COSMO FILMS
Engineered to Enhance

ANNUAL REPORT
2018-19

BELIEF IN ONESELF IS THE FOUNDATION OF EVERYTHING GREAT

WHAT WE HOPE TO ACHIEVE

Vision 2020...

"To be the most preferred global brand offering value added Oriented films for packaging, labels, lamination and industrial applications."

Mission...

For Customers:

To deliver the finest product and service experience, backed by innovation, people and processes.

For Employees:

To nurture a working environment that fosters personal and professional growth through identified globel competencies and making Cosmo Films an Employer of Choice

For Shareholders:

To generate sustainable long term returns on investment with focus on transparency and accountability.

For Vendors:

To create symbiotic relationships that drives mutual growth.

For Community:

Contribute to community growth through education, skills development and sustainable green practices.

WHAT DRIVES US
CORE VALUES
OF COSMO

Customer Orientation

We always remember that customers have choices, and we will do whatever it takes to develop long term relations with them. Our customers always come first, and we strive to exceed their expectations from the point of quality and service.

People

Our people are our most important asset. We treat all equally and with respect.

Innovation

We encourage innovation in every facet of our business activity and are not afraid of taking manageable risks. We take pride in developing cost effective innovative packaging and laminating solutions for our customers.

Fair Business Practices

We act fairly and ethically with all the stakeholders. We promote transparency, and adhere to the best corporate governance practices.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Jaipuria
Chairman & Managing Director

Mr. Anil Kumar Jain
Director of Corporate Affairs

Mr. H.K. Agrawal
Independent Director

Mr. Rajeev Gupta
Independent Director

Mrs. Alpana Parida
Non-Independent Director

Mr. Ashish Kumar Guha
Independent Director

Mr. Pratip Chaudhuri
Independent Director

Mr. H.N Sinor
Independent Director

Dr. Vivek Nangia
Independent Director

Mr. Anil Wadhwa
Independent Director

CHIEF EXECUTIVE OFFICER
Mr. Pankaj Poddar

CHIEF FINANCIAL OFFICER
Mr. Neeraj Jain

SENIOR VICE PRESIDENT- HEAD-OPERATIONS (INDIA FILMS BUSINESS)
Mr. Sanjay Chincholikar

COMPANY SECRETARY & COMPLIANCE OFFICER
Ms. Jyoti Dixit

AUDITORS
M/s. Walker Chandiok & Co. LLP
Chartered Accountants

BANKERS
Development Bank of Singapore (DBS Limited)
Export Import Bank of India
ICICI Bank Limited
IDBI Bank Limited
Landesbank Baden – Wurttemberg
State Bank of India
Union Bank of India
Yes Bank Limited
IndusInd Bank Limited
HDFC Bank Limited
SVC Bank
Bajaj Finance Ltd.
IDFC Bank Ltd
Cooperative Rabo Bank

TRANSFER AGENTS
M/s. Alankit Assignments Ltd.
3E/7, Alankit Heights,
Jhandewalan Extension,
New Delhi – 110055

DIRECTORS' PROFILE

Mr. Ashok Jaipuria
Chairman & Managing Director
A first generation entrepreneur with over forty years of experience in the corporate world, Mr. Ashok Jaipuria is the Founder Chairman and Managing Director of Cosmo Films Limited. He is an Independent Director on the Board of Hindustan Sanitaryware. He has been a member of the Board of Governors (BoG) of the Indian Institute of Technology (IIT), Indore, an Executive Committee member of the Federation of Indian Chamber of Commerce and Industry (FICCI), a member of the BoG of IIT Patna and the Institute of Liver and Biliary Sciences. He holds a degree in Associate of Arts in Business Administration and Diploma in Marketing Science.

Mr. Anil Kumar Jain
Director of Corporate Affairs
Mr. Jain has over four decades of experience in Finance, Accounts and General Management functions, having worked with Mawana Sugars, A.F Ferguson & Co and National Mineral Development Corporation in the past. Currently, he is the Director of Corporate Affairs of Cosmo Films. Mr. Jain holds a Commerce degree from Meerut University and an AICWA from ICWAI. He is also a Certified Information System Auditor from Information System Audit and Control Association, USA.

Mr. H. K. Agrawal
Independent Director
Mr. Agrawal has been in fields of Strategic Management, Organization Structure, Finance and Training for over four decades. He is an independent management consultant and has consulted several multinationals, large Indian corporate, small entrepreneurial organizations and developmental institutions. He has previously worked in large industrial organizations, both in public and private sectors in India, for the duration of thirteen years. Mr. H.K. Agrawal is a Mechanical Engineer from University of Jodhpur and has obtained his MBA from Indian Institute of Management, Ahmedabad.

Mr. Rajeev Gupta
Independent Director
Mr. Rajeev Gupta is known for his pioneering leadership style in concluding landmark mergers and acquisition deals across Indian industries and multinationals. Until recently he was the Managing Director of Carlyle Asia Partners and the Head of the Carlyle India Buyout team. Previously he was a Board member and Head of Investment Banking of DSP Merrill Lynch Limited. Mr. Gupta earned his B.Tech from IIT-Banaras Hindu University and an M.B.A. from the Indian Institute of Management, Ahmedabad.

Mrs. Alpana Parida
Non-Independent Director
Mrs. Alpana Parida has more than two decades of experience in retail and marketing communications in the US and in India. Currently she is the President of DY Works, India's oldest and largest branding firm. Prior to that she was Head of Marketing with Tanishq, a prominent jewellery brand in India. She conducts branding workshops for large corporates. Mrs. Alpana Parida graduated from IIM-Ahmedabad in 1985 and has a degree in Economics from St. Stephens, Delhi University.

Mr. Ashish Guha
Independent Director
Mr. Ashish Guha has served as CEO & Managing Director at Heidelberg Cement India Limited along with serving as a Director of BSNL, Ballarpur Industries limited and Ambit Finance Corporation. Mr. Guha has been part of the Investment Banking sector for more than two decades at Ambit Corporate Finance as Deputy CEO and Senior Partner and as CEO at Lazard India. He has been a member of Indian Business delegation to the United States and many other nations. He is an Honours Graduate in Economics and an Alumnus of London Business School (Management Development Programme).

Mr. Pratip Chaudhuri
Independent Director
Mr. Pratip Chaudhuri is a Certified Associate of Indian Institute of Bankers (CAIIB) and retired as Chairman of State Bank of India, which is one of India's largest banks. He has extensive experience in the fields of Corporate Finance, Treasury, Asset Management and International Banking. He has also been the Chairman of SBI Life Insurance Company Ltd, SBI Mutual Fund, SBI Pension Fund and other subsidiaries of SBI. He was also on the Board of Exim Bank of India. He holds a BSc. (Hons) Degree from St. Stephen's College, Delhi University. He is also a Master in Business Administration from University Business School, Chandigarh.

Mr. H. N. Sinor
Independent Director
Mr. H. N. Sinor has been a veteran banker, having spent over four decades in public as well as private sector banks like Union Bank of India, Central Bank of India and ICICI Bank. He was MD and CEO of ICICI Bank and after ICICI's merger with ICICI Bank, became Joint MD until his superannuation. He, thereafter, joined Indian Banks' Association as Chief Executive. Mr. Sinor later joined Association of Mutual Funds in India in a similar capacity. Being a veteran banker, Mr. Sinor has worked on a number of Committees at a policy level during his long career. Mr. Sinor holds Board position as an Independent Director on many reputed companies. He is also associated with various charitable and other trusts engaged in social activities.

Dr. Vivek Nangia
Independent Director
Dr. Nangia is one of the very few qualified Infectious Diseases Specialists in the entire country having successfully completed first a Diploma and then M.Sc in Infectious Diseases from London University, UK as well as an Editor of a textbook titled "Sleep Related Breathing Disorders", published by JayPee brothers in 2014. He is acting as Director & Head - Department of Pulmonology, Medical ICU and Sleep Medicine, Fortis Flt. Lt. Rajan Dhall Hospital-New Delhi, Director - Department of Pulmonology, Fortis Escorts Heart Institute and Research Center, Okhla Road, New Delhi and Senior Consultant, Infectious Diseases Fortis Flt. Lt. Rajan Dhall Hospital- New Delhi.

Mr. Anil Wadhwa
Independent Director
Mr. Anil Wadhwa is an Ex- Member of the Indian Foreign Services. He holds a Masters Degree in History with specialization in Chinese History and Medieval Indian History and Architecture. He has served as Indian Ambassador to Poland, Lithuania, Sultanate of Oman, Thailand, Italy and San Marino. He has also served as a Permanent Representative of India to the Rome based UN Agencies – FAO,IFAD and WFP. He was Secretary (East) in the Ministry of External Affairs in New Delhi from 2014-2016 looking after South-East Asia, Australasia and Pacific, Gulf and West Asian regions. He was also the leader of the Senior officials to all meetings of ASEAN, ASEM, ACD, Arab League, Mekong- Ganga Cooperation, ARF and East Asia Summit. Ambassador Wadhwa has contributed a number of articles, mainly in the field of disarmament and international security. He has also spoken at a number of international conferences.

CHAIRMAN'S MESSAGE

The Indian Economy has emerged as the fastest growing major economy in the world despite increased global vulnerabilities, such as fluctuation in oil prices, escalated trade wars between global partners and the US monetary shutdown. It gained momentum as a result of stabilization of Goods and Services Tax (GST) and more investment by foreign investors. During the year, India climbed 23 points in the World Bank's ease of doing business index to the 77th position, for the first time.

Over the last few years, Packaging Industry has emerged as an important sector driving technology and innovation growth in the country and adding value to the various manufacturing sectors including FMCG, textile, pharma and agriculture. According to a study by ASSOCHAM-EY, the market size of the country's packaging industry is expected to touch USD 72.6 billion by FY20. Packaging is the first thing consumers notice when purchasing a product. Therefore, it plays an important role especially in the consumer goods industry. Packaging not only secures the goods and makes handling and transportation easier, but also impacts consumer's choice for a product. In India, this industry has been growing due to an increase in packaged food consumption, awareness and desire for quality products. Its growth is heavily influenced by changing demographics such as growing urbanization and the rising proportion of middle class consumers. These changes drive the need for new packaging formats, such as different sizes, materials, and strength. Cosmo has always been taking lead for these changes.

During the financial year 2019, Company registered 17% growth in revenue. Sales volume grew by 5% with 10% growth in Specialty films. EBITDA margins increased by around 8% as compared to last year, although BOPP film margins continued to be volatile and wiped out gains of volume increase and better product mix. PAT and EPS was marginally lower as that of last year due to zero tax incidence in FY18 due to onetime tax adjustment. The Company is strategically selecting its growth plan to enhance high margin value added films portfolio on one hand and to become one of the lowest cost producer in the world in selecting product categories on another hand.

Cosmo's advanced Research and Development team with its relentless focus allows us to do customer-focused innovation by continually testing new materials, inks, coatings, adhesives and more. We are focussed on taking Cosmo's speciality films portfolio to one of the leading portfolios in the world. One of the major focus area is to reduce the carbon footprints. At Cosmo, we have a customer centric approach thereby accelerating the pace of transforming the organisation to take a leap forward giving us the first mover advantage and reaffirming our commitment of creating enhanced value for all our stakeholders. In a complex world, we are simpler in our processes, faster in our deliveries and more cost competitive. In an uncertain world, we are still managing and navigating through tough cycles.

With the growing trend for sustainability, brands are clearly focusing on recyclable packaging solutions for their products. Today, we are partnering with some of the best global brands to offer structure rationalization & recyclability solutions. We have developed recyclable laminates for these brands and are in process to make them functionally more robust.

Community outreach is at the core of our culture at Cosmo. Cosmo Foundation completed its 10th year journey in the realm of Education, Environment, Health & Sanitation. This has impacted lives of over 24000 students, partnering with 34 Government schools across 23 Villages in Aurangabad (Maharashtra) & Karjan, Vadodara (Gujarat). We impart basic computer literacy, basic english communication program, literacy program in urdu medium at Aurangabad after success of the same program in Gujarati and Marathi medium popularly known as Cosmo Gyan Vihar Kendra. In line with the Government of India's initiative of Swachh Bharat, we have constructed sanitation blocks (girls toilets) improving lives of 2000 girl students & installation of waste bins in 8 Gram Panchayats. We also built underground water tanks in four Government schools of drought affected region of Aurangabad district in Maharashtra which serves 1900 students & teachers along with many other such initiatives.

I would like to thank our stakeholders for reposing their confidence and faith in the Company. We are committed to deliver long term stakeholder value and look forward to achieve several milestones on the path of excellence and profitable growth in coming years.

Ashok Jaipuria
Chairman and Managing Director

CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE

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PLANTS

MAHARASHTRA

Plant I
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Plant II
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Tel: +91 240 2554611/12/13/14
Fax: +91 240 2554416

Plant III
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Shendra Industrial Area
Aurangabad 431 201
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GUJARAT

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Fax: + 91 2666 232961

Plot No. 359-B, Baska Village,
Taluka: Halol, Distt: Panchmahals,
Tel:+ 91 2676 247216

KOREA

48-62, Dogomyeon-ro, Sineon-ri, Dogo-myeon, Asan-si, Chungcheongnam-do
Republic of Korea - 31550

SUBSIDIARIES

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Thailand
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SALES OFFICE

INDIA

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Phone: + 91-11-49 49 49 49

USA

Illinois

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775 West Belden Avenue, Suite D
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Phone: +1 800 422 7655

APAC

China

Jim Chan
Chaoan County, Chaozhou City,
Guangdong Province, China
Phone: +86-15218536185

MANUFACTURING PLANT

Shendra, Aurangabad, India

Waluj, Aurangabad, India

Karjan, Vadodra, India

Asan, Korea

PRODUCT PORTFOLIO

Packaging Films

Standard Range

- Plain & Heat Sealable BOPP
- Matte BOPP
- Solid White & Pearlised BOPP
- Metalized BOPP
- CPP- Transparent, White & Metalized

Speciality Range

- Barrier BOPP- Transparent & Metalized
- Low SIT BOPP
- Low COF Thin BOPP
- Antifog BOPP
- Oxo Biodegradable BOPP- Transparent & Metalized
- Both Side Heat Sealable Matte BOPP
- Cold Seal Release BOPP
- Overwrap- Cigarette & General
- Universal Lidding
- Acrylic/PVdC Coated

Lamination Films (Thermal & Wet)

Standard Range

- Gloss
- Matte
- Silky Matte
- Silver

Special Applications Range

- Insulation Films
- Mapped & Matched Films

Premium Range

- Velvet Lamination Films-Matte, Black & Metalized
- Scuff Free Matte
- Digital
- Linen

PRODUCT PORTFOLIO

Label Films

Standard Range

- Wrap Around
- Cut & Stack
- In Mould

Speciality Range

- Top Coated Self Adhesive Labelstock Films
  - White Cavitated
  - Matte Finish Cavitated
  - White Metalized
  - Transparent
  - Metalized
- Uncoated Self Adhesive Labelstock Films
  - White Cavitated
  - Transparent
  - Metalized
- Direct Thermal Printable Films / Paper
- Label Over Lamination Films
  - Matte
  - Gloss

Industrial Films

Industrial Films

- Synthetic Paper
- Adhesive Tape Films
- Textile Bag Films
- Release Films

NEW PRODUCT LAUNCHES

Packaging Films:

High Barrier Heat Resistant Film

Heat resistant films have been specifically designed for the printing layer as a replacement of BOPET film in multilayer laminates. The barrier version of the film comes in a transparent variety with high oxygen & moisture barrier, offering good grease resistance; making it ideal for packaging of oily snack foods.

High Metal Bond Metalized CPP Film

Exceptional inter layer bond strength for making multi-layer laminate structures, which in turn enhances barrier properties. The film also offers superior heat seal strength.

Lamination Films:

Metalized Velvet Lamination Film

Excellent matte velvet finish with a silvery look; ideal for luxury gift packaging, cosmetics, perfume cartons etc.

Label Films:

High Gloss Metalized Film

Mirror Finish Glossy Metalized Film which has been designed as face stock film for self-adhesive applications.The film is suitable for premium segment labeling applications requiring sparkling metal brilliance, for instance, liquor & personal care.

Industrial Films:

High Tear Resistant Synthetic Paper

This product was originally designed for tag applications where there was requirement of higher tear resistance. Apart from tear resistance, product offers moisture, oil and chemical resistance just like the standard synthetic paper. Typical applications include garment tags, baggage tags, horticulture labels, POS collaterals.

AWARDS & RECOGNITION

Corporate Awards

- Cosmo Films' HR Team was honoured with the "**Platinum Award**" by **HRAI** in January 2019.
- Cosmo Films' CEO, Mr. Pankaj Poddar was honoured with the "**Platinum Award**" for "**CEO of HR**" by HRAI in January 2019.
- Mr. Vipul Dave, Head HR & IR, Cosmo Films was honoured with the "**Gold Award**" for "**CHRO of the Year**" by HRAI in January 2019.
- Mr. Pankaj Poddar, CEO, Cosmo Films received the **"Young Business Leader Award" at the Dare to Dream Awards 2018,** presented by **Zee Business** in association with **SAP** in October 2018.
- Mr. Pankaj Poddar, CEO, Cosmo Films bagged the **"People's CEO Award"** at **NIPM National HR Excellence Award 2018** in April 2018.
- Mr. Vipul Dave, Head HR & IR, Cosmo Films bagged the **HR Professional of the year award** at **NIPM HR Awards 2018 in** April 2018.
- The company received **"SAP ACE Award"** INDUS for being the front-runner in cloud adoption by **SAP** in April 2018.

Product Awards

- Cosmo Films bagged awards for **"Excellence in Packaging Innovation and Product Development"** for two products namely **Matte Coated Cosmo Synthetic Paper** and **Sterilisable Conduction Sealing Film** at the **SIES SOP Star Awards 2018** organized in Mumbai on 5th Jan 2019.
- Cosmo Films bagged awards for "**Innovation in Flexible Packaging**" for two products namely **Sterilisable Conduction Sealing Film** and **BOPP based Heat Resistant Barrier Film** at the **IFCA Star Awards 2018,** in Mumbai on 6th Feb 2019.



MEDIA COVERAGE

insightssuccess

COSMO FILMS LTD:

Flourishing the Plastic Films Manufacturing Space with its Innovative Products

DALAL STREET

Communication Feature

CFO SPECIAL

"Restrictions on use of plastic should benefit BOPP industry due to better recyclability"

Neeraj Jain

CFO, Cosmo Films

As CFO of Cosmo Films, what are your top three strategic priorities?

c'est la vie

IFCA

Cosmo Films launches heat resistant films

Cosmo Films, a global leader in specialty films for flexible packaging, lamination and labeling applications as well as synthetic paper introduces BOPP based heat resistant (HR) films. The films have been engineered to work as printing layer replacing BOPET film in multilayer laminates for various packaging applications in both food and non-food segments.

... transparent BOPP based barrier HR film has excellent oxygen barrier properties and offers OTR of less than 100cc/m2/day. The film has good grease resistance that comes in handy for oily snack food packaging, which is a big application ...

... specialised polypropylene films aimed at a sustainable future"

About Cosmo Films Limited

Established in 1981. ...

Business Standard

INDEPTH

A REPACKAGED DELIVERY

FlexoTech

Substrates

Fantastic plastic

As the packaging industry becomes more and more crowded, some film producers are pulling out all the stops to create plastic packaging that can be used for speciality products.

An example of the packaging possible with Cosmo's CPP metallised film

DIRECTOR'S REPORT

Your Directors are pleased to present their 42nd Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2019.

1. Summary Financial Results

The Financial Results of the Company for the year ended March 31, 2019, were as follows:

(₹ in Cr)

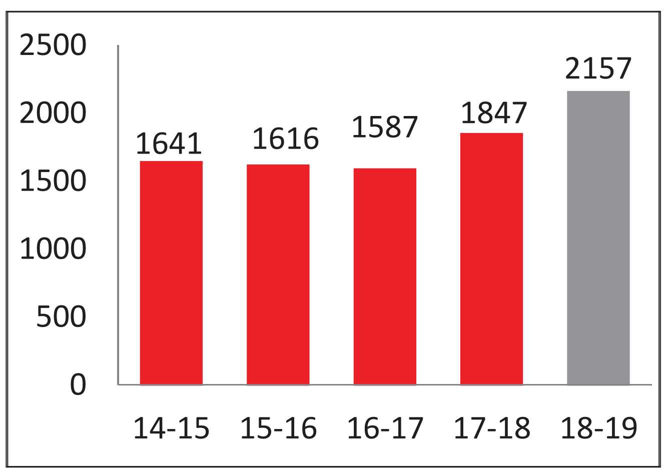
Particulars	Standalone		Consolidated	
	Year Ended 31st March 2019	Year Ended 31st March 2018	Year Ended 31st March 2019	Year Ended 31st March 2018
Net Sales	**2050.39**	**1748.61**	**2156.52**	**1846.52**
Other Income	11.56	34.84	20.15	34.51
Profit before Interest, Depreciation and Tax	**169.19**	**181.09**	**181.37**	**167.59**
Finance Cost	51.67	50.12	55.97	52.38
Depreciation	48.03	45.50	53.76	51.21
Profit before Tax	**69.49**	**85.47**	**71.64**	**64.00**
Provision for Taxation				
- Current Tax	12.11	15.33	12.09	15.82
- Deferred Tax	(1.00)	(14.75)	(1.56)	(16.25)
Profit After Tax	**58.38**	**84.89**	**61.10**	**64.43**
Minority Interest	-	-	-	-
Appropriations:				
Dividend-Equity Shares	11.50	-	11.50	-
Dividend Tax	2.40	-	2.40	-

2. Overview of Performance

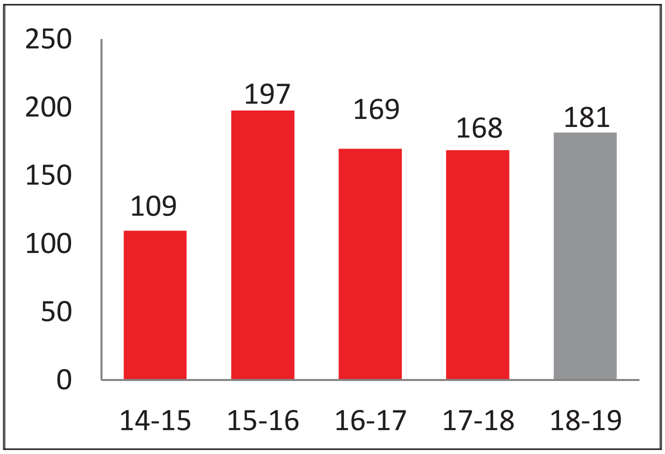
In financial year 2019, Net Sales increased by 17% to ₹ 2,157 crores from ₹ 1,847 crores in financial year 2018. Consolidated EBIDTA for the financial year 2019 increased by more than 8% to ₹ 181 crores against ₹168 crores in financial year 2018. Consolidated PAT for financial year 2019 is ₹61 crores against ₹ 64 crores to that of last year.

Higher sales volume by 5%, sales growth in speciality films and operational improvement at USA subsidiary resulted in higher EBIDTA even though the domestic BOPP films margins were subdued in first three quarters. PAT came out to be marginally lower because there was insignificant tax incidence in financial year 2018 due to one time tax adjustments.

Consolidated Net Sales (INR Crs.)



Consolidated
EBIDTA (INR Crs.)



Company launched several new products during the financial year including High Barrier Heat Resistant Film, High Metal Bond CPP Film under Packaging Category, Universal Lidding film, Metalized Velvet film under lamination category. Under Label category, Company has launched High Gloss Metalized Film and under Industrial Film Category- High Tear resistant Synthetic paper and Tape Resistant Film. These product launches will help Company to expand speciality product portfolio.

Company's focus shall continue to be on expanding specialty, close to full utilization of capacity and Internal efficiencies.

In line with its medium to long term targets, Company has acquired 34 acres of land in Aurangabad, Maharashtra and 11 acres of land in Karjan, Gujarat adjacent to our existing plants.

3. Exports

The Company continues to strengthen its exports through brand visibility initiatives taken during the year. Exports during the year increased to ₹ 921 Crores from ₹ 729 Crores in financial year 2018.

4. Share Capital

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2019, it stood at ₹ 19.44 Cr divided into 1,94,40,076 equity shares of ₹ 10/- each.

5. Reserve

The Company has not transferred any amount to Reserve during the Year.

6. Dividend

Equity dividend of ₹ 6.00/- per share (Previous Year Equity dividend of ₹ 6.00/- per share) has been recommended by the Board of Directors for the year ended March 31, 2019 amounting to ₹11.66 Crores (Previous Year ₹ 11.66 Crores) on the Equity Share capital.

7. Details of Subsidiaries

The Company has seven wholly owned subsidiaries. Pursuant to Section 129(3) of the Companies Act, 2013 and Accounting Standards issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the Financial Statements of its Subsidiaries.

Consolidated Financial Statements form part of this Annual Report. Statement containing the salient feature of the financial statement of the Company's subsidiaries in Form AOC-1, is enclosed to this Annual Report.

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separate audited accounts of the Subsidiary Companies on its website at www.cosmsofilms.com.

The subsidiaries of Cosmo Films Limited as on March 31, 2019 are listed hereunder:

- CF (Netherlands) Holdings Limited B.V.
- Cosmo Films Japan, GK
- Cosmo Films Singapore Pte Limited
- Cosmo Films Korea Limited
- Cosmo Films Inc.
- CF Investment Holding Private (Thailand) Company Limited
- Cosmo Films Poland SP. Z.O.O.

Operational Performance of Subsidiaries have improved significantly during financial year 2019 which is getting reflected in consolidated EBIDTA. Positive Subsidiaries EBIDTA at ₹ 14 Crores against negative EBIDTA at ₹ 12 Crores last year.

During the year, the Company has shifted thermal lamination manufacturing from USA to its SEZ plant in India. This has facilitated cost rationalization for US operations, hence better operational performance.

Growth in operational subsidiaries shall be key focus area for the Company in financial year 2020.

8. Research and Development (R&D)

The Company takes pride in its continuous research and development which focus on providing innovative solutions as opposed to simply producing commodity films. With these consistent efforts in research and development activities, Cosmo is well placed to benefit from accelerated growth and drive new product development globally.

- **Expenditure on Research & Development**

(₹ in Cr)

Particulars	31st March, 2019	31st March, 2018
A. Capital	0.42	0.27
B. Recurring	6.91	6.37
Total	**7.33**	**6.64**

The Company is focussing its research activities on specialty labels, high barrier films and synthetic paper film. Other focus area include:

- The identification of technical (product/applications) growth areas through customer activities, exhibitions, publications and technical interactions;
- Increasing the occupancy of value adds in the product baskets;
- Efforts towards down gauging in products;
- Reducing consumption of raw materials & fuel thereby reducing the carbon footprint.

9. Capital Expenditure

Your Company has four state of the art manufacturing facilities spread across India (3), and Korea (1), with a total installed capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 22,000 MT per annum of Metalized Films,10,000 MT per annum of Coated Films and 10000 MT per annum of CPP Films. During the year under review, your Company incurred capital expenditure of ₹ 88.16 Cr as compared to ₹ 71.09 Cr for financial year 2018. Further, new Coating Capacity of about 6000 MT (depending on microns) is expected to get commissioned by Q2 financial year 2020.

10. Corporate Governance

Cosmo is committed to maintaining best standards of Corporate Governance and has always tried to build the maximum trust with shareholders, employees, customers, suppliers and other stakeholders.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of the Corporate Governance norms as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is included in the Annual Report in **Annexure – A.**

11. Internal Financial Control and its Adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

The Internal Financial control is supplemented by an extensive program of internal audit conducted by in house trained personnel and external firm of Chartered Accountants appointed on recommendation of the Audit Committee and the Board. The audit observations and corrective action, if any, taken thereon are periodically reviewed by the Audit committee to ensure effectiveness of the Internal Financial Control System. The internal financial control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

12. Risk Management

Cosmo has a robust process in place to identify key risks across the organisation and prioritise relevant action plans to mitigate these risks. The Audit Committee has been entrusted with the responsibility to assist the Board members about the risk assessment and its minimization procedures, which includes discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks.

The risk management procedure is reviewed by the Audit Committee and Board of Directors on regular basis at the time of review of quarterly financial results of the Company. A report on the various risks that may pose challenge to your Company are set out as a part of Management, Discussion and Analysis section of this report.

13. Vigil Mechanism / Whistle Blower Policy

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism for the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy without fear of reprisal. The policy is accessible on the Company's website at www.cosmofilms.com.

14. Diversity of the Board

The Company believes that diversity is important to the work culture at any organisation. In particular, a diverse Board, among others, will enhance the quality of decisions by utilizing different skills, qualifications and professional experience for achieving sustainable and balanced development.

15. Directors

(a) Reappointment of Chairman

Mr. Ashok Jaipuria, is the Chairman & Managing Director of the Company.

The tenure of Mr. Ashok Jaipuria, Managing Director of the Company expired on April 1, 2019. The Board of Directors in its meeting held on February 13, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company reappointed him for a further period of five years w.e.f. April 2, 2019.

(b) Appointment and Reappointment- Other Directors

Mr. Anil Kumar Jain, Whole Time Director of the Company retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

The tenure of Mr. Anil Kumar Jain, Whole Time of the Company is expiring on September 30, 2019. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company reappointed him for a further period of five years w.e.f. October 01, 2019

Mr. H.K. Agrawal, Independent Director of the Company was appointed for a tenure of five years from AGM 2014 to AGM 2019. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company reappointed him for second term commencing from date of AGM of 2019.

Mr. H.N. Sinor, Independent Director of the Company was appointed for a tenure of five years from May 22, 2015 to May 21, 2020. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company reappointed him for second term commencing from May 22, 2020.

The tenure of five years of Mr. Pratip Chaudhuri, Independent Director of the Company is ending on November 09, 2019. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company approved the change in classification of Mr. Pratip Chaudhuri to Non-Independent Non Executive Director w.e.f May 15, 2019

The tenure of five years of Mr. Rajeev Gupta, Independent Director of the Company is ending on May 21, 2020. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company approved the change in classification of Mr. Rajeev Gupta to Non-Independent Non Executive Director w.e.f May 15, 2019.

Ms. Alpana Parida is presently acting as Non Independent Non Executive Director of the Company. The Board of Directors in its meeting held on May 15, 2019, on the recommendation of the HR, Nomination & Remuneration Committee and subject to the approval of Members of the Company approved the change in classification of Ms. Alpana Parida to Independent Director w.e.f May 15, 2019.

The details of the proposed appointment/re-appointment of Directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of 43rd Annual General Meeting (AGM) of your Company.

(c) Status of Other Directors

Mr. Anil Wadhwa, is acting as Independent Director of the Company. His present tenure of five years is from 23rd May, 2018 to 22nd May 2023.

Dr. Vivek Nangia, is acting as Independent Director of the Company. His present tenure of five years is from 03rd November, 2016 to 02nd November 2021.

Mr. Ashish Guha, Independent Director of the Company was appointed for a tenure of five years from AGM 2014 to AGM 2019. He has expressed his non-availability for second term of appointment. He ceases to be Director of the Company w.e.f date of AGM.

(d) Independent Directors Declaration

The Company has received necessary declaration from each Independent Director under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

16. Key Managerial Personnel

During the year under review, there was no change in KMP of the Company. The following personnel's have been designated as KMPs as per the definition under Section 2(51) and Section 203 of the Act:

1. Mr. Ashok Jaipuria, Chairman & Managing Director
2. Mr. A. K. Jain, Director of Corporate Affairs
3. Mr. Pankaj Poddar, Chief Executive Officer
4. Mr. Neeraj Jain, Chief Financial Officer
5. Ms. Jyoti Dixit, Company Secretary

17. Familiarization Programme for the Independent Directors

The Company follows a well-structured induction programme for orientation and training of Directors at the time of their joining so as to provide them with an opportunity to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates.

