Accordingly, management considers the performance of its businesses as follows:

- Coated paper manufactured in India – Bhigwan production unit
- Uncoated paper manufactured in India – Ballarpur, Sewa and Ashti production units
- Uncoated paper and pulp manufactured in Malaysia – SFI production unit

The reportable operating segments derive their revenue primarily from the manufacture and sale of paper and pulp. Certain segments include ancillary income as follows:

- The Ballarpur production unit sells surplus caustic soda, that it produces, to the market
- Ballarpur unit and Bhigwan unit sells surplus power, that it produces, to the market
- The SFI production unit operates an integrated timber complex which produces plywood, sawn timber and veneer wood products for external sale
- The SFI production unit also produces pulp which is exported to Bhigwan production unit
- Ballarpur unit produces pulp which is sold to Bhigwan production unit

The results of these activities are included in the relevant segment as this is how the segments are presented to the Board. All the production units sell their products in both domestic and export markets.

The Board assesses the performance of the operating segments based on a measure of EBITDA. Interest income and expenditure and derivative gains and losses are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash and risk positions of the Group.

The revenue from external parties reported to the Board is measured in a manner consistent with that measured in the income statement.

The segment information provided to the Board for the reportable segments for the year ended 30 June 2018 and 30 June 2017 is as follows:

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Year ended 30 June 2018						
	Paper		Head office /Others**	Total	Discontinued Operation	Total
	India			Continuing Operation		
	Coated	Uncoated				
Total Segment Revenue	152,824	222,880	2	375,706	23,272	398,978
Inter Segment Revenue	-	-	-	-	-	-
Revenue from External Customers	152,824	222,880	2	375,706	23,272	398,978
Net Revenue from External Customers*	152,824	222,880	2	375,706	23,272	398,978
EBITDA	13,328	57,942	(8,167)	63,103	(12,912)	50,191
Depreciation/amortisation and Impairment charge	(6,522)	(21,243)	(119)	(27,884)	-	(27,884)
Operating Profit/(Loss)	6,806	36,699	(8,286)	35,219	(12,912)	22,307

Year ended 30 June 2017						
	Paper		Head office /Others**	Total		Total
	India			Continuing Operation	Discontinued Operation	
	Coated	Uncoated				
Total Segment Revenue	77,927	129,140	194	207,261	15,648	222,908
Inter Segment Revenue	-	(21)	-	(21)	-	(21)
Revenue from External Customers	77,927	129,118	194	207,239	15,648	222,887
Net Revenue from External Customers*	73,630	122,192	194	196,016	15,648	211,664
EBITDA	3,238	19,362	(14,113)	8,487	(62,254)	(53,768)
Depreciation/amortisation and Impairment charge	(8,254)	34,076	(80)	25,741	(0)	25,741
Operating Profit/(Loss)	(5,016)	53,438	(14,193)	34,228	(62,254)	(28,026)

*Net revenue from external customers represents revenue net of excise duty which is applicable to the paper and pulp operations in India.

**Head office / others refers to BGPPL Head office, Bilt paper B.V., BPH and other trading activities.

Sales between segments are carried out on an arm's length basis.

A reconciliation of EBITDA to profit before tax is provided as follows:

	Year ended 30 June 2018	Year ended 30 June 2017
EBITDA for reportable segments- Continuing operat	71,270	22,600
Head office / Others	(8,167)	(14,113)
EBITDA-Discontinued operation	(12,912)	(62,254)
Total Segments EBITDA	50,191	(53,767)
<u>Continuing operation</u>		
Depreciation/amortisation and Impairment charge	(27,884)	25,741
Finance cost Net	(101,633)	(133,373)
Other gains /Losses	170,707	(499,767)
Profit before Tax - Continuing operation	104,293	(598,912)
<u>Discontinued operation</u>		
Depreciation/amortisation and Impairment charge	-	(0)
Finance cost Net	(2,268)	(17,745)
Profit before Tax - Discontinued operation	(15,179)	(79,998)

No amounts are provided to the Board with respect to segmental assets and liabilities and accordingly no such financial measures are presented here.

Breakdown of the revenue from external customers is as follows:

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	Year ended 30 June 2018	Year ended 30 June 2017
<u>Continuing Operation</u>		
Paper	373.676	204.825
Power	2.030	2.414
Total - Continuing operation	375,706	207,239
<u>Discontinuing Operation</u>		
Paper	20.508	14.924
Pulp	378	-
Timber and related products	2.386	724
Total - Discontinued operation	23,272	15,648
Total	398,978	222,887

The entity is domiciled in the Netherlands but its subsidiaries have operations in India and Malaysia. The Group has no revenue from external customers in the Netherlands. Its revenue from external customers in India and Malaysia is shown below.

	Year ended 30 June 2018	Year ended 30 June 2017
<u>Continuing Operation</u>		
India- Domestic	356.764	196.419
India- Export	18.942	10.820
Total - Continuing operation	375,706	207,239
<u>Discontinued Operation</u>		
Domestic	21.510	12.085
Export	1.762	3.563
Total - Discontinued operation	23,272	15,648
Total	398,978	222,887

The breakdown of the major components of the total revenue from external customers from other countries is disclosed above. The revenues are distinguished based on their trading currency. In case of India, export is primarily to the United States of America, Spain, France, Germany, Ireland, Saudi Arabia, Singapore, Australia and other African countries. In case of Malaysia, export is primarily to Philippines, Sri Lanka, Singapore, Indonesia and Thailand.

The total of non-current assets (excluding deferred tax assets, non-current income tax assets and financial instruments) located in India and Malaysia is disclosed below:

	30 June 2018	30 June 2017
India	527.310	576.369
Malaysia (Assets classified as held for sale and discontinued operation)	262.777	249.508
	790,087	825,877

In case of Netherlands, there were no such non-current assets.

Revenues for the year ended 30 June 2018 and 30 June 2017 amounting to US\$44,271 and US\$30,357 respectively were derived from a single external customer.

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6a. Property, plant and equipment

	Land and buildings	Plant and machinery	Motor vehicles	Jetty and access roads	Total
Year ended 30 June 2018					
Opening net book amount	93.109	469.022	301	5	562,438
Additions	0	3.306	27	-	3,332
Exchange differences	(4.943)	(22.925)	(15)	-	(27,883)
Transfers	-	(6)	(3)	-	(9)
Depreciation charge	(3.205)	(24.276)	(64)	-	(27,545)
Transfer to Discontinued operation	(311)	-	-	-	(311)
Closing net book amount	84,650	425,121	246	5	510,022

As of 30 June 2018					
Cost	105.225	628.390	1.552	(19)	735,148
Accumulated depreciation	(20.576)	(203.269)	(1.304)	22	(225,127)
Net book amount	84,650	425,121	246	5	510,022

	Land and buildings	Plant and machinery	Motor vehicles	Jetty and access roads	Total
Year ended 30 June 2017					
Opening net book amount	101.919	583.944	75	3.233	689,171
Additions	311	2.945	27	-	3,283
Regrouping	2.809	(831)	-	(1.978)	-
Exchange differences	3.107	7.417	31	(82)	10,473
Disposals	-	(1.507)	(6)	-	(1,513)
Impairment charge	(77)	50.219	-	-	50,142
Depreciation charge	(3.386)	(20.494)	(68)	-	(23,948)
Transfer to Discontinued operation	(11.574)	(152.671)	242	(1.168)	(165,171)
Closing net book amount	93,109	469,022	301	5	562,437

As of 30 June 2017					
Cost	111.629	660.811	1.615	25	774.080
Accumulated depreciation	(18.520)	(191.789)	(1.314)	(20)	(211,643)
Net book amount	93,109	469,022	301	5	562,437

Land and buildings include freehold land, buildings, employee housing and infrastructure. Refer note 21 for assets charged as security.

In line with its accounting policy, the group has reviewed the useful life during the current period and concluded that no change is required to the previously assessed estimates.

Testing of Impairment of Tangible assets

At each reporting date, The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset (or cash generating unit) is reviewed in order to determine the amount of the impairment, if any. The recoverable amount is the higher of its net selling price / fair value, reduced by

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selling costs) and its value in use. In estimating its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash generating unit is the smallest identifiable group of assets corresponding to operating units that generate cash inflows. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised. An impairment loss is recognised as an expense immediately as part of operating income in the consolidated income statement.

In the case of permanently idled assets, the impairment is measured at the individual asset level. Otherwise, the Company's assets are measured for impairment at the cash-generating unit level. In certain instances, the cash generating unit is an integrated manufacturing facility which may also be an operating subsidiary. Further, a manufacturing facility may be operated in concert with another facility with neither facility generating cash flows that are largely independent from the cash flows of the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of June 30, 2018, the Company determined it has 4 cash-generating units.

An impairment loss, related to tangible assets recognised in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset due to a reversal of an impairment loss will not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately as part of operating income in the consolidated income statement.

Group is facing working capital crunch owing to higher financing commitments which is creating pressure on cash inflow retention in the Group.

Further, Group has continued to incur loss in current year basis which Impairment analysis has triggered. The Company has incurred operating losses amounting to US\$4.4 million and US\$51.5 million for the year ended June 30, 2018 and June 30, 2017 respectively at SFI, Malaysia (discontinued operation) and operating profit amounting to US\$29.4 million and US\$36.2 million for the year ended June 30, 2018 and June 30, 2017 respectively at BGPPL. Considering the past history of losses and liquidity situation at SFI and BGPPL along with other factors as explained above triggering impairment testing, the management has performed the impairment assessment test for SFI and BGPPL CGUs. In total comprising of Four cash generating units which are SFI (Malaysia), uncoated Ballarpur, coated Bhigwan and uncoated Sewa.

Key assumptions which have been used to determine the recoverable values of all CGUs were:

- Maturity of the underlying market, market share and volume development to determine the revenue mix and growth rate;
- Level of operating income largely impacted by revenue and cost taking into account the nature of the underlying costs, potential economies of scale efficiencies planned
- Discount rate to be applied considering the nature of the underlying cash flows and foreign currency and inflation-related risks.
- In case of Sewa, independent valuation of assets with help of external management expert.

Accordingly, the Company recognized a Net impairment (charge)/reversal) of Nil (2017: US\$50) Million consisting of the following:

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30 June 2017

Amounts in USD Mn						
	A	B	C	B>A/C>A		
CGU	Carrying Value of Assets as at June 30, 2017	Value in Use	Fair value of assets	Whether recoverable amount higher than Carrying Value	Impairment already provided	((Impairment)/Reversal)
SFI	243	-	233	(10)	88	-
Uncoated (Ballarpur)	273	360	-	87	50	50

Management assessment of the CGUs to be tested for impairment

SFI, Malaysia

SFI has an integrated plant facility for the production of pulp and paper and therefore cannot generate revenue independent of each other and have been considered as a single CGU.

Based on sale and purchase agreement between R&M and Pelangi Pretasi Sdn. Bhd ("Buyer") for a consideration of 1.2 billion Malaysia Ringgit (US\$310 million), Although recoverable value (US\$310 million) of the CGU is higher than the carrying value of the assets. Conservatively Company has not reversed impairment provided in earlier years.

BGPPL, India (Three CGUs)

1. Uncoated Paper CGU (Ballarpur): Ballarpur has integrated paper and pulp plant facility.

The estimated production was determined for the forecast period based on performance for historical periods and current state of affairs. Historically and currently the unit is producing and selling 80% to 85% of its total capacity. This has been used as a base for the projection. The estimated sales quantity has been considered as equivalent to estimated production. The sale price has been determined by taking into consideration the recent prices prevailing in the market and by applying no growth till 2022 thereafter 1% in price increase over the remaining useful life of the assets. The price increase has been determined after taking into consideration the growth in prices of CGU for the past periods.

Based on the above assumptions, the value in use of the CGU is higher than the carrying amount. No impairment has been done during the year (2017: Nil)

2. Coated Paper CGU (Bhigwan): Bhigwan being an independent CGU producing coated paper.

The estimated production was determined for the forecast period based on performance for historical periods and current state of affairs. Historically the unit was producing and selling 88% to 92% of its total capacity. This has been used as a base for the projection. The estimated sales quantity has been considered as equivalent to estimated production. The sale price has been determined by taking into consideration the recent prices prevailing in the market and by applying no growth till 2022 thereafter 1% in price increase over the remaining useful life of the assets. The price increase has been determined after taking into consideration the growth in prices of CGU for the past periods.

Based on the above assumptions, the value in use of the CGU is higher than the carrying amount. No impairment has been done during the year (2017: Nil)

3. Uncoated Paper CGU (Sewa): Sewa is integrated pulp and paper production facility.

Sewa unit has historically been achieving lower level of EBITDA and even negative cash flows in recent past, which has been mainly due to higher costs. Management after careful deliberation, chose to reassess operational strategy for Sewa and took decision to temporarily shut Sewa operation from April 2016. Since

Management continued to explore viable options to productively generate positive cash flows and accordingly entered into a plant operation and maintenance agreement with a party in August 2017 but the plant could not be restarted. Considering that plant has been non-operational though there was value assigned which was less than the carrying value, Management gave higher weightage to current state of affairs and accordingly all tangible assets except free hold land has been impaired. With conclusion of debt restructuring and Company's continued focus to

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infuse funds at proven profitable other CGUs. Management considers current impairment charge to be reasonable. During the financial year 2021 the unit has been disposed of.

Refer note 21 for assets charged as security.

6b. Intangible Assets

	30 June 2018	30 June 2017
Opening net book amount	342	163
Transfers	-	665
Amortisation charge	(339)	(332)
Exchange differences	(3)	(2)
Transfer to Discontinued operation	-	(152)
Closing net book amount	-	342

	30 June 2018	30 June 2017
Cost	1,618	1,712
Accumulated amortization and impairment	(1,618)	(1,370)
Net book amount	-	342

7. Capital work-in-progress

	30 June 2018	30 June 2017
Opening balance	1,963	4,498
Impairment	-	(119)
Additions	1,737	931
Transferred to property, plant & equipment	(1,745)	(3,451)
Exchange differences	(107)	104
Closing balance	1,848	1,963

Capital work-in-progress primarily comprised plant and machinery and building.

Refer note 21 for assets charged as security.

8a. Biological assets

The Group - through its subsidiary SFI - manages about 288,623 (2016: 288,623) hectares of forest land in Sabah, Malaysia, under two licenses namely: Timber License Agreement & Timber (Plantation) License Agreement for Natural Forest Management (NFM) and Industrial Tree Plantation (ITP) granted by the Government of Sabah, Malaysia.

Of the total available forest land, ITP and NFM licence area as per the agreements is 183,801 Hectares and 104,822 Hectares respectively. Area for NFM is specifically utilised for the sustainable production of high quality tropical timber, which is processed in the Group's Integrated Timber Complex in solid wood, plywood and veneer products. The ITP licence that makes up the remainder of the area, is planted with fast growing Acacia, Eucalyptus and Mixed Tropical Hardwood (MTH) species for the production of pulpwood for the Group's pulp and paper mill. The harvest

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cycle for these plantations is between 5 to 9 years. All plantation areas that are harvested are replanted. This area is currently dominated by previously logged MTH species of various ages and densities. After this timber is harvested it is established with fast growing plantation species. The remainder of the ITP area is made up of legal and environmental excised areas which may not be used for production.

The Group harvested 427,203 cubic meters of trees for the year period ended 30 June 2017.

The following table presents the Group's biological assets that are measured at fair value as at 30 June 2017:

	Level 1	Level 2	Level 3	Total
At 30 June 2017				
Tree crops	-	-	76,837	76,837
Total	-	-	76,837	76,837

The movement in the fair value of assets within Level 3 of the hierarchy has been given below.

	30 June 2018	30 June 2017
Opening balance	-	87,345
Increased due to expenditure to planted areas	-	2,647
Decrease due to harvest	-	(3,267)
Gain/ (loss) in profit and loss arising from Biological transformation	-	(4,059)
Exchange differences	-	(5,829)
Transfer to Discontinued operation	-	(76,837)
Closing balance	-	-
Total gains/ (loss) for the period included in profit and loss for assets held at the end of the reporting year/period, under 'Change in fair value of biological assets'	-	(4,059)

The cumulative fair value of the biological assets has decreased primarily due to lower volume of logs to extracted over the recent past periods, likely lower extraction in immediate future periods and an increase in discount rate use to determine present value of expected cash flows to factor in the uncertainties of extraction and timing thereof. Further the carrying amount of the biological assets has been decreased due to currency movement.

The following unobservable inputs were used to measure the group's tree crops plantation:

Description	Fair value at 30 June 2017	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Tree crops	76,837	Discounted cash flows	Log price (US\$/cubic meters)	ITP - 46-55 NFM - 157-209	The higher the log price, the higher the fair value
			Discount rate	ITP - 15.3% NFM - 16.9%	The higher the discount rate, the lower the fair value
			Yield (cubic meters/hectare)	ITP - 109-143 NFM - 17-34	The higher the yield, the higher the fair value

The Group is exposed to a number of risks related to its plantations:

i. *Regulatory and environmental risks*

There are various laws, regulations, enactments and agreements, which the Group has to comply with. The

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operations are regularly reviewed by the management internally for regulatory compliances. Generally external audits by the various entities which include government departments and International Forestry Auditing Organisations which ensure regulatory and environmental compliances are conducted time to time. The Group has ensured that necessary regulations have been complied with as at the balance sheet date.

ii. Supply and demand risks

Demand is determined by the raw material required for the pulp-mill and timber sales. If the demand for the raw materials reduces or ceases then external markets could be sought as the product (trees) continue to grow. Without sufficient labour and availability of specific sub-contractors, the required volumes to be harvested and the area required to be planted will not take place. Insufficient financial support for operating costs will result in the discontinuance of work.

iii. Climate and other risks

Pests and diseases may affect both the nursery and the growing stock. Prolonged drought will reduce the forecasted volume yield. Short term droughts increase the likelihood of the outbreak of wildfires which can cause timber losses. Flash floods can produce landslides resulting in restricted access and a high cost of reconstructing roads. Continuous rain can make most roads impassable and limit timber deliveries to the pulp-mill. Seasonal vigilance and fire prevention plans are put in place. Periodic and timely inspections are held to ensure the preventive actions, which minimises the risks.

Strategic and tactical planning has been conducted using the approved management plans which include the financial requirements for operating land units. Annual works plans based on the long term planning and the budgetary requirements for this are approved and updated every year. Given the adverse financial condition in the recent past, the actual results have been significantly lower than the forecast/ plans. This fact has been adequately considered while determining fair value as at the balance sheet date.

Biological assets have been valued as per IAS 41 and methodology used to determine the fair value of biological assets less costs to sell is in compliance with IFRS 13 and the International Valuation Standards issued by the International Valuation Standards Council which aims to determine the fair value of a biological asset in its present location and condition.

The key assumptions used in the valuation of biological assets are:

- I. cash flows based on the projected revenue of log prices, cost and extraction.
- II. pre-tax discount rate based on the market rate of return for similar risks, considered as 15.3% for the year ended 30 June 2018 and 30 June 2017 for ITP, and 16.9% for the year ended 30 June 2018 and 30 June 2017 for NFM.
- III. projected cash flows do not take into account the finance cost, if any.

The table below summarises the impact of changes in various inputs used in the valuation of biological assets:

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	30 June 2018	30 June 2017
1% decrease in discount rate	-	4,930
1% increase in discount rate	-	(4,539)
	30 June 2018	30 June 2017
5% decrease in cost	-	10,236
5% increase in cost	-	(10,236)
	30 June 2018	30 June 2017
5% decrease in price	-	(14,677)
5% increase in price	-	14,677
	30 June 2018	30 June 2017
5% decrease in volume	-	(4,442)
5% increase in volume	-	4,442

The assumptions and methods to determine the fair value less cost to sell at point of harvest are similar to the principles of valuation of closing balance of biological asset.
Refer note 21 for assets charged as security.

8b. Land use rights

	30 June 2018	30 June 2017
Opening balance	3,544	10,987
Amortisation of land premium	(56)	(153)
Exchange differences	(191)	(355)
Transfer to Discontinued operation	(1,834)	(6,936)
Closing balance	1,463	3,544
	30 June 2018	30 June 2017
Cost	2,123	4,148
Accumulated amortisation	(660)	(604)
Net book amount	1,463	3,544

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9. Financial instruments by category

Assets as per balance sheet	Loans and receivables	Total
As of 30 June 2018		
Restricted deposits	6	6
Trade and other receivables*	12,828	12,828
Grant Receivable	8,603	8,603
Cash and cash equivalents	21,687	21,687
Total	43,124	43,124

As of 30 June 2017		
Restricted deposits	169	169
Trade and other receivables*	42,573	42,573
Grant Receivable	9,102	9,102
Cash and cash equivalents	19,582	19,582
Total	71,426	71,426

Liabilities as per balance sheet	Financial liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
As of 30 June 2018			
Borrowings	-	810,083	810,083
Trade and other payables	-	203,362	203,362
Total	-	1,013,445	1,013,445
As of 30 June 2017			
Borrowings	-	1,075,950	1,075,950
Trade and other payables	-	249,814	249,814
Derivative financial instruments	353	-	353
Total	353	1,325,764	1,326,117

* Prepayments, certain statutory dues recoverable and advances to suppliers are not in the nature of financial instruments, hence not been considered.

Trade and other receivables of US\$1,846 and US\$234 as at 30 June 2018 and 30 June 2017 respectively, were derived from a single external customer.

10. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (when available) or to historical information about counterparty default rates:

	30 June 2018	30 June 2017
Trade receivables:		
Customers with no default in the past	10,129	5,878
Total	10,129	5,878

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Information relating to credit quality of the financial assets is presented below:

	30 June 2018	30 June 2017
Cash at bank and short term deposits		
AAA	9,560	2,539
AA and AA+	10,701	2,632
A1+	1,355	2,627
P1 and P1+	98	40
P2 and P3	-	11,737
Total	21,714	19,575

	30 June 2018	30 June 2017
Deposits forming part of restricted deposits		
AAA	94	136
AA and AA+	9,505	-
A1+	523	33
Total	10,122	169

	30 June 2018	30 June 2017
Related parties with no defaults in the past	1,746	666
Total	1,746	666

There has been no default in case of other financial assets.

11. Available-for-sale financial asset

During the year ended 30 June 2009 the Group purchased from Ballarpur Industries Limited (BILT), at a cost of US\$3,920, 18,200,000 shares in Avantha Power and Infrastructure Limited ("APIL"). Further, during the year ended 30 June 2010, the Company purchased from BILT, at a cost of US\$2,831, additional 12,011,250 shares in APIL. The Group's total percentage holding in APIL at 30 June 2016 and at 31 March 2015 (represented by 31,226,754 shares including bonus shares (1,015,504 shares) allotted to Company) was 3.39%.

In the financial year 30 June 2016, The Group assessed indicators such as APIL's operational capacity, its debt exposure, market conditions, declining power tariffs putting pressure on earnings and other operational measures. Because of these factors, APIL has consistently been into losses. In view of the above factors, the Management considers recoverability of its investment value as doubtful and accordingly has impaired the carrying value.

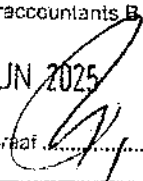
12. Derivative financial instruments and hedging activities

	30 June 2018	30 June 2017
Assets (Non-current)		
Interest rate swaps	-	-
Total	-	-
Less: Assets (Non-current portion)		
Interest rate swaps	-	-
Current portion	-	-
Liabilities (Non-current)		
Interest rate swaps	-	(353)
Total	-	(353)
Less: Liabilities (Non-current portion)		
Interest rate swaps	-	353
Current portion	-	-

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Derivative financial instruments are classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The derivative financial assets and liabilities are denominated in US dollars.

Interest rate swaps

During the previous years, the Group entered into four interest rate swap contracts for a total notional principal amount of US\$122,500. The maturity of these outstanding interest rate swap contracts ranged from June 2018 to August 2019. During the period ended 30 June 2016 one contract has matured. During the year ended 30 June 2017 one contract has been terminated. During the year ended 30 June 2018 the Company has early terminated the remaining contracts. Under these arrangements, the Group receives a floating LIBOR based interest rate and pays fixed or floating rates, depending on the LIBOR rate falling in one of the four pre-determined band rates. The (gain)/loss arising from the interest rate swap amounting to US\$383 and US\$(550) (refer note 30), for the year ended 30 June 2018 and for year ended 30 June 2017 respectively has been recognised in the income statement in finance costs. There are no outstanding interest rate swap contracts as at 30 June 2018.

13. Trade and other receivables

	30 June 2018	30 June 2017
Trade receivables	12,214	6,674
Less: Provision for impairment of trade receivables	(1,573)	(796)
Trade receivable – net	<u>10,641</u>	<u>5,878</u>
Prepayments	58	897
Statutory dues recoverable	13,597	33,558
Grant receivable (refer note 38)	8,603	9,102
Deposits	184	411
Amounts due from related parties (refer note 36(q))	1,746	666
Advance to suppliers-other than fixed assets	5,409	2,912
Other receivables	3,923	81
	<u>44,161</u>	<u>53,505</u>
Less: Non current portion:		
Statutory dues recoverable	(8,058)	(8,082)
Prepayments	(1)	(1)
Non current portion	<u>(8,059)</u>	<u>(8,083)</u>
Current portion	<u>36,102</u>	<u>45,422</u>

The fair values of trade and other receivables in the nature of financial assets approximate their respective carrying values.

Statutory dues recoverable primarily comprise Goods and Service Tax ("GST") input tax credits available in India on purchases of property, plant and equipment and input materials that can be offset against GST liability due on domestic paper sales produced on this equipment and with these input materials.

As at 30 June 2018 and 30 June 2017 trade receivables of US\$9,032 and US\$3,011, respectively were fully performing.

As at 30 June 2018 and 30 June 2017 trade receivables of US\$1,609 and US\$2,867, respectively, were past due but not impaired. These relate to external customers for whom there is no history of default. The ageing analysis of

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these trade receivables is as follows:

	30 June 2018	30 June 2017
Up to 6 months	837	1,783
6 months to 1 year	46	693
1 year to 2 years	727	367
2 years to 3 years	-	24
Total	1,609	2,867

Movements of the Group provision for impairment of trade receivables are as follows:

	30 June 2018	30 June 2017
Opening balance	796	731
Provision charge /(release) during the year	2,059	32
Exchange difference	(1,186)	33
Closing Balance	1,573	796

The creation of provision for impaired receivables has been included in 'Other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The charges to income statement from bad debt provisions are as follows:

	Year ended 30 June 2018	Year ended 30 June 2017
Bad debt Provision charge /(release)	2,059	32
Net charge	2,059	32

The other classes within trade and other receivables do not contain impaired assets.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	30 June 2018	30 June 2017
INR	38,455	49,443
USD	5,282	3,788
EURO	240	258
GBP	7	16
Others	177	-
Total	44,161	53,505

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group holds security deposits against certain receivables amounting to US\$6,374 (2017: US\$6,605). The security deposits have been disclosed under trade and other payables.

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14. Inventories

	30 June 2018	30 June 2017
Raw material, consumables & spares	31,375	28,393
Work in progress	5,819	1,829
Finished goods	6,488	9,451
Less: Provision for inventory	(1,546)	(993)
	<u>42,136</u>	<u>38,680</u>

The charge to income statement from inventory provisions and write off are as follows:

	30 June 2018	30 June 2017
Beginning of the year	993	2,233
Inventory provision charge	638	(825)
Exchange rate impact	(85)	(415)
	<u>1,546</u>	<u>993</u>

15. Restricted deposits

	30 June 2018	30 June 2017
Fixed deposits maturing within 12 months	4	169
	<u>4</u>	<u>169</u>

Fixed deposits shown above are kept as security by financial institutions against bank overdrafts and bank guarantees.

The carrying amounts of the Group's restricted deposits are denominated in the following currencies:

	30 June 2018	30 June 2017
INR	4	169
	<u>4</u>	<u>169</u>

16. Cash and cash equivalents

	30 June 2018	30 June 2017
Cash in hand	7	9
Bank balances	11,589	18,406
Short term deposits with banks	10,091	1,167
	<u>21,687</u>	<u>19,582</u>

Cash is for a free disposal of the Group. Deposits of the Group have an average effective interest rate of 5.63% per annum and 5.63% per annum as at 30 June 2018 and 30 June 2017, respectively.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	30 June 2018	30 June 2017
INR	21,677	18,650
USD	10	927
EURO	-	5
Total	<u>21,687</u>	<u>19,582</u>

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17. a) Share capital and premium

	Year ended 30 June 2018		Year ended 30 June 2017	
	EUR	USD	EUR	USD
Authorised				
700,000,000 ordinary shares of € 0.01 per share	7.000	8.833	7.000	8.833
Issued and fully paid up				
700,000,000 ordinary shares of € 0.01 per share				
(2015: 700,000,000 ordinary shares of € 0.01 per share)	7.000	8.833	7.000	8.833

The movement in the share capital and share premium accounts of the Company during the year ended of this consolidated financial statements was as follows:

	Number of ordinary shares (thousands)	Ordinary shares	Share Premium	Total
At 30 June 2016	700,000	8,833	515,305	524,138
Ordinary shares issued during the year	-	-	-	-
30 June 2017	700,000	8,833	515,305	524,138
Ordinary shares issued during the year	-	-	-	-
30 June 2018	700,000	8,833	515,305	524,138

b) Unsecured perpetual capital securities

In August, 2011, the Company raised US\$200,000 through issue of unsecured dollar denominated 9.75% subordinated perpetual capital securities (the securities). The securities are listed on the Singapore stock exchange. The securities are perpetual in nature with no maturity or redemption and ranked senior only to the share capital of the Company. The proceeds from the issuance of these securities have been utilised to repay the profit certificates held by BIH and to meet the capital expenditure requirements. The securities are redeemable at the option of the Company in the 5th/ 10th year from the date of allotment of securities and thereafter on every interest payment date and the payment of stated coupon on the securities is also at the discretion of the Company. Considering that both redemption of principal and repayment of coupon is at the discretion of the Company, these securities have been classified as equity in the consolidated financial statements.

Transaction costs amounting to US\$8,886 have been adjusted in the carrying value.

The Company has distributed payments amounting to US\$9,750 each in August 2012, February 2013, August 2013, February 2014, August 2014, February 2015, August 2015 and February 2016 @ 9.75% which has been reflected in the statement of changes in equity. The Company has deferred the payments thereafter.

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18. Accumulated Deficit

At 30 June 2016	(339,290)
Loss for the year	(532,991)
Distribution on perpetual capital securities (refer note 17(b))	(19,281)
30 June 2017	(891,562)
Profit for the year	35,419
Transfer from Other Reserve (refer note 19)	3,303
Distribution on perpetual capital securities (refer note 17(b))	(23,900)
Changes in share of other equity components due to change in stake of Non- controlling interest	1,042
30 June 2018	(875,698)

Retained earnings represent the undistributed consolidated profits of the Company.

19. a) Other reserves

Note	Compulsorily redeemable preference shares	Amount towards share to be allotment under MRA	Post employem ent benefit obligations	Statutory Reserve	Total other reserves
At 30 June 2016	-	-	(1,655)	20,368	18,713
Post employment benefit obligations	-	-	(163)	-	(163)
Deferred tax on post employment benefit obligations	-	-	50	-	50
At 30 June 2017	-	-	(1,768)	20,368	18,600
Compulsorily redeemable preference shares	69,405	-	-	-	69,405
Amount towards share to be allotment under MRA	-	67,766	-	-	67,766
Post employment benefit obligations	-	-	449	-	449
Deferred tax on post employment benefit obligations	-	-	(139)	-	(139)
Amortization of transaction cost of Perpetual Capital Securities	-	-	-	-	-
Transfer to Discontinued operation	-	-	-	-	-
Transfer to retained earnings	-	-	-	(3,303)	(3,303)
Changes in share of other equity components due to change in stake of Non-controlling interest	-	-	(35)	-	(35)
At 30 June 2018	69,405	67,766	(1,492)	17,065	152,745

The statutory reserve represents debenture redemption reserve for non-convertible debentures issued by the Group. This is in accordance with Indian Corporate Law wherein a portion of the profits are apportioned each year until the aggregate amount equals 25% of the face value of the debentures issued and outstanding. The reserve will be released upon redemption of the debentures.

For distribution of reserves refer the company financials.

b) Translation reserve

The translation reserve is the effect of translation of the results and financial position of all the Group entities from functional currency to presentation currency.

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20. Trade and other payables

	30 June 2018	30 June 2017
Trade and other payables	91,374	110,566
Deferred revenue*	19,641	20,705
Amounts due to related parties (refer note 36(p))	10,881	17,511
Security deposits	7,412	7,754
Interest payable	74,054	93,278
	<u>203,362</u>	<u>249,814</u>
Current portion	<u>203,362</u>	<u>249,814</u>

* Primarily represents excess of grant receivable over grant income during the year.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	30 June 2018	30 June 2017
INR	127,484	219,697
USD	75,330	29,361
EURO	458	669
JPY	66	-
Others	25	97
Total	<u>203,362</u>	<u>249,814</u>

The carrying value of trade and other payables approximate their fair value.

21. Borrowings

	30 June 2018	30 June 2017
Current		
Term loans	123,638	184,757
Cash credit and Packing credit	22,520	171,055
Loans from related parties	25,028	23,246
Working capital term loans	-	340,377
	<u>171,186</u>	<u>719,435</u>
Non current		
Term loans	633,450	350,152
Sales tax loan deferment	5,447	6,363
	<u>638,897</u>	<u>356,515</u>
Total borrowings	<u>810,083</u>	<u>1,075,950</u>

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21.1. Term loans

The following table shows the movement in term loans.

	30 June 2018	30 June 2017
Opening Balance	534,909	562,379
Drawdown during the year	33,569	116,964
MRA Conversion	218,622	-
Repayments during the year	(40,678)	(89,549)
Transaction costs paid during the year	-	(1,267)
Amortisation of transaction costs	371	11,644
Exchange differences	10,296	18,107
Transfer to Discontinued operation	-	(83,369)
Closing Balance	757,088	534,909
Current Portion	123,638	184,757
Non Current Portion	633,450	350,152
Total term loans	757,088	534,909

During the previous year, the group has defaulted in repayments of debts, payment of interest and also breached the financial covenants set by its lenders. In December 2016, the lenders of the Company have invoked standstill provision and accordingly the borrowing is classified current and non-current borrowings based on repayments terms agreed in loan agreements

BGPPL

a) Redeemable non-convertible debentures

Rate of Interest	June 30, 2018
The interest rate of 9%. Further, the interest rate is also linked to the 1 year MCLR of Axis Bank Limited with an annual reset option to Lenders.	87,490
8.75% to 9.90%	52,769
	140,258

Security and terms of Repayment

- Redeemable non convertible debentures of US\$87,490 are secured by way of first pari-passu charge on movable fixed assets and all immovable properties of the company, both present and future, and second pari-passu charge on current assets of the company, both present and future (except receivables from Sabah Forest Industries Sdn Bhd (related party) and are repayable on March 31, 2027.
- Redeemable non convertible debentures of US\$52,769 are secured by way of Second pari-passu charge on movable fixed assets and all immovable properties of the company, both present and future, and first pari-passu charge on current assets of the company, both present and future (except receivables from Sabah Forest Industries Sdn Bhd (related party) and are repayable on March 31, 2027.
- Further the non convertible debentures are also secured by way Second pari-passu charge on receivable from Sabah Forest Sdn Bhd (related party).

b) Compulsory redeemable preference shares

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The Compulsory redeemable preference shares carry dividend at 0.01% and are due for redemption as follows:

Date of redemption	June 30, 2018
31 March 2034	38,120
31 March 2035	46,626
	84,746

c) Secured external commercial borrowings

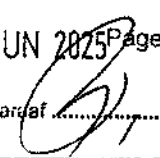
S. No	Terms of repayment	Rate of Interest	As at 31 March 2018	Security
1	The loan is repayable in 9 semi annual installments starting by end of 36 months from the utilisation date.	2.7% + LIBOR Initially	18,458	The loan is secured by way of a first pari-passu charge over all moveable fixed assets of the Company.
2	The loan is repayable in 8 semi annual installments starting by end of 30 months from the utilisation date.	3.30% + LIBOR Initially	18,510	
			36,968	

d) Secured term loans from banks and financial institutions

S.No.	Name of Bank/ Financial Institution	Rupee Term Loan (INR in lakhs)	Rupee Term Loan (USD '000)	Funded Interest Term Loan (INR in lakhs)	Funded Interest Term Loan (USD'000)	Priority Loan (USD'000)	Total (in USD'000)	Rate of Interest	Details of security
1	Acton Global Pvt. Ltd. (Aditya Birla Finance)	13,516	19,716	1,116	1,628	-	21,344	9%. Further the interest rate is also linked to the 1 year MCLR of Axis Bank Limited with an annual reset option to Lenders.	Please See the table given below for security
2	Axis Bank (Assigned to EARC Trust - SC 268 on 30.03.2017)	81,151	118,379	6,704	9,779	-	118,156		
3	Deutsche Bank	1,847	2,694	153	223	-	2,917		
4	Clix Capital Services Private	8,387	12,235	693	1,011	-	13,245		
5	ICICI Bank (assigned to EARC Trust - SC 267 on 31.03.2017)	38,821	56,630	3,207	4,678	-	61,308		
6	IDFC (assigned to EARC Trust - SC 244 on 22.03.2017)	20,575	30,014	1,700	2,480	-	32,494		
7	Goldmans Sachs	16,377	23,890	1,353	1,974	-	25,864		
8	State Bank of India	20,647	30,119	1,706	2,489	-	32,607		
9	Yes Bank (assigned to EARC Trust - SC 259 on 30.09.2017)	18,141	26,463	1,499	2,187	-	28,650		
10	Finquest (DHFL)	6,102	8,901	504	735	-	9,636		
11	IOBS	6,459	9,422	532	776	-	10,198		
12	HDFC Bank	2,833	4,139	233	340	-	4,473		
13	IDBI Bank Limited	21,275	31,035	1,752	2,556	-	33,591		
14	Kotak Mahindra Bank Limited	6,801	9,921	560	817	-	10,738		
15	Invesco MF	4,159	6,067	343	500	-	6,567		
16	IDBI MF	909	1,326	77	112	-	1,438		
17	Edelweiss Limited	-	-	-	-	20,422	20,422	16.50%	Please See the table given below for security
18	Finquest Securities Pvt. Ltd.	-	-	-	-	-	-	16.60%	Please See the table given below for security
		268,000	390,944	22,132	32,285	7,148	450,799		
	Less : Current Maturities	1,512	2,206	55	80	-	13,458		
		266,488	388,738	22,077	32,205	19,693	437,302		

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Debt Restructuring Scheme at BGPPL

BGPPL had availed various secured /unsecured financial facilities from the banks and financial institutions ('the Lenders'). The Board of Directors at its meeting held on 07 November 2017 recommended the lenders to re-align its financial obligations under a Corrective Action Plan (CAP) in the form of a scheme to restructure the debt of the Company based on re-assessed cash flows of the Company.

BGPPL executed the Master Restructuring Agreement (MRA) dated 06 December 2017 and an Amendment to MRA dated 06 March 2018 with lenders and was signed by 22 lenders except for seven lenders who either abstained from the voting or did not agree with the Scheme. Post-execution of the MRA by majority of the lenders, the Company is entitled to the reliefs and concessions granted by the lenders, with effect from the cut-off date 31 March 2017 ("COD"). However, IDBI Bank, one of the non-assenting lender, has initiated Corporate Insolvency Resolution Process ("CIRP") against the Company under the provisions of the Insolvency and Bankruptcy Code, 2016. The Company appealed to the Hon'ble High Court of Delhi and obtained an order to maintain status quo. Further, the Company has obtained an opinion from its legal counsel and referred to the conditions stipulated in the RBI Circular dated 5 May 2017 for the purpose of giving effect of the MRA in the books of account for the year ended 30 June 2018.

Considering the MRA has been signed by a majority of lenders (except the non-assenting lenders) and further based on the legal opinion and the conditions stipulated in the aforesaid RBI Circular, the company has complied with all the necessary conditions as per the RBI Guidelines, the financial impact of the MRA (reclassification, interest calculations, one-time settlement) has been given in the books during the current year. The scheme envisages the following:

Avantha Holdings Limited had contributed funds in accordance with the MRA. As a consequence, the contribution envisaged in the Resolution Plan was brought upfront and was transferred to the Trust and Retention Account.

The existing borrowing (comprising of the term loan, non-convertible debentures, short-term borrowings, and other working capital facilities) amounting to US\$392,222 have been classified as Rupee term Loans ("RTL I") including current maturities. The interest rate for the RTL I lenders is 9% and is also linked to the 1 year Marginal Cost of funds Based Lending Rate ("MCLR") of Axis Bank Limited with an annual reset option to RTL I lenders.

The interest due on the RTL I from 01 April 2017 till 28 February 2018 at revised interest rate amounting to US\$32,301 has been converted into Funded Interest Term Loan ("FITL"). The interest rate for the FITL lenders is 9% and is also linked to the 1 year MCLR of Axis Bank Limited with an annual reset option to FITL Lenders. The amount classified as long-term FITL (non-current) is US\$32,221 and short-term FITL (current) is US\$80.

The existing borrowing (comprising of the term loan, non-convertible debentures, short-term borrowings, and other working capital facilities) amounting to US\$128,678 including current maturities are earmarked to the lenders for the aforesaid purpose and the same has been classified as long-term Non-Convertible Debentures ("NCDs"). The interest rate for the NCDs lenders is 9%, shall accrue till 31 March 2027 on a monthly basis and shall be compounded annually. Further, the interest rate is also linked to the 1 year MCLR of Axis Bank Limited with an annual reset option to NCD Lenders.