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, the Listing Regulations and other relevant regulations and affirmation taken with respect to the same.

The induction programme includes:

1) For each Director, a one to one discussion with the Chairman and Managing Director to familiarise the former with the Company's operations.
2) An opportunity to interact with the CEO, CFO & Company Secretary, business heads and other senior officials of the Company, who also make presentations to the Board members on a periodical basis, briefing them on the operations of the Company, strategy, risks, new initiatives, etc.

The details of the familiarisation programme may be accessed on the Company's corporate website (www.cosmofilms.com).

18. Remuneration Policy

Your Company is driven by the need to foster a culture of leadership with mutual trust. Cosmo's remuneration policy, which is aligned to this philosophy, is designed to attract, motivate, retain manpower and improve productivity by creating a congenial work environment, encouraging initiative, personal growth and teamwork besides offering appropriate remuneration package. Pursuant to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its HR, Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

Members can download the complete remuneration policy on the Company's website (www.cosmofilms.com).

Disclosure of details of payment of remuneration to Managerial Personnel *under* Schedule V Part II, Section II (A) forms part of this Corporate Governance Report.

19. Performance Evaluation of the Board, Committees and Individual Directors

In terms of provisions of Companies Act, 2013 read with the Rules issued thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has adopted a formal mechanism for evaluating the performance of its Board, Committees and individual Directors, including the chairman of the Board. Further, a structured performance evaluation exercise was carried out based on criteria such as:

- Board/Committees composition;
- Structure and responsibilities thereof;
- Ethics and Compliance
- Effectiveness of Board processes;
- Participation and contribution by members;
- Information and functioning;
- Specific Competency and Professional Experience /Expertise
- Business Commitment & Organisational Leadership
- Board/Committee culture and dynamics; and
- Degree of fulfilment of key responsibilities, etc.

The performance of Board, Committees thereof, Chairman, Executive and Non-Executive Directors and individual Directors is evaluated by the Board/ Separate meeting of Independent Directors. The results of such evaluation are presented to the Board of Directors.

20. Board and Committee Meetings

During Financial Year 2019, Four (4) meetings of the Board of Directors and Four (4) Audit Committee meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report.

There have been no instances of non-acceptance of any recommendations of the Audit Committee by the Board during the Financial Year under review.

21. Auditors

(a) Statutory Auditors

M/s. Walker, Chandiok & Co. LLP Chartered Accountants were appointed as Statutory Auditors of the Company in the 38th AGM (held on 06th August, 2015) to hold office for a period of 5 years until the conclusion of the 43rd Annual General Meeting subject to ratification at every Annual General Meeting.

However, in accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting. Accordingly, no such item is being considered in notice of the 42nd AGM. They will continue as Statutory Auditors for next financial year.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory. During the year, the Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

(b) Cost Auditors

M/s. Jayant B. Galande, Cost Accountants were appointed as Cost Auditors of the Company for the Financial Year 2020. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

In terms of the Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

During the year, the Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

(c) Secretarial Auditors

The Company had appointed M/s. DMK Associates, Company Secretaries, New Delhi, to conduct its Secretarial Audit for the Financial Year 2019. The Secretarial Audit report is annexed herewith as **Annexure - B** to this report. There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report. During the year, the Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

22. Related Party Transaction

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered into by the Company during the Financial Year, were in the ordinary course of business and on an arm's length basis. The details of the related party transactions as required under Accounting Standard are set out in Note 43 to the standalone financial statements forming part of this Annual Report.

No Material Related Party Transactions, i.e. transactions amounting to ten percent or more of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions to be provided under section 134(3)(h) of the Companies Act, 2013, in Form AOC – 2 is not applicable.

As per the Listing Regulations, all related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee has been obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval are presented to the Audit Committee by way of a statement giving details of all related party transactions. The Company has developed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions and can be accessed on the Company's website (www.cosmofilms.com).

23. Management's Discussion and Analysis Report

Pursuant to regulations 34 of the Listing Regulations, Management's Discussion and Analysis Report for the year is presented in a separate section forming part of the Annual Report.

24. Deposits

The Company has not accepted deposit from the public within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

25. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The details of energy conservation, technology absorption and foreign exchange earnings and outgo as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014 is annexed herewith as **Annexure - C** to this report.

26. Particulars of Loans, Guarantees or Investments

The Company have duly complied with the provision of Section 186 of the Companies Act, 2013 during the year under review. The details of loans, guarantees and investments are covered in the notes to the Financial Statements.

27. Significant and Material Orders Passed by the Regulators or Courts

During the year under review, no significant / material orders were passed by the regulators or the Courts or the Tribunals impacting the going concern status and the Company's operations in future.

28. Change in Nature of Business, if any

There was no change in the nature of business during the year under review.

29. Material Changes and Commitments, if any, Affecting Financial Position of the Company

There were no other material changes / commitments affecting the financial position of the Company or that may require disclosure, between March 31, 2019 and the date of Board's Report.

30. Listing with Stock Exchanges

The Company confirms that it has paid the Annual Listing Fees for the Financial Year 2019 to the NSE and the BSE where the Company's equity shares are listed.

31. Extract of the Annual Return

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 is enclosed as **Annexure - D** to this annual report and also available on the website of the Company at www.cosmofilms.com.

32. Investor Education and Protection Fund (IEPF)

Details of unclaimed Dividend and Shares transferred to IEPF during 2018-19 are given in Corporate Governance Report.

33. Corporate Social Responsibility'

As a socially responsible Company, Cosmo is committed to increasing its Corporate Social Responsibility (CSR) impact with an aim of playing a bigger role in sustainable development of our society. In pursuit of this objective, a Corporate Social Responsibility (CSR) Committee had been formed by the Company which oversees and facilitates deliberation on the social and environmental consequences of each of the decisions made by the Board.

The Company has in place a Corporate Social Responsibility Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The initiatives undertaken by your Company during the year have been detailed in CSR Section of this Annual Report. The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as **Annexure - E** to this Report.

34. Promotion of Women's Well Being at Work Place

Cosmo Films has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the said act. There have been no complaints of sexual harassment received during the year.

35. Particulars of Employees And Related Disclosures

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is also enclosed as **Annexure - F** to this Report.

The information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to the top ten employees in terms of remuneration drawn and their other particulars also form part of this report. However, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

36. Employee Stock Options

The Company has an Employee Stock Option Plan for the Employees of the Company and its Subsidiaries named as **"Cosmo Films Employee Stock Option Plan, 2015".** The Plan is in compliance with the SEBI (Share Based Employee Benefits) Regulations 2014 and is administered by the HR, Nomination and Remuneration Committee of the Board constituted by the Company pursuant to the provision of Section 178 of the Companies Act, 2013.

The details of the Employee Stock Options Plan form part of the Notes to accounts of the Financial Statements in this Annual Report and also available on our website **www.cosmofilms.com**

37. Director's Responsibility Statement

Pursuant to the section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of knowledge and belief and according to the information and explanations obtained by them, hereby confirm that:

I. In preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.

II. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2019 and of the profits of the Company for the year ended on that date.

III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

IV. The annual accounts of the Company have been prepared on a going concern basis.

V. Proper Internal Financial Controls were in place and that the Financial Controls were adequate and were operating effectively.

VI. Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

38. Awards & Recognition

During the Year, Company has bagged awards for:

- "Excellence in Packaging Innovation and Product Development" for two products namely Matte Coated Cosmo Synthetic Paper and Sterilisable Conduction Sealing Film at the SIES SOP Star Awards 2018.

- "Innovation in Flexible Packaging" for two products namely Sterilisable Conduction Sealing Film and BOPP based Heat Resistant Barrier Film at the IFCA Star Awards 2018
- Front runner in cloud adoption by INDUS at SAP ACE Award 2018.

39. Secretarial Standards

During the year 2019, the Company has complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

40. Acknowledgement

Your Directors would also like to extend their gratitude for the co-operation received from financial institutions, the Government of India and regulatory authorities, and the governments of the countries we have operations in. The board places on record its appreciation for the continued support received from customers, vendors, retailers and business partners, which is indispensable in the smooth functioning of Cosmo. Your Directors also take this opportunity to thank all investors and shareholders, and the stock exchanges for their continued support. Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. Their contribution to the success of this organization is immensely valuable.

For and on behalf of the Board of Directors

Ashok Jaipuria
Chairman

Date : May 15, 2019
Place : New Delhi

Annexure A

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Cosmo Films Limited

1. We have examined the compliance of the conditions of corporate governance by Cosmo Films Limited ("the Company") for the year ended 31st March, 2019 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the management of the Company. This responsibility includes the designing, implementing and operating effectiveness of internal control to ensure compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations.

Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2019.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

FOR DMK ASSOCIATES
COMPANY SECRETARIES

CS MONIKA KOHLI
Partner
FCS No. 5480
COP No. 4936

Place: New Delhi
Date: 15.05.2019

Annexure B

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s COSMO FILMS LIMITED
CIN: L92114DL1976PLC008355
1008, DLF Tower-A
Jasola District Centre
New Delhi 110025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **COSMO FILMS Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with **Annexure 1** attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment(ODI) and External Commercial Borrowings (ECB); **(No FDI and ODI was taken by the company during the Audit Period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**

   d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

(vi) **OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMNT**

i. The Factories Act, 1948 and rules made thereunder,

ii. The Payment of Wages Act, 1936 and rules made thereunder,

iii. Minimum Wages Act, 1948 and the rules made thereunder,

iv. Employees' State Insurance Act, 1948 and rules made thereunder,

v. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the rules made thereunder,

vi. Payment of Bonus Act, 1965 and rules made thereunder,

vii. The Payment of Gratuity Act, 1972 and rules made thereunder,

viii. The Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder,

ix. The Apprentice Act, 1961

x. The Industrial Dispute Act, 1947 and rules made thereunder,

xi. The Equal Remuneration Act, 1976 and rules made thereunder,

xii. Trade Union Act, 1926 and rules made thereunder,

xiii. The Employees Compensation Act, 1923 and rules made thereunder,

xiv. Maternity Benefit Act, 1961 and rules made thereunder,

xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,

xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,

xvii. Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003,

xviii. Environment Protection Act, 1986

xix. Legal Metrology Act, 2009,

xx. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder,

xxi. Personal Injuries (Compensation Insurance) Act,

xxii. Fatal Accident Act, 1855

xxiii. Petroleum Act, 1934 & rules framed thereunder,

xxiv. Industrial Employment (Standing Orders) 1946,

xxv. Maharashtra Mathadi Hammal & other Manual Workers (Regulation of employment & welfare) Act 1969.

xxvi. Maharashtra Industrial Establishment (National, Festival, Casual and Sick Leave) Rules, 1968,

xxvii. Maharashtra Recognition of Trade Union & Prevention of Unfair Labour Practice Act, 1971,

xxix. The Maharashtra Labour Welfare Fund, 1953 and rules,

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards (SS-1 & SS-2) issued by The Institute of Company Secretaries of India.

(ii) Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines, Standards etc. mentioned above

Based on the information received and records maintained, we further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive, Women and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings along with agenda and detailed notes on agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting in compliance of the Act.
3. Majority decision is carried through and recorded in the minutes of the Meetings. Further as informed, no dissent was given by any director in respect of resolutions passed in the board and committee meetings.

Based on the compliance mechanism established by the company and on the basis of the Compliance Certificate(s) issued by Mr. Pankaj Poddar, CEO and Mr. Neeraj Jain, CFO of the Company and taken on record by the Board of Directors at their meeting (s), we further report that;

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not incurred any specific event / action that can have major bearing on the company's affairs in pursuance of above referred laws, rules, regulations, guidelines, standards etc. except as follows:

(a) Special Resolution under section 180(1)(a) of the Companies Act, 2013 was passed by the members at its Annual General Meeting dated 03.08.2018 for creation of charges, mortgages & hypothecations in addition to existing charges etc. in favour of Banks / FIs for an amount not exceeding Rs.3000 crores, together with interests etc.

(b) Special Resolution under section 180(1)(c) of the Companies Act, 2013 was passed by the members at its Annual General Meeting dated 03.08.2018 for borrowing from time to time not exceeding Rs.3000 crores.

For DMK ASSOCIATES
COMPANY SECRETARIES

(MONIKA KOHLI)
FCS, LL.B.
PARTNER

FCS 5480
C P 4936

Date: 15.05.2019
Place: New Delhi

ANNEXURE 1

To,
The Members,
M/s COSMO FILMS LIMITED
CIN: L92114DL1976PLC008355
1008, DLF Tower-A
Jasola District Centre
New Delhi 110025

Sub: Our Secretarial Audit for the Financial Year ended March 31, 2019 of even date is to be read with along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. As per the information provided by the Company, there are no pending cases filed by or against the company which will have major impact on the company.

For DMK ASSOCIATES
COMPANY SECRETARIES

(MONIKA KOHLI)
FCS, LL.B.
PARTNER

FCS 5480
C P 4936

Date : 15.05.2019
Place: New Delhi

Annexure - C

THE INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO STIPULATED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNT) RULES, 2014

A. CONSERVATION OF ENERGY

(i) Steps taken/Impact on Conservation of Energy:

Improvement in energy efficiency is a continuous process at Cosmo and conservation of energy is given a very high priority in all our plants and offices.

The energy cost saving measures carried out by the company during the year are listed below:

(i) Improving the Equipment Efficiency.

(ii) Adoption of new Techniques

(iii) Optimum loading of Power & Distribution Transformer to reduce the Load losses

(iv) Energy Saving in Air Compressor by optimizing operational parameters.

(v) Energy saving in Chilling plant by Improving COP

(vi) Energy saving in chilling plant by optimizing chilled water set point.

(vii) Energy Efficient heating system for EREMA recycling plant.

(viii) Efficient TDO lubrication system to achieve oil saving.

(ix) Energy Efficient heating system for NGR recycling plant.

(x) TDO chain lubrication oil consumption reduction by parameter optimization.

(xi) Conversion of Electrical heating to Oil Heating on coating Plant

(xii) Centralized Chilling system for coating plants.

(xiii) Installation of LED Lighting (Indoor & Outdoor).

(xiv) SEZ - Optimization of FO Consumption

(xv) Use of day light for illumination.

(ii) Steps taken by the Company for utilizing alternate sources of energy.

i) Converted electrical heating into oil heating.

ii) Converted gas based heating to FO/Coal based heating.

iii) Installation & commissioning of 2.0 MW SOLAR plant

iv) Installation & commissioning of 1.0 MW SOLAR rooftop plant.

(iii) Capital investment on energy conservation equipments during the year: ₹ 1.10 Crores

B. TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption :

The Company's technology is developed in house, which has helped in improving efficiency and developing new products.

(ii) The benefits derived are like product improvement, cost reduction, product development, import substitution and Growth in business

(iii) In case of imported technology (Imported during the last 3 years reckoned from the beginning of the financial year)

(a) Details of Technology Imported

(b) Year of Import

(c) Whether the technology been fully absorbed

(d) If not fully absorbed, areas where this has not taken place, and reasons thereof

N.A. (The Company has not imported any technology)

(iv) Expenditure incurred on Research and Development

		₹ Crores.(approx)
(a)	Capital	0.42
(b)	Recurring	6.91
(c)	Total	7.33
(d)	Total R & D expenditure as percentage of net sales	0.34

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's foreign exchange earnings were ₹ 968 Crores (Previous Year Rs. 754 Crores). The total foreign exchange utilized during the year amounted to ₹ 437 Crores (Previous Year Rs. 344 Crores). Details of foreign Exchange earned and utilized during the year are given in Notes to Accounts.

Annexure - D

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	**L92114DL1976PLC008355**
Registration Date	**07/10/1976**
Name of the Company	**Cosmo Films Limited**
Category / Sub-Category of the Company	**Company having Share Capital**
Address of the Registered office and contact details	**1008, DLF Tower A, Jasola Distt. Centre, New Delhi – 110025, Ph: 011- 49494949**
Whether listed company	**Yes**
Name, Address and Contact details of Registrar and Transfer Agent, if any	**Alankit Assignments Limited, 3E/7, Alankit Heights Jhandewalan Extn. New Delhi- 110055 Ph: 011- 42541234**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Semi Finished Products of Plastics (i.e. Films)	22201	100

III. PARTICULARS OF SUBSIDIARY COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Cosmo Films Singapore Pte Ltd 10, Jalan Besar # 10-12, Sim Lim Tower, Singapore 208787 Tel: 65-6293 8089	200910018H	Subsidiary Company	100%	2(87)
2.	Cosmo Films Korea Limited 811, Sineon-Ri, Dogo-Myeon, Asan-Si, Choongnam, 336-914 South Korea	164811- 0056354	Subsidiary Company	100%	2(87)
3.	Cosmo Films Japan, GK Yamatane –Nai, Tokyo-Danchisoko, 6-2-11, Iriya Adachi,-Ku,Tokyo, 121-0836, Japan	0100-03-015252	Subsidiary Company	100%	2(87)
4.	CF (Netherlands) Holdings Limited B.V. Regd. Office: Kabelweg 37,1014 BA, Amsterdam, Netherlands	34341583	Subsidiary Company	100%	2(87)

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary Associate	% of shares held	Applicable Section
5.	Cosmo Films Inc. 560, Maryland, Parkway, Hagerstown Maryland, USA 21740	26-1520669	Subsidiary Company	100%	2(87)
6.	CF Investment Holding Private (Thailand) Company Limited 100/208 Moo 3, Kamala Sub District, Kathu District, Phuket, Thailand	0835556006647	Subsidiary Company	100%	2(87)
7.	Cosmo Films Poland SP. Z.O.O Aleja Wilanowska 277, 02-73, Warsaw, Poland	0000718989	Subsidiary Company	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
Individuals/ Hindu Undivided Family	989881	NIL	989881	5.09	1118248	NIL	1118248	5.75	0.66
Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Bodies Corporate	135682	NIL	135682	0.70	5682	NIL	5682	0.03	(0.67)
Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Any Others (Firm)									
1. Mr. Ashok Jaipuria- Registered Owner Gayatri &Annapurna- Beneficial Owner	7233876	NIL	7233876	37.21	7508216	NIL	7508216	38.62	1.41
2. Ashok Jaipuria Private Trust	100	NIL	100	0.00	100	NIL	100	0.00	0.00
Sub Total(A)(1)	**8359539**	NIL	**8359539**	**43.00**	**8632246**	**NIL**	**8632246**	**44.40**	**1.40**
2) Foreign									
Individuals (Non-Residents Individuals/ Foreign Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Any Others(Specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Sub Total(A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**8359539**	**NIL**	**8359539**	**43.00**	**8632246**	**NIL**	**8632246**	**44.40**	**1.40**
B. Public shareholding									
1) Institutions									
Mutual Funds/ UTI	1455	525	1980	0.01	1455	525	1980	0.01	**0.00**
Financial Institutions / Banks	18159	4100	22259	0.11	10097	4100	14197	0.07	**(0.04)**
Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**0.00**
Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**0.00**
Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**0.00**
Foreign Institutional Investors/ Foreign Portfolio investors	629537	2200	631737	3.25	394529	2150	396679	2.04	**(1.21)**
Foreign Venture Capital Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**0.00**
Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**0.00**
Any Other (Bank Foreign)	NIL	140	140	0.00	NIL	140	140	0.00	**0.00**
Alternate Investment Funds	NIL	NIL	NIL	NIL	141952	NIL	141952	0.73	**0.73**
Sub-Total (B)(1)	**649151**	**6965**	**656116**	**3.37**	**548033**	**6915**	**554948**	**2.85**	**(0.52)**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Non-institutions									
Bodies Corporate	1114684	11665	1126349	5.80	965324	11395	976719	5.02	**(0.78)**
Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	5920671	421553	6342224	32.63	5805124	372593	6177717	31.77	**(0.84)**
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2141823	NIL	2141823	11.02	2284040	NIL	2284040	11.75	**0.73**
Qualified Foreign Investor	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	**0.00**
Any Other (NBFCs / Foreign National)	66983	NIL	66983	0.34	79758	NIL	79758	0.41	**0.07**
IEPF	126349	NIL	126349	0.65	133781	NIL	133781	0.69	**0.04**
Non Resident Indian	315233	22400	337633	1.74	295486	21760	317246	1.63	**(0.11)**
Trust	6664	NIL	6664	0.03	7225	NIL	7225	0.04	**0.01**
Sub-Total (B)(2)	**9692407**	**455618**	**10148025**	**52.20**	**9570738**	**405748**	**9976486**	**51.32**	**(0.88)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**10341558**	**462583**	**10804141**	**55.57**	**10118771**	**412663**	**10531434**	**54.17**	**(1.4)**
TOTAL (A)+(B)	**18701097**	**462583**	**19163680**	**98.57**	**18751017**	**412663**	**19163680**	**98.57**	**0.00**
C- 1 Shares held by Custodians and against which Depository Receipts have been issued									
Promoter and Promoter Group	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Public	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Sub-Total (C) (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**0.00**
C-2 Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	276396	NIL	276396	1.42	276396	NIL	276396	1.42	0.00
Sub-Total (C) (2)	**276396**	**NIL**	**276396**	**1.42**	**276396**	**NIL**	**276396**	**1.42**	**0.00**
TOTAL –C1+C2	**276396**	**NIL**	**276396**	**1.42**	**276396**	**NIL**	**276396**	**1.42**	**0.00**
GRAND TOTAL (A)+(B)+(C)	**18977493**	**462583**	**19440076**	**100**	**19027413**	**412663**	**19440076**	**100**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Aanchal Jaipuria Bhandari	91720	0.47	NIL	91720	0.47	NIL	0.00
2	Abha Jaipuria	24200	0.12	NIL	24200	0.12	NIL	0.00
3	Ambrish Jaipuria	402800	2.07	NIL	402800	2.07	NIL	0.00
4	Ashok Jaipuria	470161	2.42	NIL	598528	3.08	NIL	0.66
5	Yamini Kumar	1000	0.01	NIL	1000	0.01	NIL	0.00
6	Andheri Properties & Finance Ltd.	622	0.00	NIL	622	0.00	NIL	0.00
7	Hanuman Textile Manufacturing & Investment Company Ltd.	1280	0.01	NIL	1280	0.01	NIL	0.00
8	Pravasi Enterprises Ltd.	131100	0.67	NIL	1100	0.01	NIL	(0.66)
9	Sunrise Manufacturing Company Ltd.	2680	0.01	NIL	2680	0.01	NIL	0.00
10	Ashok Jaipuria- Registered Owner C/o Gayatri & Annapurna - Beneficial Owner	7233876	37.21	NIL	7508216	38.62	NIL	1.41
11	Ashok Jaipuria Private Trust	100	0.00	NIL	100	0.00	NIL	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of Share holder	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Ashok Jaipuria	470161	2.42	01/04/2018			470161	2.42
				27/07/2018	13500	Purchase	483661	2.49
				03/08/2018	45000	Purchase	528661	2.72
				10/08/2018	4244	Purchase	532905	2.74
				17/08/2018	10000	Purchase	542905	2.79
				24/08/2018	36623	Purchase	579528	2.98
				05/10/2018	8000	Purchase	587528	3.02
				12/10/2018	11000	Purchase	598528	3.08
				31/03/2019			598528	3.08
2	Pravasi Enterprises Ltd.	131100	0.67	01/04/2018	131100	Sale	131100	0.67
				15/06/2018	(130000)		1100	0.01
				31/03/2019			1100	0.01
3	Ashok Jaipuria- Registered Owner C/o Gayatri & Annapurna - Beneficial Owner	7233876	37.21	01/04/2018	7233876		7233876	37.21
				22/06/2018	130000	Purchase	7363876	37.88
				13/07/2018	39708	Purchase	7403584	38.08
				27/07/2018	21668	Purchase	7425252	38.20
				01/02/2019	12639	Purchase	7437891	38.26
				08/02/2019	17361	Purchase	7455252	38.35
				01/03/2019	30564	Purchase	7485816	38.51
				08/03/2019	22400	Purchase	7508216	38.62
				31/03/2019			7508216	38.62

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of Share holder*	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	ANIL KUMAR GOEL	604000	3.10	604000	3.10
2.	JM FINANCIAL SERVICES LIMITED	143510	0.74	189513	0.97
3.	AEQUITAS EQUITY SCHEME I	0	0.00	141952	0.73
4.	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (IEPFA)	126349	0.65	133781	0.69
5.	NARIPPEN OBHRAI	90523	0.47	117953	0.61
6.	GOVERNMENT OF THE PROVINCE OF ALBERTA MANAGED BY COMGEST S.A	110900	0.57	110900	0.57
7.	NIRMAL BANG SECURITIES PVT. LTD.	104800	0.54	103043	0.53
8.	LSV GLOBAL CONCENTRATED VALUE FUND, LP	0	0.00	67129	0.35
9.	ASHNA SINGH	60000	0.31	60000	0.31
10.	ANUBHA PAVAN MORARKA	59732	0.31	59732	0.31

The shares of the Company are traded on daily basis and hence the date wise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholding of each of the Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	**Mr. Ashok Jaipuria**							
	At the beginning of the year	470161	2.42	-	-	-	470161	2.42
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	27/07/2018 03/08/2018 10/08/2018 17/08/2018 24/08/2018 05/10/2018 12/10/2018	13500 45000 4244 10000 36623 8000 11000	Purchase Purchase Purchase Purchase Purchase Purchase Purchase	483661 528661 532905 542905 579528 587528 598528	2.49 2.72 2.74 2.79 2.98 3.02 3.08
	At the End of the year	598528	3.08				598528	3.08
2	**Mr. Anil Kumar Jain**							
	At the beginning of the year	5010	0.03	-	-	-	5010	0.03
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):			08/06/2018 15/06/2018 22/06/2018 27/11/2018 10/12/2018	20 4606 374 (8) (2)	Purchase Purchase Purchase Sale Sale	5030 9636 10010 10002 10000	
	At the End of the year	10000	0.05				10000	0.05
3	**Mr. H. K. Agrawal**							
	At the beginning of the year	1000	0.00	-	-	-	1000	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	1000	0.00	-	-	-	1000	0.00
4	**Mr. Rajeev Gupta**							
	At the beginning of the year	10100	0.05	-	-	-	10100	0.05
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	10100	0.05	-	-	-	10100	0.05
5	**Mr. H. N Sinor**							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00

Sl. No.	Shareholding of each of the Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
6	**Ms. Alpana Parida**							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
7	**Mr. Ashish Guha**							
	At the beginning of the year	9000	0.05	-	-	-	9000	0.05
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	09/11/2018	(1500)	Sale	7500	0.04
	At the End of the year	7500	0.04	-	-	-	7500	0.04
8	**Mr. Pratip Chaudhuri**							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
9	**Dr. Vivek Nangia**							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	0	0.00	-	-	-	0	0.00
10	**Mr. Anil Wadhwa**							
	At the beginning of the year	0	0.00	-	-	-	0	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):							
	At the End of the year	0	0.00	-	-	-	0	0.00

Sl. No.	Shareholding of each of the Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
11	**Mr. Pankaj Poddar**							
	At the beginning of the year	4749	0.02	-	-	-	4749	0.02
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	4749	0.02	-	-	-	4749	0.02
12	**Mr. Neeraj Jain**							
	At the beginning of the year	1	0.00	-	-	-	1	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	1	0.00	-	-	-	1	0.00
13	**Ms. Jyoti Dixit**							
	At the beginning of the year	1	0.00	-	-	-	1	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc):	-	-	-	-	-	-	-
	At the End of the year	1	0.00	-	-	-	1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Cr.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	501.01	-	-	501.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.09	-	-	2.09
Total (i+ii+iii)	**503.10**			**503.10**
Change in Indebtedness during the Financial Year				
• Addition	136.34	-	-	136.34
• Reduction	(98.45)	-	-	(98.45)
Net Change	**37.89**	**-**	**-**	**37.89**
Indebtedness at the end of the Financial Year				
i) Principal Amount	539.66	-	-	539.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.33	-	-	1.33
Total (i+ii+iii)	**540.99**	**-**	**-**	**540.99**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **(₹ in Cr.)**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		CMD	WTD	
		Mr. Ashok Jaipuria	Mr. Anil Kumar Jain	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.62	1.37	2.99
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.80	0.01	0.81
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	1.12	-	1.12
	- others, specify	-	-	-
5.	Others, please specify	0.44	0.10	0.54
	Total (A)*	**3.98**	**1.48**	**5.46**
	Ceiling as per the Act	₹ 7.55 Cr (being 10% of the Net Profit of the Company Calculated as per Section 198 of the Companies Act, 2013)		

B. **Remuneration to other directors:**

(1) **Independent Directors** **(₹ in Lakhs)**

Name of Director	Fee for attending Board/Committee meetings	Commission	Others	Total
Mr. H.K. Agrawal	3.75	4.72	-	8.47
Mr. Rajeev Gupta	1.00	4.72	-	5.72
Mr. Ashish Guha	2.75	4.72	-	7.47
Mr. Pratip Chaudhuri	4.25	4.72	-	8.97
Mr. H.N Sinor	2.50	4.72	-	7.22
Dr. Vivek Nangia	2.25	4.72	-	6.97
Mr. Anil Wadhwa	4.00	4.05	-	8.05
Total (1)	**20.50**	**32.37**	**-**	**52.87**
(2) Non Executive Directors				
Ms. Alpana Parida	2.25	4.72	-	6.97
Total (2)	**2.25**	**4.72**	**-**	**6.97**
Total (B)= (1) + (2)	**22.75**	**37.09**	**-**	**59.84**
Ceiling as per the Act	₹ 75.52 Lakhs (being 1% of the Net Profits of the Company Calculated as per Section 198 of the Companies Act, 2013)			

C. **REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	**CFO**	**CS**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	 262.11 46.36 -	 88.96 0.32 -	 14.71 - -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	 - -	 - -	 - -
5.	Others, please specify	9.03	4.16	0.93
	Total*	**317.50**	**93.44**	**15.64**

***Figures have been rounded off.**
***These figures do not include Retiral Benefits, ESOP and reimbursements**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013)

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

Annexure - E

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   Projects and programs undertaken by the Company with respect to CSR are covered under Corporate Social Responsibility Section of Annual Report.

   Weblink for CSR Policy:

   http://www.cosmofilms.com/uploads/policy/CSR_Policy.pdf

2. **The Composition of the CSR Committee:**

Mr. Ashok Jaipuria	Chairman
Mr. H.N. Sinor	Member
Mrs. Alpana Parida	Member
Dr. Vivek Nangia	Member

3. **Average net profit of the company for last three Financial Years:** INR 108.76 Cr.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)** INR 2.18 Cr.

5. **Details of CSR spent during the Financial Year**

   (a) Total amount spent for the financial year – INR 1.44 Cr.

   (b) Amount unspent, if any : INR 0.74 Cr.

   (c) Manner in which the amount spent during the Financial Year is detailed below. **(₹ in crores)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs(1) Local area or other(2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub – heads:(1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure upto to the reporting period**	**Amount spent : Direct or through implementing agency***
1.	Amount transferred to implementing agency for promoting Education through basic Computer Literacy, Cosmo Gyan Vihar Kendra (a program to improve reading, writing arithmetic skills among Primary School Students) and basic English Learning.	Education	Karjan district, Gujarat	1.44	1.44	1.44	Through Implementing Agency
	TOTAL			**1.44**	**1.44**	**1.44**	

*Name of implementing agency is **Cosmo Foundation** which is a registered trust under section 12AA of Income Tax Act, 1961.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

   Some of the Company's CSR initiatives are multi year projects and hence the spent may vary from year to year.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

sd/-	sd/-
(Chairman & Managing Director)	Chairman (CSR Committee)

Annexure - F

(THIS REPORT FORMS PART OF DIRECTORS' REPORT)

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT, RULES, 2016

1. **The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the Financial Year.**

Name of the Director	Ratio
1. Mr. Ashok Jaipuria	**86.00**
2. Mr. Anil Kumar Jain	**33.70**

Note: For this purpose, Sitting Fees paid to the Directors have not been considered as remuneration.