The NCDs shall have a bullet maturity on 31 March 2027. Further the NCD holders have the option at their discretion, to subscribe to fresh NCDs with a principal aggregate value equivalent to the aggregate of the principal outstanding amount of the NCDs; and the interest/coupon accumulated till 31 March 2027 on the NCDs, with the purpose of refinancing the principal outstanding amount along with the interest/coupon accumulated till 31 March 2027 on the NCDs.

The existing borrowing (comprising of the term loan, non-convertible debentures, short-term borrowings, and other working capital facilities) amounting to US\$64,344 including current maturities has been proposed to be converted into Equity Shares ("ES"). The equity shares shall be issued at a price of INR20.91 (face value of INR10 per equity share) on a preferential basis in compliance with the requirements of the Companies Act, 2013 and all other applicable laws to all Lenders. The equity shares to be issued to the lenders are earmarked for the aforesaid purpose as on June 30, 2018 and the same has been disclosed as a separate component under Other Equity.

The existing borrowing (comprising of the term loan, non-convertible debentures, short-term borrowings, and other working capital facilities) amounting to US\$84,746 including current maturities has been proposed to be converted

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into 0.01% Compulsory Redeemable Preference Shares ("CRPS") and are earmarked for the aforesaid purpose as on 30 June 2018. Redemption of the CRPS amounting to US\$38,120 shall be on 31 March 2034 and for the balance amount of US\$46,626 shall be on 31 March 2035. The amount of borrowing converted into equity shares and CRPS, as stated above, has resulted in a reduction in the borrowings by US\$130,319 and thereby resulting in a reduction of finance cost.

The External Commercial Borrowing ("ECB") lenders amounting to US\$36,860 which are covered under the MRA are subject to the compliance with the Master Directions on ECB issued by the RBI and hence no restructuring was accounted for the ECB lenders in the books of account of the Company as at June 30, 2018. The ECB including accrued interest have been reinstated as on June 30, 2018 and classified under current maturities.

The unsecured lenders who did not opt to convert the outstanding debt, including accrued interest aggregating to US\$222,894 and the current maturities as on the COD into RTL I, FITL, NCD, CRPS, ES have agreed to accept the amount at a reduced value of US\$66,869 and waiver of the balance portion amounting to US\$156,025 and the same has been recognised in the income statement. The Company, in the amendment agreement to the MRA, has agreed with the lenders to pay interest at the rate of 9% for the period from 08 March 2018 till the date of settlement.

From the COD, the interest on the restructured debts has been recomputed at interest rate agreed with lenders at 9% pursuant to which there has been a reduction in interest cost amounting to US\$51,524.

30 June 2017 (BGPPL)

(a) Term loans from consortiums led by Rabobank (BGPPL)

In September 2012 BGPPL obtained a loan from Rabobank for US\$25,000 at LIBOR plus a margin of 3.30% initially. The loan was drawn down in September 2012 and is repayable in instalments from September 2015 to September 2019. The loan is secured by way of pari-passu charge on all the movable fixed assets and immovable fixed assets of BGPPL. No instalment has been repaid during period ended 30 June 2017 (2016: US\$5,555).

(b) Term loans from consortiums led by Rabobank (SFI)

In July 2010 SFI obtained a loan from Rabobank for US\$50,000 at LIBOR plus a margin of 3.65%. The loan was drawn down from July 2010 to December 2010 and is repayable in instalments from March 2013 to September 2016. The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI. On 28 June 2013, the outstanding portion of US\$17,500 (out of US\$20,000) of Malayan Banking Berhad has been prepaid and refinanced by way of a loan from ICICI Bank Limited. No instalment has been repaid during period ended 30 June 2017 (2016: US\$3,750). The balance outstanding as on 30 June 2017 is US\$7,500.

In addition, in September 2012 SFI obtained a loan from Rabobank for US\$25,000 at LIBOR plus a margin of 3.58%. The loan was drawn down in September 2012 and is repayable in instalments from September 2014 to September 2016. The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI. No instalment has been repaid during period ended 30 June 2017 (2016: US\$5,000). The balance outstanding as on 30 June 2017 is US\$10,000.

(c) Non-convertible debentures (BGPPL)

In September 2010 BGPPL issued two tranches of non-convertible debentures ("NCD") of INR2,500,000,000 each and totalling INR5,000,000,000 (US\$109,408) in issues arranged by ICICI Bank and Yes Bank. The NCDs carry an interest rate ranging from 8.75% to 9.90% depending on the date and amount drawn. The NCDs are repayable in instalments from September 2012 to September 2017. In December 2010 BGPPL issued further NCD of INR 2,500,000,000 (US\$54,331) arranged by ICICI Bank with an interest rate in the range of 9.00% to 9.75% depending upon the date and amount drawn. This is repayable in instalments from December 2012 to June 2017. The debenture is secured by way of first pari-passu charge on the movable and immovable properties and current assets of BGPPL, both present and future. Further, pari-passu charge on receivables from the related party, Sabah Forest Industries. Instalment of US\$ 22,376 and US\$21,103 has been repaid during the year ended 30 June 2017 and 15-month period ended 30 June 2016.

(d) Term loan from OCBC Bank (SFI)

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In April 2011 SFI obtained from OCBC Bank a US\$20,000 loan at LIBOR plus a margin of 3.9%. The loan was drawn down in instalments from April 2011 to July 2011 and is repayable in instalments from October 2013 to April 2017. The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI. Instalment of US\$5,000 has been repaid during the 9-months period ended 31 March 2015 and balance loan of US\$10,000 was repaid during the 15-month period ended 30 June 2016.

(e) Term loan from Standard Chartered Bank (SFI)

In November 2010 SFI obtained from Standard Chartered Bank a US\$20,000 loan at LIBOR plus a margin of 3.2%. The loan was drawn down in instalments from July 2011 to November 2011 and is repayable in instalments from March 2014 to September 2017. The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI. No instalment has been repaid during the period ended 30 June 2017 (2016: US\$5,000). The balance outstanding as on 30 June 2017 is US\$7,500.

In addition, in September 2012, SFI obtained a loan from Standard Chartered Bank for US\$25,000 at LIBOR plus a margin of 5%. The loan was drawn down in August 2012 and is repayable in instalments from February 2013 to August 2017. The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI. No instalment has been repaid during the period ended 30 June 2017 (2016: US\$4,000). The balance outstanding as on 30 June 2017 is US\$7,500.

(f) Term loan from Standard Chartered Bank (BPH)

In July 2012 BPH obtained a loan from Standard Chartered Bank for US\$58,000 at LIBOR plus a margin of 5%. The loan was drawn down in July 2012 and is repayable in July 2015. The loan is secured by way of pari-passu charge against Shares of BPH. US\$38,000 is prepaid during the 9-months period ended 31 March 2015. Balance US\$20,000 is fully paid in July 2015.

(g) Term loan from IDFC Limited (BGPPL)

In September 2012 BGPPL obtained a loan from Industrial Development Financial Corporation Limited for INR 2,500,000,000 (US\$45,526) at 1-year IDFC Benchmark rate + spread of 2.25% initially. The loan was drawn down in December 2012 and is repayable in instalments from October 2014 to January 2021. The loan is secured by way of Pari-passu charge on all movable properties of BGPPL, both present and future, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature. Instalment of US\$2845 and US\$5,973 has been repaid during the period ended 30 June 2017 and 15-month period ended 30 June 2016 respectively.

In addition, in January 2014 BGPPL obtained a loan from Industrial Development Financial Corporation Limited for INR 821,053,000 (US\$13,085) at rate of 12.75%. The loan was drawn down in January 2014 and is repayable in instalments from February 2014 to July 2020. The loan is secured by way of Pari-passu charge on all movable and immovable fixed assets and current assets of BGPPL. Instalment of US\$465 and US\$1,931 has been repaid during the year ended 30 June 2017 and 15-month period ended 30 June 2016 respectively.

Further, in January 2014 BGPPL obtained a loan from Industrial Development Financial Corporation Limited for INR 448,241,000 (US\$7,145) at rate of 12.75%. The loan was drawn down in January 2014 and is repayable in instalments from March 2014 to September 2022. The loan is secured by way of pari-passu charge on all movable and immovable fixed assets and current assets of BGPPL. Instalment of US\$574 and US\$762 has been repaid during the period ended 30 June 2017 and 15-month period ended 30 June 2016 respectively.

Further, in December 2016 BGPPL obtained a loan from Industrial Development Financial Corporation Limited for INR 250,000,000 (US\$3,673) at 12.75% linked to IDFC bank 1-year MCLR. The loan was drawn down in December 2016 and is repayable in equal quarterly instalments starting by end of 15th month from the first disbursement. The loan is secured by way of pari-passu charge on the movable fixed assets of BGPPL.

(h) Term loan from ICICI Bank Limited (SFI)

In order to refinance the loan from consortium led by Rabobank and Term loan from ING and Nordea Bank in June 2013, SFI obtained a loan from ICICI Bank Limited for US\$50,000 at LIBOR plus a margin of 3.94%. The loan was

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drawn in June 2013 and is repayable in instalments from September 2013 to June 2018. Instalment of US\$2,500 and US\$6,000 has been repaid during the period ended 30 June 2017 and 15-month period ended 30 June 2016 respectively. The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI.

In addition, in August 2013, SFI obtained a loan from ICICI Bank Limited for US\$25,000 at LIBOR plus a margin of 4.02%. The loan was drawn in August 2013 and is repayable in instalments from January 2014 to July 2019. No instalment has been repaid during period ended 30 June 2017 (2016: US\$1,500). The loan is secured by way of pari-passu charge against all the current and fixed assets of SFI.

(i) Term loan from ICICI Bank Limited (BGPPL)

In March 2016 BGPPL obtained a loan from ICICI Bank Limited for INR3,250,000,000 (US\$48,673) at rate of ICICI Bank Base Rate plus 2.60% initially. The loan was drawn down in March 2016 and is repayable in instalments from March 2018 to December 2022. The loan is secured by way of pari-passu charge against all the movable fixed assets and immovable fixed assets of BGPPL.

(j) Term loan from GE Money Financial Services Pvt. Ltd. (BGPPL)

In June 2013 BGPPL obtained a loan from GE Money Financial Services Pvt. Ltd for INR1,500,000,000 (US\$24,891) at 3M Reuters Commercial Paper benchmark rate + spread of 270 basis points per annum. The loan was drawn down in June 2013 and is repayable in instalments from March 2014 to June 2019. Instalment of US\$1,995 and US\$4,138 has been repaid during the period ended 30 June 2017 and 15-months period ended 30 Jun 2016 respectively. The loan is secured by way of pari-passu charge on all movable properties of BGPPL, both present and future, including movable plant and machinery, machinery spares, tools and accessories.

In November 2014 BGPPL obtained a loan from GE Money Financial Services Pvt. Ltd for INR 500,000,000 (US\$8,131) at 3M Reuters Commercial Paper benchmark rate + spread of 270 basis points per annum. The loan was drawn down in November 2014 and is repayable in instalments from August 2015 to November 2020. Instalment of US\$668 has been repaid during the period ended 30 June 2017. The loan is secured by way of pari-passu charge on all movable properties of BGPPL, both present and future, including movable plant and machinery, machinery spares, tools and accessories.

(k) Term loan from State Bank of India (BGPPL)

In July 2013 BGPPL obtained a loan from State Bank of India for INR3,000,000,000 (US\$49,241) at Bank base rate + spread of 1.50% initially. The loan was drawn down in July 2013 and is repayable in instalments from June 2014 to June 2023. Instalment of US\$1,213 and US\$4,899 has been repaid during the period ended 30 June 2017 and 15-month period ended 30 June 2016 respectively. The loan is secured by way of pari-passu charge on the movable fixed assets of BGPPL.

(l) Term loan from DBS (BGPPL)

In August 2013 BGPPL obtained a loan from DBS for US\$20,000 at LIBOR plus a margin of 2.70% initially. The loan was drawn down in August 2013 and is repayable in instalments from February 2016 to August 2019. No instalment has been paid during period ended 30 June 2017 (2016: US\$500). The loan is secured by way of pari-passu charge against all the movable fixed assets and immovable fixed assets of BGPPL.

(m) Term loan from Axis Bank (BGPPL)

In December 2013 BGPPL obtained a loan from Axis Bank for INR 881,613,000 (US\$14,455) at rate of 11.20%. The loan was drawn down in December 2013 and is repayable in instalments from December 2013 to September 2020. The loan was prepaid in the financial year June 2016. The loan is secured by way of pari-passu charge against all the movable properties of BGPPL.

In December 2014 BGPPL obtained a loan from Axis Bank for INR 2,000,000,000 (US\$31,383) at Base rate plus 1.35% initially. The loan was drawn down in two tranches in December 2014 and March 2015, is repayable in instalments from December 2017 to September 2022. The loan is secured by way of pari-passu charge on the movable fixed assets of BGPPL, both present and future.

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In December 2015 BGPPL obtained a loan from Axis Bank for INR 10,000,000,000 (US\$150,913) at Bank base rate + spread of 1.65% initially. The company has drawn down loan of INR 8,000,000,000 (US\$120,730) during 15-month period ended on 30 June 2016, further in the March 2017 Company has drawdown additional INR 1,100,000,000. The loan is repayable in instalments from December 2015 to March 2027. Instalment of US\$3,717 and US\$7,564 has been repaid during the period ended 30 June 2017 and 15-month period ended on 30 June 2016 respectively. The loan is secured by way of pari-passu charge on the movable and immovable properties of BGPPL.

(n) Term loan from Aditya Birla Finance Ltd. (BGPPL)

In August 2015 BGPPL obtained a loan from Aditya Birla Bank for INR 2,500,000,000 (US\$40,668) at rate of 11.5%. The loan was drawn down in August 2015 and is repayable in instalments from September 2015 to March 2023. Instalment of US\$790 and US\$1,051 has been repaid during the period ended 30 June 2017 and 15-month period ended on 30 June 2016 respectively. The loan is secured by way of pari-passu charge against all the movable fixed assets of BGPPL.

(o) Term loan from Yes Bank (BGPPL)

In August 2015 BGPPL obtained a loan from Yes Bank for INR 1,500,000,000 (US\$22,577) at 11.50% per annum linked to Yes bank base rate linked with annual reset initially. The loan was drawn down in September 2015 and is repayable in instalments from November 2016 to August 2020. Instalment of US\$14,383 has been repaid during the period ended 30 June 2017. The loan is secured by way of pari-passu charge on the movable fixed assets of BGPPL.

In March 2016 BGPPL obtained a loan from Yes Bank for INR 2,500,000,000 (US\$36,678) at Base rate + 100 basis points initially. The loan was drawn down in March 2016 and is repayable in instalments from September 2017 to March 2021. Loan is fully prepaid during period ended 30 June 2017. The loan is secured by way of Pari-passu charge on all the movable and immovable fixed assets of BGPPL and Subservient charge on 600 acres of industrial land at Yamuna Nagar owned by Ballarpur Industries Limited (BILT).

(p) Term loan from DBS (BPH)

In May 2016 BPH obtained a loan from DBS Bank Ltd. for US\$15,000 at LIBOR plus a margin of 3.65%. The loan was drawn down in May 2016. Instalment of US\$1,500 has been repaid during the period ended 30 June 2017.

(q) Term Loan from Edelweiss Bank (BGPPL and BPH)

In March 2017 BGPPL obtained a loan from ECL Finance Limited (Edelweiss Bank) for INR 1,500,000,000 (US \$ 23,149,641) at rate of 16.5%. The loan was drawn down in March 2017 and is repayable in quarterly instalments from June 2018 to March 2021. The loan is secured by way of first pari-passu charge on movable fixed assets and all immovable properties of BGPPL, both present and future and receivable from Sabah Forest Industries Sdn Bhd and Second pari-passu charge on current assets, both present and future.

In March 2017 BPH obtained a loan from ECL Finance Limited and EC Holding PTE Limited (Edelweiss Bank) for US\$23,000,000 at rate of 13%. The loan was drawn in March 2017 and is payable in quarterly instalments from June 2018 to March 2021. The loan is secured by way of pledge of 70% shares of BPH by The Company. In February 2021, the pledge was invoked by the lenders and the voting rights attached to the pledged shares has been transferred to the lenders in February 2021. Refer note 40(4).

(r) Non-convertible debentures

In December 2016 BGPPL issued three tranches of non-convertible debentures ("NCD") of INR700,000,000 (US\$10.312) (Series A), INR1,050,000,000 (US\$15,468) (Series B) and INR 1,000,000,000 (US\$15,433) (Series C) totalling INR2,750,000,000 (US\$40,512) in issues arranged by DHFL. The NCDs Carry a coupon rate of 12%. The NCDs are redeemable on December 2017. In December 2016 BGPPL issued further NCD of INR 450,000,000 in issues arranged by INVESCO Asset Management (India) Private Limited with a coupon rate of 10.75% depending upon date and amount drawn. The NCDs are redeemable in December 2017. The NCDs are secured by way of first pari-passu charge on the movable and immovable properties and current assets of BGPPL, both present and future. Further, pari-passu charge on receivables from the related party, Sabah Forest Industries.

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Based on an on-going arrangement then existed between the Company and 'Entity defined in note 36 (d) (4), INR1,000,000,000 (US\$15,433) of Series C non-convertible debentures payable to DHFL have been adjusted / set-off as part of Group transaction with 'Entity defined in note 36 (d) (4), (Also refer note 36 (n))

In January 2017 BGPPL issued further NCD of INR495,000,000 (US\$7,292) in issues arranged by INVESCO Asset Management (India) Private Limited with a coupon rate of 13% payable on coupon payment dates or put call option date as applicable the NCDs are redeemable either on maturity i.e. Jan 2018 or Put option date i.e. April 2017. July 2017, October 2017 and January 2018 or Capital Monetization event. The loan is secured by way of first pari-passu charge on the movable and immovable properties and current assets of BGPPL, both present and future. Further, pari-passu charge on receivables from the related party, Sabah Forest Industries.

(s) Term loan from State Bank of Patiala (BGPPL)

In February 2016 BGPPL obtained a loan from State Bank of Patiala for INR495,000,000 (US\$7,188) at 11.15%. The loan is repayable in instalments from February 2016 to March 2023. The loan is secured by way of pari-passu charge on the movable fixed assets of BGPPL.

(t) During the previous year Fixed Deposits of INR300,00,00,000 (US\$46,299) of CG Power solutions Ltd, which was cross collateralised towards the Credit facilities provided to BGPPL were liquidated by invoking cross default clause by Yes Bank. Also refer Note 36(m).

21.2. Other current borrowings

Packing credit for export sales

Packing credits for export sales are typically for up to six months to finance export sales against letters of credit from customers. Under the terms of the lender agreement providing the packing credit working capital facilities to BGPPL, its charge over assets rank pari-passu with other banks providing working capital facilities.

Working capital loans

Working capital loans comprise:

	30 June 2018	30 June 2017
Short-term loans	-	311,609
Buyers' credit facilities from banks	-	28,768
Total	-	340,377

Buyers' credit facilities from banks are utilised to finance raw material import for a period of up to one year.

21.3. Sales tax loan deferment

	30 June 2018	30 June 2017
Sales tax loan deferment	5,447	6,363
Less: Non current portion	(5,447)	(6,363)
Current portion	-	-

Interest rate used to calculate the discounted value of sales tax loan has been considered to be 11.5%.

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21.4. Other information

The average effective interest rates per annum of the Group's borrowings are as follows:

	30 June 2018	30 June 2017
	%	%
Borrowings in MYR	7-8	7-8
Borrowings in USD (Term loan)	1.75-7	1.75-7
Borrowings in USD (Working capital loan)	1.5-6	1.5-6
Borrowings in INR	9-17	9-17
Borrowings in Euro (Working capital loan)	1.5-4.5	1.5-4.5

The estimated fair values of the Group's borrowings as at 30 June 2018 and 30 June 2017 approximated their respective carrying values as all the non-current borrowings are at a floating rate of interest except for the non-convertible debentures which has been disclosed separately.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	30 June 2018	30 June 2017
INR	635,565	967,493
USD	173,184	107,048
EURO	1,332	1,409
	<u>810,081</u>	<u>1,075,950</u>

22. Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows.

	30 June 2018	30 June 2017
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	312,532	376,693
Deferred tax assets to be recovered within 12 months	-	(7,342)
Transfer to Discontinued operation	(65,653)	(61,463)
	<u>246,879</u>	<u>307,888</u>
Deferred tax liabilities:		
more than 12 months	202,435	185,428
Transfer to Discontinued operation	(65,653)	(61,463)
	<u>136,782</u>	<u>123,965</u>
Deferred tax (assets) / liabilities, net based on jurisdiction:	<u>(110,097)</u>	<u>(183,923)</u>
Deferred tax assets (net)*- Others	-	-
Deferred tax liabilities (net)*- India	(110,097)	(183,923)
Deferred tax (assets) / liabilities, net	<u>(110,097)</u>	<u>(183,923)</u>

*A net asset or liability is recorded based on the legal right (same jurisdiction) and intention to settle on a net basis or realise assets and liability simultaneously.

The gross movement on the deferred income tax account is as follows:

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Deferred tax asset, net

	30 June 2018	30 June 2017
Opening balance	-	-
Exchange Differences	-	-
Income statement (charge)/credit	-	-
Closing balance, net asset	-	-

Deferred tax liabilities, net

	30 June 2018	30 June 2017
Opening balance	(183.923)	(32.229)
Exchange Differences	7.604	(5.933)
Income statement charge/(credit)	66.361	(145.811)
Charged / (credited) directly to equity	-	-
Tax charge relating to components of other comprehensive income (note 31)	(139)	50
Closing balance, net liability/ (asset)	(110,097)	(183,923)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

The movement in deferred tax liabilities during the year is as follows:

Deferred tax liabilities:	Accelerated tax depreciation and biological assets	Others	Total
At 30 June 2016	116,537	664	117,201
Charged / (credited) to income statement	67,027	(5,433)	61,594
Charged / (credited) directly to equity	-	50	50
Exchange differences	6,828	(245)	6,583
Transfer to Discontinued operation	(61,463)	-	(61,463)
At 30 June 2017	128,929	(4,964)	123,965
Charged / (credited) to income statement	19,647	634	20,280
Charged / (credited) directly to equity	-	(139)	(139)
Exchange differences	(7,206)	(119)	(7,324)
At 30 June 2018	141,370	(4,588)	136,782

The movement in deferred tax assets during the year is as follows:

Deferred tax assets:	Defined benefit obligations	Trade and other receivables	Minimum alternate tax, unabsorbed losses and	Derivative financial instruments	Others	Total
At 30 June 2016	3,009	5,448	136,189	280	4,504	149,430
Credited to income statement	184	170,248	23,140	(295)	15,232	208,509
Exchange differences	864	4,077	7,292	4	(825)	11,412
Transfer to Discontinued operation	-	-	(54,121)	-	(7,342)	(61,463)
At 30 June 2017	4,057	179,773	112,500	(11)	11,569	307,888
Credited to income statement	(3,083)	(55,037)	10,526	118	1,041	(46,434)
Exchange differences	(1,558)	(5,624)	(6,635)	-	(758)	(14,575)
At 30 June 2018	(584)	119,112	116,392	108	11,852	246,879

Deferred income tax assets are recognised for tax loss carry-forwards and tax credits to the extent that the realisation is probable.

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of the related tax benefit through future taxable profits is probable. The underlying tax losses and tax credits primarily relate to minimum alternate tax ("MAT") credits and unabsorbed depreciation in India and tax loss carry forwards in SFI, Malaysia and entities in Netherlands as detailed in the following table and further explained below. The applicable tax rates in the relevant jurisdictions enacted at each balance sheet date are shown in note 31.

The deferred tax asset on tax losses carried forward and tax credits has been created as follows:

Deferred tax assets on tax losses and tax credits	India		Malaysia	Other	Total
	Unabsorbed depreciation	MAT credit	Tax losses carried forward	Tax losses carried forward	
At 30 June 2016	66,159	26,950	43,080	-	136,189
Credited / (charged) to income statement	13,882	1,104	8,154	-	23,140
Exchange differences	3,266	1,139	2,887	-	7,292
Transfer to Discontinued operation	-	-	(54,121)	-	(54,121)
At 30 June 2017	83,307	29,193	-	-	112,500
Credited / (charged) to income statement	10,526	-	-	-	10,526
Exchange differences	(5,111)	(1,524)	-	-	(6,635)
At 30 June 2018	88,722	27,669	-	-	116,392

India

Indian companies are subject to corporate income tax or MAT. If MAT is greater than corporate income tax, then MAT is levied. MAT is charged on book profits, and the excess of MAT over the lower corporate income tax amount is available as a credit against corporate income tax in the following ten years. Based on recent amendments notified by Government of India, with effect from 01 April 2017 MAT credit can be carry forward for fifteen years. Unabsorbed depreciation represents tax losses resulting from depreciation charge according to the Indian Income Tax Act which is not absorbed by taxable income and can be carried forward against future tax profits indefinitely.

BGPPL has no unrecognised MAT credits and unabsorbed depreciation from prior years.

Malaysia

SFI, the Malaysian entity, has historically been in a tax loss situation till the year 2008-09 and from the 2013-14 till now and therefore does not incur any substantial current income tax expense.

SFI carries forward unused tax losses and various tax allowances, all of which are available for set-off against taxable income in future years for an unlimited period. Details are shown in the following table:

	30 June 2018	30 June 2017
Unutilised tax losses	210,304	197,459
Unabsorbed capital allowances	519,972	488,212
Reinvestment allowance	16,914	15,881
Infrastructure allowance	554	520
	<u>747,744</u>	<u>702,072</u>

In addition, SFI carries forward a tax-exempt income account from historical investment tax credits that – subject to agreement by the Inland Revenue Board of Malaysia – is available for distribution of tax-exempt dividends to the shareholders of the subsidiary. The available tax-exempt balance at each balance sheet date is as follows:

	30 June 2018	30 June 2017
Tax exempt account	<u>146,222</u>	<u>137,291</u>

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Deferred tax assets relating to unused tax loss carry-forwards and deductible temporary differences are recognized if it is probable that they can be offset against future taxable profits or existing temporary differences. Based on detailed analysis and considering future investment strategies, management has considered a reasonable period for which future taxable profits can be estimated against which the losses can be adjusted. As on 30 June 2018 and 30 June 2017, SFI did not recognize any deferred tax assets on tax loss carry-forwards and other temporary differences since it was unforeseeable that tax loss carry-forwards and other temporary differences could be offset against future taxable profits.

In assessing the probability of offsetting cumulative tax losses, the Company applied a method on the basis of forecasted taxable results for the period 2019 - 2046 and a risk adjustment reflecting the lack of probability of assessment of future profits. Management is aware of this highly sensitive calculation. The company has taken the sensitivity of the calculation into consideration by assuming a zero growth rate after 5 years in the forecasted taxable results. As at 30 June 2018, If the company would assume that it would be impracticable to prepare a reliable forecast after 5 years, there would be no DTA to be recognized.

Based on above assessment total DTA would be US\$22,820. But owing to uncertainties involved in the projection and the Company has tax losses in the previous years. Hence being on conservative basis the Company has not created any DTA over and above DTA available against DTL.

Unrecognised deferred taxes (SFI, Malaysia)

As at 30 June 2018 and 30 June 2017, the estimated net deferred tax assets of SFI, calculated at the applicable tax rate, which have not been recognised in the Group's financial statements, are as follows:

	30 June 2018	30 June 2017
Tax effects of:		
Unutilised tax losses	50,473	47,390
Unabsorbed capital allowance	66,033	68,813
Reinvestment allowance	4,059	3,811
Infrastructure allowance	133	125
	<u>120,698</u>	<u>120,139</u>

The Netherlands

The Dutch holding entities have historically been and continue to be in a tax loss situation and therefore do not incur any substantial current income tax expense. Deferred tax assets relating to unused tax loss carry-forwards and deductible temporary differences are recognized if it is probable that they can be offset against future taxable profits or existing temporary differences.

During the year ended June 30, 2018 and June 30, 2017, The Company did not recognize any deferred tax assets on tax loss carry-forwards and other temporary differences as the Company is still continue in tax loss situation and not in a position to estimate recoverability based on future projections and financing strategies.

In case of withholding tax, the Company is of the view that though it can be in a position to use the Indian interest withholding tax as a credit against CIT payable by BPH in the Netherlands on account of future taxable profits. But the Company has considered it appropriate to take allowance against the credit available for accounting purposes, owing to various uncertainties in cash flow/restructuring of the Group in near future which can also be supported impacted by the debt restructuring invoked in its investee Company.

The unused tax losses and unrecognised deferred tax assets are as follows:

	30 June 2018	30 June 2017
Accumulated tax losses	112,985	112,985
Of which: recorded loss deferred tax assets	-	-
Of which: unrecognised loss deferred tax assets	28,246	28,246

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23. Retirement benefit obligations

(a) Defined benefit plan

	30 June 2018	30 June 2017
Balance sheet obligations:		
Gratuity	5,602	8,343
Compensated absences	2,227	2,455
Total	7,829	10,798
	Year ended 30 June 2018	Year ended 30 June 2017
Income statement charge:		
Gratuity	693	811
Compensated absences	310	(85)
Total	1,204	726
	Year ended 30 June 2018	Year ended 30 June 2017
Other comprehensive income		
Actuarial (gain) / losses	-	-
- change in demographic assumptions	(32)	-
- change in financial assumptions	(623)	400
- experience variance (i.e. Actual experience vs assumptions)	206	(240)
- others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	3
Re-measurement (or actuarial) (gain) / (loss) arising because of change in effect assets ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	(449)	163

(b) Defined contribution plans

	Year ended 30 June 2018	Year ended 30 June 2017
Income statement charge:		
Provident fund	991	923
Superannuation fund	43	49
Total	1,034	972

(c) Provident Fund

The employees of the Group participate in a provident fund plan, a defined contribution plan. The Group makes monthly contributions based on a specific percentage of salary of each covered employee to a government recognised provident fund. The Group does not have any further obligation to the provident fund plan beyond making such contributions. Upon retirement or separation, an employee becomes entitled to this lump sum benefit, which is paid directly to the employee by the fund.

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(d) Superannuation fund

The employees of the Group participate in a superannuation fund plan, a defined contribution plan. The Group makes monthly contributions based on a specific percentage of salary of each covered employee to a government recognised fund. The Group does not have any further obligation to this plan beyond making such contributions. Upon retirement or separation, an employee becomes entitled to this lump sum benefit, which is paid directly to the employee by the fund.

(e) Gratuity benefit plan

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit plan, covering eligible employees. This plan provides for a lump sum payment to vested employees on retirement, death, incapacity or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to this plan are determined by actuarial valuation.

The following table sets out the funded status of the plan and the amounts recognised in the Group's balance sheet.

	30 June 2018			30 June 2017		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Defined benefit obligations	1,099	4,775	5,875	1,170	7,506	8,676
Fair value of plan assets	(272)	-	(272)	(333)	-	(333)
Liability in the balance sheet	827	4,775	5,602	837	7,506	8,343

The movement in the benefit obligation for gratuity benefit plan over the previous year is as follows:

	30 June 2018			30 June 2017		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Present value of obligation as at the beginning of the year	1,170	7,507	8,677	982	6,708	7,690
Current service cost	80	338	417	70	369	439
Interest Expense or cost	81	358	439	76	523	599
Acquisition	-	7	7	-	25	25
Re-Measurement (or Actuarial) (gain) / (loss) arising from:	-	-	-	-	-	-
- change in demographic assumptions	(28)	(4)	(32)	-	-	-
- change in financial assumptions	(127)	(496)	(623)	70	330	400
- experience variance (i.e. Actual experience vs assumptions)	51	155	206	(47)	(193)	(240)
- others	-	-	-	-	-	-
Past service cost	7	53	60	-	-	-
Effect of change in foreign exchange rates	(55)	(313)	(378)	47	305	352
Benefits paid	(70)	(503)	(573)	(28)	(536)	(564)
Transfer out Liability	-	-	-	-	-	-
Effects of business combinations or disposals	-	(2,326)	(2,326)	-	(25)	(25)
Exchange differences	-	-	-	-	-	-
Present value of obligation as at the end of the year	1,100	4,775	5,874	1,170	7,507	8,676

The movement in the fair value of plan assets of the gratuity benefit plan is as follows:

	30 June 2018	30 June 2017
Fair value of plan assets as at the beginning of the year	333	320
Investment Income	23	25
Contributions/Effects of business combinations or disposals	8	6
Benefits Paid	(70)	(28)
Return on plan assets, excluding amount recognised in net interest expense	(7)	(3)
Effect of change in foreign exchange rates	(16)	13
Fair value of plan assets as at the end of the year	271	333

Plan assets represent the fund value maintained with an insurance company.

The components of amounts recognised in the income statement for the gratuity benefit plan are as follows:

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	Year ended 30 June 2018			Year ended 30 June 2017		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Current service cost	80	338	417	70	142	212
Past Service cost	7	53	60	-	-	-
Loss / (Gain) on settlement	-	-	-	76	-	76
Net interest cost/ (income) on the net Defined benefit Liability	58	358	416	-	523	523
Less: Recovered from Holding Company	-	-	-	-	-	-
Total	145	749	893	146	665	811

Change in effect of assets ceiling

	30 June 2018	30 June 2017
Effect of assets ceiling at the beginning of the year	-	-
Interest expense or Cost (to the extent not recognised in net interest expenses)	-	-
Re-measurement (or actuarial) (gain) / (loss) arising because of change in effect assets ceiling	-	-
Effect of assets ceiling at the end of the year	-	-

(f) Compensated absences

The Group permits encashment on retirement, separation and during the course of service of the leaves accumulated by their employees. The liability for encashment of leave is determined and provided on the basis of an actuarial valuation performed by an independent actuary at each balance sheet date. This plan is completely un-funded.

The movement in the compensated absences over the prior year is as follows:

	30 June 2018	30 June 2017
Present value of obligation as at the beginning of the year	2,455	2,802
Current service cost	275	250
Interest Expense or cost	158	216
Re-Measurement (or Actuarial) (gain) / (loss) arising from:	-	-
- change in demographic assumptions	(72)	(69)
- change in financial assumptions	92	96
- experience variance (i.e. Actual experience vs assumptions)	(142)	(649)
- others	-	-
Past service cost	-	-
Effect of change in foreign exchange rates	(129)	109
Benefits paid	(251)	(300)
Effects of business combinations or disposals	(159)	-
Exchange differences	-	-
Present value of obligation as at the end of the year	2,227	2,455

The components of amounts recognised in the income statement for the compensated absences are as follows:

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	Year ended 30 June 2018	Year ended 30 June 2017
Current service cost	275	321
Past service cost	-	-
Loss / (Gain) on settlement	-	-
Net interest cost/ (Income) on the net Defined benefit Liability	158	216
Actuarial (gain) / losses	-	-
- change in demographic assumptions	(72)	(69)
- change in financial assumptions	92	96
- experience variance (i.e. Actual experience vs assumptions)	(142)	(649)
- others	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
Re-measurement (or actuarial) (gain) / (loss) arising because of change in effect assets ceiling	-	-
Expenses recognised in the income statements	310	(84)

The principal actuarial assumptions used for the gratuity benefit plan and Compensated absences were as follows:

	30 June 2018	30 June 2017
Economic Assumptions		
Discount rate	8.10%	7.65%
Salary growth rate	5.00%	5.00%
Expected return on plan assets	6.75%	6.75%
Demographic Assumptions		
Retirement age (years)	58 - 60	60
Mortality rate (as % of IALM 06-08)	100	100
Withdrawal rate	2% - 5%	2%
Rate of leave availment	2.50%	2.50%

Sensitivity Analysis (Gratuity and Compensated absences)

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	- / + 0.50% to - / + 1%	- / + 0.50% to - / + 1%	(5.73% to 9.43%)	(7.6% to 8.16%)	6.48% to 11.12%	6.58% to 7.16%
Salary growth rate	- / + 0.50% to - / + 1%	- / + 0.50% to - / + 1%	7.54% to 8.24%	7.54% to 8.24%	(6.12% to 9.97%)	(6.66% to 7.36%)
Attrition rate	- / + 2% to - / + 50%	- / + 2% to - / + 50%	1% to 2.53%	1.13% to 1.39%	(1.1% to 3.09%)	(1.27% to 1.6%)
Mortality rate	- / + 10%	- / + 10%	0.1% to .67%	0.05%	0.1% to .69%	(0.05%)

The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

	30 June 2018	30 June 2017
Weighted average duration of cash flows (years)	7-11	1-11
1 year	1.100	2.100
2-5 years	2.765	3.832
6-10 years	3.693	4.238
More than 10 years	10.677	11.639

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Estimated contribution to fund for next year is US\$896 (2017: US\$913)

24. Other operating income

	Year ended 30 June 2018	Year ended 30 June 2017
Gain on disposal of property, plant & equipments	-	85
Sale of scrap	455	431
Sales tax grant (refer note 38)	1.507	5.070
Miscellaneous income	3.872	1.835
	<u>5,834</u>	<u>7,421</u>

25. Raw materials and consumables used

	Year ended 30 June 2018	Year ended 30 June 2017
Raw materials consumed	140,640	75,728
Stores and consumables	92,094	38,608
Power and fuel	42,948	23,608
Change in finished goods stock	(2,506)	15,188
	<u>273,176</u>	<u>153,132</u>

Stores and consumables primarily include chemicals.

The Group is purchasing Calcium Carbonate at two of its units under an agreement with IMERYS New Quest India Pvt. Ltd and SMM Speciality Minerals Malaysia. This arrangement has been entered for a period of ten years, along with Bilt group. The Agreement provides for a minimum off take by Bilt group and its affiliates (BGPPL and SFI) based on annual forecast plan of the Group and is considered as an operating lease. Payments for other elements in the arrangement are not separated from lease payments and all payments have been disclosed under Stores and consumables. The total expense for purchase of Calcium carbonate under this arrangement for the year ended 30 June 2018 is US\$10,951 (2017: US\$2,454).

26. Other operating expenses

	Year ended 30 June 2018	Year ended 30 June 2017
Repair and maintenance	1,256	1,052
Selling and distribution expenses	6,919	2,898
Professional fees	4,714	2,632
Travelling, conveyance and hiring expenses	1,288	1,136
Insurance	406	533
Advertisement, Publicity & Business Promotion	184	191
Rates & Taxes	1,659	1,204
Rent	947	1,053
Others	1,696	6,599
	<u>19,069</u>	<u>17,298</u>

Others include lease rental, local levies etc. None is material enough to be disclosed separately.

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27. Auditor remuneration

	Year ended 30 June 2018	Year ended 30 June 2017
Fees payable to the Company's auditor and other network firms for the audit of the parent company and consolidated financial statements of the Company	140	122
	<u>140</u>	<u>122</u>

28. Employee benefit expense

	Year ended 30 June 2018	Year ended 30 June 2017
Wages & salaries	22,531	20,399
Pension costs - defined contribution plans (refer note 23)	1,034	972
Pension costs - defined benefit plans (refer note 23)	1,204	726
Welfare expenses	1,841	2,891
	<u>26,610</u>	<u>24,988</u>

29. Average number of people employed (excluding temporary workers)

	Year ended 30 June 2018	Year ended 30 June 2017
Ballarpur	1,160	1,391
Bhigwan	831	840
Ashti	152	177
Sewa	-	592
Head Office	132	135
	<u>2,275</u>	<u>3,135</u>

30. Finance income and costs

	Year ended 30 June 2018	Year ended 30 June 2017
Finance income:		
Interest income /(Reversal of interest income) from related parties	21,353	1,255
Interest income on bank deposits	-	632
Finance income	<u>21,353</u>	<u>1,887</u>
Finance expense:		
Net foreign exchange loss/(gain)	6,950	(4,672)
Interest on bank borrowings	41,775	89,471
Interest on debentures	12,456	7,147
Net (gain)/ loss on derivative financial instruments (refer note 12)	383	(954)
Realised loss of interest rate swaps (refer note 12)	-	404
Interest on loans from related parties	27,068	452
Interest on working capital loans	16,592	40,210
Other bank charges	17,761	3,201
Finance cost	<u>122,986</u>	<u>135,260</u>
Less: Amounts capitalized on qualifying assets	-	-
Total finance costs	<u>122,986</u>	<u>135,260</u>
Net finance expense/(income)	<u>101,633</u>	<u>133,371</u>

* represents cost incurred for debt and equity financing not materialised.

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31. Income tax expense (benefit)

	Year ended 30 June 2018	Year ended 30 June 2017
Current tax expense	(15,373)	1,278
Deferred tax expense (credit)	66,361	(145,811)
	<u>50,988</u>	<u>(144,533)</u>

A reconciliation of the theoretical income tax expense / (benefit) applicable to the profit / (loss) before income tax at the statutory tax rate in India to the income tax expense / (benefit) at the Group's effective tax rate is as follows:

	Year ended 30 June 2018	Year ended 30 June 2017
Profit/ (Loss) before tax	104,293	(609,712)
Tax expense/(credit) calculated at the Indian statutory tax rate (30.90%) (2017: 30.90%)	29,567	(208,362)
Tax effects of:		
Income exempt from tax	(6,117)	(2,230)
Recognition/reversal of DTA/DTL on tax losses/profits carried forward from prior years	23,681	66,814
Effect of lower tax rates in other countries	3,477	126
Others	380	(880)
Income tax expense/(credit) for the year	50,988	(144,533)

The effect of lower tax rates in other countries fluctuates with the profit or loss situation in the operating subsidiary SFI in Malaysia and the holding entities in The Netherlands.