2. **The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the Financial Year.**

Name	Designation	% increase
Mr. Ashok Jaipuria	Chairman & Managing Director	(-15%)
Mr. Anil Kumar Jain	Whole Time Director	4%
Mr. Pankaj Poddar	Chief Executive Officer	20%
Mr. Neeraj Jain	Chief Financial Officer	19%
Ms. Jyoti Dixit	Company Secretary	(-4%)

3. **Percentage increase in the median remuneration of all employees in the Financial Year 2018-19:** 6.5%

4. **Number of Permanent employees on the rolls of Company as on 31st March, 2019:** 879

5. **Average percentage increase made in salary of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:**

   Average increase in remuneration for Employees other than Managerial Personnel and for Managerial Personnel is 7% and (-15%) respectively. The remuneration of managerial personnel has profit linked variable component and due to lower profits this year, the average increase in their remuneration is negative.

6. **Affirmation that the remuneration is as per the Remuneration Policy of the Company**

   It is confirmed that the remuneration paid to the Directors, Key Managerial Personnels and Senior Management is as per the Remuneration Policy of the Company.

7. Information pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 pertaining to the top ten employees in terms of remuneration drawn and their other particulars also form part of this report. However, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

General Note:

- Managerial Personnel includes Chairman and Managing Director and Whole-time Director.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Macroeconomic Overview

According to recently published International Monetary Fund's (IMF) World Economic Outlook, global economic activity slowed notably in the second half of last year against strong growth in 2017 and early 2018 reflecting a confluence of factors affecting major economies. World Economic Outlook (WEO) projects a decline in growth in 2019 for 70 percent of the global economy. Global growth, which peaked at close to 4 percent in 2017, softened to 3.6 percent in 2018, and is projected to decline further to 3.3 percent in 2019.

During the financial year 2019, India emerged as the fastest growing major world economy despite increased global vulnerabilities, such as rising oil prices, escalated trade wars between global partners, and the US monetary shutdown. India's economy gained momentum as a result of the stabilization of Goods and Services Tax (GST) and more investment by foreign investors. During the year, India climbed another 23 points in the World Bank's ease of doing business index to the 77th position, for the first time.

According to World Bank, India's GDP growth is expected to accelerate moderately to 7.5 per cent in Financial Year 2020, driven by continued investment strengthening-particularly private-improved export performance, and resilient consumption.

2. Industry Scenario

The global packaging industry is developing and expanding day by day and Indian packaging industry is also growing rapidly. This growth is primarily driven by factors like growing pharmaceutical, food processing, manufacturing industry, FMCG and healthcare sector.

Packaging has served the Indian economy by helping preservation of the quality and lengthening the shelf life of innumerable products. The packaging industry has witnessed a trend that the growing popularity of online sales as a key driver of the increased demand for packaging products in the global market. The packaging industry's growth has led to greater specialization and sophistication from the point of view of health (in the case of packaged foods and medicines) and environment friendliness of packing material.

The growth of the packaging industry is being driven by a number of trends such as the increased presence of global multinational companies, consumer brand awareness and products with 'clean-label' messaging that enhance brand transparency and builds purchasing confidence.

According to a study by ASSOCHAM-EY, the market size of the country's packaging industry is expected to touch USD 72.6 billion by financial year 2020 on account of rising population, increase in income levels and changing lifestyles.

A number of significant trends are driving rapid change across the industry such as the increased presence of global multinational companies, consumer brand awareness and products with 'clean-label' messaging that enhance brand transparency and builds purchasing confidence. The demand for smaller and flexible packaging is also increasing due to increase in per capita income, urbanization and growing numbers of working women. Furthermore, the e-commerce industry in India has substantially expanded and is changing the packaging needs, driving requirements for versatile and visually appealing packaging solutions.

There is clear trend of switching to BOPP (Biaxially Oriented Polypropylene) films, from the conventional waxing paper, cellophane, and aluminium foils. Companies, in addition to reap the benefits of advanced sealing properties of BOPP films, are also innovating the market with a wide range of BOPP-based products. Manufacturers perceive BOPP films as an ideal printing surface that can also be made into stickers and labels. Furthermore, it is said that boom in e-commerce and organised retail will enhance the growth of plastic packaging and per-capita consumption in the years to come.

3. About Us

Cosmo Films Limited ('Cosmo' or the 'Company') was incorporated in 1976 and since then the Company has transformed itself into one of the largest manufacturers of Biaxially Oriented Polypropylene (BOPP) Films in the world. The Company is the leading manufacturer of BOPP films and provides a complete solution in the form of specialized and lamination films to the food and beverage industries. Cosmo has successfully entered the flexible packaging sectors from its traditional base in BOPP. Flexible packaging is one of the most dynamic applications in the packaging industry and has become the preferred choice of packaging material due to its print quality, moisture retention properties and environment friendly nature.

Company has four state of the art manufacturing facilities spread across India (3), and Korea (1), with a total installed capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 22,000 MT per annum of Metalized Films,10,000 MT per annum of Coated Films and 10000 MT per annum of CPP Films. Further, new Coating Capacity of about 6000 MT (depending on Microns) is expected to get commissioned by Q2 financial year 2020.

Cosmo offers a comprehensive range of BOPP Films for flexible packaging, lamination, labelling and industrial applications, including specialty films such as high barrier films, velvet thermal lamination films and direct thermal printable films. In addition to being a market leader in the BOPP sector, Cosmo has emerged as a complete film solutions provider with more offerings and value added services.

• Packaging Films	1. Print & Pouching Films 2. Barrier Films 3. Overwrap Films 4. Lidding Films
• Lamination Films	1. Standard Range (Thermal Lamination & Wet Lamination) 2. Special Application Lamination Films 3. Premium Lamination Films
• Label Films	1. Pressure Sensitive Label Stock Films 2. Direct Thermal Printable Films 3. In-mould Films 4. Wrap around Label Films
• Industrial Films	1. Synthetic paper 2. Tape & Textile Films

The Company's continuous efforts towards research and development helps in improving its product portfolio. The R&D labs of the Company (in India and US) has sophisticated equipments. Company has recently refurbished the Indian R&D lab to complement R&D team efforts.

Company keeps a watchful eye over its quality. Cosmo keeps monitoring its quality standards time to time with the help of parameters such as no. of complaints/100MT of sale, complaints per million opportunity, complaints sigma level, defective material kgs/MT of sale and sales quality return as percentage of sales.

Cosmo Films continue to innovate with development of new products to meet the industry growing need for convenience and product safety. Some of the recently launched value added products of the Company are-

PACKAGING FILMS	LAMINATION FILMS
High Barrier Heat Resistant Film Specifically designed for printing layer as a replacement of BOPET film in multilayer laminates. Ideal for packaging of oily snack food. **High Metal Bond CPP Film** High Metal Bonding resulting into good inter-layer bond strength. **BOPP Films for SOAP Wrapping** Enhances moisture barrier which help to maintains consistent SOAP weight for longer time.	**Universal PET Lidding Film-** Universal lidding film which laminates with different plastic and paper materials and has easy release. **Metalized Velvet Film** Excellent Matte velvet finish with a silvery look; ideal for luxury gift packaging, cosmetics, perfume cartons etc.
LABEL FILMS	**INDUSTRIAL FILMS**
High Gloss Metalized Label Film Mirror Finish Glossy film which can be printed with high speed flexo printing machine. Suitable for premium labeling applications for instance liquor & personal care.	**High Tear Resistant Synthetic Paper (CSP)** Originally designed for high tear resistant tag applications. Also offers moisture, oil and chemical resistance just like standard synthetic paper. **Tape Release Film** Pressure sensitive tapes Release coated BOPP liners

4. Operational and Financial Performance

In financial year 2019, Net Sales increased by 17% to ₹ 2,157 crores from ₹ 1,847 crores in financial year 2018. Consolidated EBIDTA for the financial year 2019 increased by more than 8% to ₹ 181 crores against ₹ 168 crores in financial year 2018. Consolidated PAT for financial year 2019 is ₹ 61 crores against ₹ 64 crores to that of last year.

Higher sales volume by 5%, sales growth in speciality films and operational improvement at USA subsidiary resulted in higher EBIDTA even though the domestic BOPP films margins were subdued in first three quarters. PAT came out to be marginally lower because there was insignificant tax incidence in financial year 2018 due to one time tax adjustments.

Key focus areas for the financial year 2019 were –

1. Skewing Product Mix more towards speciality products, with consequently better margins and removing cyclability impact.
2. Continuous focus on improving Internal Operational Efficiencies including overseas operations.
3. Creating Customer Centric Culture including Robust Service Offer, New Offices Overseas, CRM, Establishing tripartite partnership between us, Converter and Brand Owners.
4. More & more green practices in manufacturing, more films enabling circular economy. Innovation led products.
5. Capacity expansion is planned in Value Add segment during financial year 2020.

In the coming year, management focus shall continue to be on expanding speciality, close to full utilisation of capacity and improving internal efficiencies.

5. Liquidity

During the year ended March 31, 2019, the consolidated Net Debt reduced to 643 crores from ₹ 681 crores last year mainly due to internal cash generation and better working capital management. The Company has been carrying close to ₹ 168 crores of cash and cash equivalents including liquid investments at March 2019. The Net Debt to Equity ratio is at 1 times at consolidated level.

6. Human Resource and Industrial Relations

Cosmo considers people as its biggest assets and 'Believing in People' is at the heart of its human resource strategy. Concerted efforts have been put in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that Company consistently develops inspiring, strong and credible leadership.

Cosmo regards timely performance appraisals which helps in employee motivation by encouraging them to work to their fullest potential. Cosmo also promotes healthy, safe, and fun work environment to ensure a level of comfort amongst the employees and eliminate any stressful or awkward atmosphere that may hinder the performance of the staff.

Cosmo maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled Company to remain at the forefront of the Industry. Company continued to receive cooperation and unstinted support from the distributors, retailers, stockists, suppliers and others associated with the Company as its trading partners.

In Financial Year 2019, industrial relations across the Company were cordial with no labor unrests or strikes during the year.

7. Internal Control Systems

The Company has an Internal Audit System commensurate with its size and nature of business operations. The Internal Auditors covers all the key areas of the Company's business and reports to the Audit Committee of the Board. Cosmo has also implemented adequate internal controls towards achieving efficiency of operations, management of resources, accuracy and promptness of financial reporting and compliance with the applicable laws, rules and regulations.

8. Opportunities and Risks

Opportunities

(1) Growth of Speciality Films in India and Global Market- Recent developments in speciality films have given opportunity to grow in the global market. The company is highly focussed on increasing its speciality sales by exploring the maximum opportunities available. Specialty films are known to have high tensile strength and act as a protective shield owing to which it is utilized in various sectors. Growing importance of bio-based polymers, economic growth of BRICS countries are some of the factors that have been driving the market for specialty films.

(2) **Packaging shapes and structures congruent to brand image:** Brands are well personified assets and enjoy an image that the marketers are very conscious and sensitive about. It is hoped that several consumer packaged goods companies world over will opt to give their packaging designs a fresher look in line with the attributes that their brand stands tall for. One must not forget that 'Good packaging protects your product while Great packaging protects your brand'.

(3) **E-Commerce** - As consumers increasingly prefer e-commerce is given its efficiencies and the ease of comparison shopping, it has created many opportunities for flexible packaging. Flexible packaging is a lightweight alternative that can be used to eradicate handling and shipping costs, making it a perfect solution for e-commerce companies. Besides, high-barrier flexible packaging solutions add an extra layer of safety and use of multi-layered films can provide enhanced protection against air, moisture and sunlight.

(4) **Intelligent packaging**: In an ever evolving landscape, packaging intelligence is likely to get more astute, intuitive, active and smart. With IoT (Internet of things) already ruling the roost, packaging as an enabler will be far more intuitive and help providing instantaneous information to the consumers about the packed products. Be it the ingredients; physical location of goods in transit; conditions in which the product was produced and packed or the real time condition assessment of the product packed inside the packet.

Risks

(1) **Volatility in Raw Material Prices:** Polypropylene is the key raw material of the Company. Changes in the cost of raw materials such as these are generally a pass through. Time lag, if any, in doing so may impact the margins of the Company.

(2) **Currency volatility:** The global nature of operations exposes the Company to multiple currencies; fluctuations in exchange rates could affect your Company's performance. Prices get reviewed and revised in the event of significant currency movements The Company has a foreign exchange risk management policy and implements hedges in accordance with the policy to mitigate the risk.

(3) **Emergence of Competition in Specialty Films:** The Company is a leading manufacturer of Specialty Films in India. Emergence of competition in this segment may impact the growth plan of such films in the medium to long term.

(4) **Recycling Waste:** In terms of plastic recycling players, India has approximately 4,000 unorganised and 3,500 organised units. India's waste management involves several players that are part of the value chain. The responsibility of waste management is typically taken up by the municipality/ Urban Local Bodies (ULBs), formal private firms or the informal sector. While the municipality/ULBs are low-cost players they have less effectiveness compared to the private and informal sector. While the private sector can significantly improve the situation, it needs to be carried out with support from the Urban Local Bodies and will come at somewhat higher cost.

9. Future Outlook & Strategy

Cosmo plans to continue to tap opportunities in its segments by launching innovative products and using technology to generate efficiencies across its business. The company is investing on an on-going basis on various research projects; some of these projects have started yielding results while many others are expected to come on stream in the next two years. During the year company installed wide format lamination machine, launched CPP metalized film with high metal bond.

The vision of Cosmo Films is "To be the most preferred global brand offering value added BOPP films for packaging, labels, lamination and industrial applications." Its mission is:

a) For Customers: To deliver the finest product and service experience, backed by innovation, people and processes.

b) For Employees: To nurture a working environment that fosters personal and professional growth.

c) For Shareholders: To generate sustainable long term returns on investment with focus on transparency and accountability

d) For Vendors: To create symbiotic relationships that drives mutual growth.

e) For Community: Contribute to community growth through education, skills development and sustainable green practices.

10. Significant Change of Key Financial Ratios

There is no significant change in key financial ratios as if compared to the ratios of previous financial year.

11. Change in Return on Net Worth

The return on Net worth at consolidated level for the financial year 2019 stood at 8.58% as compared to last year at 10.40% on account of increase in net worth during the year. However, PAT remained marginally lower due to zero tax incidence in financial year 2018 due to one time tax adjustment.

12. Cautionary Statement

This report may contain "Forward Looking Statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Cosmo Films' future business developments and economic performance. While these Forward Looking Statements indicate the Company's assessment and future expectations concerning the development of the Company's business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from the expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with the Company, legislative developments, and other key factors that could affect the Company's business and financial performance. Cosmo Films undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

For Cosmo, maintaining the highest standards of corporate governance is not a matter of mere form but also of substance. It is an article of faith, a way of life, and an integral part of the Company's core values. Your company is committed for adopting best global practice of Corporate Governance. The philosophy of Corporate Governance as manifested in the Company's functioning is to achieve business excellence by enhancing long term shareholders value and interest of its entire shareholders. Efficient conduct of the business of the company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices already followed by the Company.

The Company's compliance of Corporate Governance guidelines of the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) is as follows:**

A. COMPOSITION OF THE BOARD AND RECORD OF OTHER DIRECTORSHIPS HELD

The Company is managed and controlled through a professional body of Board of Directors, which comprise of an optimum combination of Executive and Non-Executive Independent Directors headed by the Chairman. The strength of Board of Directors is Ten (10), out of which two (2) are Executive Directors, One (1) is Non-Independent Non-Executive Director and Seven (7) are Independent Non-Executive Directors. Therefore, more than half of the Board comprises of Independent Directors. The Company's Board consists of eminent persons with considerable professional expertise and experience. The independent directors do not have any pecuniary relationship or transactions with the company, promoters, and management, which may affect independence or judgement of the Directors in any manner.

i. The composition of the Board of Directors of the Company is in conformity with the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The structure of the Board and record of other Directorships, Committee memberships & Chairmanships and shareholding in the Company as on March 31, 2019 is as under:

Name of the Director	DIN	Category	Designation	No. of other Directorships Held	Total No. of Chairmanships/ Memberships of Board Level Committees			Shareholding (as on 31st March 2019)
					Chairmanship	Membership	Total	
Mr. Ashok Jaipuria	00214707	Promoter Director	Chairman & Managing Director	1	Nil	1	1	598528
Mr. A. K. Jain	00027911	Executive Director	Whole Time Director	2	Nil	2	2	10000
Ms. Alpana Parida	06796621	Non-Independent Non- Executive Director	Director	6	1	6	7	Nil
Mr. Rajeev Gupta	00241501	Independent Non-Executive Director	Director	6	Nil	4	4	10100
Mr. H. K. Agrawal	00260592	Independent Non-Executive Director	Director	Nil	1	1	2	1000
Mr. Ashish Guha	00004364	Independent Non-Executive Director	Director	2	Nil	2	2	7500
Mr. H. N. Sinor	00074905	Independent Non-Executive Director	Director	6	1	3	4	Nil
Mr. Pratip Chaudhuri	00915201	Independent Non-Executive Director	Director	8	5	2	7	Nil
Dr. Vivek Nangia	07646933	Independent Non-Executive Director	Director	Nil	Nil	1	1	Nil
Mr. Anil Wadhwa	08074310	Independent Non-Executive Director	Director	Nil	Nil	1	1	Nil

Notes:

I. The Directorships held by Directors as mentioned above, do not include Alternative Directorship, Directorships in Foreign Companies, Companies registered under Section 8 of Companies Act, 2013 and Private Limited Companies.

II. Membership(s) / Chairmanship(s) of only the Audit Committee and Stakeholders Relationship Committee of all Public Limited (including Cosmo Films Ltd.) Companies have been considered.

III. None of the Directors is a member of more than 10 Board-level committees of public Companies in which they are Directors, nor is chairman of more than 5 such committees.

IV. None of the Independent Directors of the Company serves as an Independent Director in more than seven Listed Companies and where any Independent Director is serving as whole-time director in any listed company, such director is not serving as Independent Director in more than three listed companies.

V. None of the Directors had any relationships inter-se.

ii. Name of other listed entities where Directors of the company are Directors and the category of Directorship:

Name of the Director	DIN	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. Ashok Jaipuria	00214707	HSIL Limited	Independent Non-Executive Director
Mr. A.K. Jain	00027911	Cosmo Ferrites Limited	Non-Independent Non-Executive Director
Ms. Alpana Parida	06796621	GRP Limited	Independent Non-Executive Director
		Prime Securities Limited	Independent Non-Executive Director
		S H Kelkar and Company Limited	Independent Non-Executive Director
Mr. Rajeev Gupta	00241501	United Spirits Limited	Independent Non-Executive Director
		V I P Industries Limited	Independent Non-Executive Director
		Vardhman Special Steels Limited	Independent Non-Executive Director
		Rane Holdings Limited	Independent Non-Executive Director
		EIH Limited	Independent Non-Executive Director
		T.V. Today Network Limited	Independent Non-Executive Director
Mr. H.K. Agrawal	00260592	-	-
Mr. Ashish Guha	00004364	Lemon Tree Hotels Limited	Independent Non-Executive Director
		CG Power and Industrial Solutions Limited	Independent Non-Executive Director
Mr. H.N. Sinor	00074905	Tata Investment Corporation Limited	Independent Non-Executive Director
		Themis Medicare Limited	Independent Non-Executive Director
Mr. Pratip Chaudhuri	00915201	CESC Limited	Independent Non-Executive Director
		Visa Steel Limited	Independent Non-Executive Director
		Quess Corp Limited	Independent Non-Executive Director
		Spencer's Retail Limited	Independent Non-Executive Director
Dr. Vivek Nangia	07646933	-	-
Mr. Anil Wadhwa	08074310	-	-

iii. Skills/Expertise/Competence of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

i) Knowledge on Company's businesses (Packaging and Lamination Films) policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.

ii) Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.

iii) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.

iv) Financial and Management skills.

v) Technical / Professional skills and specialized knowledge in relation to Company's business.

B. BOARD MEETINGS:

1. Scheduling and selection of agenda items for Board Meetings

The months for holding the Board Meetings in the ensuing year are usually decided in advance and most Board Meetings are held at the Company's registered office in New Delhi. The agenda for each meeting, along with explanatory notes, is sent in advance to the Directors. The Board meets at least once in a quarter to review the quarterly results and other items on the agenda.

2. Number of Board Meetings

The Cosmo Films Board met Four times on 23rd May, 2018, 10th August, 2018, 12th November, 2018, & 13th February, 2019 during the Financial Year ended 31st March, 2019. The maximum time gap between any two meetings was not more than one hundred twenty days.

3. Record of the Directors' attendance at Board Meetings and AGM

Name of the Director	Number of Board Meetings held during tenure of Directors and attended by them		Attendance at last AGM held on 3rd August, 2018
	Held	Attended	
Mr. Ashok Jaipuria	4	3	Yes
Mr. A.K. Jain	4	4	Yes
Ms Alpana Parida	4	3	No
Mr. Ashish Guha	4	2	No
Mr. H.N. Sinor	4	3	No
Mr. H. K. Agrawal	4	3	No
Mr. Rajeev Gupta	4	1	No
Mr. Pratip Chaudhuri	4	4	Yes
Dr. Vivek Nangia	4	3	No
Mr. Anil Wadhwa	4	4	Yes

4. Availability of information to the Board

The Board has unfettered and complete access to any information within the Company and to any employee of the Company. Necessary information as mentioned in Schedule II of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 has been regularly placed before the Board for its consideration.

C. FAMILIARISATION PROGRAMME FOR DIRECTORS

The Company follows a well-structured induction programme for orientation and training of Directors at the time of their joining so as to provide them with an opportunity to familiarise themselves with the Company, its management, its operations and the industry in which the Company operates.

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, the Listing Regulations and other relevant regulations and affirmation taken with respect to the same.

The induction programme includes:

1) For each Director, a one to one discussion with the Chairman and Managing Director to familiarise the former with the Company's operations.

2) An opportunity to interact with the CEO, CFO & Company Secretary, business heads and other senior officials of the Company, who also make presentations to the Board members on a periodical basis, briefing them on the operations of the Company, strategy, risks, new initiatives, etc.

The details of the familiarisation programme may be accessed on the Company's website at www.cosmofilms.com under investor relations/ shareholders information/ Notification/ Notices link.

D. BOARD LEVEL COMMITTEES

In accordance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance, the following committees were in operation:

1. Audit Committee
2. Stake Holders Relationship Committee
3. HR, Nomination and Remuneration Committee
4. Corporate Social Responsibility (CSR) Committee

1. AUDIT COMMITTEE

- **Terms of reference**

The Audit Committee acts as a link between the Statutory and the Internal Auditors and Board of Directors. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting process, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's Statutory and Internal Audit Activities. All the members are Non-executive Directors and each member has rich experience in financial sector. The Committee is governed by a charter which is in line with the regulatory requirements mandated by the Section 177 of the Companies Act, 2013 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Composition of Audit Committee**

The Audit Committee, as on March 31, 2019 consisted of the following four Directors who are eminent professionals and possess sound knowledge in finance:

Chairman : Mr. Pratip Chaudhuri
Members : Mr. Rajeev Gupta
Mr. H.K. Agrawal
Mr. Ashish Guha

- **Meetings and attendance during the year**

The Audit Committee met Four times during the financial year from April 1, 2018 to March 31, 2019:

1. May 23, 2018	2. August 10, 2018
3. November 12, 2018	4. February 13, 2019

The attendance record of the audit committee members is given in following table:

Names of the Audit Committee Members	Number of Audit Committee Meetings	
	Held during the tenure of Directors	Attended
Mr. Pratip Chaudhuri	4	4
Mr. Rajeev Gupta	4	1
Mr. H.K. Agrawal	4	3
Mr. Ashish Guha	4	2

2. STAKE HOLDERS RELATIONSHIP COMMITTEE

- **Terms of reference**

  Terms of reference of the Stake Holders Relationship Committee are as per the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 which inter-alia include looking into the investor complaints on transfer of shares, non receipt of declared dividends etc and redressal thereof.

  To expedite the process of share transfers the Board has delegated the power of share transfer to M/s Alankit Assignments Limited viz. Registrar and Share Transfer Agents who attend the share transfer formalities at least once in a fortnight.

- **Composition of Stake Holders Relationship Committee**

  The Stake Holders Relationship Committee is headed by an Independent Director and presently consisted of the following members as on March 31, 2019:

  Chairman : Mr. H. K. Agrawal
  Members : Mr. Anil Wadhwa
  Ms. Alpana Parida
  Dr. Vivek Nangia
  Mr. H.N. Sinor*

- **Meetings and attendance during the year**

  The Stakeholders Relationship Committee met four times during the financial year from April 1, 2018 to March 31, 2019:

1. May 23, 2018	3. August 10, 2018
2. November 12, 2018	4. February 13, 2019

The attendance record of the Stakeholders Relationship Committee members is given in following table:

Names of the Stakeholders Relationship Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. H.N. Sinor*	4	3
Mr. H.K. Agrawal	4	3
Ms. Alpana Parida	4	3
Dr. Vivek Nangia	4	3
Mr. Anil Wadhwa	4	4

**** Mr. H.N. Sinor ceased to be Chairman and member of the committee w.e.f. 13.02.2019***

- **Compliance Officer**

  The Compliance Officer for this committee, at present, is Ms. Jyoti Dixit, Company Secretary.

- **Shareholders' Complaints etc. received during the Financial Year, 2018-19**

  During the year from April 1, 2018 to March 31, 2019 the Company received 7 complaints from various Investors / Shareholders. The same were attended to the satisfaction of the Investors. At the end of March 31, 2019, no complaint was pending for redressal.

3. HR, NOMINATION AND REMUNERATION COMMITTEE

- **Terms of reference**

  This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance and devising a policy on diversity of Board of Directors. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

  The terms of the reference of HR, Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 as well as section 178 of the Companies Act, 2013.

- **Composition of Remuneration Committee**

  In compliance with Section 178(1) of the Companies Act, 2013 and Regulation 19 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a HR, Nomination and Remuneration Committee which is headed by an Independent Director and consists of the following members as on March 31, 2019:

  Chairman : Mr. H.N.Sinor#
  Members : Mr. Anil Wadhwa
  Mr. Ashok Jaipuria
  Mr. Pratip Chaudhuri
  Mr. H.K. Agrawal
  Mr. Ashish Guha*

- **Meetings and attendance during the year**

  The HR, Nomination & Remuneration Committee met five times during the financial year from April 1, 2018 to March 31, 2019:

1. May 23, 2018	3. August 10, 2018
2. June 02, 2018	4. October 09,2018
5. February 13,2019	

Names of the HR, Nomination and Remuneration Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. H.K. Agrawal	5	3
Mr. Ashok Jaipuria	5	5
Mr. Ashish Guha*	5	4
Mr. Pratip Chaudhuri	5	5
Mr. Anil Wadhwa	4	4

 # Mr. H.N. Sinor appointed as Chairman of the Committee w.e.f 13.02.2019

****Mr. Ashish Guha ceased to be member of the Committee w.e.f. 13.02.2019***

- **Compliance Officer**

  The Compliance Officer for this committee, at present, is Ms. Jyoti Dixit, Company Secretary.

- **Remuneration Policy**

A. Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2018-19 was ₹ 22.75 Lakhs. The Non-Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

B. Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole-time Director is governed by the recommendation of the HR, Nomination and Remuneration Committee, resolutions passed by the Board of Directors and shareholders of the Company. The remuneration package of Chairman and Managing Director and Whole-time Director comprises of salary, perquisites, allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high calibre talent.

- **Remuneration Paid to Directors**

  Following tables gives the details of remuneration paid to directors, during the year from April 01, 2018 to March 31, 2019:

- **Remuneration to Non-Executive Directors**

S. No.	Name of Director	Sitting Fees (₹)	Commission (₹)
1	Mr. H.K. Agrawal	3,75,000	4,72,000
2	Mr. Rajeev Gupta	1,00,000	4,72,000
3	Mr. Ashish Guha	2,75,000	4,72,000
4	Mr. Pratip Chaudhuri	4,25,000	4,72,000
5	Mr. H.N. Sinor	2,50,000	4,72,000
6	Ms. Alpana Parida	2,25,000	4,72,000
7	Dr. Vivek Nangia	2,25,000	4,72,000
8.	Mr. Anil Wadhwa	4,00,000	4,05,000

- **Remuneration to Executive Directors**

Sl. No.	Particulars	Designation	Salary (₹)	Commission (₹)	Contribution to provident & Superannuation Funds (₹)	Total Amount (₹)
1.	Mr. Ashok Jaipuria	Chairman & Managing Director	2,41,85,580	1,12,43,019	43,74,000	3,98,02,599
2.	Mr. A.K. Jain	Whole time Director	1,36,67,544	-	11,30,100	1,47,97,644

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act.

- **Terms of reference**

The terms of reference of the CSR Committee are:

a. Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.

b. Recommend the amount to be spent on CSR activities.

c. Monitor, implementation and adherence to the CSR Policy of the Company from time to time.

d. Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at www.cosmofilms.com.

- **Composition of CSR Committee**

In compliance with Section 135 of the Companies Act, 2013, the Company has a Corporate and Social Responsibility (CSR) Committee consists of the following members as on March 31, 2019:

Chairman : **Mr. Ashok Jaipuria**
Members : Mr. H.N. Sinor
Ms. Alpana Parida
Dr. Vivek Nangia

- **Meetings and attendance during the year**

The Corporate and Social Responsibility Committee met once on 22nd February, 2019 during the Financial Year from April 1, 2018 to March 31, 2019.

Names of the Corporate and Social Responsibility Committee Members	Number of Meetings	
	Held during the tenure of Directors	Attended
Mr. Ashok Jaipuria	1	1
Ms. Alpana Parida	1	-
Mr. H.N. Sinor	1	1
Dr. Vivek Nangia	1	-

E. INDEPENDENT DIRECTORS:

It is hereby confirmed that all the Independent Directors fulfill the conditions specified in SEBI (LODR) Regulations, 2015 and Companies Act, 2013 and all are independent of Management The Company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

a) Training of Independent Directors

Whenever new Non-Executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

The appointment letters of Independent Directors has been placed on the Company's website at **www.cosmofilms.com under investor relations/ shareholders information/Notification/ Notices link.**

b) Performance Evaluation of Non-Executive and Independent Directors

The Board evaluates the performance of Non-Executive and Independent Directors every year.

All the Non-Executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration.

Their presence on the Board is advantageous and fruitful in taking business decisions.

c) Separate Meeting of the Independent Directors

The Independent Directors held a Meeting on 13th February, 2019 without the attendance of Non-Independent Directors and members of Management. Majority of the Independent Directors were present at the meeting. The following issues were discussed in detail:

I) Reviewed the performance of Executive Directors, non-independent directors and the Board as a whole;

II) Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

III) Reviewed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

F. GENERAL BODY MEETINGS

I. Date / Venue / Time of previous three Annual General Meetings:

Year	Place	Date	Time	Special Resolution Passed
2015-16	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054	26/08/2016	4:45 P.M	No Special Resolutions were Passed
2016-17	Indian Corporate centre (ICC), J2B1 Extension, Mohan Cooperative, Mathura Road, New Delhi-110044	04/08/2017	11:30 A.M	Special Resolutions were Passed
2017-18	Indian Corporate centre (ICC), J2B1 Extension, Mohan Cooperative, Mathura Road, New Delhi-110044	03/08/2018	11:30 A.M.	Special Resolutions were Passed

II. Postal Ballot

During the financial year ended March 31, 2019, no resolution was passed through postal ballot.

G. AFFIRMATIONS AND DISCLOSURES:

Compliance with Mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with all the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. **Related Party Transactions:** All transactions entered into with Related Parties as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of

business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

All such transactions were reviewed and approved by the Audit Committee. Prior omnibus approvals are granted by the Audit Committee for related party transactions which are of repetitive nature, entered in the ordinary course of business and are on arm's length basis in accordance with the provisions of Companies Act, 2013 read with the Rules issued there under and the Listing Regulations.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards has been made in the notes to the Financial Statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for approval.