The applicable tax rates in the relevant jurisdictions enacted at each balance sheet date are as follows:

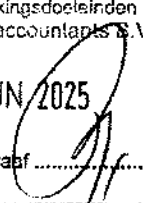
		Year ended 30 June 2018	Year ended 30 June 2017
India	Corporate income tax rate	30.90%	30.90%
	Minimum alternate tax rate on book profits	20.01%	20.01%
	Tax rate for capital gains from long term investments in assets or securities	20.00%	20.00%
Malaysia	Corporate income tax rate	24.00%	24.00%
Netherlands	Corporate income tax rate	25.00%	25.00%

The tax (charge)/credit relating to components of other comprehensive income are as follows:

	Year ended 30 June 2018			Year ended 30 June 2017		
	Before tax	Tax (Charge)/Credit	After Tax	Before tax	Tax (Charge)/ Credit	After Tax
Post employment benefit obligations	449	(139)	310	(163)	50	(113)
Currency translation differences	6,741	-	6,741	(28,472)	-	(28,472)
Other comprehensive income	<u>7,189</u>	<u>(139)</u>	<u>7,050</u>	<u>(28,635)</u>	<u>50</u>	<u>(28,585)</u>

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32. Net foreign exchange gains/ (losses)

The exchange differences (charged)/credited to the income statement are included as follows:

	Year ended 30 June 2018	Year ended 30 June 2017
Net foreign exchange (losses)/gains on operating activities	418	467
Net foreign exchange (losses)/gains on financing activities (note 30)	(6.950)	4.672
	<u>(6,532)</u>	<u>5,139</u>

33. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Profit/ (Loss) for the year from continuing operation:

	Year ended 30 June 2018	Year ended 30 June 2017
(Loss) after tax	50,473	(465.121)
Less: Distribution on perpetual capital securities	23.900	19.281
Profit attributable to owners of the parent	26.573	(484.402)
Weighted average number of ordinary shares in issue (refer note 17a)	700.000.000	700.000.000
Basic Earning per share	0.04	(0.69)
Diluted Earnings per share	0.04	(0.69)

Profit/ (loss) for the year from discontinued operation:

	Year ended 30 June 2018	Year ended 30 June 2017
(Loss)/ profit after tax	(15.054)	(67.870)
Profit attributable to owners of the parent	(15.054)	(67.870)
Weighted average number of ordinary shares in issue (refer note 17a)	700.000.000	700.000.000
Basic Earning per share	(0.02)	(0.10)
Diluted Earnings per share	(0.02)	(0.10)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential shares and accordingly the diluted earnings per share is the same as basic earnings per share.

34. Contingencies

The Group is currently involved in a number of legal cases. Although it is not possible to predict the outcome of the pending litigation with accuracy, the Group believes, based on legal opinions received, that the Group has meritorious defences to the claims. The Directors believe the pending actions will not require outflow of resources embodying

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economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the Group.

BGPPL (one of the subsidiaries of Bilt Paper B.V.)

- a. Based on the legal suit initiated during March 2020 against the Company by CG Power Solutions Limited and CG Power and Industrial Solutions Limited (CG Group) towards following transactions with CG Group, an amount of US\$118,334 (INR 8,112 million) (including interest) is reported as contingent liability as at 30 June 2018.
 - (i) The claim includes certain debentures of the Company held by CG Group which were settled for a reduced amount based on a tripartite agreement with CG Group. The differential amount is now being disputed and claimed by CG Group.
 - (ii) The claim includes certain debentures of the Company, which was held by NBFC, acquired by CG Group under subrogation rights. The claim is being contested by the Company on a holistic basis.
 - (iii) The claim includes transaction in relation to credit facilities provided by Yes Bank to the Company which was cross collateralized by certain fixed deposit (FD) maintained by CG Group with Yes Bank. The claim is being contested by the Company as the FD was liquidated at the request of CG group only & the Claim is barred by limitation.

Based on the above the Company is of the opinion that the claims made by CG group are not tenable. The matter is subjudice. Also refer note 40(4)(ii) on 'Post Balance Sheet events'.

- b. Yes bank has filed a legal suit against Avantha Holdings Limited (AHL), and also impleaded the BGPPL on the ground that AHL has obtained Term loan facility in 2016-17 for making advance payment to the BGPPL for the purchase of Captive Power plant located in Bhigwan, India. Based on a Memorandum of Understanding (MOU) between the concerned parties and the Loan Agreement, a Put option was signed between the parties and the BGPPL received an Advance towards the consideration under the MOU. The Put Option was contingent upon the sale of the Captive Power Plant being executed within the timelines as per MOU. However, the MOU was terminated in March 2017 and the Put option never came into force. The advance payment made by AHL was adjusted with the dues payable by AHL to the BGPPL.

Yes bank was part of the Joint lender forum of the Company and being completely aware of the fact that the Put option agreement is a void agreement, in none of the meetings had ever discussed about such liability. The Company had issued an undated cheque of US\$33,551 (INR2,300 million) with an endorsement of amount for US\$21,356 (INR1,464 million) which is claimed by Yes Bank.

In the meantime, Yes Bank Limited assigned its rights under the claim to JC Flower Asset Reconstruction Private Limited (JC Flower), and in August 2023, the Company entered into a settlement agreement with JC Flower to settle the legal suits and claims concerning the put option for a payment of USD 11,816 (INR 770 million). The Company made the payment during FY 2023-24, and JC Flower has withdrawn the case. Also refer note 40(4)(i) on 'Post Balance Sheet events'.

- c. BGPPL is having various matters pending before Bombay High Court and ITAT amounting to US\$15,887 with respect to direct tax starting from the assessment year 2008-09 to assessment year 2013-14.

Ballarpur production unit

The unit has various matters in dispute with the Central Excise Department at Nagpur. These are:

- a. During March 2006 to March 2010 the Central Excise Department claimed that the benefit received by the unit under the sales tax deferral scheme represents additional consideration and is liable for excise duty. The unit has appealed to the Tribunal and the Tribunal has granted unconditional stay for payment of any excise duty and associated interest. The cumulative amount of the contingent liability as at 30 June 2018 was US\$522 (2017: US\$672).

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- b. During January 2001 to February 2003 the Central Excise Department issued various notices relating to the maintenance of separate books of account for the manufacture of paper using unconventional raw materials. The cumulative amount of the contingent liability as at 30 June 2018 was US\$233 (2017: US\$203).
- c. In addition, the unit has other disputed amounts with the Nagpur Central Excise Department totalling US\$2,41 (2017: US\$592) and which are at various stages of dispute and appeal.

The unit has various following civil matters in dispute:

- a. The unit has matter in dispute with Sharma fabricators pending in arbitration relating to modernisation of its pulp mills amounting to US\$3,056 (2017: 2,461).
- b. Also, the unit has a civil recovery suit filed against it amounting to US\$1,304 (2017: US\$64) and labour cases amounting to US\$335 (2017: 129).

Bhigwan production unit

- a. A civil recovery suits has been filed against the unit amounting to US\$99 (2017: US\$343).
- b. The unit has several matters in dispute relating to custom and excise duty amounting to US\$507 (2017: US\$1,233).

Further, refer note 22 for income tax related contingencies.

BPH

The Company has granted a corporate guarantee of US\$215 Million to the lender of associates companies.

35. Commitments

(a) Capital commitments

Capital expenditure contracted for but not yet incurred is as follows:

	30 June 2018	30 June 2017
Purchase of property, plant and equipment	651	1,031
Total capital commitments	651	1,031

(b) Operating lease commitments

The Group has taken plant and machinery on lease under its non-cancellable operating lease agreement. The future aggregate minimum lease payments under the non-cancellable operating lease in respect of agreement with SMM Speciality Minerals SFI, Malaysia is as follows:

	30 June 2018	30 June 2017
Minimum lease payments:		
No later than 1 year	-	1,014
More than 1 year and no later than 5 years	-	1,267
Total	-	2,281

36. Related party transactions

The Group is controlled by Ballarpur International Holdings B.V., Amsterdam ("BIH") which owns 62.21% (2017: 62.21%) of the Company as on 30 June 2017. BIH is wholly owned by Ballarpur Industries Limited.

Entities which are part of Avantha Group are considered as related parties for the Group.

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The transactions with related parties have been bifurcated into the following categories for disclosure based on the nature of relationship:

- a) Immediate Holding Company: Ballarpur International Holdings B.V.
- b) Holding Company: Ballarpur Industries Limited
- c) Fellow Subsidiary:
 - 1) Avantha Agritech Ltd
 - 2) Ballarpur Speciality Paper Holdings B.V.
 - 3) Premier Tissues (India) Limited
- d) Entities over which Avantha Group exercises significant influence / control:
 - 1) Solaris Chemtech Industries Limited
 - 2) Avantha Realty Limited
 - 3) Global Green Company Limited
 - 4) Avantha Holdings Limited (AHL)
 - 5) Biltech Building Elements Limited
 - 6) CG Powers & Industrial Solutions Ltd. (formerly Crompton Greaves Limited)
 - 7) Imerys Newquest India Pvt. Ltd.
 - 8) Mirabelle Trading Pte. Ltd.
 - 9) Saraswati Travels Pvt. Ltd.
 - 10) SMI Newquest India Pvt. Ltd.
 - 11) CG Power Solutions Ltd.

The following transactions were carried out with the related parties:

(a) Sale of goods and services

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	2	-
(ii) Entities over which Avantha Group exercises significant influence/control	1,082	809
Total Sales to related parties	1,082	809

(b) Purchase of goods, fixed assets and services

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	652	1,401
(ii) Entities over which Avantha Group exercises significant influence/control	25,457	20,631
Total purchases from related parties	26,109	22,032

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(c) Reversal of interest charged in previous years

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Entities over which Avantha Group exercises significant influence/control	-	21.996
	<u>-</u>	<u>21,996</u>

(d) Rental income

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Entities over which Avantha Group exercises significant influence/control	512	94
	<u>512</u>	<u>94</u>

(e) Reimbursement of expenses recovered from

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	848	227
(ii) Fellow Subsidiary	-	1
(iii) Entities over which Avantha Group exercises significant influence/control	18	15
	<u>866</u>	<u>243</u>

(f) Reimbursement of expenses paid to

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	4.371	70
(ii) Entities over which Avantha Group exercises significant influence/control	8	-
	<u>4,378</u>	<u>70</u>

(g) Advances / loans received, Recovery of advances / loans given to related parties and other payments received from related parties (including payments made by the related party on behalf of Group)

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	91.744	165.194
(ii) Fellow Subsidiary	1.554	963
(iii) Entities over which Avantha Group exercises significant influence/control	-	10.633
	<u>93,298</u>	<u>176,791</u>

(h) Advances / loans given, Repayment of advances / loans to related parties, and other payments made to related parties (including payments made by Group on behalf of related parties)

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	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	11,762	297,265
(ii) Fellow Subsidiary	-	8,587
(iii) Entities over which Avantha Group exercises significant influence/control	-	87,158
	<u>11,762</u>	<u>393,010</u>

- (i) Receipts from customers of related parties

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	0	369
	<u>-</u>	<u>369</u>

- (j) Company's Customers' direct payment to related parties

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	29	21,896
	<u>29</u>	<u>21,896</u>

- (k) During the previous year the company has received US\$81,783 from Avantha Holdings Limited and US\$7,364 from Avantha Realty Limited which has been adjusted against the balances receivable from Ballarpur Industries Limited.
- (l) During the previous year the company has adjusted US\$1,491 receivables from Ballarpur Industries Limited against payable to Avantha Holdings Limited.
- (m) During the previous year fixed deposit of related party specified in Note 36 (d) (11) amounting to INR3,000,000,000 (US\$46,299) with Yes bank, which was cross collateralised towards the credit facilities provided by Yes Bank to BGPPL was liquidated & appropriated against the facilities by invoking cross default clause. Based on an on-going understanding then existed between the BGPPL and 'Entity defined in note 36 (d) (4)', BGPPL has offset this consequential payable to the related party specified in note 36 (d) (11) amounting to US\$46,299 as part of Group transactions with 'Entity defined in note 36 (d) (4)'. (Also refer note 21.1(t))
- (n) During the previous year based on on-going arrangement then existed between BGPPL and 'Entity defined in note 36 (d) (4)', INR1,000,000,000 (US\$15,433) of Series C non-convertible debentures (NCD) payable to NBFC have been adjusted / set-off against Group transaction with 'Entity defined in note 36 (d) (4)'. These NCDs were subsequently acquired by CGPSOL from NBFC. (Refer note 21.1(r))

During the current year, DHFL invoked the pledge provided by CGPSOL towards the NCDs, and the Company entered into a Deed of Assignment with CGPSOL and M/s. Finquest Financial Solution Limited (Finquest), a Non-banking financial institution, as per which series A and series B were assigned by CGPSOL to Finquest. Series C debentures were continued to be held by CGPSOL. However, these had been adjusted / set-off against the amounts due from Avantha Holding Limited as at 30 June 2017 as stated above".

- (o) Key management compensation

Total remuneration paid to the directors is as follows:

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	Year ended 30 June 2018	Year ended 30 June 2017	Note
Executive Directors	678	1,270	refer a) below
Non-executive Directors	2	2	refer b) below
Independent Directors	113	83	refer c) below
Total	794	1,355	

a) Executive Directors

- i. The remuneration of US\$674 and US\$1,266 for the year ended 30 June 2018 and 30 June 2017 respectively was paid to one of the directors of the Bilt Paper Group. The break-up of remuneration is as below:

	Year ended 30 June 2018	Year ended 30 June 2017
Break-up of remuneration of Executive Directors		
Salary, allowances incentives and other short term employee benefits	650	1,243
Termination benefits	-	-
Post employment benefits	24	23
Other long term benefits	-	-
Share based payments	-	-
	674	1,266

- ii. Management fees of US\$4 was paid to the trust office for the year ended 30 June 2018 and 30 June 2017 for the director who act as Managing Director of the group.

b) Non-Executive Directors

- i. For the year ended 30 June 2018 and June 2017, there was one director of Bilt Paper that had been nominated by private equity investors. These directors were not paid any emoluments by the Group. BGPPL has one Non-executives Directors, to whom Company paid US\$2 during the year.
- ii. For the year ended 30 June 2018 and 30 June 2017, there were three directors of the Company that were paid by the ultimate parent, Bilt, which made no recharge to the Group. These directors are directors of the ultimate parent and a number of affiliates. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments as included in the aggregate of key management compensation of the ultimate parent are Nil and Nil for the year ended 30 June 2018 and 30 June 2017 respectively.

c) Independent Directors

- i. Sitting fees paid to Independent Directors of the Group are US\$113 and US\$89 for the year ended 30 June 2018 and 30 June 2017 respectively.

(p) Period end payables to related parties:

	30 June 2018	30 June 2017
(i) Immediate Holding Company	2,147	1,538
(ii) Ultimate Holding Company	1,174	222
(iii) Entities over which Avantha Group exercises significant influence/control	7,560	15,751
Total payables to related parties	10,881	17,511

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

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(q) Period end receivables from related parties (Net of provision):

	30 June 2018	30 June 2017
(i) Immediate Holding Company Ballarpur International Holdings B.V.	68	216
(ii) Entities over which Avantha Group exercises significant influence/control	1,679	449
Total receivables from related parties	1,747	666

The receivables from related parties arise mainly from sale transactions and are due one month after the date of sales. The receivables are unsecured in nature and bear no interest. Other balances are represented by loan and advances given to related parties.

Following provisions/ (reversal) are made against receivables from related parties for the year ended 30 June 2018 and 30 June 2017.

	As at 30 June 2018	As at 30 June 2017
(i) Ultimate Holding Company	-	325,631
(ii) Fellow Subsidiary	-	4,009
(iii) Entities over which Avantha Group exercises significant influence/control	(6,280)	41,684
	(6,280)	371,324

During the year the Company has given waiver to the following related party, against its receivable balances:

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	167,271	138,191
	167,271	138,191

* Subsequent to the balance sheet, BILT has been admitted into insolvency proceedings in India and the claim made by the Group has been rejected by the resolution professional. Hence, allowance for impairment has been created on the entire receivables from BILT. (Also refer note 40 (5) of post balance sheet events)

(r) Interest income from related parties

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Ultimate Holding Company	-	10,582
	-	10,582

(s) Interest expense to related parties

	Year ended 30 June 2018	Year ended 30 June 2017
(i) Immediate Holding Company	466	453
Total interest expense to related parties	466	453

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- (t) The Group has been provided certain administrative, accounting, legal, treasury, marketing, procurement and other support services by the holding company and the ultimate holding company. These expenses would not be cross charged to Company by Group.

37. Discontinued Operation

a) In case of SFI, notices of recovery were received from one of the lenders, consequent to which receiver and manager (R&M) has been appointed under Malaysian laws to pursue scheme of arrangement and compromise between SFI and its creditors. In April 2018, R&M announced the signing of sale and purchase agreement (SPA) between R&M and Pelangi Pretasi Sdn. Bhd ("Buyer") for a consideration of 1.2 billion Malaysia Ringgit (approximately USD 310 million). The buyer has deposited 10% of the consideration in cash. The said agreement is filed with the Hon'ble High court of Sabah & Sarawak, Malaysia on July 13, 2018 and will be implemented after obtaining necessary corporate and regulatory approvals.

Considering the financial situation as at June 30, 2017 caused by in ability of the subsidiary to generate sufficient returns and recall of the loans by lender, the directors after careful evaluation decided to classify the subsidiaries operation as non core assets.

The financial results, financial position and cash flows of the subsidiary are disclosed as discontinued operations in accordance with IFRS. Accordingly, the assets and liabilities of the subsidiary are carried at respective fair values.

b) The Company had entered into an operate, maintain and manage agreement to outsource the operation of its manufacturing plant located in Sewa, Odisha,. The agreement provides an option to sell the plant to operator at future date. Further the 'Master Restructuring Agreement' (MRA) entered in to with lenders provides for sale of the plant to ease the financial stress and to step up the operations of the Company. In line with this the management was in the active process of finding a suitable buyer and expects to dispose the plant on a profitable basis by the next financial years. Accordingly, the operations of Sewa plant has been classified as discontinued. Subsequently during the financial year 2020-21, Sewa plant was sold. Refer note no. 40 (1) (ii).

The financial results, financial position of the unit are disclosed as discontinued operations in accordance with IFRS. Accordingly, the assets and liabilities of the subsidiary are carried at respective fair values.

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c) Income statement of the discontinued operations are summarised below:

	Year ended 30 June 2018			Year ended 30 June 2017		
	SFI	SEWA	Total	SFI	SEWA	Total
Revenue	13.745	9.627	23.272	15.594	54	15.648
Other operating income	65	-	65	42	23	65
	13,810	9,527	23,337	15,636	77	15,713
(Loss)/ gain on change in fair valuation of biological assets	-	-	-	(4.059)	-	(4.059)
Raw materials and consumables used	(4.366)	(14.245)	(18.611)	(42.609)	(5.303)	(47.912)
Employee benefit expense	(9.543)	(297)	(9.840)	(10.641)	(3.097)	(13.738)
Foreign exchange gains / (losses) – net	1.931	(6)	1.925	(2.365)	2	(2.364)
Other operating expenses	(6.256)	(3.457)	(9.723)	(7.471)	(2.422)	(9.893)
Operating profit	(4,424)	(8,488)	(12,912)	(51,509)	(10,743)	(62,253)
Finance income	-	1	1	-	1	1
Finance costs	(2.148)	(121)	(2.269)	(17.690)	(56)	(17.746)
Finance costs, net	(2,148)	(120)	(2,268)	(17,690)	(55)	(17,745)
(Loss) before income tax	(6,572)	(8,608)	(15,180)	(69,199)	(10,798)	(79,998)
Income tax (expense)	-	-	-	-	-	-
Profit/ (Loss) for the year	(6,572)	(8,608)	(15,180)	(69,199)	(10,798)	(79,998)

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The carrying amounts of assets and liabilities of discontinued operations are summarised below:

	As at			30 June 2017
	30 June 2018			
	SFI	SEWA	Total	
ASSETS				
Non-current assets				
Property, plant and equipment	176.698	311	177.009	165.171
Intangible assets	162		162	152
Biological assets	81.835		81.835	76.836
Land use rights	7.434	1.834	9.268	6.935
Trade and other receivables	439		439	413
	266,568	2,145	268,713	249,507
Current assets				
Inventories	139	-	139	-
Trade and other receivables	2.116	1.604	3.720	2.632
Restricted deposits	-	2	2	-
Cash and cash equivalents (excluding bank overdraft)	131	149	280	583
	2,386	1,755	4,141	3,215
Total assets	268,954	3,900	272,854	252,722
LIABILITIES				
Non-current liabilities				
Borrowings	24.900	-	24.900	19.750
Derivative financial instruments	-	-	-	20
	24,900	-	24,900	19,770
Current liabilities				
Trade and other payables	65.397	58.006	123.403	47.534
Borrowings	75.688	-	75.688	74.351
	141,085	58,006	199,091	121,886
Total liabilities	165,985	58,006	223,991	141,656

Summarised Cash flow statement of discontinued operation as follows:

	Year ended 30	Year ended 30
	June 2018	June 2017
Operating activities	2.258	(9.706)
Investing activities	(1.551)	(2.611)
Financing activities	(5.017)	10.184

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38. Sales tax grant

(a) Sales tax refund scheme

Pursuant to the expansion of production capacity, the Indian subsidiary is eligible for incentives under the scheme of Government of Maharashtra and an application to this effect was filed with the relevant Authorities in 2009. During the year ended 30 June 2012, the Group has received the eligibility certificates from Government according to which the Ballarpur and Bhigwan units of the Indian subsidiary are eligible for incentives not exceeding US\$77,376 and US\$103,102 over a period of 9 years and 12 years respectively.

Based on sales estimates made as at 30 June 2018, the two units at Ballarpur and Bhigwan expect to receive incentives of US\$15,434 and US\$24,314 over a period of 9 years and 12 years respectively. Grant receivable accrued for the year ended 30 June 2018 amounts to US\$228 (2017: US\$1,179) and US\$(157) (2017: US\$652) for Ballarpur and Bhigwan respectively. The income for incentives recognised during the year amounts to US\$390 (2017: US\$396) and US\$500 (2017: US\$506) for Ballarpur and Bhigwan respectively and excess of receivable over the income has been disclosed in deferred income. If the sales estimates are higher/ lower by 5%, the effect on the income statement is disclosed below:

	Year ended 30 June 2018	Year ended 30 June 2017
Sales tax grant Income		
5% Increase In Qty/Rate	239	49
5% Decrease In Qty/Rate	(239)	(49)
Deferred Income Liability		
5% Increase In Qty/Rate	239	49
5% Decrease In Qty/Rate	(239)	(49)

(b) Sales Tax Deferment Scheme

Pursuant to the expansion in earlier years, the Ballarpur unit of the Indian subsidiary is also entitled to benefit associated with the interest free sales tax loan which is repayable after a stipulated period. Also, income relating to such scheme amounted to US\$617 (2017: US\$4,168).

39. Restatement of prior year financial statements

As the MRA implementation is in process, management review the computation of finance cost. On the review it is found that the Company has not provided the penal interest on few loans and lower bookings of interest cost in few cases. Which has resulted in lower booking of interest by US\$16,948 for the period ended 30 June 2016. Management has restated the opening balance of assets, liabilities and equity as applicable. This has increased the interest payable by US\$16,948 and reduced the retained earnings by US\$16,946 and non-controlling interest by US\$2 for the period ended 30 June 2016. Accordingly opening balance of 01 July 2016 also got restated.

40. Post Balance Sheet events

1) Bilt Graphic Paper Products Limited ("BGPPL", one of the subsidiary of Bilt Paper B.V.)

(i) Corrective Action Plan (CAP)

Bilt Graphic Paper Products Limited ("BGPPL", one of the Subsidiary of Bilt Paper B.V.) was facing severe financial crunch during the FY 2017. The units were under interim shut down during the year due to lack of working capital and thus impacted the revenue from operations. In FY17, BGPPL requested the lenders to structure the facilities provided by them and based on the negotiations with the lenders, the Board of Directors in its meeting held on 07 November 2017 approved a Corrective Action Plan (CAP) in the form of a debt restructuring scheme.

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In the debt restructuring scheme BGPPL requested lenders to convert outstanding financial obligations (including overdue interest) as at March 31, 2017 in the following four components, based on the security cover held in the business viz.:

Particulars	Secured Lender	Unsecured Lender
Rupee term Loans	70%	35%
Non-Convertible Debentures	20%	20%
Compulsorily Redeemable Preference Shares (CRPS)	Nil	35%
Equity Shares	10%	10%

The scheme also envisaged a One Time Settlement (OTS) option for un-secured lenders, thereby allowing exit for lenders who do not prefer to enter into a long-term re-alignment with the company.

Majority of the lenders agreed to debt restructuring scheme proposed by the BGPPL. As per RBI Guidelines, approval was sought from Independent Evaluation Committee (IEC) for the proposed debt restructuring scheme and the same was approved on October 16, 2017 pursuant to which a Master Restructuring Agreement was executed on December 6, 2017 between the lenders and the Company.

However, one of the assenting lenders, IDBI Bank Limited based on a directive from RBI had initiated Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016. BGPPL had appealed to the Hon'ble High Court of Delhi and obtained a stay on RBI's directive to IDBI Bank for taking the BGPPL to National Company Law Tribunal ("NCLT").

Time line of the events is detailed below –

- IDBI Bank had filed an insolvency application under section 7 of IBC against BGPPL before NCLT, Mumbai on 25th Jan 2018.
- On 12.02.2018, BGPPL filed a Writ Petition [WP (Civil) No. 1427 of 2018] before Hon'ble High Court of Delhi for quashing/setting aside of the directions of RBI directing the IDBI Bank to initiate proceedings under Insolvency and Bankruptcy Code, 2016 against BGPPL.
- Delhi High Court vide its order dated 15.02.2018 directed IDBI Bank to maintain status quo with respect to its petition lodged with NCLT.
- The stay order dated 15.02.2018 was later modified by Delhi High Court on 22.11.2018 to the extent that directives of RBI to IDBI Bank shall remain stayed but the same shall not preclude any lender from availing any right or remedy otherwise available to them under the law.
- Thereafter on 19.11.2018, BGPPL filed a Transfer Petition before Hon'ble Supreme Court for transfer of WP(Civil) No. 1426 of 2018 from Delhi High Court to Supreme Court to be heard with Special Leave Petition (Civil) No. 9286-9287 of 2018 titled as Jaiswal Neco Industries Limited and Anr. versus Reserve Bank of India already pending before Hon'ble Supreme Court.
- Vide order dated 03.12.2018 of the Supreme Court, the Transfer Petition has been tagged with Jayaswal Neco matter and Supreme Court also ordered that status quo shall be maintained by the Parties.

IDBI Bank assigned their entire Debt & rights with respect to BGPPL to Edelweiss ARC in January 2020 and subsequently Edelweiss ARC has agreed to the terms of MRA and signed the Restated & Amended MRA. Further the cases filed by IDBI Bank has been withdrawn by Edelweiss ARC.

In addition to the above, during the financial year 2018-19, Kotak Mahindra Bank (KMB), one of the non-assenting lenders, filed a petition with NCLT to initiate Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016 which is yet to be listed in the NCLT. Further, in pursuance of the defaults by the BGPPL, facilities granted were recalled by KMB and an application for consideration as a secured lender was filed before Debt Recovery Tribunal, Delhi which is

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pending for hearing and disposal as on date. During the 2019-20, KMB has initiated case before Delhi High Court to expedite the hearing process. Hon'ble Delhi High Court has reverted the matter to DRT.

During the financial year 2020-21, Kotak Mahindra Bank filed a Writ Petition before Bombay High Court seeking reliefs relating to restructuring process of BGPPL. Further the BGPPL has received show cause notice dated 9th Feb 2021 from Kotak Mahindra Bank Committee for identification of wilful Defaulters and Non-Cooperative Borrowers.

During the financial year 2021-22 a settlement agreement has been executed between BGPPL and Kotak Mahindra Bank (KMB) as per which, BGPPL and KMB agreed that as a full and final settlement of the dues of the Company towards KMB, an amount of INR 160 Crore, being the settlement consideration, shall be paid by the company to KMB in accordance with the terms of settlement agreement. The BGPPL and KMB mutually agreed that pursuant to the execution of settlement agreement, BGPPL and KMB will file consent terms before the various judicial forum and shall seek disposal of the respective pending matters.

During the financial year 2022-23, the entire amount of INR 160 Crore has been fully settled by BGPPL and all cases filed by KMB has been withdrawn from various judicial forums.

During the financial year 2023-24,

The Company entered into a bilateral settlement agreement with (i) Goldman Sachs International on 28 April 2023 and (ii) EARC Trust SC 356 on 14th September 2023. Pursuant to the agreements, the agreed-upon dues have been settled, and no dues confirmation has been obtained from the lenders. As per the settlement agreement, the financial obligation has been settled by the Company on at a reduced value H 23,647 Lakhs and the balance of H 12,762 Lakhs has been waived off by the lender. The gain has been recognised as an exceptional item in the Statement of Profit and Loss for the financial year 2023-24.

(b) As per the terms agreed in the Restated MRA, a part of the loan outstanding was converted into equity and CRPS. The equity shares to be issued to the lenders were earmarked for the aforesaid purpose, and the same was disclosed as a separate component under other equity up to 31 March 2023 refer to Note 22(b)(ii) On 14 December 2023, the company allotted equity shares and CRPS (except for the Coöperatieve Rabobank (lender), for which allotment is pending due to the non-availability of the demat details from the lender).

(c) As per the terms of the MRA, sweat equity shares may be allotted to the promoters/management provided certain milestones are achieved and other procedures, including the issue of equity shares and compulsorily redeemable preference shares to the lenders, and subject to necessary corporate authorisations. The milestones were achieved during the financial years 2018-19 to 2020-21, and during the current year, the Company has issued equity shares and compulsorily redeemable preference shares to the lenders. Consequently, the Board of Directors, in the Board meeting held on 23 October 2023, have approved the issue of 7,32,00,902 sweat equity shares to Mr Gautam Thapar, Group President of the Holding Company, Ballarpur Paper Holdings BV, at nil consideration for the contributions made in the past. The shareholders approved the same at the extraordinary general meeting held on 23 November 2023.

The fair value of the equity shares is considered at INR 22.40 per share based on an independent valuation report. The Company has recognized sweat equity cost of INR 16,397 lakhs (7,32,00,902 equity shares at INR 22.40 per share), in terms of Ind AS 102 'Share-based payment', as an exceptional item (refer note 39) with a corresponding credit to sweat equity reserve during 2023-24.

(d) The Restated MRA provides an option to the lenders to revise interest rate effective January of the calendar year. The lenders have exercised the same and revision in interest rate was agreed upon with lenders on 13 June 2024 at 10% with effect from 01 January 2024.

Accordingly, the Company has accrued the incremental interest retrospectively from 01 January 2024. Since the revision rate revision was agreed upon after the balance sheet date, the Company considers the incremental interest accrued in the books of account for 31 March 2024, not a default.

Post execution of MRA, the BGPPL is regular in servicing its debt of the assenting lenders as per the terms agreed in the MRA (amended) and amounts due to non-assenting lenders are being deposited in the Trust and Retention Account (TRA).

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Amended and Restated MRA

As per the said MRA, some Lenders were envisaged to be paid through One Time Settlement. However, due to unforeseen circumstances, OTS Lenders were not settled within the stipulated timelines. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments. Amended and Restated MRA was signed on December 7, 2020 by 96% of lenders.

Following significant amendments were incorporated in the Amended and Restated MRA:

OTS Lenders opted for Restructuring

As OTS Lenders were not settled within the stipulated timelines, these OTS accounts were taken over by Edelweiss and Goldman Sachs who then proposed to restructure such accounts from OTS to Long Term Restructuring with the same terms and conditions as other accounts.

Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments to affect the above-mentioned transaction.

Request for granting of moratorium as per RBI's COVID 19 guidelines

Due to COVID-19 pandemic and nationwide lockdown that was imposed in March 2020, plants at Ballarpur and Bhigwan were temporarily shut down. With no dispatches taking place between the months of March-May 2020 and minimum receipt of funds, the company operated on limited cash flows which were utilized for priority payments. Hence, the Company requested all Lenders to grant moratorium, for all loans and working capital facilities (except Priority Facilities) falling due between March 1, 2020 and August 31, 2020. Such request was accepted by all lenders which were parties to MRA and MRA was subsequently amended to incorporate the impact of grant of such moratorium on all facilities.

(ii) Sale of Sewa Unit

During the FY 2020-21 the BGPPL has sold Sewa unit on slump basis for a consideration of US\$2,315/- to fulfil one of the conditions of MRA. Considering the sewa unit has been sold, the Company is unable to provide the relevant details required for the audit of financial information pertaining to Sewa unit. Accordingly, the financial information pertaining to Sewa unit as at 30 June 2018 and the year ended on that date, have been certified by the management and not subject to audit.

(iii) Following legal cases have been filed against BGPPL post balance date

- a) Yes Bank has filed this original application (OA) against Avantha Holdings Limited (AHL) and also impleaded BGPPL on the ground that AHL had obtained Term Loan -II facility for making advance payment to BGPPL for purchase of captive power plant at Bhigwan unit. BGPPL has already filed a commercial suit against Yes Bank challenging the legality of the put option agreement claiming asset sale did not take place and there is no liability on account of this. (Refer note 33 (b)). The matter is subjudice.

As due to legal proceedings, BGPPL's operations may face disruptions, potentially affecting its overall business performance. The company might incur additional costs and face challenges in securing future financial support. In extreme scenarios, continued legal issues and financial strain could pose a risk of court-mandated liquidation. This could have profound implications for BGPPL's existence as a corporate entity.

Accordingly, BGPPL has no option but to settle the entire aforesaid liability arising out of credit facility of INR 230 Crores sanctioned by the Bank to AHL.

As part of the Settlement Proposal (as defined hereinafter) and subject to the terms of this Agreement, JCFARC has agreed to offer to the BGPPL a one-time settlement of the liabilities of the BGPPL with respect to the BGPPL Outstanding Facility Amount, subject to the BGPPL making payment for an amount of Rs. 77 Crores (Rupees Seventy-Seven Crores only) ("BGPPL OTS Amount") to JCFARC, in accordance with the terms of this Agreement. It is clarified that one-time settlement of the liabilities of BGPPL in relation to the BGPPL Outstanding Facility Amount as contemplated hereunder is without prejudice to the rights and entitlements of JCFARC against AHL.

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On 25th July 2023, BGPPL enters in to a One Time Settlement agreement with J.C. Flowers Asset Reconstruction Private Limited (Acting in its capacity as trustee of JCF YES Trust 2022-23/6 (JCF ARC)), the consent of the Board of the Directors be and is hereby accorded to enter into a settlement agreement and/or such other agreements & documents etc. (Settlement) with JCF ARC for Rs 77 crores to settle the entire aforesaid liability arising out of credit facility of INR 230 Crores sanctioned by the Bank to AHL & Withdrawal of all legal cases filed against and/or by the company in relation to the commercial/civil disputes (including section 138 proceedings) pending before different courts upon entire payment.

On 27th Aug 2023 AHL issued letter/declaration that, AHL will not have any claims, liabilities and obligations from BGPPL arising out of the put option agreement dated 28th July, 2016 or any other document executed pursuant to the loan facility.

- b) The BGPPL has received a demand notice amounting to US\$85,241/- from CG Power and Industrial Solutions Limited and CG Power Solutions Limited (CG Group) towards alleged losses suffered by CG Group on account of certain pledge / security / guarantee transactions. BGPPL in response to the notice has denied and disputed the demand notice (Refer note 33 (a)). CG Group has filed a suit against BGPPL before Bombay High Court in March 2020 for recovery of the amounts demanded aggregating to US\$118,334/- (including interest). BGPPL has submitted written statement in the Bombay High Court in August 2021. Based on BGPPL's internal assessment these claims are untenable as BGPPL has a fairly strong case.

The resolution professional of CG Power Solutions Limited has filed interlocutory application before the National Company Law Tribunal, Mumbai.

During the year ended 30 June 2017, based on an arrangement with the related party, certain liabilities of the Company, including the portion of the amount claimed by CG Group have been set-off against Group transactions with 'Entity defined in note 35 (d) (4)'. This has been done based on a common understanding with the related party which is subsequently disputed by CG Group as above.

It is not possible to predict the outcome of the pending litigations with accuracy, the BGPPL believes, based on legal opinions received, that it has meritorious defences to the claims. The management believe the pending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the BGPPL.

- (iv) In the matter of CG Group, Serious Fraud Investigation Office (SFIO) has launched an investigation. In this regard, SFIO has sought certain information/documents from the BGPPL which has been furnished.
- (v) on 24 April 2024, the Company has allotted 7,32,00,902 sweat equity shares to Mr. Gautam Thapar, which has been approved by the Board of Directors in the meeting of the Board of Directors held on 23 October 2023, and the shareholders in the extra ordinary general meeting held on 23 November 2023.
- 2) Sabah Forest Industries, Malaysia (SFI)
- (i) Appointment of the Receiver and Manager (R&M)

Subsequent to June 30, 2016, RABO Bank, Malaysia, issued notices to Sabah Forest Industries, Malaysia (SFI), subsidiary of the Company, on October 20, 2016, March 3, 2017 and June 19, 2017 notifying SFI of the events of default as per the loan agreement between SFI and Rabo Bank.

Following the above, on June 28, 2017, Grant Thornton Consulting Sdn. Bhd. was appointed as the Receiver and Manager (R&M) of the fixed assets of SFI by the Joint Security Agent viz. Maybank, and a notice intimating such appointment was served on SFI as required under Section 377 of the Companies Act, 2016 of Malaysia.

SFI made an application through the R&M Appointed to the Hon'ble High Court of Sabah and Sarawak at Kota Kinabalu seeking a restraining order under Sections 368 and 369 of the Companies Act, 2016 of Malaysia. This provided SFI a defined period of time to formulate a scheme of arrangement and compromise, in conjunction with the R&M Appointed, subject to the approval of creditors and relevant authorities. A restraining order allowing three months was passed by the Hon'ble High Court on July 13, 2017.

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Subsequently, the R&M Appointed filed for extension of the restraining order by additional nine months i.e. till July 2018. This application primarily focused on settlement of creditors by way of generating funds from sale of SFI or its assets by Management or R&M Appointed, subject to approval of such scheme by creditors and relevant authorities.

(ii) Sale and purchase agreement between the R&M and Pelangi Pretasi Sdn. Bhd ("the Buyer")

In April 2018, the Group management announced the signing of sale and purchase agreement between the R&M Appointed and Pelangi Pretasi Sdn. Bhd ("the Buyer") for a consideration of 1.2 billion Malaysian Ringgit (approximately, USD 310 million). The Buyer deposited with the R&M Appointed 10% of consideration in cash. The said agreement will be implemented after obtaining necessary corporate and regulatory approvals. The R&M Appointed has filed an application with the Hon'ble High court of Sabah & Sarawak, Malaysia on July 13, 2018 seeking further extension. In its order in October 2018 the Hon'ble High court has granted extension of 9 months from the date of order.

The initial cut-off date for fulfilment of the condition precedent was extended several times, with the last extension ending on 31 March 2019. The state government eventually did not consent to the issuance of a fresh timber license to Pelangi. Given that this condition precedent was not fulfilled, the SPA was deemed to have been automatically terminated with effect from 31 March 2019.

Post termination of the SPA with Pelangi, the R&M embarked on second tender exercise for the sale of SFI's assets and received an offer from Fujian Nanjing paper Co. Ltd. However, the retender exercise was halted due to an ex-parte injunction order obtained by Pelangi on 19.04.2019 and subsequent High Court order dated 22.10.2019 in respect of Pelangi's application for an inter-partes injunction against SFI ("Pelangi's injunction"). Pelangi obtained the ex-parte and inter-partes injunctions in the High court, Kuala Lumpur. Pelangi's Injunction was recently discharged on 01.10.2021.

On 19th May 2021 the State Attorney-General issued to SFI and Pelangi, withdrawing the conditions precedent imposed earlier and stipulated that the sale and purchase agreement be completed until 18th September 2021. With Pelangi refusal/failure to complete the SPA under the new deadline, the R&M considered a retender exercise of SFI's business as going concern.

On 18th Jan 2023, in a unanimous decision of the three-member Apex Court panel led by Chief Justice of Malaysia, upheld the Court of Appeal's decision of 5th Jan 2022 by striking out Pelangi's 2019 suit and injunction against SFI and dismissed Pelangi's leave application. Pelangi is now liable to pay damages which have yet to be assessed.

(iii) Termination of Timber Licence Agreements

On 1st September 2021 the Chief Minister of the State of Sabah exercising his powers under section 24A of the Forest Enactment 1968 purportedly terminated the Timber Licence Agreements with immediate effects purportedly on the grounds of public interest. The R&M by letter dated 9th September 2021 objected to the termination of the Timber Licence Agreements and gave notice that they dispute the termination and requested that the State Govt. of Sabah do maintain the status quo until the validity of the purported termination of the Timber licence Agreements are fully and finally disposed-off.

As SFI strenuously disputed the said termination of the Timber Licence Agreements it gave notices of arbitration dated 15th September 2021 and 17th September 2021 to the Chief Minister, the State Government of Sabah and Chief Conservator of Forests pursuant to the Timber Licences.

On 15th October 2021 the R&M requested the Asian International Arbitration Centre to make the nomination of the arbitrator pursuant to clause 13(3) and (4) of the Arbitration Act 2005 for the appointment to arbitrate the said dispute between the parties under the rules of the Kuala Lumpur Regional Arbitration Centre.

On 20th October 2021 the R&M filed summons in the High Court of Sabah and Sarawak at Kota Kinabalu, Malaysia to order the Chief Minister and State Government of Sabah to attend before the Honourable High Court judge on 29th November 2021 on the hearing of an application by the R&M under section 11(1)(f),(g) and (h) of the Arbitration Act 2005 (Act 646) and/or under the inherent jurisdiction of the court.