The Company has a policy for related party transactions which has been uploaded on the Company's website, weblink of which is provided as below:

https://www.cosmofilms.com/uploads/policy/Policy_on_Related_Party_Transactions.pdf

2. The Company has complied with the requirements of stock exchanges or SEBI on matters related to Capital Markets, as applicable. Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.

3. **Code of Conduct:** The Company has adopted a Code of Conduct for the members of the Board of Directors and the senior management of the Company. The Code of Conduct is displayed on the website of the Company. All the directors and the senior management personnel have affirmed compliance with the code for the Financial Year ended 31st March 2019. A declaration to this effect, signed by the Chief executive officer is annexed to this report.

4. **Whistleblower Policy:** The Company has a vigil mechanism/whistle blower policy. No personnel of the Company has been denied access to the Audit committee and whistle blower mechanism enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.

5. **Policy on Material Subsidiaries:** The Company has framed a Policy for determining Material Subsidiaries and the same is available on the website of the Company www.cosmofilms.com. Weblink of the same is given below:

   http://www.cosmofilms.com/uploads/policy/Policy_For_Determining_Material_Subsidiaries.pdf

6. During the Financial Year ended 31st March, 2019 the Company did not engage in commodity hedging activities.

7. During the Financial Year ended 31st March, 2019, the Company did not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A).

8. During the Financial Year ended 31stMarch, 2019 no Independent Director resigned before the expiry of his tenure.

9. During the Financial Year ended 31st March, 2019 the Company has not issued any debt instruments or fixed deposit programme involving mobilization of funds, whether in India or abroad.

10. A certificate from a company secretary in practice confirming that none of the Directors on the Board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.

11. There have been no instances of non-acceptance of any recommendations of the any Committee by the Board during the Financial Year under review.

12. Total fees of ₹ 79 lakh for financial year 2018-19, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

13. During the year from April 1, 2018 to March 31, 2019 the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. At the end of March 31, 2019, no complaint was pending for redressal.

14. The necessary certificate under Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.

15. The Company Secretary has a key role to play in ensuring the Board procedures and statutory compliances are properly followed. A certificate from the Company Secretary indicating the

compliance of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been annexed to this report.

16. **Management Discussion and Analysis Report -** The Management Discussion and Analysis has been discussed in detail separately in this Annual Report.

17. **Compliance Certificate from Practicing Company Secretary:** Certificate from Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated in Regulations Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this report.

18. Other disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been given at relevant places in the Annual Report.

19. Non-mandatory requirements—Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time to time.

20. **The Company has fully complied with the applicable requirements specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46.**

21. **There has been no instance of non-compliance of any requirement of Corporate Governance Report.**

H. MEANS OF COMMUNICATION / INVESTORS' COMMUNICATION

- The quarterly and half-yearly/Annual financial results are forthwith communicated to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed, as soon as they are approved and taken on record by the Board of Directors.
- Financial Results are published in leading newspapers, one English newspaper and one Hindi newspaper.
- The financial results are also put up on Company's website www.cosmofilms.com.
- Presentation(s) made to Institutional Investors or analysts are also put up on Company's website i.e. www.cosmofilms.com.

I. INFORMATION TO SHAREHOLDERS

1. **REGISTERED AND CORPORATE OFFICE**
1008, DLF Tower-A, Jasola District Centre, Jasola
New Delhi - 110 025

2. **ANNUAL GENERAL MEETING**

The date, time & venue of the next Annual General Meeting and the next Book Closure date will be as per the Notice calling the Annual General Meeting.

3. **FINANCIAL CALENDAR**

Financial Year is April 1, 2018 to March 31, 2019 and tentative schedule for approval of the quarterly / half yearly / yearly financial results is given below:

Particulars	Month (Tentative)
Financial results for the 1st quarter ending June 30, 2019.	August, 2019
Financial results for the 2nd quarter and half year ending September 30, 2019.	November, 2019
Financial results for the 3rd quarter and nine months ending December 31, 2019.	February, 2020
Financial results for the last quarter and financial year ending March 31, 2020	May, 2020

4. **WEBSITE**

The address of the Company's web site is www.cosmofilms.com

5. **DIVIDEND**

The Board has recommended Dividend of Rs. 6/- per Equity Share for the Financial Year 2018-19. The Dividend if declared at the Annual General Meeting shall be paid on or before 24th August, 2019.

- **UNPAID/UNCLAIMED DIVIDENDS**

In accordance with the provisions of Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, ₹ 14,00,808 of unpaid / unclaimed dividends (unpaid since Financial Year 2010-11) and 7,432 shares were transferred during the financial year 2018-19 to the Investor Education and Protection Fund.

6. **LISTING ON STOCK EXCHANGES**

The names of the stock exchanges at which Company's shares are listed as on 31st March, 2019 and details of "Stock Codes" are as mentioned below:

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Ltd.	508814
National Stock Exchange of India Ltd.	COSMOFILMS

7. **INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)**

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the company. The ISIN number of the shares of Cosmo Films Ltd. is **INE 757A01017**

8. **ANNUAL LISTING FEE**

Annual Listing Fee for the year 2018–19 has been paid to each of the above mentioned stock exchanges. There are no arrears of listing fees with any of the said stock exchanges till date.

9. **DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2019**

Following tables gives the data on shareholding according to types of shareholders and class of shareholders.

- **Distribution of the shareholdings according to type of shareholders:**

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	% (Holding)	No. of Shares	% (Holding)
Promoters	8632246	44.40	8359539	43.00
Institutional Investors	554948	2.86	656116	3.38
Bodies Corporate	949985	4.89	1077042	5.54
Others	9302897	47.85	9347379	48.08
Total	**19440076**	**100**	**19440076**	**100**

- **Distribution of shareholding according to the number of shares:**

No. of Equity Shares	March 31, 2019				March 31, 2018			
	No. of Shareholders	% of Shareholders	No. of shares	% of share Capital	No. of Shareholders	% of Shareholders	No. of shares	% of share Capital
1-500	23874	90.13	2872894	14.78	25958	90.54	3039358	15.63
501-1000	1430	5.40	1096151	5.64	1484	5.18	1127705	5.80
1001-2000	626	2.36	922597	4.75	667	2.33	972884	5.00
2001-3000	185	0.70	480368	2.47	182	0.63	467543	2.41
3001-4000	82	0.31	297719	1.53	103	0.36	368464	1.90
4001-5000	66	0.25	307697	1.58	59	0.21	275249	1.42
5001-10000	116	0.44	841088	4.33	108	0.37	775508	3.99
10001 and above	109	0.41	12621562	64.92	108	0.38	12413365	63.85
Total	**26488**	**100.00**	**19440076**	**100.00**	**28669**	**100.00**	**19440076**	**100.00**

10. MARKET PRICE DATA

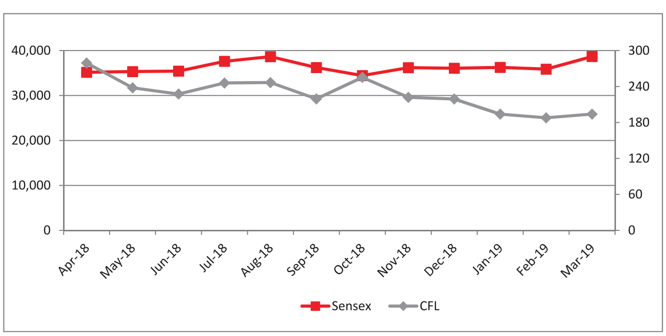
Monthly high and low prices of equity shares of the company traded at The Bombay Stock Exchange Limited and National Stock Exchange of India Limited are given below:

MONTH	BSE		NSE	
	HIGH (₹)	LOW (₹)	HIGH (₹)	LOW (₹)
Apr-18	294.00	249.00	295.00	245.30
May-18	279.00	236.05	279.05	236.00
Jun-18	244.85	222.00	246.80	222.20
Jul-18	248.40	188.00	247.85	189.25
Aug-18	274.00	227.15	270.00	225.50
Sep-18	285.80	216.00	290.00	216.00
Oct-18	263.00	210.00	264.00	210.00
Nov-18	269.30	220.10	269.20	222.00
Dec-18	235.25	200.35	239.00	200.00
Jan-19	223.50	185.00	220.05	185.00
Feb-19	195.20	161.00	197.35	161.95
Mar-19	204.00	174.00	205.00	177.05

11. SHARE PERFORMANCE IN COMPARISON TO BSE SENSEX AND NSE NIFTY

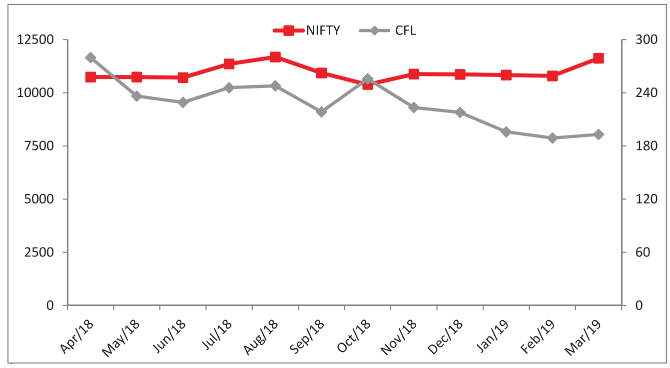
a. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX

MONTHLY SHARE PRICE - SENSEX Vs. CFL



b. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS NIFTY

MONTHLY SHARE PRICE - NIFTY Vs. CFL



12. DEMAT

Your Company's equity shares are compulsorily traded in dematerialisation form by all categories of investors. Equity shares of your Company are available for trading in the depository systems of both the Depositories viz. The National Securities Depositories Limited (NSDL) and the Central Depositories Service (India) Limited (CDSL).

As on March 31, 2019, 97.88% (i.e. 1,90,27,413 Equity Shares) of the total Equity Share Capital (i.e. 1,94,40,076 equity shares) were held in demat form.

13. OUTSTANDING GDRS/ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments as at March 31, 2019.

14. REGISTRAR AND SHARE TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

The Company has appointed a common Registrar i.e. Alankit Assignments Limited for share transfer and dematerialisation of shares. To expedite the process of share transfers the Board has delegated the power of share transfer to Alankit Assignments Limited viz. Registrar and Share Transfer Agents who will attend to the share transfer formalities at least once in fortnight. Their contact details are as follows;

M/s Alankit Assignments limited
3E/7, Alankit Heights,
Jhandewalan Extension
New Delhi 110 055
Ph: +91 11 42541234
Fax: +91 11 011-42541967
Contact Person: Mr. Vijay Pratap Singh

15. PLANT LOCATIONS

The addresses of the Company's plants are mentioned elsewhere in this Annual Report.

16. ADDRESS FOR CORRESPONDENCE:

i. **Investors' Correspondence** may be addressed to the following:
Ms. Jyoti Dixit
Company Secretary
Cosmo Films Limited
1008, DLF Tower-A,
Jasola District Centre, Jasola
New Delhi 110 025
E-mail: investor.relations@cosmofilms.com
Ph: +91-11-49494949
Fax: +91-11-49494950

OR

To the Registrar and Share Transfer Agent i.e. Alankit Assignments Limited at the address mentioned elsewhere in this report.

ii. **Queries relating to the Financial Statements** of the Company may be addressed to following:
Mr. Neeraj Jain
Chief Financial Officer
Cosmo Films Limited
1008, DLF Tower-A,
Jasola District Centre, Jasola
New Delhi 110 025
E-mail: neeraj.jain@cosmofilms.com

ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO

To
The Board of Directors
Cosmo Films Limited
1008, DLF Tower-A,
Jasola District Centre, Jasola
New Delhi -110 025

1. The Code of Conduct has been laid down for all the Board members and Senior Management and other employees of the Company.
2. The Code of conduct has been posted on website of the Company.
3. The Board members and Senior Management personnel have affirmed compliance with the code of conduct for the year 2018-19.

15th May, 2019
New Delhi

Pankaj Poddar
Chief Executive Officer

CERTIFICATE IN PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 FOR THE YEAR ENDED 31ST MARCH, 2019

To
The Board of Directors
Cosmo Films Limited

We, the undersigned hereby certify that:

(a) We have reviewed the financial statements and the cash flow statement for the Financial Year 2018-19 and to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements together present a true and fair view of the Company's affairs and are in Compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2018-19 which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

(i) Significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies during the year and the same has been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud, if any, of which we have become aware and the involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

Neeraj Jain
Chief Financial Officer

Pankaj Poddar
Chief Executive Officer

15th May, 2019
New Delhi

CERTIFICATE FROM THE COMPANY SECRETARY

I, Jyoti Dixit, Company Secretary of Cosmo Films Limited (“i.e. company”) confirm that the company has:

(i) Maintained all the statutory registers required under the Companies Act, 2013 (“the Act”) and the Rules made there under.

(ii) Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies and/or Authorities as required by the Companies Act, 2013.

(iii) Issued all notices required to be given for convening of Board Meeting and General Meeting, within the time limit prescribed by law.

(iv) Conducted the Board Meetings and Annual General Meeting as per the Act.

(v) Complied with all the requirements relating to the minutes of the proceedings of the meetings of the Directors and the Shareholders.

(vi) Made due disclosure required under the Act including those required in pursuance of the disclosure made by the Directors.

(vii) Obtained all necessary approvals of Directors, Shareholders, Central Government and other Authorities as per the requirements.

(viii) Paid dividend amounts to the Shareholders and unpaid dividend amounts, if applicable, have been transferred to the Investor Education and Protection Fund within the limit prescribed.

(ix) Complied with all the requirements of SEBI Listing Regulations, 2015.

(x) The company has also complied with other statutory requirements under the Companies Act, 2013 and other related statutes in force.

The certificate is given by the undersigned according to the best of her knowledge and belief, knowing fully well that on the faith and strength of what is stated above; full reliance will be placed on it by the Shareholders of the Company.

15th May, 2019
New Delhi

Jyoti Dixit
Company Secretary

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
M/s COSMO FILMS LIMITED
1008, DLF Tower-A,
Jasola District Centre,
New Delhi 110025

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **COSMO FILMS LIMITED** having **CIN: L92114DL1976PLC008355** and having registered office at 1008, DLF Tower-A, Jasola District Centre, New Delhi 110025 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S.No.	Name of Director	DIN	Date of appointment
1	ASHOK JAIPURIA	00214707	10/10/1976
2	ANIL KUMAR JAIN	00027911	24/05/2011
3	ASHISH KUMAR GUHA	00004364	12/08/2014
4	HOSHANG NOSHIRWAN SINOR	00074905	22/05/2015
5	RAJEEV GUPTA	00241501	19/02/2002
6	HAR KISHANLAL AGRAWAL	00260592	13/01/2000
7	ALPANA PARIDA SHAH	06796621	14/02/2014
8	VIVEK NANGIA	07646933	03/11/2016
9	ANIL WADHWA	08074310	23/05/2018
10	PRATIP CHAUDHURI	00915201	10/11/2014

Ensuring the eligibility of for the appointment /continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DMK Associates
Company Secretaries

Place: New Delhi
Date: 15.05.2019

MONIKA KOHLI
Partner
FCS 5480
C.P. 4936

CORPORATE SOCIAL RESPONSIBILITY

The year 2018-19 was the most significant and memorable year. Cosmo Foundation, a Corporate Social Responsibility Initiative of Cosmo Films completed its decade long journey of Empowering Rural Children and Youth through Education.

The year was full of programs at grassroot including sports competitions, summer camps for young children and Swachh School Competion. An event of ten years celebration was organized within the vicinity of Karjan area where 1100 students, parents, teachers, community leaders participated. On this occasion best performer students were awarded laptops, best performer cosmo teachers and best performer schools in cleanliness campaign were falicitated. There was a vibrant stage performance by rural students on cleanliness and paid tribute to martyr of Pulwama attack. On this occasion Mr. Ashok Jaipuria, CMD, Cosmo Films, Mr. Anand Mohan Tiwari (IAS), Additional Secretary (Home), Govt. of Gujarat, Mr. Tarun Duggal, Superintendent of Policy, Vadodara Rural precided over function. Trustees of Cosmo Foundation and CSR committee members of Cosmo Films joined the event.

Over the past ten years, the presence of CSR programs of Cosmo Films are in 23 Villages, having partnership with 34 Government schools and 24000 students benefitted.

The major noteworthy programs this year were-

We continue with Basic Computer Literacy and Basic English Communication program with young children.

Introduced basic literacy program in Urdu medium at Aurangabad after success of the same program in Gujarati and Marathi medium popularly known as Cosmo Gyan Vihar Kendra.

Pilot study was done on digitalization of English program with innovative methods and engagement of Senior faculty. Received positive results and in the coming year fulfledged project of digitalized English Language Learning Module will be developed and disseminated.

Constructed sanitation blocks for girls in 3 schools comprised of 7 toilets with hand wash facility and in 2 schools 6 toilet blocks and 9 Urinal for boys. Renovation of toilets for girls and boys was done in one school. Total 850 students benefitted.

Underground water tanks were built in four Govt schools of drought affected region of Aurangabad district in Maharashtra. It will serve to 1900 students plus teachers.

Installed 115 waste bins in 8 gram panchayats, national highway and 28 Government schools across Gujarat and Maharashtra.

Nanhi Aawaz a campaign was launched at Karjan on 8th September literacy day. Local school children and youth were imparted training on letter writing skill. All of them were encouraged to write postcards to village, block and district administrators on work done in their village on cleanliness and issues of concerns. Children wrote 1000

post cards and handed over to administrators and it has added value and momentum to Cosmo projects on Swachta.

Tree plantation was done at Zila Parishad School, village-Limbejalgav, Aurangabad with the help of school management committee and gram panchayat.

Training of Rural Girls and mothers on Menstrual Health, Hygiene, Nutrition as well as on good touch, bad touch -With the support of CII- Young Indians organized in villages of Karjan.

Oral health and hygiene awareness along with dental check up was organized in Karjan with the support of department of dentistry, K.M. Shah medical college, Vadodara. 350 students and community members were benefitted.

Celebrated festival and National days viz. Science Day, International Women's Day, Yoga Day, Literacy Day, Teachers Day, National Education Day, Children's Day, Mathematics Day, Makarsankranti, Diwali, Ramjan EID, and Christmas.

Presented a paper titled " Strengthening Rural Education, Empowering Rural Communities" at Gujarat CSR Summit organized by Corporate Citizens and tribal development department, Govt. of Gujarat.

Cosmo Films was one of the sponsor for Shahid Bhagatsingh Industrial Cricket Tournament in Aurangabad.

A CSR film on ten years of journey of education to empowerment and souvenir were released.

INDEPENDENT AUDITOR'S REPORT

To the Members of Cosmo Films Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Cosmo Films Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment in subsidiary Company We draw reference to note 5 to the standalone financial statements. The Company has investment in equity interests of its subsidiary amounting to ₹ 115.34 crores. Such investment in the aforesaid subsidiary is accounted for at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amount of the investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of the investment as on the reporting date. The aforesaid investment is not traded in the market. The fair value of the investment is determined by a management-appointed independent valuation specialist based on discounted cash flow ('DCF') method. The process of computation of fair valuation for investment	Our audit procedures were focused on obtaining sufficient appropriate audit evidence that the carrying value of investments in subsidiaries is not materially misstated. These procedures included, but were not limited to, the following: We obtained an understanding of management's processes and controls for determining the fair valuation of investments. The understanding was obtained by performance of walkthroughs which included inspection of documents produced by the Company and discussion with those involved in the process of valuation. In addition to the evaluation of design and testing the operating effectiveness of controls implemented for identification of impairment indicators and measurement of impairment provisions, we also performed the following procedures:

in subsidiary using DCF method is complex. Management's assessment of the fair valuation of investment requires estimation and judgement around assumptions used. The key assumptions underpinning management's assessment of the fair valuation include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure. The application of significant judgment in this matter required substantial involvement of senior personnel on the audit engagement including individuals with expertise in valuation. Accordingly, assessment of impairment losses to be recognised, if any, on the carrying value of investment made in the subsidiary has been considered as be a key audit matter for current year's audit.	• Assessed the appropriateness of valuation methodology used for the fair valuation computation with the help of an auditor's expert, and tested the mathematical accuracy of management's model; • Reconciled the cash flow projections to the business plans approved by the Company's board of directors; • Challenged the management's assessment of underlying assumptions used for the cash flow projections including the implied growth rates, considering evidence available to support these assumptions and our understanding of the business; • Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; • Evaluated the sensitivity analysis performed by management in respect of the key assumptions such as discount and growth rates to ensure there was sufficient headroom with respect to the estimation uncertainty impact of such assumptions on the fair value calculation; • Evaluated the appropriateness of disclosures in relation to investment in subsidiary and related impairment indicators. We also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of the investments in the subsidiaries are considered reasonable.
Derivative financial instruments The Company's accounting policy on derivatives is disclosed in note 1 iii) k) iii) and related disclosures are included in note 45. The Company's significant judgements in applying accounting policy are disclosed in note 1 iv). The Company has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage and hedge foreign currency exchange risks and interest rate risks. The Company has reported net derivative financial assets at fair value of ₹ 11.14 crores and net derivative financial liabilities at fair value of ₹ 7.15 crores as of 31 March 2019.	We assessed the design and implementation, and tested the operating effectiveness of the key controls over management's processes for valuation of derivative financial instruments. Our audit procedures included, but were not limited to, the following substantive procedures: • Obtained independent direct confirmations from banks to confirm the outstanding financial instruments in order to verify existence and rights; • Compared input data used in the Group's valuation models to independent sources and externally available market data; • Involved an auditor's expert to assess the hedge effectiveness of derivative contracts;

The fair value of the derivative financial instruments is based on year-end quotes received from counterparty banks which are validated using valuation models that primarily use observable inputs. In respect of designated hedging relationships, the Company measures the effectiveness thereof using valuation models, such as hypothetical derivative method. Testing the fair valuation of derivative instruments and effectiveness of hedging relationships, where applicable, are complex exercises and hence required substantial involvement of senior personnel on the audit engagement including individuals with expertise in valuation. Accordingly, valuation of the derivative financial instruments and hedge accounting is determined to be a key audit matter.	• Inspected the underlying agreements and deal confirmations for the derivatives; • Assessed whether the accounting policy is consistent with the requirements of Ind AS 109- Financial Instruments; • Evaluated the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting. We have also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of derivatives are considered reasonable.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. 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 standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude 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. 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 the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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 deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central

Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 15 May 2019 as per Annexure II expressed an unmodified opinion on adequacy and operating effectiveness of internal financials controls over financial reporting; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 38(A) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Siddharth Talwar
Partner
Membership No.: 512752

Place : New Delhi
Date : 15 May 2019

Annexure I to the Independent Auditor's Report of even date to the members of Cosmo Films Limited, on the standalone financial statements for the year ended 31 March 2019

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and capital work-in-progress.

(b) Property, plant and equipment have not been physically verified by the management during the year, however, there is a regular program of verification once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and services tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates (FY)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	0.13	-	2005-10	Commissioner Appeals
	Excise Duty	19.46	-	1994-95, 2003-04, 2014-15, 2015-16	Appellate Tribunal
	Service Tax	0.01	-	2017 -2018	Commissioner Appeals
Income-tax Act, 1961	Income tax	1.07	1.07	1997-98	High Court
	Income tax	4.83	4.83	2002-03	Hon'ble Supreme Court of India
	Income tax	2.98	2.98	2008-09	Income Tax Appellate Tribunal
	Income tax	5.57	2.85	2009-10	Income Tax Appellate Tribunal
	Income tax	1.22	0.60	2010-11	Income Tax Appellate Tribunal
	Income tax	1.00	1.00	2011-12	Income Tax Appellate Tribunal
	Income tax	3.47	1.02	2012-13	Income Tax Appellate Tribunal

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any outstanding debentures or dues to government during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Siddharth Talwar
Partner
Membership No.: 512752

Place: New Delhi
Date: 15 May 2019

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of Cosmo Films Limited ("the Company") as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over

financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Siddharth Talwar
Partner
Membership No.: 512752

Place: New Delhi
Date: 15 May 2019

STANDALONE BALANCE SHEET as at 31 March 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Notes No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
a) Property, plant and equipment	2	943.61	931.88
b) Capital work-in-progress	3	39.96	12.39
c) Intangible assets	4	3.10	3.09
d) Financial assets			
(i) Investments	5	115.39	115.39
(ii) Loans	6	10.71	10.25
(iii) Other financial assets	7	8.28	5.87
e) Income tax assets (net)		12.20	9.34
f) Other non-current assets	8	46.97	39.65
		1,180.22	**1,127.86**
Current assets			
a) Inventories	9	171.78	184.46
b) Financial assets			
(i) Investments	10	77.23	57.82
(ii) Trade receivables	11	206.05	209.05
(iii) Cash and cash equivalents	12	43.39	25.98
(iv) Bank balance other than (iii) above	13	28.68	9.46
(v) Loans	14	0.79	0.80
(vi) Other financial assets	15	47.71	37.21
c) Other current assets	16	36.96	35.62
		612.59	**560.40**
		1,792.81	**1,688.26**
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	17	19.44	19.44
b) Other equity	18	675.85	617.64
		695.29	**637.08**
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	19	431.94	405.31
(ii) Other financial liabilities	20	-	5.62
b) Deferred tax liabilities (net)	21	46.88	41.58
c) Other non-current liabilities	22	52.96	55.85
		531.78	**508.36**
Current liabilities			
a) Financial liabilities			
(i) Borrowings	23	202.18	209.67
(ii) Trade payables			
(a) Total outstanding dues to micro and small enterprises	24	0.13	1.75
(b) Total outstanding dues to creditors other than micro and small enterprises	24	190.08	180.27
(iii) Other financial liabilities	25	156.59	135.97
b) Provisions	26	0.26	-
c) Other current liabilities	27	15.12	14.45
d) Current tax liabilities (net)	28	1.38	0.71
		565.74	**542.82**
		1,792.81	**1,688.26**
Statement of significant accounting policies	1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the standalone financial statements.

This is the Balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

Siddharth Talwar
Partner

For and on behalf of Board of Directors of Cosmo Films Limited

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Place : New Delhi
Date : 15 May 2019

STANDALONE STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes No.	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	29	2,050.39	1,779.07
Other income	30	11.56	34.84
Total income		**2,061.95**	**1,813.91**
Expenses			
Cost of materials consumed		1,529.82	1,276.76
Purchase of traded goods		-	5.00
Change in inventory of finished goods	31	15.55	6.59
Excise duty		-	30.46
Employee benefits expense	32	91.82	86.79
Depreciation and amortisation expenses	33	48.03	45.50
Finance costs	34	51.67	50.12
Allowance for expected credit losses		0.34	0.75
Other expenses	35	255.23	226.47
Total expenses		**1,992.46**	**1,728.44**
Profit before tax		**69.49**	**85.47**
Tax expense			
- Current tax	36	12.11	15.33
- Deferred tax credit		(1.00)	(14.75)
Total tax expense		**11.11**	**0.58**
Net profit for the year		**58.38**	**84.89**
Other comprehensive income			
1) Items that will not be reclassified to profit or loss			
- Remeasurements of net defined benefit plans		(0.03)	0.54
- Tax on above items		0.01	(0.19)
2) Items that will be reclassified to profit or loss			
- Gain/(loss) on hedging instrument in cash flow hedge		18.05	(5.08)
- Tax on above items		(6.30)	1.78
Total other comprehensive income		**11.73**	**(2.95)**
Total comprehensive income		**70.11**	**81.94**
Earning per equity share	37		
- Basic		30.46	44.30
- Diluted		30.46	44.30
Statement of significant accounting policies	1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the standalone financial statements.

This is the statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

For and on behalf of Board of Directors of Cosmo Films Limited

Siddharth Talwar
Partner

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Place : New Delhi
Date : 15 May 2019

STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

A. Equity share capital

Opening balance as at 1 April 2017	**19.44**
Changes during the year	-
Closing balance as at 31 March 2018	**19.44**
Changes during the year	-
Closing balance as at 31 March 2019	**19.44**

B. Other Equity

	Reserves and surplus						Cash flow hedge reserve	Total
	Retained earnings	Treasury Shares	Securities premium	Share options outstanding account	Capital reserve	General reserve		
Balance as at 1 April 2017	**241.26**	**(8.46)**	**31.26**	**1.51**	**3.32**	**290.08**	**(1.87)**	**557.10**
Profit for the year	84.89	-	-	-	-	-		**84.89**
Other comprehensive income for the year	0.35	-	-	-	-	-	(3.30)	**(2.95)**
Total comprehensive income for the year	**85.24**	**-**	**-**	**-**	**-**	**-**	**(3.30)**	**81.94**
Transaction with owners								
Equity dividend	(19.16)	-	-	-	-	-		**(19.16)**
Tax on equity dividend	(3.96)	-	-	-	-	-		**(3.96)**
Employee share - based compensation	-	-	-	1.72	-	-		**1.72**
Balance as at 31 March 2018	**303.38**	**(8.46)**	**31.26**	**3.23**	**3.32**	**290.08**	**(5.17)**	**617.64**
Balance as at 1 April 2018	**303.38**	**(8.46)**	**31.26**	**3.23**	**3.32**	**290.08**	**(5.17)**	**617.64**
Profit for the year	58.38	-	-	-	-	-	-	**58.38**
Other comprehensive income for the year	(0.02)	-	-	-	-	-	11.75	**11.73**
Total comprehensive income for the year	**58.36**	**-**	**-**	**-**	**-**	**-**	**11.75**	**70.11**
Transaction with owners								
Equity dividend	(11.50)	-	-	-	-	-	-	**(11.50)**
Tax on equity dividend	(2.40)	-	-	-	-	-	-	**(2.40)**
Employee stock option expense	-	-	-	2.00	-	-	-	**2.00**
Balance as at 31 March 2019	**347.84**	**(8.46)**	**31.26**	**5.23**	**3.32**	**290.08**	**6.58**	**675.85**

Statement of significant accounting policies 1

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the Standalone financial statements.

This is the statement of changes in equity referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

Siddharth Talwar
Partner

For and on behalf of Board of Directors of Cosmo Films Limited

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Place : New Delhi
Date : 15 May 2019

CASH FLOW STATEMENT for the year ended 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash Flow from operating activities		
Profit before tax	**69.49**	**85.47**
Adjustment for		
Depreciation and amortisation expenses	48.03	45.50
Finance cost	51.67	50.12
Interest on financial assets carried at amortised cost	(0.29)	(0.21)
Gain on investments carried at fair value through profit and loss	(2.54)	(2.82)
Allowance for expected credit losses	0.34	0.75
Interest on bank deposits	(1.55)	(1.24)
Grant income on export promotion capital goods	(2.89)	(2.79)
Liabilities no longer required written back	(0.70)	(0.60)
Loss on sale of property, plant and equipment	-	0.05
Employee share-based compensation	2.00	1.72
Unrealised loss/ (gain) on exchange fluctuation	1.20	(0.03)
Unrealised sales tax incentives	(17.15)	(17.20)
Operating profit before working capital changes	**147.62**	**158.72**
Movement in working capital		
Inventories	12.68	(30.92)
Trade receivable	0.80	(17.80)
Other current/non-current financial assets	(2.98)	0.01
Loans	(0.45)	(7.50)
Other current/non-current assets	7.54	8.86
Trade payable	8.51	53.09
Other current/non-current financial liabilities	5.86	(8.84)
Other liabilities	0.93	(8.30)
Cash flow from operating activities post working capital changes	**180.51**	**147.32**
Income tax paid (net)	(14.31)	(17.47)
Net cash flow from operating activities (A)	**166.20**	**129.85**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(88.16)	(71.09)
Sale of property, plant and equipment and intangible assets	1.55	6.36
Purchase of investments and liquid mutual funds (net)	(16.87)	(55.00)
Interest received	2.08	1.13
Investments in fixed deposits	(24.39)	(10.79)
Proceeds on maturity of fixed deposits	-	11.80
Net cash flow flow used in investing activities (B)	**(125.79)**	**(117.59)**
C. Cash flow from financing activities		
Proceeds from long term borrowings	148.17	150.86
Repayment of long term borrowings	(97.68)	(89.64)
Proceeds of short term borrowings (net)	-	17.52
Repayment of short term borrowings (net)	(7.49)	-
Interest paid	(52.10)	(49.73)
Dividend and tax thereon paid	(13.90)	(23.12)
Net cash flow flow used in financing activities (C)	**(23.00)**	**5.89**
Increase in net cash and cash equivalents (A+B+C)	17.41	18.15
Cash and cash equivalents at the beginning of the year (refer note 12)	25.98	7.83
Cash and cash equivalents at the end of the year (refer note 12)	**43.39**	**25.98**

Statement of significant accounting policies
The accompanying summary of significant accounting policy and other explanatory notes are an integral part of the financial statements

This is the cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

For and on behalf of Board of Directors of Cosmo Films Limited

Siddharth Talwar
Partner

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Place : New Delhi
Date : 15 May 2019

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION for the year ended 31 March 2019

(All amounts in ₹ crores, unless otherwise stated)

1. Corporate information, basis of preparation and summary of significant accounting policies

i) Corporate Information

Cosmo Films Limited (the 'Company'), manufacturers of Bi-axially Oriented Polypropylene Films (BOPP) was incorporated in India in 1981, under the Companies Act 1956. The Company is engaged in the production of flexible packaging films. Company's product majorly comprises of BOPP Films, Thermal Films and Coated Films. In India, the Company is currently having manufacturing at Aurangabad & Shendra in Maharashtra and at Karjan in Gujarat. It also has its subsidiaries working in different countries.

ii) Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2019 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors, along with these financial statements on 15 May 2019.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at fair value.
- Share based payments which are measured at fair value of the options

iii) Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Property, Plant and Equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. 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 attributable to such subsequent cost associated with the item will ûow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight line method arrived on the basis of the useful life prescribed under Schedule II of the Companies Act, 2013. The following useful life of assets has been taken by the Company:

Tangible Assets	Useful Life
Building – Factory	30 Years
Building – Non Factory	60 Years
Continues Process Plant and machinery	25 Years
Other Plant and Machinery	15 Years
Furniture and fittings	10 Years
Vehicles	8 Years
Office Equipment	3-5 Years

Cost of the leasehold land is amortized over the period of the lease.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

c) Intangible Assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Subsequent measurement (depreciation and useful lives)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash ûows from the asset. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Intangible Assets	**Useful life (in years)**
Software	Amortised over a period of 6 years

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment of non-financial Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

e) Borrowing Costs

Borrowing costs 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 or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest method that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Inventory

Inventories are stated at lower of cost or net realisable value. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of finished goods cost includes raw material cost plus conversion costs and other overheads incurred to bring the goods to their present location and condition. Cost of finished goods also includes excise duty, wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

g) Functional and presentation currency

The financial results are presented in Indian Rupees (INR), which is also the Company's functional currency.

Foreign Currencies

Transactions and balances

Initial recognition

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences

Under previous GAAP, exchange differences arising on translation/ settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset were adjusted to the cost of the asset. Such exchange differences arising on translation/ settlement of long term foreign currency monetary items and pertaining to the acquisition of a depreciable asset were amortised over the remaining useful lives of the assets. The Company has elected to continue with the said policy on exchange differences arising on long term foreign currency monetary items existing on 31 March 2017 as allowed under Ind AS 101.

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

(i) Exchange differences arising on long-term foreign currency monetary items as on March 2017 related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.

(ii) Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortised over the remaining life of the concerned monetary item.

(iii) All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (i) and (ii) above, the Company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.

h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in an arrangement.

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

i) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

j) Revenue Recognition

Sale or Products and Services

Domestic sales (including scrap sales) are recognised when control of products are transferred i.e. on dispatch of goods and are accounted for net of returns and rebates. Sales, as disclosed, are exclusive of goods and services tax.

Export sales are recognised when control is transferred to the buyer as per the terms of sale.

Income in respect of service contracts, which are generally in the nature of providing job work services, are recognised in statement of profit and loss on completion of performance obligation. Customers are invoiced periodically (generally on monthly basis).

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both. No element of financing is deemed present as the sales are largely made on advance payment terms or with credit term of not more than one year.

The transaction price is allocated by the Company to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognised when the goods are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

Export benefits/incentives

Revenue in respect of duty entitlement pass book scheme, merchandise exports from India scheme, Focus scheme, Export rebate, advance license scheme and duty drawback scheme is recognized when the entitlement to receive the benefit is established.

Dividend income

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

Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding held and the interest rate applicable.

For all Financial Assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

k) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. **Financial assets at amortised cost –** a financial instrument is measured at amortised cost if both the following conditions are met:

   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Investments in equity instruments of subsidiaries -** Investments in equity instrument of subsidiary are accounted for at fair value at the transition date as per the exemptions available in Ind AS 101.

iii. **Financial assets at fair value**

   - **Investments in equity instruments other than above –** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

     If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

- **Mutual funds –** All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).
- **Derivative assets -** All derivative assets are measured at fair value through profit and loss (FVTPL).

Accounting of cash flow hedges and derivatives

The Company enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates designated as cash flow hedges. At the inception of a hedge relationship, the Company documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Derivatives are recorded at their fair value with changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in a hedging reserve account. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss. Amounts recorded in the hedging reserve account are released to the Statement of profit and loss in the year when the hedged item affects profit or loss. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting upon which remaining balance of such hedge in the hedging reserve account is released to the Statement of profit and loss.

Derivatives which are not designated as effective hedge are also recorded at their fair value and change in fair value is recognized immediately in the Statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

Derivative liabilities - All derivative liabilities are measured at fair value through profit and loss (FVTPL).

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

i. For debtors that are not past due – The Company applies approach permitted by Ind AS 109 ‘Financial Instruments’, which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

   Life time expected credit losses are assessed and accounted based on company’s historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates. The Company defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management’s expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

ii. For debtors considered past due – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Company writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Company.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12 month expected credit losses, else at an amount equal to the lifetime expected credit losses.

l) Post- employment and other employee benefits

Defined Contribution plan

<u>Provident Fund</u>

The Company makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

Superannuation fund

Superannuation is a post-employment benefit defined contribution plan under which the company pays specified contributions to the insurer. The company makes specified quarterly contributions to the superannuation fund. The contribution paid or payable is recognized as an expense in the period in which the services are rendered by the employee.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Gratuity fund is administered through Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other Employee Benefits

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

m) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is disclosed.

n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

o) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets are reviewed at each balance sheet date and derecognized to the extent it is no longer probable that sufficient future taxable profits will be available against which such deferred tax assets can be realized.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax ('MAT') credit is recognized as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not probable that the Company will pay normal income tax during the specified period.

p) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments:

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Results of the operating segments are reviewed regularly by the management team which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Allocation of common costs:

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial results of the Company as a whole.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

s) Employee Share based payment

The Company has granted stock options under Cosmo Films Employees Stock Option Plan 2015 to the employees of the Company and its subsidiaries. The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in share options outstanding account. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share options outstanding account. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

(iv) Significant management judgement in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Company's accounting policies and that may have the most significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for Expected credit losses – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Allowance for obsolete and slow-moving inventory - The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Useful lives of depreciable/ amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Contingent liabilities – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

(v) Standards issued but not yet effective

- **Ind AS 116 – Leases**

  Ind AS 116, Leases, will take effect from financial year beginning on 1 April 2019. This standard requires lessees to adopt a single lease accounting model with most leases recognised in balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments. Recognition exemptions for low value assets and short term leases can be applied. The standard continues to adopt dual accounting lease model for lessor accounting. The Company plans to apply Ind AS 116 prospectively. The Company is currently in the process of assessing the impact of adoption of this standard, which is expected to be significant.

- **Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:**

  On 30 March 2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

- **Amendment to Ind AS 12 – Income taxes**

  On 30 March 2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

2 PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equip-ments	Total
Gross carrying value								
As at 1 April 2017	16.61	67.06	173.60	1,025.58	10.16	12.44	19.24	1,324.69
Additions	0.27	-	5.91	46.64	0.22	0.77	0.82	54.63
Disposals	-	-	-	(0.54)	-	(2.05)	(0.01)	(2.60)
Other adjustments:								
Foreign exchange fluctuation	-	-	-	24.16	-	-	-	24.16
As at 31 March 2018	**16.88**	**67.06**	**179.51**	**1,095.84**	**10.38**	**11.16**	**20.05**	**1,400.88**
Additions	-	39.46	2.32	17.77	0.03	0.62	1.18	61.38
Disposals	-	-	(0.14)	(8.18)	(0.09)	(0.33)	(0.14)	(8.88)
Other adjustments:								
Foreign exchange fluctuation	-	-	-	(0.52)	-	-	-	(0.52)
As at 31 March 2019	**16.88**	**106.52**	**181.69**	**1,104.91**	**10.32**	**11.45**	**21.09**	**1,452.86**
Accumulated depreciation								
As at 1 April 2017	-	1.37	31.63	368.79	5.11	4.91	14.81	426.62
Charge for the year	-	0.97	4.97	34.92	0.86	1.15	1.70	44.57
Disposals	-	-	-	(0.44)	-	(1.74)	(0.01)	(2.19)
As at 31 March 2018	**-**	**2.34**	**36.60**	**403.27**	**5.97**	**4.32**	**16.50**	**469.00**
Charge for the year	-	1.43	5.14	37.66	0.86	1.13	1.36	47.58
Disposals	-	-	(0.02)	(6.93)	(0.09)	(0.15)	(0.14)	(7.33)
As at 31 March 2019	**-**	**3.77**	**41.72**	**434.00**	**6.74**	**5.30**	**17.72**	**509.25**
Net block as at 31 March 2018	**16.88**	**64.72**	**142.91**	**692.57**	**4.41**	**6.84**	**3.55**	**931.88**
Net block as at 31 March 2019	**16.88**	**102.75**	**139.97**	**670.91**	**3.58**	**6.15**	**3.37**	**943.61**

Note:

a) Additions include ₹ 0.42 crores (31 March 2018: ₹ 0.27 crores) towards assets located at research and development facilities.

b) Contractual obligation
Refer note 38 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c) Property, plant and equipment pledged as security
Refer note 19 and 23 for information on property, plant and equipment pledged as security by the Company.

d) Depreciation for the year has been included in "depreciation and amortisation expense" line item in statement of profit and loss.

3 CAPITAL WORK-IN-PROGRESS

Description	Amount
As at 1 April 2017	**8.59**
Add: Addition during the year	58.43
Less: Capitalisation during the year	(54.63)
As at 31 March 18	**12.39**
Add: Addition during the year	49.49
Less: Capitalisation during the year	(21.92)
As at 31 March 19	**39.96**

Note: including assets in transit ₹ 22.99 crores (31 March 2018: ₹ Nil crores)

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

4 INTANGIBLE ASSETS

Description	Software	Total
Gross carrying value		
As at 1 April 2017	8.34	8.34
Additions	1.81	1.81
As at 31 March 2018	**10.15**	**10.15**
Additions	0.46	0.46
As at 31 March 2019	**10.61**	**10.61**
Accumulated amortisation		
As at 1 April 2017	6.13	6.13
Charge for the year	0.93	0.93
As at 31 March 2018	**7.06**	**7.06**
Charge for the year	0.45	0.45
As at 31 March 2019	**7.51**	**7.51**
Net block as at 31 March 2018	**3.09**	**3.09**
Net block as at 31 March 2019	**3.10**	**3.10**

5 NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2019	As at 31 March 2018
Carried at cost		
Investments in equity instruments		
Investment in subsidiaries (unquoted):		
2,836,415 (31 March 2018: 2,836,415) equity shares of EUR 10 each fully paid up in CF (Netherlands) Holdings Limited BV	115.34	115.34
Carried at fair value through profit and loss		
Investment in equity instruments		
Other (unquoted):		
2,615,000 (31 March 2018: 2,615,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited.	0.05	0.05
	115.39	**115.39**
Aggregate amount of unquoted investments	115.39	115.39

The management of the Company compared the carrying amount of its investment in its direct subsidiary, CF (Netherlands) Holdings Limited BV, as at 31 March 2019, with the carrying amount of consolidated net assets of such subsidiary. The management observed the existence of certain indicators of partial impairment and accordingly appointed an independent valuation specialist to assesses the recoverable amount of the investment by comparing the fair value (less costs of disposal) and carrying amount of the investment as on the reporting date.

The independent valuation specialist concluded that there is no impairment in the carrying amount of investment. Further, the management believes that due to certain strategic changes in one of its overseas operations, the indicators of impairment shall no longer exist in future.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

6 NON- CURRENT LOANS

Particulars	As at 31 March 2019	As at 31 March 2018
Loans considered good - secured		
- Loans to employees	8.27	7.20
Loans considered good - unsecured		
- Loans to employees	0.77	0.63
- Security deposit	1.67	2.42
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	10.71	**10.25**

Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

7 OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Deposits with bank (with remaining maturity more than 12 months)	5.18	-
Derivative assets	3.10	5.87
	8.28	**5.87**

Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

8 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	28.33	29.58
Prepaid expenses	1.75	2.16
Recoverable from sales tax department	16.89	7.91
	46.97	**39.65**

9 INVENTORIES

Particulars	As at 31 March 2019	As at 31 March 2018
Raw material (refer note a below)	94.48	95.71
Finished goods (refer note b below)	55.57	71.12
Stores and spares	21.73	17.63
	171.78	**184.46**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

10 INVESTMENTS

Particulars	As at 31 March 2019	As at 31 March 2018
Investment carried at fair value through profit and loss		
Mutual funds (quoted) *	77.23	57.82
	77.23	**57.82**
***Details of investments are as follows:**		
Reliance Money Manager Fund - Direct Growth Plan	-	5.25
UTI-Treasury Advantage Fund- Institutional Plan- Direct Plan- Growth	-	5.25
ICICI Prudential Flexible Income - Direct Plan - Growth	-	5.26
IDFC Ultra Short Term Fund- Growth-(Direct Plan)	-	10.51
TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth	5.32	15.77
Birla Sunlife Floating Rate Fund Long Term Plan- Growth- Direct- Plan	5.33	15.78
ICICI Prudential Ultra Short Term	5.01	-
Franklin India Ultra Short Bond	20.23	-
Reliance Ultra Short Duration Direct-G	20.23	-
HDFC Bank Limited SR-1 Perpetual Bond	10.79	-
State Bank of India Series 1 NCD Perpetual Bond	10.32	-
	77.23	**57.82**

11 TRADE RECEIVABLES

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good- secured	-	-
Trade receivables considered good- unsecured	206.05	209.05
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	3.26	2.92
	209.31	**211.97**
Less: allowance for expected credit losses	(3.26)	(2.92)
	206.05	**209.05**

Note:

a) Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

b) Refer note 19 and 23 for trade receivables pledged as security for liabilities.

12 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- in current accounts	23.37	20.77
- in deposit account with original maturity upto 3 months	20.01	1.05
Cheques in hand	-	4.15
Cash on hand	0.02	0.01
	43.39	**25.98**

Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

13 OTHER BANK BALANCES

Particulars	As at 31 March 2019	As at 31 March 2018
Balance in current accounts		
- Unclaimed dividend account	1.08	1.08
Pledged deposits (refer note a and b below)	10.44	8.38
Deposits with bank (with original maturity more than 3 months but remaining maturity less than 12 months)	17.16	-
	28.68	**9.46**

Note:

a) Pledged deposits represent ₹ 5.08 crores (31 March 2018: ₹ 3.38 crores) pledged against margin money for issue of letter of credit and bank guarantees.

b) The deposit of ₹ 5.36 crores (31 March 2018: ₹ 5.00 crores) is pledged against overdraft facility.

Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

14 CURRENT LOANS

Particulars	As at 31 March 2019	As at 31 March 2018
Loans considered good- secured	-	-
Loans considered good- unsecured		
- Loans to employees	0.51	0.48
- Security deposit	0.28	0.32
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	0.79	**0.80**

Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

15 OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Discount recoverable	0.62	6.55
Export benefits recoverable	30.92	28.57
Derivative assets	8.04	-
Others	8.13	2.09
	47.71	**37.21**

Refer note 44 and 45 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

16 OTHER CURRENT ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Advance to suppliers	4.88	4.06
Balances with statutory authorities	25.82	22.55
Prepaid expenses	3.76	5.22
Others	2.50	3.79
	36.96	**35.62**

17 SHARE CAPITAL

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
25,000,000 equity shares of ₹ 10 each (31 March 2018 : 25,000,000 equity shares of ₹ 10 each)	25.00	25.00
Issued, subscribed and fully paid up		
19,440,076 equity shares of ₹ 10 each (31 March 2018 : 19,440,076 equity shares of ₹ 10 each)	19.44	19.44
	19.44	**19.44**

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
Reconciliation of number of shares				
Equity shares at the beginning of the year	19,440,076	19.44	19,440,076	19.44
Changes during the year	-	-	-	-
Equity shares at the end of the year	**19,440,076**	**19.44**	**19,440,076**	**19.44**

Notes:

(i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation in the financial year 2002-03. No shares has been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.

(ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.

(iii) There has not been any buy-back of shares in the current reporting year and in last five years immediately preceding the current reporting year.

(iv) There is no movement in equity share capital during the current year and previous year.

(v) Final dividend is recommended by the board is ₹ 6 per equity share, (31 March 2018: ₹ 6) and is subject to shareholders approval.

(All amounts in ₹ crores, unless stated otherwise)

During the year ended 31 March 2019 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 6 per share (31 March 2018: ₹ 10 per share).

(vi) Terms and rights attached to equity shares:

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(vii) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2019		As at 31 March 2018	
	No of shares	**% holding**	**No of shares**	**% holding**
Mr. Ashok Jaipuria*	8,106,744	41.70%	7,704,037	39.63%

* it includes shares of 7,508,216 (31 March 2018: 7,233,876) registered under name of Mr. Ashok Jaipuria where beneficial owner is Gayatri and Annapurna (partnership firm)

18 OTHER EQUITY

Particulars	As at 31 March 2019	As at 31 March 2018
Retained earnings	347.84	303.38
General reserve	290.08	290.08
Capital reserve	3.32	3.32
Securities premium account	31.26	31.26
Treasury shares	(8.46)	(8.46)
Share Options outstanding account	5.23	3.23
Cash flow hedge reserve	6.58	(5.17)
Total other equity	**675.85**	**617.64**

Nature and purpose of reserves

(i) Capital reserve

Capital reserve was created under financial statements prepared in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (‘previous GAAP’) out of the profit earned from a specific transaction of capital nature.

(ii) Securities premium reserve

Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

(iii) General reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

(iv) Employee share options outstanding account

The reserve is used to recognize the grant date fair value of the options issued to employees under Company's employee stock option plan.

(v) Treasury shares

This reserve represents Company's own equity shares held by the Cosmo ESOP Trust which is created under the Employee Stock Option Plan, 2015.

(vi) Other comprehensive income (OCI)

(a) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

(b) The Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income. The same is prescribed under 'retained earnings'.

19 BORROWINGS

Particulars	As at 31 March 2019	As at 31 March 2018
Foreign currency loans (refer note A below)*	457.94	401.67
Rupee term loans (refer note B below)	79.37	96.84
Vehicle loans (refer note C below)	2.35	2.50
	539.66	501.01
Less:- Current maturities disclosed under other financial liabilities (refer note 25)	107.72	95.70
	431.94	**405.31**

*include hedged foreign currency borrowings of ₹ 292.39 crores (31 March 2018: ₹ 147.16 crores)

Notes:

	As at 31 March 2019	As at 31 March 2018
(A) Foreign currency loans comprises of :		
(i) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13, 2013-14 and 2014-15 and carries interest based upon Euribor plus 105 bps per annum. The loan is repayable in 17 equal semi-annual instalments of EUR 609,850 each after six month from the signing of final acceptance certificate for start of commercial production.	37.93	49.19
Security The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.		

(ii)	Loan of USD 7,000,000 taken from DBS Bank Limited during the financial year 2012-13 and carries interest rate based upon Libor plus 225 bps per annum. The loan is repayable in 8 semi-annual installments starting from April 2015. (The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest). **Security** The above loan is secured by pari passu charge on the movable and immovable fixed assets both present and future of the Company, other than assets specifically carved out and second pari passu charge on current assets of the Company both present and future.	-	21.45
(iii)	Loan of USD 9,729,936 taken from Export-Import Bank (EXIM) of India during the financial year 2015-16 , 2016-17 and 2017-18 and carries interest rate based upon Libor plus 275 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 18 months from scheduled commercial operation date or actual commercial operation date whichever is earlier. **Security** The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.	58.91	63.09
(iv)	Loan of EUR 14,614,201 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments from the date of 28 February 2018 . **Security** The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.	96.57	111.99
(v)	Loan of ₹ 60 crores taken from State Bank of India and carries interest rate base rate plus 230 bps. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. **Security** The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.	22.92	32.76
(vi)	Loan of ₹ 35 crores taken from Yes Bank Limited during the financial year 2017-18 and carries interest rate based on 6 months Euribor plus 280 bps per annum. During the financial year 2018-	24.96	33.28

19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction.The loan is repayable in 10 equal half yearly instalments starting from December 2017. **Security** The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.		
(vii) Loan of ₹35 crores taken from Infrastructure Development Company (IDFC) during the financial year 2017-18 and carries interest rate Euribor plus 245 bps. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement. **Security** The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	36.54	37.91
(viii) Loan of ₹ 35 crores taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement. **Security** The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	21.16	27.86
(ix) Loan of ₹ 27.76 crores taken from Industrial Development Bank of India (IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10 structured half yearly instalments starting from 31 March 2018. During the financial year 2018-19, this loan has been converted into fully hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. **Security** The above loan is secured against (i) Demand Promissory Note (ii) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (iii) Second pari passu charge on current assets of the company both present and future.	19.23	25.28

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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	(x)	Loan of ₹ 40 crores taken from Yes Bank Limited during the financial year 2018-19 and carries interest rate based on 6 months Euribor plus 310 bps per annum. During the Financial Year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 9 equal half yearly instalments after moratorium of 6 months from the first date of disbursement. **Security** The above loan is secured against (i) first paripassu charge by way of hypothecation on movable and by way of equitable mortgage over all immovable fixed assets (both present and future) except those are exclusively charged to other lenders (ii) second pari-passu chargeby way of hypothecation on current assets of the borrower (both present and future).	36.94	-
	(xi)	Loan of ₹ 50 crores taken from Industrial Credit and Investment Corporation of India Limited (ICICI) during the financial year 2018-19 and carries interest rate based upon Euribor plus 4.113% per annum. During the Financial Year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 18 quarterly instalments starting from 31 Decmber 2018. **Security** The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.	45.84	-
	(xii)	Loan of ₹ 60 crores taken from IndusInd Bank during the financial year 2018-19 and carries interest rate based upon 3 month Euribor plus 331 bps per annum. During the Financial Year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 22 equal quarterly instalments after moratorium of 6 months from the first date of disbursement. **Security** The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	57.94	-
B	**Rupee term loans comprises of :**			
	(i)	Loan of ₹ 60 crores taken from State Bank of India during the financial year 2013-14 and carries interest rate based upon base rate plus 2.3% per annum. The loan is repayable after a moratorium of 24 month from the date of disbursement in 24 equal quarterly instalments of ₹ 2.5 crores each. This loan has been converted into hedged FCNR loan. (refer note A (viii))	0.07	0.09

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

	(ii) Loan of ₹ 60 crores taken from SVC Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon SBI's 6 month MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 21 euqal after moratorium of 12 months from the date of disbursement **Security** The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.	44.68	57.00
	(iii) Loan of ₹40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's one year MCLR to be reset quarterly . The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement. **Security** The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	34.68	40.00
C	**Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years** **Security** Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles.	2.35	2.50
	Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(1.06)	(1.39)
		539.66	**501.01**

Note:

Refer note 25 - current maturities of long term borrowings are disclosed under the head other current financial liabilities.

Refer note 44 and 45 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profile.

20 OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Derivative liabilities	-	5.62
	-	**5.62**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

21 DEFERRED TAX LIABILITIES (NET)#

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax asset arising on account of:		
Cash flow hedge reserve	-	2.69
Unabsorbed business losses	3.94	11.47
Minimum alternative tax credit entitlement	95.94	81.21
	99.88	**95.37**
Deferred tax liability arising on account of:		
Property, plant and equipment and other intangible assets -depreciation and amortisation	142.59	135.77
Income taxable in future years under Income tax Act, 1961	0.56	1.18
Cash flow hedge reserve	3.61	-
	146.76	**136.95**
	46.88	**41.58**

Refer note 36 for movement in deferred tax balances.

22 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred income on export promotion capital goods scheme	52.96	55.85
	52.96	**55.85**

23 BORROWINGS

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
From banks		
Working capital loans from banks repayable on demand	200.86	206.07
Amount payable recognised on account of factoring with recourse for receivables	1.32	3.60
	202.18	**209.67**

Notes:

(a) Cash credits/ working capital demand loans/ export packing credits are secured by hypothecation of inventories, trade receivables and second charge on fixed assets secured to financial institutions except assets exclusively carved out.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

24 TRADE PAYABLES

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables		
- dues to micro and small enterprises	0.13	1.75
- dues to other than micro and small enterprises	106.42	90.35
Acceptances	83.66	89.92
Total	**190.21**	**182.02**

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

	Particulars	31 March 2019	31 March 2018
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.13	1.75
ii	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Refer note 44 and 45 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of maturity profile.

25 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 19)	107.72	95.70
Interest accrued but not due on borrowings	1.33	2.09
Security deposits	1.14	0.64
Unpaid dividend	1.08	1.08
Other accrued liabilities	30.93	26.47
Employee related liabilities	7.24	7.05
Derivative liabilities	7.15	2.94
	156.59	**135.97**

Refer note 44 and 45 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of maturity profile.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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26 PROVISIONS

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for gratuity	0.06	-
Provision for compensated absences	0.20	-
	0.26	**-**

27 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	3.29	1.34
Advance received from customers	8.94	10.22
Deferred income on export promotion capital goods scheme	2.89	2.89
	15.12	**14.45**

28 CURRENT TAX LIABILITIES (NET)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for tax (net of advance tax)	1.38	0.71
	1.38	**0.71**

29 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Operating revenue (refer note a and b below)		
Sale of products-domestic	1,056.13	1,005.69
Sale of products-export	920.67	728.64
	1,976.80	1,734.33
Other operating revenues (refer note c below)	73.59	44.74
Revenue from operations (Gross)	**2,050.39**	**1,779.07**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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Note:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a) According to the requirements of Ind-AS and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, revenue for the corresponding previous year ended 31 March 2018 was reported inclusive of Excise Duty. The Government of India has implemented Goods and Service Tax (GST) from 1 July 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind-AS, the revenue for the period 1 July 2017 to 31 March 2018, is reported net of GST. Had the previously reported revenue presented net of excise duty, comparative revenue of the Company would have been as follows:		
Revenue from Operations (Net of excise duty)	2,050.39	1,748.61
b) Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach: (i) Identify the contracts with customer; (ii) Identify separate performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations; and (v) Recognise revenue when a performance obligation is satisfied. The Company has adopted Ind AS 115 "Revenue from contracts with customers" applying a full retrospective transition approach, which replaces earlier revenue recognition standard. The Company has assessed that, in case of certain contracts with customers, some performance obligations comprise arranging for another party to provide certain services to the customers. Accordingly, revenue for such performance obligations is recognized as the difference between the consideration allocated for services provided to customers and the related costs for arranging the same. However, there is no impact on retained earnings or profit for the previous year. The restated revenue for the year ended 31 March 2018 are lower by ₹ 77.98 crores with the corresponding decrease in other expenses.		
(i) Disaggregation of revenue The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.		

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Revenue from operations	Goods	Other operating revenue*	Total
Revenue by geography			
Domestic	1,056.13	73.59	1,129.72
Export	920.67	-	920.67
Total	**1,976.80**	**73.59**	**2,050.39**
Revenue by time			
Revenue recognised at point in time			2,050.39
Revenue recognised over time			-
Total			**2,050.39**

* Export benefit has been included in domestic revenue

(ii) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	9.15
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

(iii) Assets and liabilities related to contracts with customers

Description	As at 31 March 2019	As at 31 March 2018
Contract liabilities related to sale of goods		
Advance from customers	8.94	10.22

(iv) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended 31 March 2019
Contract price	2,116.23
Less: Discount, rebates, credits etc.	65.84
Revenue from operations as per Statement of Profit and Loss	**2,050.39**

c) Including export benefits of ₹ 43.38 crores (31 March 2018: ₹ 33.87 crores)

d) Details of products sold

Particulars	As at 31 March 2019	As at 31 March 2018
Manufactured goods		
- Packaging films	1,976.80	1,734.33
Total	**1,976.80**	**1,734.33**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

30 OTHER INCOME

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on bank deposits	1.55	1.24
Interest on financial assets carried at amortised cost	0.29	0.21
Gain on investments carried at fair value through profit and loss	2.54	2.82
Interest from others	1.39	0.10
Foreign exchange gain (net)	-	8.71
Insurance and other claims	2.20	1.17
Sales tax incentives	-	17.20
Grant income on export promotion capital goods scheme	2.89	2.79
Liabilities no longer required written back	0.70	0.60
	11.56	**34.84**

31 CHANGE IN INVENTORY

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock		
Finished goods	71.12	81.46
Closing stock		
Finished goods	55.57	71.12
Less: decrease in excise duty	-	(3.75)
	15.55	**6.59**
Note:		
Details of finished goods		
Finished goods		
- Packaging films	55.57	71.12
Total	**55.57**	**71.12**

32 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages, allowances and bonus	82.70	76.82
Employee stock option expense	2.00	1.72
Contribution to provident and other funds (refer note 41)	4.12	4.36
Staff welfare expenses	3.00	3.89
	91.82	**86.79**

33 DEPRECIATION AND AMORTISATION

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on tangible fixed assets	47.58	44.57
Amortisation of intangible assets	0.45	0.93
	48.03	**45.50**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

34 FINANCE COSTS

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on		
- Term loans	23.57	22.63
- Cash credit and short term loans	15.24	10.55
- Others	0.02	0.15
Foreign exchange fluctuation to the extent regarded as an adjustment to borrowing costs	8.25	11.66
Other borrowings costs	4.59	5.13
	51.67	**50.12**

The finance cost shown above is net of borrowing costs capitalised during the year ended 31 March 2019 amounting to ₹ 1.92 crores (31 March 2018: ₹ 1.76 crores).