CM's Anti Arbitration suit was filed in the High Court of Sabah and Sarawak at Kota Kinabalu to restrain SFI

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from proceedings with Arbitration against them. The CM's Anti Arbitration suit was struck out by the KK High Court on 16th Nov 2022. On 17th Nov 2022 Chief Minister & Sabah state government filed an ex parte interim injunction application in the KL High court seeking to restrain SFI, Ketua Pengarah Insolvency Malaysia, AIAC and Arbitrator from taking any further steps in the arbitration proceedings. On 10th Feb 2023, SFI defeated the CM's KL-OS as the RM's intervener application was allowed.

Based on summary determination of proceedings, the arbitrator has held that the arbitrator has no jurisdiction to adjudicate on the revocation of the timber licenses but the arbitrator nonetheless has jurisdiction to hear other claims i.e. damages for the timber license revocation. SFI is claiming the difference between the Pelangi offer price and quantum of compensation for acquisition of the lands. Both sides are appealing against the arbitrator's decision.]

It may be relevant to mention that there is a separate action by SFI on the revocation of timber licenses i.e. by way of judicial review application. The High Court has previously held that the R&M has no locus to bring this claim on behalf of SFI. SFI's appeal against this decision is pending at the Court of Appeal.

(iv) Compulsory land acquisition by State Government

On 28th July 2022 & 4th August 2022, State Govt of Sabah orders the acquisition of 12 pieces of lands belonging to SFI pursuant to Sec -3 of the Land Acquisition Ordinance. The Govt has earlier ordered to acquire 3 pieces of land. The compensation offer is of RM 256 Million. SFI has made counter offer of RM 652 Million.

SFI has filed Judicial Review proceedings relating to the State Govt's compulsory acquisition of lands in KK High court to challenge the decision-making process of the State Govt's compulsory acquisition of lands. The Judicial Review application will be heard together and have been stayed pending the outcome of SFI's appeals in the Judicial Review of Timber License Agreements and CM's Anti Arbitration suit.

The proceedings for the compulsory acquisition of the lands are still pending hearing at the High Court.

(v) Winding up order by the High Court of Sabah and Sarawak

On 15th November 2021, the High Court of Sabah and Sarawak had passed order for winding up of SFI. SFI has appealed the winding up orders in the Court of Appeal of Malaysia on 10th December 2021.

SFI's appeal against the winding-up order is pending at the Court of Appeal.

- 3) A countrywide lockdown was announced on 24 March 2020 due to COVID 19 pandemic and the production was temporarily suspended until 11 May 2020. Despite the challenges faced due to COVID 19 pandemic, the manufacturing units at Ballarpur and Bhigwan resumed operations with effect from 12 May 2020 and have been operating since then with minor disruptions. The manufacturing unit at Ashti continues to be shut. The Company's production, despatches, sales and market collections remained affected during April 2020 to September 2020 and remained mainly unaffected during the period Oct 2020 to March 2021. The second wave of COVID 19 has impacted production, despatches, sales and market collections from April 2021 and May 2021. But the Company has taken pro-active measures in terms of mobilisation of its critical work force, adopting stringent social distancing procedures and safety measures to overcome the manpower challenges faced by the Company due to lockdown. With such measures company has been able to continue its production, despite covid second wave.

The Company has made an assessment of its capital and financial resources including liquidity position and its ability to service debt and other financing arrangements for next one year. Though there is no major impact of COVID 19, the Company after discussions with lenders, the revised MRA was signed by all lenders for the debt obligations from March 2020. The company has met all its debt obligations from March 2020 onwards to till date. The company is in position of servicing its debt obligations in the next 12 months.

The Company has assessed the recoverability of the carrying values of its assets such as property plant and equipment, inventory, trade receivables, investments and other current assets as at the balance sheet date and has concluded that there is no notable impact of COVID 19 thereon.

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- 4) The Company had pledged 70% of its shareholding in Ballarpur Paper Holdings B.V. (BPH), with certain lenders towards financial facilities provided by the lenders to BPH. In February 2021, the pledge was invoked by the lenders and the voting rights attached to the pledged shares has been transferred to the lenders. The Company has reassessed the relationship status and concluded that Company is ceased to control the BPH consequent to invocation of the pledge in February 2021. Refer note 20.
- 5) The Company has granted a corporate guarantee to the ICICI Bank for USD 100 Million on behalf of Avantha International Assets B.V., USD 65 Million on behalf of MTP New Ocean (Mauritius) Limited and USD 50 million on behalf of Mirabelle Trading Pte. Ltd., In August 2023, The Company has received the demand letter from the ICICI Bank for USD 131 million. (USD 71 million for principal and USD 60 million for interest). Further, the Company has received a summon from Debt Recovery Tribunal (Delhi) for Recovery of USD 67 Mn. against the corporate guarantee given to ICICI Bank. The Company has duly submitted its reply/statement against the notice.
- 6) Ballarpur Industries Limited, the ultimate holding company, was admitted into corporate insolvency resolution process ("CIRP") during the financial year 2019-2020. During the financial year 2022-2023, National Company Law Tribunal (NCLT) has approved the resolution plan in the matter of Finquest Financial Solutions Private Ltd. (Successful Resolution Applicant).

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Company financial statements as at 30 June 2018 and for the year ended 30 June 2018

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Company balance sheet as at 30 June 2018

(before proposed profit appropriation)

		As at 30 June 2018	As at 30 June 2017
Assets	Note		
Non-current assets			
Loan to subsidiary	9	95.000	95.000
		95.000	95.000
Current assets			
Loan to subsidiary	9	67.000	67.000
Trade and Other Receivables	3	35.949	19.971
Cash and cash equivalents	4	0	5
		102.949	86.976
		<u>197.949</u>	<u>181.976</u>

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		As at 30 June 2018	As at 30 June 2017
	Note		
Equity and liabilities			
Equity			
Issued share capital	5	6.750	6.750
Share premium		604.376	604.376
Perpetual capital securities		191.114	191.114
Translation Reserve		(214.158)	(224.557)
Legal Reserve		84.919	84.609
Profit for the year		35.419	(532.992)
Retained Earnings		(1.046.280)	(493.733)
Other Reserves		135.916	2.081
		(201.944)	(362.351)
Provision for investments in subsidiaries	2	354.606	523.212
Current liabilities	6	45.287	21.114
Total liabilities		45,287	21.114
Total equity and liabilities		<u>197,949</u>	<u>181,976</u>

The notes are an integral part of these company financial statements.

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Income statement for the year ended 30 June 2018

	Year ended 30 June 2018	Year ended 30 June 2017
Share of profit of subsidiaries for the year	10.953	(541.911)
Company result for the year after taxation	24.467	8.919
Net result for the year	35.419	(532.992)

The notes are an integral part of these company financial statements.

Notes to the company financial statements

1. Accounting information and policies

1.1. Basis of preparation

The company financial statements of Bilt Paper B.V. (hereafter: the company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Bilt Paper B.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in US\$'000, unless stated otherwise.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

1.2. Financial fixed assets

1.2.1. Investments in consolidated subsidiaries are entities (including intermediate subsidiaries and special purpose entities) over which the company has control, i.e. the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are recognized from the date on which control is transferred to the company or its intermediate holding entities.

They are derecognized from the date that control ceases.

The company applies the acquisition method to account for acquired subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured at net asset value.

Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

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When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is re-measured to fair value on the date of acquisition. The re-measurement against the book value is accounted for in the income statement.

When the company ceases to have control over a subsidiary, any retained interest is re-measured to its fair value, with the change in carrying amount to be accounted for in the income statement.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold, is directly recognized in equity.

Foreign currency financial fixed assets are considered as monetary assets and translated at closing rate. Exchange differences arising on such translations are recognized in the income statement.

1.2.2. Investments: recognition of losses when the company's share of losses in an investment equals or exceeds its interest in the investment, (including separately presented goodwill or any other unsecured non-current receivables, being part of the net investment), the company does not recognize any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment. In such case the company will recognize a provision.

1.2.3. Investments: unrealized gains and losses, unrealized gains on transactions between the company and its investments in consolidated subsidiaries are eliminated in full, based on the consolidation principles. Unrealized gains on transactions between the company and its investments in associates are eliminated to the extent of the company's stake in these investments.

Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

1.2.4. Amounts due from investments

Amounts due from investments are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate.

2 Investments in subsidiaries

Movements can be broken down as follows:

	30 June 2018	30 June 2017
Opening balance	(523.212)	54.217
Share of profit of subsidiaries	10.953	(541.911)
Exchange differences	15.359	(35.405)
Compulsorily redeemable preference shares	69.405	-
Amount towards share to be allotment under MRA	67.766	-
Post employment benefit obligations	310	(113)
Effect of change in minority	4.812	-
Closing balance	<u>(354,606)</u>	<u>(523,212)</u>

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List of subsidiaries

Bilt Paper B.V. has direct and indirect interests in the following subsidiaries:

	Share in equity
	<u>%</u>
Bailarpur Paper Holdings B.V., Netherlands	100
Sabah Forest Industries SDN. BHD., Malasiya	98.08
Bilt Graphic Paper Products Ltd., India	96.78

3 Trade and other receivables

Particulars	30 June 2018	30 June 2017
Receivable from Related Party	35,949	19,991
	<u>35,949</u>	<u>19,991</u>

4 Cash and cash equivalents

Particulars	30 June 2018	30 June 2017
Cash at Bank	0	5
	<u>0</u>	<u>5</u>

Cash at bank as at 30 June 2018 is US\$1 which is rounded off the US\$'000.

5 Shareholders' equity

The authorised and issued share capital of Bilt Paper B.V. amounts to EURO 7,000, divided into 700,000,000 ordinary shares of € 0.01 each.

Movements in the number of shares in 2018/2017 were as follows:

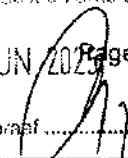
Particulars	Ordinary shares
At 30 June 2016	700,000,000
Issue of ordinary shares during the year	-
At 30 June 2017	700,000,000
Issue of ordinary shares during the year	-
At 30 June 2018	<u>700,000,000</u>

The breakdown of the shareholders equity by components differs from the breakdown shown in the consolidated statement of changes in Group equity due to the fact that these company financial statements follow the legal situation of the company while the consolidated financial statements follow the accounting principles related to reverse acquisition accounting under IFRS in the year ended June 2009.

Pursuant to the shareholder's resolution dated 27 October 2014, the company on 31 October 2014 issued 445,828,898 shares to BIH, 97,760,060 shares to Lathe Investments and 54,359,041 shares to Avantha International Assets B.V., with a nominal value of Euro 0.01 each at par as bonus issue by conversion from the share premium reserve with no additional consideration received in cash.

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On 3 October 2014, the Company had entered into a Subscription and Policy agreement with International Finance Corporation (IFC), wherein IFC had agreed to subscribe to 100,000,000 fully paid common shares with the nominal value of Euro 0.01 each in the company for a consideration of US\$100,000 on the terms and conditions specified therein. Consequently, the shareholders of the company (Lathe Investment PTE Ltd, International Finance Corporation, Ballarpur International Holdings B.V. and Avantha International Asset B.V.) have entered into a Shareholder's agreement on 14 August 2015 to record their respective rights and obligations in relation to the shareholdings, management and administration of the company and the operator of business.

Statements of changes in equity

	Share capital	Share premium	Results for the year	Accumulated deficit	Translation reserve	Legal reserve	Perpetual capital securities	Other reserves	Total equity
Balance at 30 June 2016	6,528	604,376	(318,763)	(138,743)	(195,989)	84,722	191,114	2,304	235,550
Comprehensive Income									
Profit for the previous year	-	-	318,763	(318,763)	-	-	-	-	-
Profit for the year	-	-	(532,992)	-	-	-	-	-	(207,481)
Other comprehensive income									
Currency translation differences	223	-	-	-	(28,568)	-	-	(223)	(28,568)
Remeasurement of post employment benefit obligations	-	-	-	-	-	(113)	-	-	(113)
Total other comprehensive income	223	-	-	-	(28,568)	(113)	-	(223)	(28,681)
Total comprehensive income	223	-	(214,229)	(318,763)	(28,568)	(113)	-	(223)	(236,161)
Transfer from statutory reserve	-	-	-	-	-	-	-	-	-
Transaction with owners									
Distribution on perpetual capital securities	-	-	-	119,281	-	-	-	-	119,281
Share issue expenses	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	119,281	-	-	-	-	119,281
Balance at 30 June 2017	6,750	604,376	(532,992)	(493,733)	(224,557)	84,609	191,114	2,081	(362,350)
Comprehensive income									
Profit for the previous year	-	-	532,992	(532,992)	-	-	-	-	-
Profit for the year	-	-	35,419	-	-	-	-	-	35,419
Other comprehensive income									
Currency translation differences	-	-	-	-	6,594	-	-	-	6,594
Remeasurement of post employment benefit obligations	-	-	-	-	-	310	-	-	310
Total other comprehensive income	-	-	-	-	6,594	310	-	-	6,904
Total comprehensive income	-	-	358,411	(532,992)	6,594	310	-	-	42,323
Transfer from statutory reserve	-	-	-	3,303	-	-	-	(3,303)	-
Transaction with owners									
Compulsorily redeemable preference shares	-	-	-	-	-	-	-	69,405	69,405
Amount towards share to be allotment under MRA	-	-	-	-	-	-	-	67,766	67,766
Distribution on perpetual capital securities	-	-	-	(23,900)	-	-	-	-	(23,900)
Share issue expenses	-	-	-	-	-	-	-	-	-
Transfer to Discontinued operation	-	-	-	-	-	-	-	-	-
Changes in share of other equity components due to change in stake of Non-controlling interest	-	-	-	1,042	3,905	-	-	(35)	4,912
Total transactions with owners	-	-	-	(22,858)	3,905	-	-	137,136	118,083
Balance at 30 June 2018	6,750	604,376	35,419	(1,046,280)	(214,156)	84,919	191,114	135,916	(201,944)

Legal reserve comprise of gain arising on change in fair value of biological assets (US\$66,008), statutory reserve on debentures issued by the Group (US\$20,368) and post-employment obligation (US\$ (1,457)). Such reserves together with translation and other reserves are not distributable by the company.

Share premium includes retained earnings (US\$69,153) and translation reserves (US\$19,917) up to June 2008 of BPH consolidated financial statements which was accounted for as a reverse acquisition accounting.

Equity shares are re-valued at each balance sheet date.

Reference is made to the Consolidated statement of changes in Group Equity and Note above.

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6 Current liabilities

Particulars	30 June 2018	30 June 2017
Payable to Group companies	7	-
Provisions	2,113	1,830
Interest Payable	43,167	19,304
	<u>45,287</u>	<u>21,134</u>

7 Employee numbers (average): NIL

8 Remuneration of the Board:

Management fee - Refer note 36 (o) of consolidated financial statement.

9 Related parties

The following transactions were carried out with the related parties:

a. Reimbursement of Expenses

Particulars	Year ended 30 June 2018	Year ended 30 June 2017
Ballarpur International Holdings B.V.	147	1,282
Ballarpur Paper Holdings B.V.	72	2,210
	<u>219</u>	<u>3,492</u>

b. Loan to subsidiary

Particulars	30 June 2018	30 June 2017
Ballarpur Paper Holdings B.V.	162,000	162,000
	<u>162,000</u>	<u>162,000</u>

Loans to subsidiary represent US\$95,000 (repayable in ten years in the year 2021 as per terms of the loan) and US\$67,000 (repayable on demand) @ 9.90% given to Ballarpur Paper Holdings B.V.

c. Year end balances arising from investing activities:

Intercompany balances payable:

Particulars	30 June 2018	30 June 2017
Ballarpur Industries Limited	7	-
	<u>7</u>	<u>-</u>

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Intercompany balances receivable:

Particulars	30 June 2018	30 June 2017
Ballarpur International Holdings B.V.	68	216
Ballarpur Paper Holdings B.V.	35.874	19.752
Ballarpur Speciality Paper Holdings B.V.	7	3
	<u>35,949</u>	<u>19,971</u>

10. Audit fees

Refer note 27 of consolidated financial statements.

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Amsterdam

Date: *June 10* . 2025

Board of Directors

Rajeev Ranjan Vederah

Rudra Pratap Singh Puar

Hoogoorddreef 15,
1101 BA Amsterdam
The Netherlands

Bilt Paper B.V.
Registered at the Chamber
of Commerce in Amsterdam
under number 34301128

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Amsterdam

Date: June 10, 2025

Board of Directors



Rajeev Ranjan Vederah

Rudra Pratap Singh Puar

Hoogoorddreef 15,
1101 BA Amsterdam
The Netherlands

Bilt Paper B.V.
Registered at the Chamber
of Commerce in Amsterdam
under number 34301128

Bill Paper B.V.

All amounts in this Bill are in Indian Rupees unless otherwise stated

and Shillings

Date: June 10, 1957

Received of Rs. 100000

R. V. Datta

Member of the Council

[Signature]

Secretary to the Council

Deposited in the
1957-58 Budget
for the year 1957-58

and Rs. 100000
Deposited in the Budget
for the year 1957-58
for the year 1957-58

Bilt Paper B.V.

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Other information

Statutory appropriation of Results

According to Article 14 of the company's Articles of Association:-

1. Profit \ (Loss) will be taken to mean the credit \ debit balance of the adopted profit and loss account.
2. The company's result shall be at the disposal of the general meeting of shareholders. No distribution of profits for the benefit of the company will be made on shares owned by the company.
3. The company can only make distributions to shareholders from profits qualifying for payment, insofar as the shareholder's equity exceeds the paid-up and called-up part of the capital, to be increased by the reserves that have to be maintained by virtue of the Dutch Law.
4. With due observance of the provisions of Dutch law the management Board may, after a proposal thereto by the general meeting of the shareholders, declare and pay out an interim dividend, insofar as the company's profits so permit.

Proposed appropriation of Results

The directors propose to carry forward the result for the period as accumulated deficit.

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Post Balance Sheet events

- 1) Bilt Graphic Paper Products Limited ("BGPPL", one of the subsidiary of Bilt Paper B.V.)
- (i) Corrective Action Plan (CAP)

Bilt Graphic Paper Products Limited ("BGPPL", one of the Subsidiary of Bilt Paper B.V.) was facing severe financial crunch during the FY 2017. The units were under interim shut down during the year due to lack of working capital and thus impacted the revenue from operations. In FY17, BGPPL requested the lenders to structure the facilities provided by them and based on the negotiations with the lenders, the Board of Directors in its meeting held on 07 November 2017 approved a Corrective Action Plan (CAP) in the form of a debt restructuring scheme.

In the debt restructuring scheme BGPPL requested lenders to convert outstanding financial obligations (including overdue interest) as at March 31, 2017 in the following four components, based on the security cover held in the business viz.:

Particulars	Secured Lender	Unsecured Lender
Rupee term Loans	70%	35%
Non-Convertible Debentures	20%	20%
Compulsorily Redeemable Preference Shares (CRPS)	Nil	35%
Equity Shares	10%	10%

The scheme also envisaged a One Time Settlement (OTS) option for un-secured lenders, thereby allowing exit for lenders who do not prefer to enter into a long-term re-alignment with the company.

Majority of the lenders agreed to debt restructuring scheme proposed by the BGPPL. As per RBI Guidelines, approval was sought from Independent Evaluation Committee (IEC) for the proposed debt restructuring scheme and the same was approved on October 16, 2017 pursuant to which a Master Restructuring Agreement was executed on December 6, 2017 between the lenders and the Company.

However, one of the assenting lenders, IDBI Bank Limited based on a directive from RBI had initiated Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016. BGPPL had appealed to the Hon'ble High Court of Delhi and obtained a stay on RBI's directive to IDBI Bank for taking the BGPPL to National Company Law Tribunal ("NCLT").

Time line of the events is detailed below –

- a) IDBI Bank had filed an insolvency application under section 7 of IBC against BGPPL before NCLT, Mumbai on 25th Jan 2018.
- b) On 12.02.2018, BGPPL filed a Writ Petition [WP (Civil) No. 1427 of 2018] before Hon'ble High Court of Delhi for quashing/setting aside of the directions of RBI directing the IDBI Bank to initiate proceedings under Insolvency and Bankruptcy Code, 2016 against BGPPL.
- c) Delhi High Court vide its order dated 15.02.2018 directed IDBI Bank to maintain status quo with respect to its petition lodged with NCLT.
- d) The stay order dated 15.02.2018 was later modified by Delhi High Court on 22.11.2018 to the extent that directives of RBI to IDBI Bank shall remain stayed but the same shall not preclude any lender from availing any right or remedy otherwise available to them under the law.
- e) Thereafter on 19.11.2018, BGPPL filed a Transfer Petition before Hon'ble Supreme Court for transfer of WP(Civil) No. 1426 of 2018 from Delhi High Court to Supreme Court to be heard with Special Leave Petition

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(Civil) No. 9286-9287 of 2018 titled as Jaiswal Neco Industries Limited and Anr. versus Reserve Bank of India already pending before Hon'ble Supreme Court.