35 OTHER EXPENSES

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rent	1.96	1.96
Rates and taxes	1.04	2.26
Stores, spare parts and packing materials consumed	68.92	68.11
Insurance	1.74	1.73
Repair and maintenance		
- Building	1.15	0.92
- Machinery	10.58	10.39
- Others	4.49	4.49
Power and fuel	121.68	105.70
Other manufacturing expenses	0.29	1.65
Printing and stationary	0.46	0.43
Training and recruitment expenses	0.53	0.57
Travelling and conveyance	7.59	6.29
Vehicle running and maintenance	5.87	4.60
Communication expenses	1.11	1.42
Legal and professional charges	7.25	6.89
Foreign exchange loss (net)	6.42	-
Corporate social responsibility (CSR) expenditure (refer note b below)	1.44	1.17
Freight and forwarding	1.59	1.06
Other selling expenses	6.06	3.48
Payment to auditors (refer note a below)	0.61	0.68
Loss on sale of fixed assets	-	0.05
Miscellaneous expenses	4.45	2.62
	255.23	**226.47**

Note: Other expenses includes research and development expenses (refer note 39)

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

a) Payment to auditors (exclusive of goods and service tax/service tax)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
As auditor		
- Audit fee	0.54	0.54
- Tax audit fee	0.03	0.03
In other capacity		
- Certification and other matters	0.02	0.08
- Reimbursement of out of pocket expenses	0.02	0.03
Total	**0.61**	**0.68**
b) Details of corporate social responsibility expenditure		
(a) Amount required to be spent by the Company	2.18	1.95
(b) Amount spent during the year		
(i) Construction or acquisition of any asset	-	-
(ii) On purposes other than (i) above	1.44	1.17

36 INCOME TAX

Particulars	As at 31 March 2019	As at 31 March 2018
The income tax expense consists of the following :		
Current tax expense	12.11	15.33
Deferred tax credit	(1.00)	(14.75)
Total income tax	**11.11**	**0.58**
The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
Profit before income taxes	69.49	85.47
At India's statutory income tax rate of 34.94 % (31 March 2018: 34.94%,)	24.28	29.87
Adjustments in respect of current income tax		
Income exempted from income taxes	(5.76)	(13.83)
Deferred taxes on income exempted from income taxes	-	(5.80)
Additional allowance on revenue and capital expenses	(1.37)	(1.19)
Effect of different tax rate	-	(10.20)
Taxes earlier years	(2.36)	-
Other adjustments	(3.68)	1.73
Total income tax expense	**11.11**	**0.58**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 is as follows:

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
Deferred tax liabilities (net)				
Deferred tax asset arising on account of:				
Cash flow hedge reserve	2.69	-	(2.69)	-
Unabsorbed business losses	11.47	(7.53)	-	3.94
Minimum alternative tax credit entitlement	81.21	14.73	-	95.94
	95.37	**7.20**	**(2.69)**	**99.88**
Deferred tax liability arising on account of:				
Cash flow hedge reserve	-	-	3.61	3.61
Property, plant and equipment and other intangible assets -depreciation and amortisation	135.77	6.82	-	142.59
Income taxable in future years under Income tax Act, 1961	1.18	(0.62)	-	0.56
	136.95	**6.20**	**3.61**	**146.76**
	41.58	**(1.00)**	**6.30**	**46.88**

Significant components of net deferred tax assets and liabilities for the year ended 31 March 2018 is as follows:

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
Deferred tax liabilities (net)				
Deferred tax asset arising on account of:				
Cash flow hedge reserve	0.91	-	1.78	2.69
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under Income tax Act, 1961	1.32	(1.32)	-	-
Unabsorbed business losses	8.73	2.74	-	11.47
Minimum alternative tax credit entitlement	65.69	15.52	-	81.21
	76.65	**16.94**	**1.78**	**95.37**
Deferred tax liability arising on account of:				
Property, plant and equipment and other intangible assets-depreciation and amortisation	134.76	1.01	-	135.77
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under Income tax Act, 1961	-	1.18	-	1.18
	134.76	**2.19**	**-**	**136.95**
	58.11	**(14.75)**	**(1.78)**	**41.58**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

37 EARNINGS PER SHARE

Particulars	As at 31 March 2019	As at 31 March 2018
Profit attributable to shareholders	58.38	84.89
Weighted average number of equity shares	1.92	1.92
Nominal value per share	10.00	10.00
Earnings per equity share		
Basic	30.46	44.30
Diluted	30.46	44.30

38 CONTINGENCIES, COMMITMENTS AND OTHER DISCLOSURES

	Particulars	As at 31 March 2019	As at 31 March 2018
(A)	**Contingent liabilities**		
I	Claims against the Company not acknowledged as debt	0.22	0.33
II	Disputed demand for Income tax (refer note (a) below)	9.81	4.83
III	Pending Duty obligation under Export Promotion Capital Goods licenses	11.92	25.49
IV	Disputed demand for Excise duty and Service tax	18.97	11.16
V	Disputed demands for labour/employee dispute	8.55	-

*Corporate guarantee is given for working capital facility obtained by the subsidary

Notes:

a) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (31 March 2018: ₹ 4.83 crores) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble Court which has been accepted by Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

b) There are numerous interpretative issue relating to the Supreme Court (SC) judgement on PF dated 28 February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision on receiving further clarity on the subject.

(B) Commitments

	As at 31 March 2019	As at 31 March 2018
Capital commitments		
Particulars		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	118.35	139.45
Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	17.92	31.56

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

(C) Disclosure as per Section 186(4) of the Companies Act, 2013 :

	31 March 2019		31 March 2018	
	Amount outstanding	**Maximum amount outstanding during the year**	**Amount outstanding**	**Maximum amount outstanding during the year**
Corporate guarantee given for subsidiary Company				
- Cosmo Films Inc.	48.43	58.38	-	-
Total	**48.43**	**58.38**		

Corporate guarantee is given for working capital facility obtained by the subsidary

39 RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditures incurred by the Company during the financial year are mentioned below:

Particulars	For the year ended As at 31 March 2019	As at 31 March 2018
Material and consumables	3.92	3.20
Employee benefits expense	2.02	2.21
Depreciation Expenses	0.31	0.34
Other expenses	0.66	0.62
	6.91	**6.37**

Assets purchased/capitalised for research and development centres

Description	**R & D Centre**
Gross carrying value	
As at 31 March 2017	**6.86**
Additions	0.27
As at 31 March 2018	**7.13**
Additions	0.42
As at 31 March 2019	**7.55**
Accumulated depreciation	
As at 31 March 2017	**1.80**
Depreciation for the year	0.34
As at 31 March 2018	**2.14**
Depreciation for the year	0.31
As at 31 March 2019	**2.45**
Net Block as at 31 March 2018	**4.99**
Net Block as at 31 March 2019	**5.10**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961

Particulars	As at 31 March 2019	As at 31 March 2018
Research and development capital expenditure (gross)	0.42	0.27
Research and development revenue expenditure	6.60	6.03
Total Expenditure	**7.02**	**6.30**
Less: Realisation on sale of research and development assets	-	-
Net research and development expenditure	**7.02**	**6.30**
Sales for the year	**1,976.80**	**1,734.33**
Total research and development expenditure / sales	0.36%	0.36%
Total eligible research and development expenditure / sales	0.36%	0.36%

40 EMPLOYEE STOCK OPTION PLAN

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required.

A) Under the CF ESOP 2015, the Company has granted 225,000 options in financial year 2018-19 (31 March 2018: 200,000 options) as per the details given hereunder:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise Period	Exercise price per share
CF Employees Stock Option Scheme 2015:					
Option I	13-Jan-16	193,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 300.05
Option II	13-Jul-16	250,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 351.40
Option III	7-Jul-17	200,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 433.20
Option IV	2-Jun-18	225,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 237.70

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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B) Movement of options granted

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Options outstanding at the beginning of the year	**606,700**	**415,400**
Options granted during the year	225,000	200,000
Options cancelled during the year	(66,100)	(8,700)
Options outstanding at the end of the year	**765,600**	**606,700**

The weighted average remaining contractual life outstanding as of 31 March 2019 was 10.96 years (31 March 2018: 11.47 years).

C) The fair value of options used to compute performa net income and earning per equity share has been done on the date of grant using Black-Scholes Model.

The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

	Option-I	Option-II	Option-III	Option-IV
Grant Date	13-Jan-16	13-Jul-16	7-Jul-17	2-Jun-18
Market Price (₹)	300.05	351.40	433.20	237.70
Exercise Price (₹)	300.05	351.40	433.20	237.70
Expected Volatility (%) $	57.70	39.55	27.70	31.91
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil
Expected life (years)*	3	3	3	3
Dividend yield (%)	1.17	2.85	2.31	2.52
Risk free interest rate (%)	7.59	7.50	6.54	7.83
Fair value on grant date (₹)	128.25	103.45	98.60	62.46

$ The expected volatility was determined based on historical volatility data.
**Options life is considered on the basis of earliest possible exercise after vesting*

41 EMPLOYEE BENEFIT OBLIGATIONS

1) Gratuity

The Company makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees.The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on acturial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 0.89 crores. (31 March 2018: ₹ 0.13 crores)

The weighted average duration of the defined benefit obligation as at 31 March 2019 is 7 years (31 March 2018: 6 years)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

a. **Reconciliation of present value of defined benefit obligation and the fair value of plan assets**

	As at 31 March 2019	As at 31 March 2018
Present value obligation as at the end of the year	13.33	12.68
Fair value of plan assets as at the end of the year	(13.27)	(13.31)
Net liability /(assets) recognized in balance sheet	**0.06**	**(0.63)**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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b. Changes in defined benefit obligation

	As at 31 March 2019	As at 31 March 2018
Present value obligation as at the start of the year	12.68	11.74
Interest cost	1.00	0.85
Current service cost	0.76	1.13
Benefits paid	(1.14)	(0.50)
Actuarial loss/(gain) on obligations	0.03	(0.54)
Present value obligation as at the end of the year	**13.33**	**12.68**

c. Table showing changes in the fair value of plan assets

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at beginning of year	13.31	12.82
Expected return on plan assets	1.05	0.93
Contributions	0.05	0.06
Benefits paid	(1.14)	(0.50)
Fair value of plan assets at the end of year	**13.27**	**13.31**

d. Amount recognized in the statement of profit and loss

	As at 31 March 2019	As at 31 March 2018
Current service cost	0.76	1.13
Interest cost	1.00	0.85
Expected return on plan asset	(1.05)	(0.93)
Amount recognised in the statement of profit and loss	**0.71**	**1.05**

e. Other comprehensive income

	As at 31 March 2019	As at 31 March 2018
Actuarial loss/(gain) on arising from change in demographic assumption	-	-
Actuarial loss/(gain) on arising from change in financial assumption	0.13	(0.44)
Actuarial gain on arising from experience adjustment	(0.10)	(0.10)
Unrecognised actuarial loss/(gain) at the end of the year	**0.03**	**(0.54)**

f. Actuarial assumptions

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.69%	7.88%
Future salary increase	7.00%	7.00%

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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g. Demographic Assumption

	As at 31 March 2019	As at 31 March 2018
Retirement Age (Years)	58	58
Mortality rates inclusive of provision for disability	Indian Assured Lives Mortality(2006-08)	

h. Sensitivity analysis for gratuity liability

	As at 31 March 2019	As at 31 March 2018
Impact of the change in discount rate		
Present value of obligation at the end of the year	13.33	12.68
a) Impact due to increase of 0.50%	(0.34)	(0.32)
b) Impact due to decrease of 0.50%	0.36	0.35
Impact of the change in salary increase		
Present value of obligation at the end of the year	13.33	12.68
a) Impact due to increase of 0.50%	0.34	0.34
b) Impact due to decrease of 0.50%	(0.32)	(0.31)

i. Maturity Profile of defined benefit obligation

	As at 31 March 2019	As at 31 March 2018
April 2018 to March 2019	-	1.57
April 2019 to March 2020	1.53	0.98
April 2020 to March 2021	1.63	1.81
April 2021 to March 2022	1.71	1.66
April 2022 to March 2023	1.68	1.55
April 2023 to March 2024	2.17	-
April 2024 onwards	14.10	14.57

j. Investment details

	As at 31 March 2019		As at 31 March 2018	
	(₹ in crore)	% invested	(₹ in crore)	% invested
Insurance funds	13.27	100	13.31	100

Defined Contribution Plans

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	As at 31 March 2019	As at 31 March 2018
Employer's contribution to Provident Fund	2.93	2.89
Employer's contribution to Superannuation Fund	1.03	1.32
Employer's contribution to labour welfare fund and employee state insurance	0.16	0.15

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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42 LEASES

Operating leases

The Company has entered into agreements for taking on lease few properties under operating lease arrangements. The leases are non-cancellable and are ranging for the period upto 6 years and may be renewed for the further period based on mutual agreement of the parties.

Particulars	As at 31 March 2019	As at 31 March 2018
Lease payments recognised in the statement of profit and loss	1.96	1.96
Future minimum rentals payable under non-cancellable operating leases		
Within one year	-	1.44
After one year but not later than five years	-	5.08
More than five years	-	-
Total	**-**	**6.52**

43 RELATED PARTY DISCLOUSRES

In accordance with the required Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

i) List of related parties and relationships:

A. Subsidiary company

a) CF (Netherlands) Holdings Limited BV., Netherlands

B. Step-down subsidiary companies

a) Cosmo Films Inc., USA
b) Cosmo Films Japan (GK)
c) Cosmo Films Korea Limited, Korea
d) CF Investment Holding Private (Thailand) Company Limited, Thailand
e) Cosmo Films (Singapore) Pte. Limited
f) Cosmo Films Poland Sp Z.O.O (w.e.f. 29 January 2018)

C. Enterprises over which Key managerial personnel of the Company and their relatives have significant influence:

a) Sunrise Manufacturing Company Limited,
b) Prime Securities Limited
c) Cosmo Foundation
d) Gayatri & Annapurana (Partnership firm)

D. Key management personnel

a) Mr. Ashok Jaipuria, Chairman and Managing Director of Company
b) Mr. Anil Kumar Jain, Director of corporate affairs
c) Mr. H. K. Agrawal, Independent Director
d) Mr. Rajeev Gupta, Independent Director
e) Mrs Alpana Parida, Non-Independent Director
f) Mr. Ashish Kumar Guha, Independent Director
g) Mr. Pratip Chaudhuri, Independent Director
h) Mr. H. N. Sinor, Independent Director

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
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i) Mr. Vivek Nangia, Independent Director
j) Mr. Anil Wadhwa, Independent Director
k) Mr. Pankaj Poddar, Chief Executive Officer
l) Mr. Neeraj Jain, Chief Financial Officer
m) Ms. Jyoti Dixit, Company Secratary

Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Transactions during the year								
1 **Purchase of goods**								
Cosmo Films Inc. USA	1.87	-	-	-	-	-	**1.87**	**-**
2 **Sale of goods**								
Cosmo Films Inc. USA	146.29	140.28	-	-	-	-	**146.29**	**140.28**
Cosmo Films Korea Limited, Korea	42.28	22.66	-	-	-	-	**42.28**	**22.66**
Cosmo Films Japan (GK)	4.23	1.47	-	-	-	-	**4.23**	**1.47**
CF (Netherlands) Holdings Limited BV., Netherlands	15.87	8.46	-	-	-	-	**15.87**	**8.46**
3 **Sale return of goods**								
Cosmo Films Korea Limited, Korea	1.17	0.25	-	-	-	-	**1.17**	**0.25**
Cosmo Films Inc. USA	0.01	1.63	-	-	-	-	**0.01**	**1.63**
CF (Netherlands) Holdings Limited BV.,Netherlands	-	0.02	-	-	-	-	**-**	**0.02**
4 **Purchase of fixed assets**								
Cosmo Films Inc., USA	22.99	-	-	-	-	-	**22.99**	**-**
5 **Other operating revenues**								
Cosmo Films Inc., USA	0.82	0.62	-	-	-	-	**0.82**	**0.62**
Cosmo Films Korea Limited, Korea	0.31	0.26	-	-	-	-	**0.31**	**0.26**
Cosmo Films Japan (GK)	0.19	0.19	-	-	-	-	**0.19**	**0.19**
6 **Reimbursement of Expenses paid (net)**								
Cosmo Films Inc., USA	0.03	0.10	-	-	-	-	**0.03**	**0.10**
Cosmo Films Japan (GK)	2.02	1.97	-	-	-	-	**2.02**	**1.97**
Cosmo Films Korea Limited, Korea	0.46	0.08	-	-	-	-	**0.46**	**0.08**
CF (Netherlands) Holdings Limited BV., Netherlands	1.08	0.90	-	-	-	-	**1.08**	**0.90**
7 **Rent paid**								
Mr. Ashok Jaipuria	-	-	-	0.01	-	-	**-**	**0.01**

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

Particulars	Subsidiaries and step-down subsidiary companies		Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
8 **Rent received**								
Company Limited	-	-	-	-	0.02	0.02	**0.02**	**0.02**
9 **Retainership fees paid**								
Prime Securities Limited	-	-	-	-	0.14	0.98	**0.14**	**0.98**
10 **Corporate guarantee given**								
Cosmo Films Inc., USA	69.19	-	-	-	-	-	**69.19**	**-**
11 **Commission received on corporate guarantee**								
Cosmo Films Inc., USA	0.69	-	-	-	-	-	**0.69**	**-**
12 **Short term employee benefits**	-	-	8.72	9.47	-	-	**8.72**	**9.47**
13 **Post employment enefits***	-	-	0.33	0.33	-	-	**0.33**	**0.33**
14 **Share based payments**	-	-	0.84	0.72	-	-	**0.84**	**0.72**
15 **Sitting fee/commission paid**								
Mr. H. K. Agrawaal	-	-	0.08	0.10	-	-	**0.08**	**0.10**
Mr. Rajeev Gupta	-	-	0.06	0.08	-	-	**0.06**	**0.08**
Mrs. Alpana Parida	-	-	0.07	0.10	-	-	**0.07**	**0.10**
Mr. Ashish Kumar Guha	-	-	0.07	0.11	-	-	**0.07**	**0.11**
Mr. Pratip Chaudhuri	-	-	0.09	0.11	-	-	**0.09**	**0.11**
Mr. H. N. Sinor	-	-	0.07	0.08	-	-	**0.07**	**0.08**
Mr. Vivek Nangia	-	-	0.07	0.10	-	-	**0.07**	**0.10**
Mr. Anil Wadhwa	-	-	0.08	-	-	-	**0.08**	**-**
16 **Corporate social responsibility expenditure**								
Contribution to Cosmo Foundation	-	-	-	-	1.44	1.17	**1.44**	**1.17**

* Does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Subsidiaries and step-down subsidiary companies		Enterprises owned or significantly influenced by key management personnel or their relatives		Key management personnel and their Relatives		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Outstanding balances								
1 **Trade receivables**								
Cosmo Films Inc., USA	23.27	44.47					**23.27**	**44.47**
Cosmo Films Korea Limited, Korea	22.52	9.49					**22.52**	**9.49**
Cosmo Films Japan (GK)	0.95	-					**0.95**	**-**
CF (Netherlands) Holdings Limited BV., Netherlands	6.38	8.77					**6.38**	**8.77**
Cosmo Ferrites Limited	-	-	-	0.05			**-**	**0.05**
2 **Trade payables**								
Cosmo Films Japan (GK)	-	0.24					**-**	**0.24**
3 **Corporate guarantee**								
Cosmo Films Inc., USA	48.43	-					**48.43**	**-**
4 **Managerial remuneration payable**								
Mr. Ashok Jaipuria					1.12	1.90	**1.12**	**1.90**
Mr. H. K. Agrawaal					0.05	0.07	**0.05**	**0.07**
Mr. Rajeev Gupta					0.05	0.07	**0.05**	**0.07**
Mrs. Alpana Parida					0.05	0.07	**0.05**	**0.07**
Mr. Ashish Kumar Guha					0.05	0.07	**0.05**	**0.07**
Mr. Pratip Chaudhuri					0.05	0.07	**0.05**	**0.07**
Mr. H. N. Sinor					0.05	0.07	**0.05**	**0.07**
Mr. Vivek Nangia					0.05	0.07	**0.05**	**0.07**
Mr. Anil Wadhwa					0.04	-	**0.04**	**-**

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44 FAIR VALUE MEASUREMENTS

A) Financial assets and liabilities

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March 2019	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
(i) Investments	77.28	-	-
(ii) Trade receivables	-	-	206.05
(iii) Cash and cash equivalents	-	-	43.39
(iv) Other bank balances	-	-	28.68
(v) Loans	-	-	11.50
(vi) Derivative assets			
- for hedges designated as effective hedges	6.96	-	-
- for hedges designated as ineffective hedges	4.18	-	-
(vii) Others financial assets	-	-	44.85
Total	**88.42**	**-**	**334.47**
Financial liabilities			
(i) Borrowings	-	-	743.17
(ii) Trade payables	-	-	190.21
(iii) Derivative liabilities			
-for hedges designated as effective hedges	0.24	-	-
-for hedges designated as ineffective hedges	6.91	-	-
(iv) Other financial liabilities	-	-	40.39
Total	**7.15**	**-**	**973.77**

As at 31 March 2018	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
(i) Investments	57.87	-	-
(ii) Trade receivables	-	-	209.05
(iii) Cash and cash equivalents	-	-	25.98
(iv) Other bank balances	-	-	9.46
(v) Loans	-	-	11.05
(vi) Derivative assets	-	-	-
-for hedges designated as effective hedges	5.87	-	-
-for hedges designated as ineffective hedges	-	-	-
(vii) Others financial assets	-	-	37.21
Total	**63.74**	**-**	**292.75**

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As at 31 March 2018	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
(i) Borrowings	-	-	712.77
(ii) Trade payables	-	-	182.02
(iii) Derivative liabilities	-	-	-
-for hedges designated as effective hedges	8.56	-	
-for hedges designated as ineffective hedges	-	-	
(iv) Other financial liabilities	-	-	35.23
Total	**8.56**	**-**	**930.02**

Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

B) Fair value hierarchy

The different levels of fair value have been defined below:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B) (i) Financial assets and liabilties measured at fair value - recurring fair value measurements

As at 31 March 2019	Note	Level 1	Level 2	Level 3
Financial assets				
(i) Investments	5 and 10	77.23	-	0.05
(ii) Derivative assets	7 and 15	-	11.14	-
Total financial assets		**77.23**	**11.14**	**0.05**
Financial liabilities				
(i) Derivative liabilities	20 and 25	-	7.15	-
Total financial liabilities		**-**	**7.15**	**-**

As at 31 March 2018	Note	Level 1	Level 2	Level 3
Financial assets				
(i) Investments	5 and 10	57.82	-	0.05
(ii) Derivative assets	7	-	5.87	-
Total financial assets		**57.82**	**5.87**	**0.05**
Financial liabilities				
(i) Derivative liabilities	20 and 25	-	8.56	-
Total financial liabilities		**-**	**8.56**	**-**

Valuation process and technique used to determine fair values

(i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(ii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. The techniques used by the valuer are as follows:

a) Asset approach - Net assets value method

b) Income approach - Discounted cash flows ("DCF") method

c) Market approach - Enterprise value/Sales multiple method

B) (ii) Fair value of financial assets and liabilities measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

	As at 31 March 2019		As at 31 March 2018	
	Carrying value	Fair value	Carrying value	Fair value
Loans	11.50	11.50	11.05	11.05

The management assessed that fair values of cash and cash equivalents, trade receivables, other receivables, borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All the long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

45 RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

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C: High credit risk

The Company provides for expected credit loss on financial assets other than trade receivables based on the following:

Asset Company	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	12 months epected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

As the Company's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equal to lifetime expected credit losses

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Credit rating	Particulars	As at 31 March 2019	As at 31 March 2018
A: Low credit risk	Cash and cash equivalents	43.39	25.98
	Other bank balances	28.68	9.46
	Loans	11.50	11.05
	Other financial assets	55.98	43.08
B: Medium credit risk	-	-	-
C: High credit risk	-	-	-

Credit risk exposure

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. Company obtains the credit insurance for export debtors from Export Credit Guarantee Corporation (ECGC) of India and for domestic debtors from insurance company.

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Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Provision for expected credit losses

a) **Expected credit losses for financial assets other than trade receivables**

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the Company is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

b) **Expected credit loss for financial assets under simplified approach**

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analysing historical trend of default based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables.

As at 31 March 2019

Particulars	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of provision
Trade receivables	209.31	1.56%	3.26	206.05

As at 31 March 2018

Particulars	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of provision
Trade receivables	211.97	1.38%	2.92	209.05

Reconciliation of loss provision – lifetime expected credit losses

Reconciliation of loss allowance	Amount
Loss allowance as on 1 April 2017	**2.17**
Expected loss recognised during the year	0.75
Amounts written off	-
Loss allowance on 31 March 2018	**2.92**
Expected loss recognised during the year	0.34
Amounts written off	-
Loss allowance on 31 March 2019	**3.26**

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Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of reporting period:

Floating rate	As at 31 March 2019	As at 1 April 2018
Expiring within one year (cash credit, bank loan and other facilities)	531.62	341.88
Expiring beyond one year (bank loans - floating rate)	25.00	270.92

Contractual maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity grouping based on their undiscounted contractual maturities (including interest).

31 March 2019	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
(i) Borrowings	332.77	128.75	310.17	22.93	794.62
(ii) Trade payables	190.21	-	-	-	190.21
(iii) Other financial liabilities	40.39	-	-	-	40.39
(iv) Derivative liabilities	7.15	-	-	-	7.15
Total	**570.52**	**128.75**	**310.17**	**22.93**	**1,032.37**

31 March 2018	Less than and equal to 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
Current					
(i) Borrowings	335.91	110.65	262.90	70.18	779.64
(ii) Trade payables	182.02	-	-	-	182.02
(iii) Other financial liabilities	35.24	-	-	-	35.24
(iv) Derivative liabilities	2.94	3.33	2.29	-	8.56
Total	**556.10**	**113.98**	**265.19**	**70.18**	**1,005.45**

Market Risk

Interest Rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

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Company's exposure to interest rate risk on borrowings is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate	741.84	710.68
Fixed rate	-	-
Total	**741.84**	**710.68**

The following table illustrates the sensitivity of profit after tax and equity to a possible change in interest rates of +/- 1% in current year (31 March 2018: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year+1%	Profit for the year-1%
As at 31 March 2019	(4.83)	4.83
As at 31 March 2018	(4.62)	4.62

Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, GBP, Euro and JPY. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Exposures on foreign currency loans are managed through a hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company's policy is to hedge material foreign exchange risk associated with borrowings, highly probable forecast sales and purchases transactions denominated in foreign currencies.The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Company uses forward exchange contracts, currency swaps, other derivatives and non-derivative instruments to hedge the effects of movements in exchange rates on foreign currency denominated assets, liabilities and highly probable forecast transactions. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies and as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its highly probable forecasted sales and purchases. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the profit or loss or other comprehensive income. Instruments designated in hedging relationship and hedge accounting disclosures are inclued in section "Derivative financial instruments and hedge accounting".

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Forex exposure	As at 31 March 2019		As at 31 March 2018	
	Foreign Currency	INR	Foreign Currency	INR
Financial assets				
USD	16,747,764	115.85	15,393,360	100.12
GBP	547,589	4.95	358,316	3.31
EURO	3,792,276	29.47	2,683,847	21.64
Forward contracts for forecasted trasancations				
USD/JPY	-	1.31	-	-
Financial liabilities				
USD	43,698,422	302.27	57,106,050	371.44
EUR	49,280,198	382.92	31,857,912	256.85
JPY	327,140	0.02	327,140	0.02
GBP	14,625	0.13	1,225	0.01
Derivative contracts				
USD	(17,375,806)	(120.19)	(17,940,706)	(116.69)
EUR	(28,045,032)	(217.92)	(4,127,899)	(33.30)
Forward contracts for forecasted trasancations				
EUR/USD	-	(8.82)	-	1.23
USD/INR	5,167,772	(25.76)	3,000,000	24.20
EUR/INR	-	-	-	4.03
GBP/USD	-	-	-	(0.04)

The following significant exchange rates have been applied:

Particulars	Year end spot rate	
	As at 31 March 2019	As at 31 March 2018
USD	69.17	65.04
GBP	90.48	92.28
JPY	0.63	0.62
EURO	77.70	80.62

(All amounts in ₹ crores, unless stated otherwise)

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

	Impact on profit after tax		Impact on other components of equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD sensitivity				
INR/USD increase by 3% (31 March 2018- 3%)	(1.29)	5.30	2.42	1.97
INR/USD decrease by 3% (31 March 2018- 3%)	1.29	(5.30)	(2.42)	(1.97)
GBP sensitivity				
INR/GBP increase by 5% (31 March 2018- 5%)	0.16	(0.11)	-	(0.53)
INR/GBP decrease by 5% (31 March 2018- 5%)	(0.16)	0.11	-	0.53
EUR sensitivity				
INR/EUR increase by 5% (31 March 2018- 5%)	(4.41)	7.65	(3.16)	(4.62)
INR/EUR decrease by 5% (31 March 2018- 5%)	4.41	(7.65)	3.16	4.62

Derivative financial instruments

The fair value of the Company's open derivative positions recorded within financial instruments (derivative) is as follows:

	As at 31 March 2019		As at 31 March 2018	
	Liability	Assets	Liability	Assets
Cash flow hedges				
- Forward foreign currency contracts	0.25	9.25	6.21	-
- Options	6.76	1.01	-	2.55
- Interest rate swaps	0.14	-	0.05	-
- Currency swaps	-	0.88	2.30	3.32
Total	**7.15**	**11.14**	**8.56**	**5.87**

**Refer statement of profit and loss and statements of change in equity for the change in the fair value of cash flow hedges.*

The Company uses foreign currency forward contracts, foreign currency options contractsand non-derivative financial instruments (i.e. foreign currency borrowings) to mitigate exchange rate exposure arising from forecast sales and purchase in USD, EUR and GBP. Also, the Company uses foreign currency options contracts, cross currency swap contracts and interest rate swap contracts to mitigate exchange rate exposure and interest rate exposure arising from foreign currency borrowings.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

The critical terms of the foreign currency forwards and cross currency swaps entered into exactly match the terms of the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate. For non-derivative financials instruments, hedge effectiveness is measured by comparing change in the discounted spot restatement of hypothetical derivative with change in the value of actual hedging instrument i.e. foreign currency borrowings.

(All amounts in ₹ crores, unless stated otherwise)

In hedges of foreign currency borrowings and forcast transaction, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arised in the hedges have been disclosed.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other derivatives, which have not been designated in hedging relationship, are considered by management to be part of economic hedge arrangements but have not been formally designated.

Impact of hedging activities

Disclosure of effects of hedge accounting on financial position

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As at 31 March 2019								
Cash flow hedge								
Foreign currency and interest rate risk								
Derivative instruments								
(i) Foreign exchange forward contracts	USD 10,581,439	0.65	0.21	April 2019-January 2021	1:1	USD/INR-69.96 USD/JPY-103.02	0.44	(0.44)
	EUR 12,500,000	5.36	-	April 2019-February 2021	1:1	EUR/USD- 1.23	5.36	(5.36)
(ii) Cross currency swap contracts	USD 3,059,173	0.15	-	April 2019-August 2021	1:1	USD/INR- 67.30	0.15	(0.15)
Non-derivative instruments								
(i) Foreign currency borrowings*	USD 6,075,469	-	42.02	May 2019-August 2019	1:1	USD/INR- 69.25	0.04	(0.04)
	EUR 7,911,099	-	61.47	July 2019-July 2023	1:1	EUR/INR- 79.87	1.70	(1.70)

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Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
Cash flow hedge Foreign currency and interest rate risk								
Derivative instruments								
(i) Foreign exchange forward contracts	USD 3,000,000		0.07	April 2018-January 2021	1:1	USD/INR- 65.20	(0.07)	0.07
	EUR 17,603,759		5.67	April 2018-February 2021	1:1	EUR/USD- 1.23 EUR/INR- 80.21	(5.67)	5.67
	GBP 1,750,000		0.46	April 2018-March 2019	1:1	GBP/USD- 1.41	(0.46)	0.46
(ii) Cross currency swap contracts	USD 8,566,228	3.32	2.30	April 2018-August 2021	1:1	USD/INR- 61.49 USD/JPY- 102.10	1.02	(1.02)
(iii) Foreign exchange option contracts	USD 8,941,338	0.98	-	April 2018-March 2019	1:1	USD/INR- 64.29	0.98	(0.98)
	EUR 4,127,889	1.57	-	April 2018-March 2019	1:1	EUR/INR- 80.66	1.57	(1.57)
(iv) Interest rate swap contracts	EUR 4,127,889	-	0.06	April 2018-March 2019	1:1	2.82%	(0.06)	0.06

* Represents outstanding balance of loans designated under natural hedge

(b) Disclosure of effects of hedge accounting on financial performance
For the year ended 31 March 2019

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	17.31	-	(3.35)	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	0.66	-	0.26	Finance cost and other expenses/ income
(iii) Foreign currency borrowings	2.03	-	(0.29)	Finance cost and other expenses/ income
(iv) Foreign exchange option contracts	0.58	-	0.85	Finance cost and other expenses/ income

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For the year ended 31 March 2018

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	(5.75)	-	0.45	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	(1.17)	-	(2.47)	Finance cost and other expenses/ income
(iii) Foreign currency borrowings	6.29	-	(2.50)	Finance cost and other expenses/ income
iv) Interest rate swap contracts	(0.05)	-	0.12	Finance cost

Hedging reserve reconciliation	Amount
As at 1 April 2017	**(1.87)**
Change in value of hedging instruments recognised in other comprehensive income (OCI)	(0.68)
Reclassified from OCI to profit or loss	(4.40)
Deferred tax relating to above (net)	1.78
As at 31 March 2018	**(5.17)**
Change in value of hedging instruments recognised in other comprehensive income (OCI)	20.58
Reclassified from OCI to profit or loss	(2.53)
Deferred tax relating to above (net)	(6.30)
As at 31 March 2019	**6.58**

Price risk

Exposure

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Impact on profit after tax

Particulars	As at 31 March 2019	As at 31 March 2018
Mutual funds		
Net asset value - increase by 1%	0.50	0.38
Net asset value - decrease by 1%	(0.50)	(0.38)

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

46 CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

	As at 31 March 2019	As at 31 March 2018
Borrowings	743.17	712.77
Less: Liquid investments	(77.23)	(57.82)
Less: Fixed deposits	(22.34)	-
Less: Cash and cash equivalents	(43.39)	(25.98)
Net debt	**600.21**	**628.97**
Total equity	695.29	637.08
Net debt to equity ratio	**86.32%**	**98.73%**

Dividend paid	As at 31 March 2019	As at 31 March 2018
Equity shares		
Final dividend for the ended 31 March 2018 of ₹ 6 per share (31 March 2017: ₹ 10 per share) (including dividend distribution tax)	14.06	23.40

Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 6 (31 March 2018: ₹ 6) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

47 SEGMENT REPORTING

In accordance with Ind AS 108, the Board of Directors being the Chief operating decision maker of the Company have determined its only one business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

a) Revenue as per geographical markets:

Segment	Domestic		Overseas	
	For the year ended		For the year ended	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Packaging films	1,056.13	1,005.69	920.67	728.64
Total	**1,056.13**	**1,005.69**	**920.67**	**728.64**

b) There is no customer who has contributed of 10% or more in the revenue.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

48 CASH FLOW

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Long-term borrowings	Short-term borrowings	Total
Opening balance as at 1 April 2018	**501.01**	**209.67**	**710.68**
Cash flow:			
- Proceeds	148.17	-	**148.17**
- Repayment	(97.68)	(7.49)	**(105.17)**
Non cash:			**-**
- Finance cost adjustment for effective interest rate	0.33	-	**0.33**
- Foreign exchange difference	(12.17)	-	**(12.17)**
Closing balance as at 31 March 2019	**539.66**	**202.18**	**741.84**

Particulars	Long-term borrowings	Short-term borrowings	Total
Opening balance as at 1 April 2017	**411.46**	**192.15**	**603.61**
Cash flow:	-	0	**-**
- Proceeds	150.86	17.52	**168.38**
- Repayment	(89.64)	-	**(89.64)**
Non cash:			
- Finance cost adjustment for effective interest rate	0.45	-	**0.45**
- Foreign exchange difference	27.88	-	**27.88**
Closing balance as at 31 March 2018	**501.01**	**209.67**	**710.68**

49 Accrual for customer related discounts, amounting to ₹ 12.54 crores as at 31 March 2018 has been regrouped from other current financial liabilities to trade receivables to provide more relevant information

50 Per transfer pricing legislation under sections 92-92F of the Income tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

This is the Balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

For and on behalf of Board of Directors of Cosmo Films Limited

Siddharth Talwar
Partner

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Place : New Delhi
Date : 15 May 2019

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

INDEPENDENT AUDITOR'S REPORT

To the Members of Cosmo Films Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Cosmo Films Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Derivative financial instruments The Group's accounting policy on derivatives is disclosed in note 1 iv) k) iii) and related disclosures are included in note 48. The Company's significant judgements in applying accounting policy are disclosed in note 1 v). The Group has entered into various derivative contracts including foreign exchange forward contracts, currency options, cross currency swaps and interest rate swaps which are used to manage and hedge foreign currency exchange risks and interest rate risks. The Group has reported net derivative financial assets	We assessed the design and implementation, and tested the operating effectiveness of the key controls over management's processes for valuation of derivative financial instruments. Our audit procedures included, but were not limited to, the following substantive procedures: • Obtained independent direct confirmations from banks to confirm the outstanding financial instruments in order to verify existence and rights; • Compared input data used in the Group's valuation

at fair value of ₹ 11.14 crores and net derivative financial liabilities at fair value of ₹ 7.15 crores as of 31 March 2019. The fair value of the derivative financial instruments is based on year-end quotes received from counterparty banks which are validated using valuation models that primarily use observable inputs. In respect of designated hedging relationships, the Group measures the effectiveness thereof using valuation models, such as hypothetical derivative method. Testing the fair valuation of derivative instruments and effectiveness of hedging relationships, where applicable, are complex exercises and hence required substantial involvement of senior personnel on the audit engagement including individuals with expertise in valuation. Accordingly, valuation of the derivative financial instruments and hedge accounting is determined to be a key audit matter.	models to independent sources and externally available market data; • Involved an auditor's expert to assess the hedge effectiveness of derivative contracts; • Inspected the underlying agreements and deal confirmations for the derivatives; • Assessed whether the accounting policy is consistent with the requirements of Ind AS 109-Financial Instruments; • Evaluated the appropriateness of disclosures in relation to financial risk management, derivative financial instruments and hedge accounting. We have also obtained written representations from management and those charged with governance on whether the significant assumptions used in valuation of derivatives are considered reasonable.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements

by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. 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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group. have adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude 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 ability of the Group. to continue as a going concern. 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 consolidated 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 the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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 deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about

the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 180.85 crore and net assets of ₹ 42.71 crores as at 31 March 2019., total revenues of ₹ 305.25 crores and net cash inflows amounting to ₹ 0.72 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries. is based solely on the reports of the other auditors.

    Further, of these subsidiaries, two subsidiaries, are located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in their respective countries and which has been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries, located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

    We did not audit the financial information of four subsidiaries, whose financial information reflect total assets of ₹ 296.21 crores and net assets of ₹ 270.16 crores as at 31 March 2019, total revenues of ₹ 81.19 crore and net cash outflows amounting to ₹ 0.89 crores for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, and matters identified and disclosed under key audit matters section above and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to seven subsidiary companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report (s) of the other auditor (s) on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company covered under the Act, none of the directors of the Holding Company, covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, in conjunction with our audit of the consolidated financial statements of the group covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure 'A";

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries.

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 40 (A) to the consolidated financial statements.;

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019; and

   iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Siddharth Talwar
Partner
Membership No.: 512752

Place: New Delhi
Date: 15 May 2019

Annexure A to the Independent Auditor's Report of even date to the members of Cosmo Films Limited, on the consolidated financial statements for the year ended 31 March 2019

Annexure A

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Cosmo Films Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These

responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Holding Company's business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Siddharth Talwar
Partner
Membership No.:512752

Place: New Delhi
Date: 15 May 2019

CONSOLIDATED BALANCE SHEET as at 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
a) Property, plant and equipment	2	980.65	990.95
b) Capital work-in-progress	3	32.33	12.39
c) Investment property	4	29.46	29.28
d) Intangible assets	5	3.10	3.09
e) Financial assets			
(i) Investments	6	0.17	0.17
(ii) Loans	7	10.71	10.25
(iii) Other financial assets	8	8.28	5.87
f) Deferred tax assets (net)	23	4.68	3.14
g) Income tax assets (net)		12.46	9.34
h) Other non-current assets	9	48.99	40.89
		1,130.83	**1,105.37**
Current assets			
a) Inventories	10	277.77	282.05
b) Financial assets			
(i) Investments	11	77.23	57.82
(ii) Trade receivables	12	209.14	192.08
(iii) Cash and cash quivalents	13	57.25	40.01
(iv) Bank balances other than (iii) above	14	28.68	9.46
(v) Loans	15	2.22	1.65
(vi) Other financial assets	16	47.71	38.03
c) Other current assets	17	42.41	39.18
		742.41	**660.28**
		1,873.24	**1,765.65**
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	18	19.44	19.44
b) Other equity	19	660.80	600.22
		680.24	**619.66**
Liabilities			
Non-current liabilities			
a) Financial liabilities			
(i) Borrowings	20	431.94	405.31
(ii) Other financial liabilities	21	-	5.62
b) Provisions	22	4.18	3.68
c) Deferred tax liabilities (net)	23	46.88	40.49
d) Other non-current liabilities	24	52.96	55.85
		535.96	**510.95**
Current liabilities			
a) Financial liabilities			
(i) Borrowings	25	271.62	287.15
(ii) Trade payables			
(a) Total outstanding dues to micro and small enterprises	26	0.13	1.75
(b) Total outstanding dues to creditors other than micro and small enterprises	26	202.05	187.27
(iii) Other financial liabilities	27	162.52	141.38
b) Provisions	28	0.26	-
c) Other current liabilities	29	19.08	16.36
d) Current tax liabilities (net)	30	1.38	1.13
		657.04	**635.04**
		1,873.24	**1,765.65**
Statement of significant accounting policies	1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the consolidated financial statements.

This is the consolidated balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

Siddharth Talwar
Partner

For and on behalf of Board of Directors of Cosmo Films Limited

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Place : New Delhi
Date : 15 May 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes No.	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	31	2,156.52	1,876.98
Other income	32	20.15	34.51
Total income		**2,176.67**	**1,911.49**
Expenses			
Cost of materials consumed		1,562.95	1,331.48
Purchases of traded goods		0.92	1.63
Change in inventory of finished goods	33	12.99	(8.42)
Excise duty		-	30.46
Employee benefits expense	34	131.40	129.98
Depreciation and amortisation expenses	35	53.76	51.21
Finance costs	36	55.97	52.38
Allowance for expected credit losses		0.69	1.18
Other expenses	37	286.35	257.59
Total expenses		**2,105.03**	**1,847.49**
Profit before tax		**71.64**	**64.00**
Tax expense	38		
- Current tax		12.09	15.82
- Deferred tax credit		(1.56)	(16.25)
Total tax expense		**10.53**	**(0.43)**
Net profit for the year		**61.11**	**64.43**
Other comprehensive income			
1) Items that will not be reclassified to profit or loss			
- Remeasurements of net defined benefit plans		(0.03)	0.54
- Tax on above items		0.01	(0.19)
2) Items that will be reclassified to profit or loss			
- Gain/(loss) on hedging instrument in cash flow hedge		18.31	(6.31)
- Foreign currency translation reserve		(0.53)	6.19
- Tax on above items		(6.39)	2.20
Total other comprehensive income		**11.37**	**2.43**
Total comprehensive income		**72.48**	**66.86**
Earnings per equity share	39		
- Basic		31.89	33.62
- Diluted		31.89	33.62
Statement of significant accounting policies	1		

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

Siddharth Talwar
Partner

For and on behalf of Board of Directors of Cosmo Films Limited

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Place : New Delhi
Date : 15 May 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

A. Equity share capital

Opening Balance as at 1 April 2017	**19.44**
Changes during the year	-
Closing Balance as at 31 March 2018	**19.44**
Changes during the year	-
Closing Balance as at 31 March 2019	**19.44**

B. Other Equity

Particulars	Reserves and Surplus							Other Components of Equity		
	Retained earnings	Treasury shares	Securities premium account	Stock option outstanding account	Capital reserve	General reserve	Other reserves	Cash flow hedging reserve	Currency transalation reserve	Total
Balance as at 1 April 2017	**250.39**	**(8.46)**	**31.26**	**1.51**	**4.10**	**278.11**	**-**	**(1.16)**	**(2.21)**	**553.54**
Profit for the year	64.43	-	-	-	-	-	-	-	-	**64.43**
Other comprehensive income/(expense)	0.35	-	-	-	-	-	-	(4.11)	6.19	**2.43**
Total comprehensive income for the year	**64.78**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.11)**	**6.19**	**66.86**
Transaction with owners										
Equity dividend	(19.16)	-	-	-	-	-	-	-	-	**(19.16)**
Tax on equity dividend	(3.96)	-	-	-	-	-	-	-	-	**(3.96)**
Employee share-based compensation	-	-	-	1.72	-	-	-	-	-	**1.72**
Movement during the year	-	-	-	-	-	-	1.22	-	-	**1.22**
Balance as at 31 March 2018	**292.05**	**(8.46)**	**31.26**	**3.23**	**4.10**	**278.11**	**1.22**	**(5.27)**	**3.98**	**600.22**
Balance as at 31 March 2018	**292.05**	**(8.46)**	**31.26**	**3.23**	**4.10**	**278.11**	**1.22**	**(5.27)**	**3.98**	**600.22**
Profit for the year	61.11	-	-	-	-	-	-	-	-	**61.11**
Other comprehensive (expense)/income	(0.02)	-	-	-	-	-	-	11.92	**(0.53)**	**11.37**
Total comprehensive income for the year	**61.09**	**-**	-	-	-	-	-	**11.92**	**(0.53)**	**72.48**
Transaction with owners										
Equity dividend	(11.50)	-	-	-	-	-	-	-	-	**(11.50)**
Tax on equity dividend	(2.40)	-	-	-	-	-	-	-	-	**(2.40)**
Employee share-based compensation	-	-	-	2.00	-	-	-	-	-	**2.00**
Movement during the year	1.22	-	-	-	-	-	(1.22)	-	-	**-**
Balance as at 31 March 2019	**340.46**	**(8.46)**	**31.26**	**5.23**	**4.10**	**278.11**	**-**	**6.65**	**3.45**	**660.80**

Statement of significant accounting policies 1

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the consolidated financial statements.

This is the consolidated statement of changes in equity referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

For and on behalf of Board of Directors of Cosmo Films Limited

Siddharth Talwar
Partner

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Place : New Delhi
Date : 15 May 2019

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flow from operating activities		
Profit before tax	71.64	64.00
Adjustment for		
Depreciation and amortisation expenses	53.76	51.21
Finance cost	55.97	52.38
Interest on financial assets carried at amortised cost	(0.29)	(0.21)
Gain on investments carried at fair value through profit and loss	(2.54)	(2.82)
Allowance for expected credit loss	0.69	1.18
Interest on bank deposits	(1.56)	(1.50)
Grant income on export promotion capital goods	(2.89)	(2.79)
Liabilities no longer required written back	(0.70)	(0.60)
(Profit)/loss on sale of property, plant and equipment	(8.79)	0.05
Employee share based compensation	2.00	1.72
Unrealised loss/(gain) on exchange fluctuation	0.62	(0.04)
Unrealised sales tax incentives	(17.15)	(17.20)
	150.76	**145.38**
Operating profit before working capital changes		
Movement in working capital		
Inventories	4.08	(39.27)
Trade receivable	(18.06)	(38.41)
Other current/non-current financial assets	(2.93)	(1.93)
Loans	(1.02)	(4.80)
Other current/ non-current assets	4.82	6.91
Trade payable	13.40	43.76
Other current/non-current financial liabilities	3.34	(5.48)
Other liabilities	2.71	(5.90)
Provisions	0.75	(0.02)
Cash flow from operating activities post working capital changes	**157.85**	**100.24**
Income tax paid (net)	(14.96)	(17.91)
Net cash flow from operating activities (A)	**142.89**	**82.33**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, investment property, intangible assets and capital work in progress (including capital advances)	(90.68)	(76.65)
Sale of property, plant and equipment and intangible assets	34.43	6.57
Purchase of investments and liquid mutual funds (net)	(16.87)	(55.11)
Interest received	2.08	1.39
Investments in fixed deposits	(19.21)	(10.79)
Proceeds on maturity of fixed deposits	-	11.80
Net cash flow used in investing activities (B)	**(90.25)**	**(122.79)**
C. Cash flow from financing activities		
Proceeds from long term borrowings	148.17	150.84
Repayment of long term borrowings	(97.68)	(89.64)
(Repayment)/proceeds of short term borrowings	(15.53)	75.28
Interest paid	(56.46)	(51.81)
Dividend and tax thereon paid	(13.90)	(23.12)
Net cash flow from financing activities (C)	**(35.40)**	**61.55**
Increase in net cash and cash equivalents (A+B+C)	17.24	21.09
Cash and cash equivalents at the beginning of the year (refer note 13)	40.01	18.92
Cash and cash equivalents at the end of the year (refer note 13)	**57.25**	**40.01**

Statement of significant accounting policies 1

The accompanying summary of significant accounting policies and other explanatory information are an integral part of the consolidated financial statements.

This is the cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

For and on behalf of Board of Directors of Cosmo Films Limited

Siddharth Talwar
Partner

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Place : New Delhi
Date : 15 May 2019

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2019

(All amounts in ₹ crores, unless stated otherwise)

1. Statement on significant accounting policies

i) Corporate Information, basis of preparation and summary of significant accounting policies

Cosmo Films Limited (the 'Company'), manufacturers of Bi-axially Oriented Polypropylene Films (BOPP) was incorporated in India in 1981, under the Companies Act 1956. The Company is engaged in the production of flexible packaging films. Company's product majorly comprises of BOPP Films, Thermal Films and Coated Films. In India, the Company is currently having manufacturing at Aurangabad & Shendra in Maharashtra and at Karjan in Gujarat. It also has its subsidiaries working in different countries.

ii) Basis of Preparation

These consolidated financial statements ('financial statements') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The consolidated financial statements for the year ended 31 March 2019 were authorized and approved by the Board of Directors on 15 May 2019.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements. The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.
- Share based payments which are measured at fair value of the options

iii) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Company can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent Company for its separate financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Company and its subsidiaries (jointly referred to as the 'Group' herein under) are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

iv) Significant Accounting Policies

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. 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 attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight line method arrived on the basis of the useful life prescribed under Schedule II of the Companies Act, 2013. The following useful life of assets has been taken by the Group:

Tangible Assets	Useful Life
Building – Factory	30 Years
Building – other than factory	60 Years
Continuous process plant and equipment	25 Years
Other plant and equipment	15 years
Furniture and fittings	10 Years
Vehicles	8 Years
Office equipment	3-5 Years

Cost of the leasehold land is amortized over the period of the lease.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

c) Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Subsequent measurement (depreciation and useful lives)

All intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

Intangible Assets	**Useful life (in years)**
Software	Amortised over a period of 6 years

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

d) Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

e) Borrowing Costs

Borrowing costs 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 or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest method and other costs like finance charges in respect of the finance leases recognized in accordance with Ind AS 17, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

f) Inventory

Inventories are stated at lower of cost or net realisable value. The cost in respect of the various items of inventory is computed as under:

- Raw material cost includes direct expenses and is determined on the basis of weighted average method.
- Stores and spares cost includes direct expenses and is determined on the basis of weighted average method.
- In case of finished goods, cost includes raw material cost plus conversion costs and other overheads incurred to bring the goods to their present location and condition. Cost of finished goods also includes excise duty, wherever applicable.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

g) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional and presentation currency.

Foreign Currencies

Transactions and balances

Initial recognition

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency by applying the exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences

Under previous GAAP, exchange differences arising on translation/ settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset were adjusted to the cost of the asset. Such exchange differences arising on translation/ settlement of long term foreign currency monetary items and pertaining to the acquisition of a depreciable asset were amortised over the remaining useful lives of the assets. The Group has elected to continue with the said policy on exchange differences arising on long term foreign currency monetary items existing on 31 March 2017 as allowed under Ind AS 101.

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

i. Exchange differences arising on long-term foreign currency monetary items existing as on 31 March 2017 related to acquisition of a property, plant and equipment are capitalised and depreciated over the remaining useful life of the asset.

ii. Exchange differences arising on other long-term foreign currency monetary items existing as on 31 March 2017 are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortised over the remaining life of the concerned monetary item.

iii. All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (i) and (ii) above, the Group treats a foreign currency monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.

Foreign operations

In the Group’s financial statements, all assets, liabilities and transactions of the Group entities with functional currency other than the Indian Rupee are translated into Indian Rupee upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Indian Rupee at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Indian Rupee at the closing rate. Income and expenses have been translated into Indian Rupee at the average rate over the reporting period. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the statement of profit or loss and are recognized as part of the gain or loss on disposal.

h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

j) Revenue Recognition

Sale of Products

Domestic sales (including scrap sales) are recognised when control of products are transferred i.e. on dispatch of goods and are accounted for net of returns and rebates. Sales, as disclosed, are exclusive of goods and services tax.

Export sales are recognised when control is transferred to the buyer as per the terms of sale.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed consideration, variable consideration (if reversal is less likely in future), or both. No element of financing is deemed present as the sales are largely made on advance payment terms or with credit term of not more than one year.

The transaction price is allocated by the Group to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. A receivable is recognised when the goods are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

Export benefits/incentives

Revenue in respect of duty entitlement pass book scheme, merchandise exports from India scheme, Focus scheme, Export rebate, advance license scheme and duty drawback scheme is recognized when the entitlement to receive the benefit is established.

Dividend income

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

Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding held and the interest rate applicable.

For all Financial Assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

k) Financial Instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.

- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Financia.ssets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

i. **Financial assets at amortised cost –** a financial instrument is measured at amortised cost if both the following conditions are met:

   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Investments in equity instruments of subsidiaries -** Investments in equity instrument of subsidiaries are accounted for at fair value at the transition date as per the exemptions available in Ind AS 101.

iii. **Financial assets at fair value**

   - **Investments in equity instruments other than above –** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

     If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

     Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

   - **Mutual funds –** All mutual funds in scope of Ind-AS 109 are measured at fair value through profit or loss (FVTPL).
   - **Derivative assets -** All derivative assets are measured at fair value through profit and loss (FVTPL).

Accounting of cash flow hedges and derivatives

The Group enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and foreign exchange rates designated as cash flow hedges. At the inception of a hedge relationship, the Group documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Derivatives are recorded at their fair value with changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in a hedging reserve account. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss. Amounts recorded in the hedging reserve account are released to the Statement of profit and loss in the year when the hedged item affects profit or loss. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting upon which remaining balance of such hedge in the hedging reserve account is released to the Statement of profit and loss.

Derivatives which are not designated as effective hedge are also recorded at their fair value and change in fair value is recognized immediately in the Statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities, other than derivative liabilities, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

Derivative liabilities - All derivative liabilities are measured at fair value through profit and loss (FVTPL).

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

All financial assets except for those at FVTPL and investments in equity instruments measured at FVOCI are subject to review for impairment at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

i. For debtors that are not past due – The Group applies approach permitted by Ind AS 109 'Financial Instruments', which requires lifetime expected credit losses to be recognised upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

   Life time expected credit losses are assessed and accounted based on Group's historical counter party default rates and forecast of macro-economic factors, by dividing receivables that are not considered to be individually significant by reference to the business segment of the counter party and other shared credit risk characteristics to evaluate the expected credit loss. The expected credit loss estimate is then based on recent historical counter party default rates. The Group defines default as an event when the financial asset is past due for more than 365 days. This definition is based on management's expectation of the time period beyond which if a receivable is outstanding, it is an objective evidence of impairment.

ii. For debtors considered past due – any enhancement in the accrual done for expected credit loss on individually significant receivables is made to recognise any additional expected credit loss on amount recoverable. The Group writes off trade receivables when there is no objective evidence that such amounts would not be recovered. Financial assets that are written-off are still subject to enforcement activity by the Group.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12 month expected credit losses, else at an amount equal to the lifetime expected credit losses.

l) Post-employment and other employee benefits

Defined Contribution plan

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no obligation other than the contribution payable to the Provided Fund.

Superannuation fund

Superannuation is a post-employment benefit defined contribution plan under which the company pays specified contributions to the insurer. The company makes specified quarterly contributions to the superannuation fund. The contribution paid or payable is recognized as an expense in the period in which the services are rendered by the employee.

Defined benefit plans

The Holding Company operates a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Gratuity fund is administered through Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other Employee Benefits

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

m) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is disclosed.

n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

o) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets are reviewed at each balance sheet date and derecognized to the extent it is no longer probable that sufficient future taxable profits will be available against which such deferred tax assets can be realized.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax ('MAT') credit is recognized as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of profit and loss and presented as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not probable that the Company will pay normal income tax during the specified period.

p) Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Identification of segments:

In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of information reviewed by the Group's management to allocate resources to the segments and assess their performance. An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Results of the operating segments are reviewed regularly by the Board of Directors which has been identified as the chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Allocation of common costs:

Common allocable costs are allocated to each segment accordingly to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

s) Employee Share based payment

The Group has granted stock options under Cosmo Films Employees Stock Option Plan 2015 to the employees of the Group and its subsidiaries. The fair value of options granted under Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in share options outstanding account. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share options outstanding account. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium.

v) Significant management judgement in applying accounting policies and estimation uncertainty

The following are the critical judgments and the key estimates concerning the future that management has made in the process of applying the Group's accounting policies and that may have the significant effect on the amounts recognized in the financial Statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for expected credit losses – The allowance for expected credit losses reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Allowance for obsolete and slow-moving inventory - The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Useful lives of depreciable/ amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Contingent liabilities – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

vi) Standards issued but not yet effective

- **Ind AS 116 – Leases**

  Ind AS 116, Leases, will take effect from financial year beginning on 1 April 2019. This standard requires lessees to adopt a single lease accounting model with most leases recognised in balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments. Recognition exemptions for low value assets and short term leases can be applied. The standard continues to adopt dual accounting lease model for lessor accounting. The Group plans to apply Ind AS 116 prospectively.

  The Group is currently in the process of assessing the impact of adoption of this standard, on the consolidated financial statements.

- **Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:**

  On 30 March 2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Group is evaluating the requirements of the amendments and its impact if any, on the consolidated financial statements.

- **Amendment to Ind AS 12 – Income taxes**

  On 30 March 2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  The Group is evaluating the requirements of the amendments and its impact if any, on the consolidated financial statements.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

2 PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equip-ments	Total
Gross carrying value								
As at 1 April 2017	**32.72**	**67.32**	**197.83**	**1,072.45**	**11.42**	**12.89**	**22.96**	**1,417.59**
Additions	0.27	-	5.92	47.53	0.32	0.77	0.85	**55.66**
Disposals	-	-	-	(0.89)	-	(2.05)	(0.01)	**(2.95)**
Foreign exchange fluctuation	0.62	-	0.71	25.23	-	0.03	0.03	**26.62**
As at 31 March 2018	**33.61**	**67.32**	**204.46**	**1,144.32**	**11.74**	**11.64**	**23.83**	**1,496.92**
Additions	-	39.46	2.34	22.80	0.05	0.88	1.19	**66.72**
Disposals	(3.91)	-	(12.52)	(35.52)	(0.71)	(0.33)	(3.09)	**(56.08)**
Foreign exchange fluctuation	(0.09)	-	0.68	1.31	0.04	0.01	0.19	**2.14**
As at 31 March 2019	**29.61**	**106.78**	**194.96**	**1,132.91**	**11.12**	**12.20**	**22.12**	**1,509.70**
Accumulated depreciation								
As at 1 April 2017	**-**	**1.37**	**38.47**	**389.97**	**5.51**	**5.14**	**17.86**	**458.32**
Charge for the year	-	0.97	5.94	38.50	0.89	1.19	1.79	**49.28**
Disposals	-	-	-	(0.59)	-	(1.73)	(0.01)	**(2.33)**
Foreign exchange fluctuation	-	-	0.14	0.54	-	-	0.02	**0.70**
As at 31 March 2018	**-**	**2.34**	**44.55**	**428.42**	**6.40**	**4.60**	**19.66**	**505.97**
Charge for the year	-	1.43	5.90	41.33	0.89	1.20	1.43	**52.18**
Disposals	-	-	(6.19)	(20.66)	(0.37)	(0.15)	(3.07)	**(30.44)**
Foreign exchange fluctuation	-	-	0.33	0.81	0.03	0.02	0.15	**1.34**
As at 31 March 2019	**-**	**3.77**	**44.59**	**449.90**	**6.95**	**5.67**	**18.17**	**529.05**
Net block as at 31 March 2018	**33.61**	**64.98**	**159.90**	**715.90**	**5.34**	**7.04**	**4.18**	**990.95**
Net block as at 31 March 2019	**29.61**	**103.01**	**150.37**	**683.01**	**4.17**	**6.53**	**3.95**	**980.65**

Note:

a) Additions include ₹ 0.42 crores (31 March 2018: ₹ 0.27 crores) towards assets located at research and development facilities.

b) Contractual obligation

Refer note 40 (B) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

c) Property, plant and equipment pledged as security

Refer note 20 and 25 for information on property, plant and equipment pledged as security by the Company.

d) Depreciation for the year has been included in "depreciation and amortisation expense" line item in statement of profit and loss.