- f) Vide order dated 03.12.2018 of the Supreme Court, the Transfer Petition has been tagged with Jayaswal Neco matter and Supreme Court also ordered that status quo shall be maintained by the Parties.

IDBI Bank assigned their entire Debt & rights with respect to BGPPL to Edelweiss ARC in January 2020 and subsequently Edelweiss ARC has agreed to the terms of MRA and signed the Restated & Amended MRA. Further the cases filed by IDBI Bank has been withdrawn by Edelweiss ARC.

In addition to the above, during the financial year 2018-19, Kotak Mahindra Bank (KMB), one of the non-assenting lenders, filed a petition with NCLT to initiate Corporate Insolvency Resolution Process ("CIRP") against the BGPPL under the provisions of the Insolvency & Bankruptcy Code, 2016 which is yet to be listed in the NCLT. Further, in pursuance of the defaults by the BGPPL, facilities granted were recalled by KMB and an application for consideration as a secured lender was filed before Debt Recovery Tribunal, Delhi which is pending for hearing and disposal as on date. During the 2019-20, KMB has initiated case before Delhi High Court to expedite the hearing process, Hon'ble Delhi High Court has reverted the matter to DRT.

During the financial year 2020-21, Kotak Mahindra Bank filed a Writ Petition before Bombay High Court seeking reliefs relating to restructuring process of BGPPL. Further the BGPPL has received show cause notice dated 9th Feb 2021 from Kotak Mahindra Bank Committee for identification of wilful Defaulters and Non-Cooperative Borrowers.

During the financial year 2021-22 a settlement agreement has been executed between BGPPL and Kotak Mahindra Bank (KMB) as per which, BGPPL and KMB agreed that as a full and final settlement of the dues of the Company towards KMB, an amount of INR 160 Crore, being the settlement consideration, shall be paid by the company to KMB in accordance with the terms of settlement agreement. The BGPPL and KMB mutually agreed that pursuant to the execution of settlement agreement, BGPPL and KMB will file consent terms before the various judicial forum and shall seek disposal of the respective pending matters.

During the financial year 2022-23, the entire amount of INR 160 Crore has been fully settled by BGPPL and all cases filed by KMB has been withdrawn from various judicial forums.

During the financial year 2023-24,

The Company entered into a bilateral settlement agreement with (i) Goldman Sachs International on 28 April 2023 and (ii) EARC Trust SC 356 on 14th September 2023. Pursuant to the agreements, the agreed-upon dues have been settled, and no dues confirmation has been obtained from the lenders. As per the settlement agreement, the financial obligation has been settled by the Company on at a reduced value of H 23,647 Lakhs and the balance of H 12,762 Lakhs has been waived off by the lender. The gain has been recognised as an exceptional item in the Statement of Profit and Loss for the financial year 2023-24.

(b) As per the terms agreed in the Restated MRA, a part of the loan outstanding was converted into equity and CRPS. The equity shares to be issued to the lenders were earmarked for the aforesaid purpose, and the same was disclosed as a separate component under other equity up to 31 March 2023 refer to Note 22(b)(ii). On 14 December 2023, the company allotted equity shares and CRPS (except for the Coöperatieve Rabobank (lender), for which allotment is pending due to the non-availability of the demat details from the lender).

(c) As per the terms of the MRA, sweat equity shares may be allotted to the promoters/management provided certain milestones are achieved and other procedures, including the issue of equity shares and compulsorily redeemable preference shares to the lenders, and subject to necessary corporate authorisations. The milestones were achieved during the financial years 2018-19 to 2020-21, and during the current year, the Company has issued equity shares and compulsorily redeemable preference shares to the lenders. Consequently, the Board of Directors, in the Board meeting held on 23 October 2023, have approved the issue of 7,32,00,902 sweat equity shares to Mr Gautam Thapar, Group President of the Holding Company, Ballarpur Paper Holdings BV, at nil consideration for the contributions made in the past. The shareholders approved the same at the extraordinary general meeting held on 23 November 2023.

The fair value of the equity shares is considered at INR 22.40 per share based on an independent valuation report. The Company has recognized sweat equity cost of INR 16,397 lakhs (7,32,00,902 equity shares at

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INR 22.40 per share), in terms of Ind AS 102 'Share-based payment', as an exceptional item (refer note 39) with a corresponding credit to sweat equity reserve during 2023-24.

(d) The Restated MRA provides an option to the lenders to revise interest rate effective January of the calendar year. The lenders have exercised the same and revision in interest rate was agreed upon with lenders on 13 June 2024 at 10% with effect from 01 January 2024.

Accordingly, the Company has accrued the incremental interest retrospectively from 01 January 2024. Since the revision rate revision was agreed upon after the balance sheet date, the Company considers the incremental interest accrued in the books of account for 31 March 2024, not a default.

Post execution of MRA, the BGPPL is regular in servicing its debt of the assenting lenders as per the terms agreed in the MRA (amended) and amounts due to non-assenting lenders are being deposited in the Trust and Retention Account (TRA).

Amended and Restated MRA

As per the said MRA, some Lenders were envisaged to be paid through One Time Settlement. However, due to unforeseen circumstances, OTS Lenders were not settled within the stipulated timelines. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments. Amended and Restated MRA was signed on December 7, 2020 by 96% of lenders.

Following significant amendments were incorporated in the Amended and Restated MRA:

OTS Lenders opted for Restructuring

As OTS Lenders were not settled within the stipulated timelines, these OTS accounts were taken over by Edelweiss and Goldman Sachs who then proposed to restructure such accounts from OTS to Long Term Restructuring with the same terms and conditions as other accounts. Subsequently, the Company and Lenders agreed to amend and restate the terms of the Original Master Restructuring Agreement along with all its amendments to affect the above-mentioned transaction

Request for granting of moratorium as per RBI's COVID 19 guidelines

Due to COVID-19 pandemic and nationwide lockdown that was imposed in March 2020, plants at Ballarpur and Bhigwan were temporarily shut down. With no dispatches taking place between the months of March-May 2020 and minimum receipt of funds, the company operated on limited cash flows which were utilized for priority payments. Hence, the Company requested all Lenders to grant moratorium, for all loans and working capital facilities (except Priority Facilities) falling due between March 1, 2020 and August 31, 2020. Such request was accepted by all lenders which were parties to MRA and MRA was subsequently amended to incorporate the impact of grant of such moratorium on all facilities.

(ii) Sale of Sewa Unit

During the FY 2020-21 the BGPPL has sold Sewa unit on slump basis for a consideration of US\$2,315/- to fulfil one of the conditions of MRA. Considering the sewa unit has been sold, the Company is unable to provide the relevant details required for the audit of financial information pertaining to Sewa unit. Accordingly, the financial information pertaining to Sewa unit as at 30 June 2018 and the year ended on that date, have been certified by the management and not subject to audit.

(iii) Following legal cases have been filed against BGPPL post balance date

- a) Yes Bank has filed this original application (OA) against Avantha Holdings Limited (AHL) and also impleaded BGPPL on the ground that AHL had obtained Term Loan -II facility for making advance payment to BGPPL for purchase of captive power plant at Bhigwan unit. BGPPL has already filed a commercial suit against Yes Bank challenging the legality of the put option agreement claiming asset sale did not take place and there is no liability on account of this. (Refer note 33 (b)). The matter is subjudice.

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As due to legal proceedings, BGPPL's operations may face disruptions, potentially affecting its overall business performance. The company might incur additional costs and face challenges in securing future financial support. In extreme scenarios, continued legal issues and financial strain could pose a risk of court-mandated liquidation. This could have profound implications for BGPPL's existence as a corporate entity.

Accordingly, BGPPL has no option but to settle the entire aforesaid liability arising out of credit facility of INR 230 Crores sanctioned by the Bank to AHL

As part of the Settlement Proposal (as defined hereinafter) and subject to the terms of this Agreement, JCFARC has agreed to offer to the BGPPL a one-time settlement of the liabilities of the BGPPL with respect to the BGPPL Outstanding Facility Amount, subject to the BGPPL making payment for an amount of Rs. 77 Crores (Rupees Seventy-Seven Crores only) ("BGPPL OTS Amount") to JCFARC, in accordance with the terms of this Agreement. It is clarified that one-time settlement of the liabilities of BGPPL in relation to the BGPPL Outstanding Facility Amount as contemplated hereunder is without prejudice to the rights and entitlements of JCFARC against AHL.

On 25th July 2023, BGPPL enters in to a One Time Settlement agreement with J.C. Flowers Asset Reconstruction Private Limited (Acting in its capacity as trustee of JCF YES Trust 2022-23/6 {JCF ARC}), the consent of the Board of the Directors be and is hereby accorded to enter into a settlement agreement and/or such other agreements & documents etc. (Settlement) with JCF ARC for Rs 77 crores to settle the entire aforesaid liability arising out of credit facility of INR 230 Crores sanctioned by the Bank to AHL & Withdrawal of all legal cases filed against and/or by the company in relation to the commercial/civil disputes (including section 138 proceedings) pending before different courts upon entire payment.

On 27th Aug 2023 AHL issued letter/declaration that AHL will not have any claims, liabilities and obligations from BGPPL arising out of the put option agreement dated 28th July, 2016 or any other document executed pursuant to the loan facility.

- b) The BGPPL has received a demand notice amounting to US\$85,241/- from CG Power and Industrial Solutions Limited and CG Power Solutions Limited (CG Group) towards alleged losses suffered by CG Group on account of certain pledge / security / guarantee transactions. BGPPL in response to the notice has denied and disputed the demand notice (Refer note 33 (a)). CG Group has filed a suit against BGPPL before Bombay High Court in March 2020 for recovery of the amounts demanded aggregating to US\$118,334/- (including interest). BGPPL has submitted written statement in the Bombay High Court in August 2021. Based on BGPPL's internal assessment these claims are untenable as BGPPL has a fairly strong case.

The resolution professional of CG Power Solutions Limited has filed interlocutory application before the National Company Law Tribunal, Mumbai.

During the year ended 30 June 2017, based on an arrangement with the related party, certain liabilities of the Company, including the portion of the amount claimed by CG Group have been set-off against Group transactions with 'Entity defined in note 35 (d) (4)'. This has been done based on a common understanding with the related party which is subsequently disputed by CG Group as above.

It is not possible to predict the outcome of the pending litigations with accuracy, the BGPPL believes, based on legal opinions received, that it has meritorious defences to the claims. The management believe the pending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the BGPPL.

- (iv) In the matter of CG Group, Serious Fraud Investigation Office (SFIO) has launched an investigation. In this regard, SFIO has sought certain information/documents from the BGPPL which has been furnished.
- (v) on 24 April 2024, the Company has allotted 7,32,00,902 sweat equity shares to Mr. Gautam Thapar, which has been approved by the Board of Directors in the meeting of the Board of Directors held on 23 October 2023, and the shareholders in the extra ordinary general meeting held on 23 November 2023
- 2) Sabah Forest Industries, Malaysia (SFI)
- (i) Appointment of the Receiver and Manager (R&M)

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Subsequent to June 30, 2016, RABO Bank, Malaysia, issued notices to Sabah Forest Industries, Malaysia (SFI), subsidiary of the Company, on October 20, 2016, March 3, 2017 and June 19, 2017 notifying SFI of the events of default as per the loan agreement between SFI and Rabo Bank.

Following the above, on June 28, 2017, Grant Thornton Consulting Sdn. Bhd. was appointed as the Receiver and Manager (R&M) of the fixed assets of SFI by the Joint Security Agent viz. Maybank, and a notice intimating such appointment was served on SFI as required under Section 377 of the Companies Act, 2016 of Malaysia.

SFI made an application through the R&M Appointed to the Hon'ble High Court of Sabah and Sarawak at Kota Kinabalu seeking a restraining order under Sections 368 and 369 of the Companies Act, 2016 of Malaysia. This provided SFI a defined period of time to formulate a scheme of arrangement and compromise, in conjunction with the R&M Appointed, subject to the approval of creditors and relevant authorities. A restraining order allowing three months was passed by the Hon'ble High Court on July 13, 2017.

Subsequently, the R&M Appointed filed for extension of the restraining order by additional nine months i.e. till July 2018. This application primarily focused on settlement of creditors by way of generating funds from sale of SFI or its assets by Management or R&M Appointed, subject to approval of such scheme by creditors and relevant authorities.

(ii) Sale and purchase agreement between the R&M and Pelangi Pretasi Sdn. Bhd ("the Buyer")

In April 2018, the Group management announced the signing of sale and purchase agreement between the R&M Appointed and Pelangi Pretasi Sdn. Bhd ("the Buyer") for a consideration of 1.2 billion Malaysian Ringgit (approximately, USD 310 million). The Buyer deposited with the R&M Appointed 10% of consideration in cash. The said agreement will be implemented after obtaining necessary corporate and regulatory approvals. The R&M Appointed has filed an application with the Hon'ble High court of Sabah & Sarawak, Malaysia on July 13, 2018 seeking further extension. In its order in October 2018 the Hon'ble High court has granted extension of 9 months from the date of order.

The initial cut-off date for fulfilment of the condition precedent was extended several times, with the last extension ending on 31 March 2019. The state government eventually did not consent to the issuance of a fresh timber license to Pelangi. Given that this condition precedent was not fulfilled, the SPA was deemed to have been automatically terminated with effect from 31 March 2019.

Post termination of the SPA with Pelangi, the R&M embarked on second tender exercise for the sale of SFI's assets and received an offer from Fujian Nanjing paper Co. Ltd. However, the retender exercise was halted due to an ex-parte injunction order obtained by Pelangi on 19.04.2019 and subsequent High Court order dated 22.10.2019 in respect of Pelangi's application for an inter-partes injunction against SFI ("Pelangi's injunction"). Pelangi obtained the ex-parte and inter-partes injunctions in the High court, Kuala Lumpur. Pelangi's Injunction was recently discharged on 01.10.2021

On 19th May 2021 the State Attorney-General issued to SFI and Pelangi, withdrawing the conditions precedent imposed earlier and stipulated that the sale and purchase agreement be completed until 18th September 2021. With Pelangi refusal/failure to complete the SPA under the new deadline, the R&M considered a retender exercise of SFI's business as going concern.

On 18th Jan 2023, in a unanimous decision of the three-member Apex Court panel led by Chief Justice of Malaysia, upheld the Court of Appeal's decision of 5th Jan 2022 by striking out Pelangi's 2019 suit and injunction against SFI and dismissed Pelangi's leave application. Pelangi is now liable to pay damages which have yet to be assessed.

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(iii) Termination of Timber Licence Agreements

On 1st September 2021 the Chief Minister of the State of Sabah exercising his powers under section 24A of the Forest Enactment 1968 purportedly terminated the Timber Licence Agreements with immediate effects purportedly on the grounds of public interest. The R&M by letter dated 9th September 2021 objected to the termination of the Timber Licence Agreements and gave notice that they dispute the termination and requested that the State Govt. of Sabah do maintain the status quo until the validity of the purported termination of the Timber licence Agreements are fully and finally disposed-off.

As SFI strenuously disputed the said termination of the Timber Licence Agreements it gave notices of arbitration dated 15th September 2021 and 17th September 2021 to the Chief Minister, the State Government of Sabah and Chief Conservator of Forests pursuant to the Timber Licences.

On 15th October 2021 the R&M requested the Asian International Arbitration Centre to make the nomination of the arbitrator pursuant to clause 13(3) and (4) of the Arbitration Act 2005 for the appointment to arbitrate the said dispute between the parties under the rules of the Kuala Lumpur Regional Arbitration Centre.

On 20th October 2021 the R&M filed summons in the High Court of Sabah and Sarawak at Kota Kinabalu, Malaysia to order the Chief Minister and State Government of Sabah to attend before the Honourable High Court judge on 29th November 2021 on the hearing of an application by the R&M under section 11(1)(f),(g) and (h) of the Arbitration Act 2005 (Act 646) and/or under the inherent jurisdiction of the court.

CM's Anti Arbitration suit was filed in the High Court of Sabah and Sarawak in Kota Kinabalu to restrain SFI from proceedings with Arbitration against them. The CM's Anti Arbitration suit was struck out by the KK High Court on 16th Nov 2022. On 17th Nov 2022 Chief Minister & Sabah state government filed an ex parte interim injunction application in the KL High court seeking to restrain SFI, Ketua Pengarah Insolvency Malaysia, AIAC and Arbitrator from taking any further steps in the arbitration proceedings. On 10th Feb 2023, SFI defeated the CM's KL-OS as the RM's intervener application was allowed.

Based on summary determination of proceedings, the arbitrator has held that the arbitrator has no jurisdiction to adjudicate on the revocation of the timber licenses but the arbitrator nonetheless has jurisdiction to hear other claims i.e. damages for the timber license revocation. SFI is claiming the difference between the Pelangi offer price and quantum of compensation for acquisition of the lands. Both sides are appealing against the arbitrator's decision.]

It may be relevant to mention that there is a separate action by SFI on the revocation of timber licenses i.e. by way of judicial review application. The High Court has previously held that the R&M has no locus to bring this claim on behalf of SFI. SFI's appeal against this decision is pending at the Court of Appeal.

(iv) Compulsory land acquisition by State Government

On 28th July 2022 & 4th August 2022, State Govt of Sabah orders the acquisition of 12 pieces of lands belonging to SFI pursuant to Sec -3 of the Land Acquisition Ordinance. The Govt has earlier ordered to acquire 3 pieces of land. The compensation offer is of RM 256 Million. SFI has made counter offer of RM 652 Million.

SFI has filed Judicial Review proceedings relating to the State Govt's compulsory acquisition of lands in KK High court to challenge the decision-making process of the State Govt's compulsory acquisition of lands. The Judicial Review application will be heard together and have been stayed pending the outcome of SFI's appeals in the Judicial Review of Timber License Agreements and CM's Anti Arbitration suit.

The proceedings for the compulsory acquisition of the lands are still pending hearing at the High Court.

(v) Winding up order by the High Court of Sabah and Sarawak

On 15th November 2021, the High Court of Sabah and Sarawak had passed order for winding up of SFI. SFI has appealed the winding up orders in the Court of Appeal of Malaysia on 10th December 2021.

SFI's appeal against the winding-up order is pending at the Court of Appeal.

3) A countrywide lockdown was announced on 24 March 2020 due to COVID 19 pandemic and the production

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All amounts in US Dollar thousands unless otherwise stated

was temporarily suspended until 11 May 2020. Despite the challenges faced due to COVID 19 pandemic, the manufacturing units at Ballarpur and Bhigwan resumed operations with effect from 12 May 2020 and have been operating since then with minor disruptions. The manufacturing unit at Ashti continues to be shut. The Company's production, despatches, sales and market collections remained affected during April 2020 to September 2020 and remained mainly unaffected during the period Oct 2020 to March 2021. The second wave of COVID 19 has impacted production, despatches, sales and market collections from April 2021 and May 2021. But the Company has taken pro-active measures in terms of mobilisation of its critical work force, adopting stringent social distancing procedures and safety measures to overcome the manpower challenges faced by the Company due to lockdown. With such measures company has been able to continue its production despite covid second wave.

The Company has made an assessment of its capital and financial resources including liquidity position and its ability to service debt and other financing arrangements for next one year. Though there is no major impact of COVID 19, the Company after discussions with lenders, the revised MRA was signed by all lenders for the debt obligations from March 2020. The company has met all its debt obligations from March 2020 onwards to till date. The company is in position of servicing its debt obligations in the next 12 months.

The Company has assessed the recoverability of the carrying values of its assets such as property plant and equipment, inventory, trade receivables, investments and other current assets as at the balance sheet date and has concluded that there is no notable impact of COVID 19 thereon.

- 4) The Company had pledged 70% of its shareholding in Ballarpur Paper Holdings B.V. (BPH), with certain lenders towards financial facilities provided by the lenders to BPH. In February 2021, the pledge was invoked by the lenders and the voting rights attached to the pledged shares has been transferred to the lenders. The Company has reassessed the relationship status and concluded that Company is ceased to control the BPH consequent to invocation of the pledge in February 2021. Refer note 20.
- 5) The Company has granted a corporate guarantee to the ICICI Bank for USD 100 Million on behalf of Avantha International Assets B.V., USD 65 Million on behalf of MTP New Ocean (Mauritius) Limited and USD 50 million on behalf of Mirabelle Trading Pte. Ltd.. In August 2023, The Company has received the demand letter from the ICICI Bank for USD 131 million. (USD 71 million for principal and USD 60 million for interest). Further, the Company has received a summon from Debt Recovery Tribunal (Delhi) for Recovery of USD 67 Mn. against the corporate guarantee given to ICICI Bank. The Company has duly submitted its reply/statement against the notice.
- 6) Ballarpur Industries Limited, the ultimate holding company, was admitted into corporate insolvency resolution process ('CIRP') during the financial year 2019-2020. During the financial year 2022-2023, National Company Law Tribunal (NCLT) has approved the resolution plan in the matter of Finquest Financial Solutions Private Ltd. (Successful Resolution Applicant).

Voor waarmaking, uitvaardigen
Boon Registratiekantoor B.V.

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