3 CAPITAL WORK-IN-PROGRESS

Description	Amount
As at 1 April 2017	**8.59**
Add: Addition during the year	59.46
Less: Capitalisation during the year	(55.66)
As at 31 March 2018	**12.39**
Add: Addition during the year	47.20
Less: Capitalisation during the year	(27.26)
As at 31 March 2019	**32.33**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

4 INVESTMENT PROPERTY

Description	Building	Total
Gross carrying value		
As at 1 April 2017	**28.49**	**28.49**
Foreign exchange	2.79	**2.79**
As at 31 March 2018	**31.28**	**31.28**
Foreign exchange	1.18	**1.18**
As at 31 March 2019	**32.46**	**32.46**
Accumulated depreciation		
As at 1 April 2017	**1.00**	**1.00**
Charge for the year	1.00	**1.00**
As at 31 March 2018	**2.00**	**2.00**
Charge for the year	1.00	**1.00**
As at 31 March 2019	**3.00**	**3.00**
Net block as at 31 March 2018	**29.28**	**29.28**
Net block as at 31 March 2019	**29.46**	**29.46**

(i) Amount recognised in profit or loss for investment properties

	Year ended 31 March 2019	Year ended 31 March 2018
Rental income	-	-
Profit from investment properties before depreciation	-	-
Depreciation	(1.00)	(1.00)
Loss from investment property	**(1.00)**	**(1.00)**

(ii) Fair value

	As at 31 March 2019	As at 31 March 2018
Investment property	23.54	23.33

Estimation of fair value

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The Group obtains independent valuations for its investment property and fair value measurement has been categorised as Level 3. The fair valuation is carried out by market approach.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

5 INTANGIBLE ASSETS

Description	Software	Total
Gross carrying value		
As at 31 March 2017	**8.34**	**8.34**
Additions	1.81	**1.81**
As at 31 March 2018	**10.15**	**10.15**
Additions	0.46	**0.46**
As at 31 March 2019	**10.61**	**10.61**
Accumulated amortisation	**6.13**	**6.13**
Charge for the year	0.93	**0.93**
As at 31 March 2018	**7.06**	**7.06**
Charge for the year	0.45	**0.45**
As at 31 March 2019	**7.51**	**7.51**
Net block as at 31 March 2018	**3.09**	**3.09**
Net block as at 31 March 2019	**3.10**	**3.10**

6 NON-CURRENT INVESTMENTS

Particulars	As at 31 March 2019	As at 31 March 2018
Carried at fair value through profit and loss		
Investments in equity instruments		
Others (unquoted):		
2,615,000 (31 March 2018: 2,615,000) equity shares of ₹ 0.19 each fully paid up in OPGS Power Gujarat Private Limited.	0.05	0.05
6,445 (31 March 2018: 6,445) equity shares of THB 100 each fully paid up in Naithon Beach Limited.	0.12	0.12
	0.17	**0.17**
Aggregate amount of unquoted investments	0.17	0.17

7 NON-CURRENT LOANS

Particulars	As at 31 March 2019	As at 31 March 2018
Loans considered good - Secured		
- Loans to employees	8.27	7.20
Loans considered good - Unsecured		
- Loans to employees	0.77	0.63
- Security deposit	1.67	2.42
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	10.71	**10.25**

Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

8 OTHER NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Deposits with bank (with remaining maturity more than 12 months)	5.18	-
Derivative assets	3.10	5.87
	8.28	**5.87**

Note:

a) Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

9 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	28.33	29.57
Recoverable from sales tax department	16.89	7.91
Prepaid expenses	2.86	3.27
Others	0.91	0.14
	48.99	**40.89**

10 INVENTORIES

Particulars	As at 31 March 2019	As at 31 March 2018
Raw material	111.56	106.97
Finished goods	144.33	157.31
Stores and spares	21.88	17.77
	277.77	**282.05**

Note:

Refer note 20 and 25 for inventories pledged as security for liabilities

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

11 INVESTMENTS

Particulars	As at 31 March 2019	As at 31 March 2018
Investments carried at fair value through profit or loss		
Liquid mutual funds (quoted)*	77.23	57.82
	77.23	**57.82**
Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.		
***Details of investments are as follows:**		
Reliance Money Manager Fund - Direct Growth Plan	-	5.25
UTI-Treasury Advantage Fund - Institutional Plan - Direct Plan - Growth	-	5.25
ICICI Prudential Flexible Income - Direct Plan - Growth	-	5.26
IDFC Ultra Short Term Fund- Growth-(Direct Plan)	-	10.51
TFG1Z Tata Ultra Short Term Fund Direct Plan- Growth	5.32	15.77
Birla Sunlife Floating Rate Fund Long Term Plan - Growth- Direct- Plan	5.33	15.78
ICICI Prudential Ultra Short Term	5.01	-
Franklin India Ultra Short Bond	20.23	-
Reliance Ultra Short Duration Direct-G	20.23	-
HDFC Bank Limited SR-1 Perpetual Bond	10.79	-
State Bank of India Series 1 NCD Perpetual Bond	10.32	-
	77.23	**57.82**

12 TRADE RECEIVABLES

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables considered good- secured	-	-
Trade receivables considered good- unsecured	209.14	192.08
Trade receivables which have significant increase in credit risk	-	-
Trade receivables- credit impaired	8.37	7.47
	217.51	**199.55**
Less: allowance for expected credit losses	(8.37)	(7.47)
	209.14	**192.08**

Note

a) Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

b) Refer note 20 and 25 for trade receivables pledged as security for liabilities

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

13 CASH AND BANK BALANCES

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- In current accounts	37.18	34.79
- In deposit with original maturity upto 3 months	20.01	1.05
Cheques in hand	-	4.15
Cash on hand	0.06	0.02
	57.25	**40.01**

Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

14 OTHER BANK BALANCES

Particulars	As at 31 March 2019	As at 31 March 2018
Balance in current accounts		
- Unclaimed dividend account	1.08	1.08
Pledged bank deposits (refer note a and b below)	10.44	8.38
Deposits with bank (with original maturity more than 3 months but remaining maturity less than 12 months)	17.16	-
	28.68	**9.46**

Note:

a) Pledged deposits represent ₹ 5.08 crores (31 March 2018: ₹ 3.38 crores) pledged against margin money for issue of letter of credit and bank guarantees.

b) The deposit of ₹ 5.36 crores (31 March 2018: ₹ 5.00 crores) is pledged against overdraft facility.

c) Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

15 CURRENT LOANS

Particulars	As at 31 March 2019	As at 31 March 2018
Loans considered good- secured	-	-
Loans considered good- unsecured		
- Loans to employees	0.51	0.47
- Security deposit	0.32	0.35
- Others	1.39	0.83
Loans which have significant increase in credit risk	-	-
Loans- credit impaired	-	-
	2.22	**1.65**

Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

16 OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Discount recoverable	0.62	6.56
Export benefit recoverable	30.92	28.56
Derivative assets	8.04	0.82
Others	8.13	2.09
	47.71	**38.03**

Refer notes 47 and 48 for disclosure of fair value in respect of financial assets measured at amortised cost and assessment of expected credit losses.

17 OTHER CURRENT ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Advance to supplier	4.91	4.09
Statutory advances	27.02	23.10
Prepaid expenses	7.98	8.20
Others	2.50	3.79
	42.41	**39.18**

18 SHARE CAPITAL

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
25,000,000 equity shares of ₹ 10 each (31 March 2018 : 25,000,000 equity shares of ₹ 10 each)	25.00	25.00
Issued, subscribed and fully paid up		
19,440,076 equity shares of ₹ 10 each (31 March 2018 : 19,440,076 equity shares of ₹10 each)	19.44	19.44
	19.44	**19.44**

(a) Reconciliation of number of shares

	As at 31 March 2019		As at 31 March 2018	
	No of shares	Amount	No of shares	Amount
Equity shares at the beginning of the year	19,440,076	19.44	19,440,076	19.44
Changes during the year	-	-	-	-
Equity shares at the end of the year	**19,440,076**	**19.44**	**19,440,076**	**19.44**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

(i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation in the financial year 2002-03. No shares have been issued for consideration other than cash in the current reporting year and in last five years immediately preceding the current reporting year.

(ii) Of the above 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account in the financial year 2002-03. No shares have been issued as bonus shares in the current reporting year and in last five years immediately preceding the current reporting year.

(iii) There has not been any buy-back of shares in the current reporting year and in last five years immediately preceding the current reporting year.

(iv) There is no movement in equity share capital during the current year and previous year.

(v) Final dividend is recommended by the board is ₹ 6 per equity share, (31 March 2018: ₹ 6) and is subject to shareholders approval.

During the year ended 31 March 2019 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 6 per share (31 March 2018: ₹ 10 per share).

(vi) Terms and rights attached to equity shares:

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of shareholders in Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(vii) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2019		As at 31 March 2018	
	No of shares	**% holding**	**No of shares**	**% holding**
Mr. Ashok Jaipuria*	8,106,744	41.70%	7,233,876	37.21%

** it includes shares of 7,508,216 (31 March 2018: 7,233,876) registered under name of Mr. Ashok Jaipuria where beneficial owner is Gayatri and Annapurna (partnership firm)*

19 OTHER EQUITY

Particulars	As at 31 March 2019	As at 31 March 2018
Retained earnings	340.46	292.05
General reserve	278.11	278.11
Capital reserve	4.10	4.10
Securities premium account	31.26	31.26
Cash flow hedge reserve	6.65	(5.27)
Currency translation reserve	3.45	3.98
Shares option outstanding account	5.23	3.23
Treasury shares	(8.46)	(8.46)
Other reserve	-	1.22
Total other equity	**660.80**	**600.22**

Nature and purpose of reserves

(i) Capital reserve

Capital reserve was created under financial statements prepared in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP') out of the profit earned from a specific transaction of capital nature.

(ii) Securities premium account

Securities premium account represents premium received on issue of shares. The account is utilised in accordance with the provisions of the Companies Act 2013.

(iii) General reserve

The Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

(iv) Employee share options outstanding account

The account is used to recognize the grant date fair value of the options issued to employees under Company's Employee stock option plan.

(v) Treasury shares

Treasury shares represent Company's own equity shares held by the Cosmo Films ESOP Trust which is created under the Employee Stock Option Plan ,2015.

(vi) Other comprehensive income (OCI)

(a) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

(b) The Company has recognised remeasurements benefits on defined benefits plans through other comprehensive income. The same is presented under 'Retained Earnings'.

(c) Currency translation reserve represents exchange differences arising on translation of the foreign operations recognised in the financial statements.

20 BORROWINGS

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
Term loan from banks:		
(i) Foreign currency loans (refer note A below)*	457.94	401.67
(ii) Rupee term loans (refer note B below)	79.37	96.84
(iii) Vehicle loans (refer note C below)	2.35	2.50
	539.66	**501.01**
Less:- Current maturities disclosed under other financial liabilities (refer note 27)	107.72	95.70
	431.94	**405.31**

*include hedged foreign currency borrowings of ₹ 292.39 crores (31 March 2018: ₹ 147.16 crores)

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

Notes:

	As at 31 March 2019	As at 31 March 2018
A Foreign currency loans comprises of :		
(i) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13, 2013-14 and 2014-15 and carries interest based upon Euribor plus 105 bps per annum. The loan is repayable in 17 equal semi-annual instalments of EUR 609,850 each after six month from the signing of final acceptance certificate for start of commercial production. **Security** The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.	37.93	49.19
(ii) Loan of USD 7,000,000 taken from DBS Bank Limited during the financial year 2012-13 and carries interest rate based upon Libor plus 225 bps per annum. The loan is repayable in 8 semi-annual installments starting from April 2015. (The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest). **Security** The above loan is secured by pari passu charge on the movable and immovable fixed assets both present and future of the Company, other than assets specifically carved out and second pari passu charge on current assets of the Company both present and future.	-	21.45
(iii) Loan of USD 9,729,936 taken from Export-Import Bank (EXIM) of India during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Libor plus 275 bps per annum. The loan is repayable in 24 equal quarterly instalments commencing after a moratorium of 18 months from scheduled commercial operation date or actual commercial operation date whichever is earlier. **Security** The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.	58.91	63.09
(iv) Loan of EUR 14,614,201 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16, 2016-17 and 2017-18 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments from the date of 28 February 2018 .	96.57	111.99

	Security The above loan is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.		
(v)	Loan of ₹ 60 crores taken from State Bank of India and carries interest rate base rate plus 230 bps. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. **Security** The above loan is secured against (i) first pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) second pari passu charge on current assets of the company both present and future.	22.92	32.76
(vi)	Loan of ₹ 35 crores taken from Yes Bank Limited during the financial year 2017-18 and carries interest rate based on 6 months Euribor plus 280 bps per annum. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction.The loan is repayable in 10 equal half yearly instalments starting from December 2017. **Security** The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	24.96	33.28
(vii)	Loan of ₹ 35 crores taken from Infrastructure Development Finance Company (IDFC) during the financial year 2017-18 and carries interest rate Euribor plus 245 bps. During the financial year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 8 equal semi annual instalments after moratorium of 18 months from the date of disbursement. **Security** The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	36.54	37.91
(viii)	Loan of ₹ 35 crores taken from IndusInd Bank during the financial year 2016-17 and carries interest rate based upon Mibor plus 465 bps per annum. The loan is repayable in 17 equal quarterly instalments after moratorium of 12 months from the first date of disbursement.	21.16	27.86

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

	Security The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.		
(ix)	Loan of ₹ 27.76 crores taken from Industrial Development Bank of India (IDBI) during the financial year 2014-15 and 2015-16 and carries interest based upon base rate plus 2.5% per annum. The loan is repayable in 10 structured half yearly instalments starting from 31 March 2018. During the financial year 2018-19, this loan has been converted into fully hedged FCNR loan. The tenure of facilities remain in-line with the original sanction. **Security** The above loan is secured against (i) Demand Promissory Note (ii) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (iii) Second pari passu charge on current assets of the company both present and future.	19.23	25.28
(x)	Loan of ₹ 40 crores taken from Yes Bank Limited during the financial year 2018-19 and carries interest rate based on 6 months Euribor plus 310 bps per annum. During the Financial Year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 9 equal half yearly instalments after moratorium of 6 months from the first date of disbursement. **Security** The above loan is secured against (i) first paripassu charge by way of hypothecation on movable and by way of equitable mortgage over all immovable fixed assets (both present and future) except those are exclusively charged to other lenders (ii) second pari-passu chargeby way of hypothecation on current assets of the borrower (both present and future).	36.94	-
(xi)	Loan of ₹ 50 crores taken from Industrial Credit and Investment Corporation of India Limited (ICICI) during the financial year 2018-19 and carries interest rate based upon Euribor plus 4.113% per annum. During the Financial Year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 18 quarterly instalments starting from 31 Decmber 2018. **Security** The above loan is secured against (i) First pari passu charge over the movable and immovable fixed assets of the company both present and future, other than assets specifically carved out. (ii) Second pari passu charge on current assets of the company both present and future.	45.84	-

	(xii) Loan of ₹ 60 crores taken from IndusInd Bank during the financial year 2018-19 and carries interest rate based upon 3 month Euribor plus 331 bps per annum. During the Financial Year 2018-19 this loan has been converted into hedged FCNR loan. The tenure of the facility remain in-line with the original sanction. The loan is repayable in 22 equal quarterly instalments after moratorium of 6 months from the first date of disbursement. **Security** The above loan is secured against (i) first pari-passu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	57.94	-
B	**Rupee term loans comprises of :**		
	(i) Loan of ₹ 60 crores taken from State Bank of India during the financial year 2013-14 and carries interest rate based upon base rate plus 2.3% per annum. The loan is repayable after a moratorium of 24 month from the date of disbursement in 24 equal quarterly instalments of ₹ 2.5 crores each. This loan has been converted into hedged FCNR loan. (refer note A (viii))	0.07	0.08
	(ii) Loan of ₹ 60 crores taken from SVC Co-operative Bank Limited during the financial year 2016-17 and 2017-18 and carries interest rate based upon SBI's 6 month MCLR plus 165 bps per annum to be reset on quarterly basis. The loan is repayable in 21 euqal after moratorium of 12 months from the date of disbursement. **Security** The above loan is secured against (i) First paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) Second pari-passu charge on current assets of the company both present and future.	44.68	57.00
	(iii) Loan of ₹ 40 crores taken from Bajaj Finance Limited during the financial year 2017-18 and carries interest rate linked to SBI's one year MCLR to be reset quarterly . The loan is repayable in 60 equal monthly instalments after moratorium of 12 months from the date of disbursement. **Security** The above loan is secured against (i) first paripassu charge over movable and immovable fixed assets of the Company both present and future, other than assets specifically carved out. (ii) second pari-passu charge on current assets of the company both present and future.	34.68	40.00

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

C	**Vehicle loans taken from Union Bank of India carries interest @ 8% - 9% per annum. This loan is repayable in 3 years**		
	Security		
	Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles.	2.35	2.50
	Less: Adjustment for processing fees on long term loans recognised using effective interest rate	(1.06)	(1.38)
		539.66	**501.01**

Refer note 25 - current maturities of long term borrowings are disclosed under the head other current financial liabilities. Refer notes 47 and 48 for disclosure of fair values in respect of financial liabilities measured at amortised cost and analysis of maturity profile.

21 OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Derivative liabilities	-	5.62
	-	**5.62**

22 LONG TERM PROVISIONS

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for retirement benefits (refer note 43)	4.18	3.68
	4.18	**3.68**

23 DEFERRED TAX LIABILITIES (NET)#

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Property, plant and equipment and other intangible assets		
- depreciation and amortisation	142.59	135.77
Income taxable in future years under Income tax Act, 1961	0.57	0.96
Cash flow hedge reserve	4.54	-
Gross deferred tax liabilities	**147.70**	**136.73**
Deferred tax assets		
Cash flow hedge reserve	-	1.86
Unabsorbed business losses	6.92	15.48
Expenses deductible in future years under Income tax Act 1961	2.64	0.83
Minimum alternative tax credit entitlement	95.94	81.21
Gross deferred tax assets	**105.50**	**99.38**
Deferred tax liabilities (net)	**42.20**	**37.35**

(All amounts in ₹ crores, unless stated otherwise)

23 DEFERRED TAX LIABILITIES (NET)# *(CONTD.)*

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets and liabilities have been offset where they arise in the same legal entity and taxing jurisdiction but not otherwise. Accordingly the net deferred tax (assets) / liability has been disclosed in the Balance Sheet as follows:		
Deferred tax assets	4.68	3.14
Deferred tax liabilities	46.88	40.49
Deferred tax liabilities (net)	**42.20**	**37.35**

#Refer note 38 for movement in deferred tax balances

24 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred income on export promotion capital goods scheme	52.96	55.85
	52.96	**55.85**

25 BORROWINGS

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
From banks		
Working capital loans from banks repayable on demands	270.30	283.55
Amount payable recognised on account of factoring with recourse for receivables	1.32	3.60
	271.62	**287.15**

Notes:

(a) Cash credits/ working capital demand loans/ export packing credits are secured by hypothecation of inventories, trade receivable and second charge on fixed assets except assests exclusively carved out.

26 TRADE PAYABLES

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables		
- dues to micro and small enterprises	0.13	1.75
- dues to other than micro and small enterprises	118.39	97.35
Acceptances	83.66	89.92
Total	**202.18**	**189.02**

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

	Particulars	31 March 2019	31 March 2018
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.13	1.75
ii	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Refer notes 47 and 48 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profile.

27 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long term borrowings (refer note 20)	107.72	95.70
Interest accrued and but not due on borrowings	1.33	2.27
Security deposits	1.14	0.64
Unpaid dividend	1.08	1.08
Employee related payables	9.33	8.92
Other accrued liabilities	34.77	29.83
Derivative liabilities	7.15	2.94
	162.52	**141.38**

Refer notes 47 and 48 for disclosure of fair values in respect financial liabilities measured at amortised cost and analysis of maturity profile.

28 PROVISIONS

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for gratuity	0.06	-
Provision for compensated absences	0.20	-
	0.26	**-**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

29 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	3.29	1.55
Advance received from customers	12.90	11.92
Deferred income on export promotion capital goods scheme.	2.89	2.89
	19.08	**16.36**

30 CURRENT TAX LIABILITIES (NET)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for tax (net of advance tax)	1.38	1.13
	1.38	**1.13**

31 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Operating revenue (refer note a and b below)		
Sale of products-domestic	1,118.15	1,074.75
Sale of products-export	963.87	758.32
Sale of Products	2,082.02	1,833.07
Other operating revenue (refer note c below)	74.50	43.91
Revenue from operations (gross)	**2,156.52**	**1,876.98**

Note:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a) According to the requirements of Ind-AS and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, revenue for the corresponding previous year ended 31 March 2017 was reported inclusive of Excise Duty. The Government of India has implemented Goods and Services Tax (GST) from 1 July 2017 replacing Excise Duty, Service Tax and various other indirect taxes. As per Ind-AS 18, the revenue for the period 1 July 2017 to 31 March 2018, is reported net of GST. Had the previously reported revenue been presented net of excise duty, comparative revenue of the Company would have been as follows:		
Revenue from operations (Net of excise duty)	**2,156.52**	**1,846.52**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

Note:

Particulars	**Year ended 31 March 2019**	**Year ended 31 March 2018**
b) Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach: (i) Identify the contract(s) with customer; (ii) Identify separate performance obligations in the contract; (iii) Determine the transaction price; (iv) Allocate the transaction price to the performance obligations; and (v) Recognise revenue when a performance obligation is satisfied. The Company has adopted Ind AS 115 "Revenue from contracts with customers" applying a full retrospective transition approach, which replaces earlier revenue recognition standard. The Company has assessed that, in case of certain contracts with customers, some performance obligations comprise arranging for another party to provide certain services to the customers. Accordingly, revenue for such performance obligations is recognized as the difference between the consideration allocated for services provided to customers and the related costs for arranging the same. However, there is no impact on retained earnings or profit for the previous year. The restated revenue for the year ended 31 March 2018 are lower by Rs 89.71 crores with the corresponding decrease in other expenses.		

(i) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	**Goods**	**Other operating revenue***	**Total**
Revenue by geography			
Domestic	1,118.15	74.50	1,192.65
Export	963.87	-	963.87
Total	**2,082.02**	**74.50**	**2,156.52**
Revenue by time			
Revenue recognised at point in time			2,156.52
Revenue recognised over time			-
Total			**2,156.52**

* Export benefit has been included in domestic revenue

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

(ii) Revenue recognised in relation to contract liabilities

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

Description	Year ended 31 March 2019
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	10.84
Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

(iii) Assets and liabilities related to contracts with customers

Description	As at 31 March 2019	As at 31 March 2018
Contract liabilities related to sale of goods		
Advance from customers	12.90	11.92

(iv) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

Description	Year ended 31 March 2019
Contract price	2,226.48
Less: Discount, rebates, credits etc.	69.96
Revenue from operations as per Statement of Profit and Loss	**2,156.52**

c) Including export benefits of ₹ 43.38 crores (31 March 2018: ₹ 33.87 crores)

d) **Details of products sold**

Particulars	As at 31 March 2019	As at 31 March 2018
Manufactured goods		
- Packaging films	2,078.17	1,828.58
- Others	3.85	4.49
Total	**2,082.02**	**1,833.07**

32 OTHER INCOME

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on bank deposits	1.56	1.50
Interest on financial assets carried at amortised cost	0.29	0.21
Gain on investments carried at fair value through profit and loss	2.54	2.82
Interest from others	0.70	0.10
Insurance and other claims	2.23	0.58
Sales tax incentives	-	17.20

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

32 OTHER INCOME *(CONTD.)*

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Grant income on export promotion capital goods scheme	2.89	2.79
Liabilities no longer required written back	0.70	0.60
Profit on sale of property, plant and equipment	8.79	-
Foreign exchange gain (net)	-	8.71
Miscellaneous income	0.45	-
	20.15	**34.51**

33 CHANGE IN INVENTORY

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock		
Finished Goods	157.32	153.16
Closing stock		
Finished Goods	144.33	157.32
Less: increase in excise duty	-	(4.26)
	12.99	**(8.42)**
Note:		
Details of finished goods		
Particulars		
Finished goods		
- Packaging films	144.33	157.32
Total	**144.33**	**157.32**

34 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages, allowances and bonus	120.87	118.83
Employee stock option expense	2.00	1.72
Contribution to provident and other funds (refer note 43)	4.79	4.87
Staff welfare expenses	3.74	4.56
	131.40	**129.98**

35 DEPRECIATION AND AMORTISATION

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment and investment property	53.18	50.28
Amortisation of intangible assets	0.45	0.93
	53.76	**51.21**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

36 FINANCE COSTS

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest		
- Term loans	23.57	22.47
- Cash credit and short term loans	19.00	11.90
- Others	0.02	0.41
Foreign exchange fluctuation to the extent regarded as an adjustment to borrowing costs	8.25	11.66
Other borrowings costs	5.13	5.94
	55.97	**52.38**

The finance cost shown above is net of borrowing costs capitalised during the year ended 31 March 2019 amounting to ₹ 1.92 crores (31 March 2018: ₹ 1.76 crores).

37 OTHER EXPENSES

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rent	10.50	8.56
Rates and taxes	1.67	3.02
Stores, spare parts and packing materials consumed	74.35	73.33
Insurance	3.33	3.27
Repair and maintenance		
Building	1.21	0.99
Machinery	11.98	12.42
Others	5.42	4.40
Power and fuel expenses	124.44	108.94
Other manufacturing expenses	1.15	2.26
Printing and stationary	0.83	0.87
Training and recruitment expenses	0.57	0.78
Travelling and conveyance	11.97	10.13
Vehicle running and maintenance	6.06	4.77
Communication expenses	0.60	1.10
Legal and professional charges	9.99	9.87
Foreign exchange fluctuation loss (net)	6.01	1.82
Corporate social responsibility (CSR) expenditure (refer note b below)	1.44	1.17
Freight and forwarding	3.72	2.75
Other selling expenses	5.26	2.93
Payment to auditors (refer note a below)	0.79	0.83
Loss on sale of fixed assets	-	0.05
Miscellaneous expenses	5.06	3.33
	286.35	**257.59**

Note:

Other expenses includes research and development expenses (refer note 41)

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a)	**Payment to auditors (exclusive of goods and services tax/service tax)**		
	As auditor		
	- Audit fee (includes tax audit fees)	0.72	0.69
	- Tax audit fee	0.03	0.03
	In other capacity		
	- Certification and other matters	0.02	0.08
	- Reimbursement of out of pocket expenses	0.02	0.03
	Total	**0.79**	**0.83**
	Details of corporate social responsibility expenditure		
	(a) Amount required to be spent by the group	2.18	1.95
	(b) Amount spent during the year		
	(i) Construction or acquisition of any asset	-	-
	(ii) On purposes other than (i) above	1.44	1.17

38 INCOME TAX

	As at 31 March 2019	As at 31 March 2018
The income tax expense consists of the following :		
Current tax expense	12.09	15.82
Deferred tax benefit	(1.56)	(16.25)
Total income tax	**10.53**	**(0.43)**
The reconciliation of the estimated tax expense at statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:		
Profit before income taxes	71.64	64.00
At India's statutory income tax rate of 34.94 % (31 March 2018: 34.94%,)	25.03	22.36
Adjustments in respect of current income tax		
Income exempted from income taxes	(5.76)	(13.83)
Deferred taxes on income exempted from income taxes	-	(5.80)
Additional allowance on revenue and capital expenses	(1.37)	(1.19)
Effect of different tax rate	-	(10.20)
Taxes earlier years	(2.36)	-
Other adjustments	(5.01)	8.23
Total income tax expense	**10.53**	**(0.43)**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 is as follows:

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
Deferred tax liabilities (net)				
Deferred tax assets arising on account of :				
Cash flow hedge reserve	1.86	-	(1.86)	-
Unabsorbed business losses	15.48	(8.56)	-	6.92
Expenses deductible in future years under Income tax Act, 1961	0.83	1.81	-	2.64
Minimum alternative tax credit entitlement	81.21	14.73	-	95.94
	99.38	**7.98**	**(1.86)**	**105.50**
Deferred tax liabilities in relation to :				
Cash flow hedge reserve	-	-	4.54	4.54
Property, plant and equipment and other intangible assets -depreciation and amortisation	135.77	6.81	-	142.59
Income taxable in future years under Income tax Act, 1961	0.96	(0.39)	-	0.57
	136.73	**6.42**	**4.54**	**147.70**
Net deferred tax liabilities	**37.35**	**(1.56)**	**6.39**	**42.20**

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2018 is as follows:

	Opening balance	Deferred tax credit/ charge in profit and loss	Deferred tax credit/ charge in other comprehensive income	Closing balance
Deferred tax liabilities (net)				
Deferred tax assets arising on account of :				
Cash flow hedge reserve	(0.34)	-	2.20	1.86
Allowance for expected credit losses	0.56	(0.56)	-	-
Unabsorbed business losses	17.16	(1.68)	-	15.48
Expenses deductible in future years under Income tax Act, 1961	9.31	(8.48)	-	0.83
Minimum alternative tax credit entitlement	65.69	15.52	-	81.21
	92.38	**4.80**	**2.20**	**99.38**
Deferred tax liabilities in relation to :				
Property, plant and equipment and other intangible assets -depreciation and amortisation	141.61	(5.84)	-	135.77
Income taxable in future years under Income tax Act, 1961	6.79	(5.83)	-	0.96
	148.40	**(11.67)**	**-**	**136.73**
Net deferred tax liabilities	**56.02**	**(16.47)**	**(2.20)**	**37.35**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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Tax losses

No deferred tax asset has been recognised on these unutilized tax losses as there is no evidence that sufficient taxable profit will be available in future against which they can be utilised by the respective entities

Loss pertains to the year	Expiry year	Unused tax losses for which no deferred tax has been recognised	Potential tax benefit
31 December 2009	31 December 2031	1.19	0.25
31 March 2010	31 March 2032	7.07	1.49
31 March 2011	31 March 2033	31.60	6.64
31 March 2012	31 March 2034	18.55	3.89
31 March 2013	31 March 2035	6.42	1.35
31 March 2014	31 March 2036	6.66	1.40
31 March 2015	31 March 2037	25.99	5.46
31 March 2016	31 March 2038	6.08	1.28
31 March 2017	31 March 2039	16.87	3.54
31 March 2018	31 March 2040	18.36	3.86

Deferred tax assets in the Group have been recognised to the extent there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse.

39 EARNINGS PER SHARE

Particulars	As at 31 March 2019	As at 31 March 2018
Profit attributable to shareholders	61.11	64.43
Weighted average number of equity shares (numbers in crore)	1.92	1.92
Nominal value per share (₹)	10.00	10.00
Earnings per equity share (₹)		
Basic	31.89	33.62
Diluted	31.89	33.62

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

40 CONTINGENCIES AND COMMITMENTS

	Particulars		As at 31 March 2019	As at 31 March 2018
(A)	**Contingent liabilities**			
	I	Claims against the Company not acknowledged as debt	0.22	0.33
	II	Disputed demand for Income tax (refer note (a) below)	9.81	4.83
	III	Pending duty obligation under Export Promotion Capital Goods licenses	11.92	25.49
	IV	Disputed demand for Excise duty and Service tax	18.97	11.16
	V	Disputed demands for labour/employee dispute	8.55	-

Note:

a) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (31 March 2018: ₹ 4.83 crores) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. The Company has filed a special leave petition against the order of Hon'ble High Court of Delhi which has been accepted by Hon'ble Supreme Court and is pending. Based on the legal opinion taken from an independent expert, the management is of the view that it is more likely than not that matter will be decided in favour of the Company.

b) There are numerous interpretative issue relating to the Supreme Court (SC) judgement on PF dated 28 February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision on receiving further clarity on the subject.

	Particulars	As at 31 March 2019	As at 31 March 2018
(B)	**Commitments**		
	a) Capital commitments The Company has the following commitments :		
	Particulars		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	118.35	139.45
	Letter of credit opened for which the material has not been shipped as on the date of the balance sheet.	17.92	31.56

41 RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditures incurred by the Company during the financial year are mentioned below:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Material and consumables	3.92	3.20
Employee benefits expense	2.02	2.21
Depreciation expenses	0.31	0.34
Other expenses	0.66	0.62
	6.91	**6.37**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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Assets purchased/capitalised for research and development centers

Description	Total
Gross carrying value	
As at 1 April 2017	**6.86**
Additions	0.27
As at 31 March 2018	**7.13**
Additions	0.42
As at 31 March 2019	**7.55**
Accumulated depreciation	
As at 1 April 2017	**1.80**
Depreciation for the year	0.34
As at 31 March 2018	2.14
Depreciation for the year	0.31
As at 31 March 2019	**2.45**
Net Block as at 31 March 2018	**4.99**
Net Block as at 31 March 2019	**5.10**

Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961

Description	31 March 2019	31 March 2018
Research and development capital expenditure (gross)	0.42	0.27
Research and development revenue expenditure	6.60	6.03
Total Expenditure	**7.02**	**6.30**
Less: Realisation on sale of research and development assets	-	-
Net research and development expenditure	**7.02**	**6.30**
Sales for the year	**2,082.02**	**1,833.07**
Total research and development expenditure / sales	0.34%	0.34%
Total eligible research and development expenditure / sales	0.34%	0.34%

42 EMPLOYE STOCK OPTION PLAN

Pursuant to the approval of the shareholders, the Company has introduced Cosmo Films Employees Stock Option Plan 2015 (CF ESOP 2015) to provide share based incentive to the eligible employees of the Company and its subsidiaries. The plan is implemented via trust route which will acquire the equity shares of the Company by secondary market acquisition, however, in case of any shortfall the Company will issue new shares as required.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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A) Under the CF ESOP 2015, the Company has granted 225,000 options in financial year 2018-19 (31 March 2018: 200,000 options) as per the details given hereunder:

Scheme	Date of grant	Number of options granted	Vesting condition	Exercise period	Exercise price per share
CF Employees Stock Option Scheme 2015:					
Option I	13-Jan-16	193,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 300.05
Option II	13-Jul-16	250,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 351.40
Option III	7-Jul-17	200,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 433.20
Option IV	2-Jun-18	225,000	On completion of 3 year from the date of grant	10 years from the date of vesting	₹ 237.70

B) Movement of options granted

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Options outstanding at the beginning of the year	**606,700**	**415,400**
Options granted during the year	225,000	200,000
Options cancelled during the year	(66,100)	(8,700)
Options outstanding at the end of the year	**765,600**	**606,700**

The weighted average remaining contractual life outstanding as of 31 March 2019 was 10.96 years (31 March 2018: 11.47 years).

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

C) The fair value of options used to compute performa net income and earning per equity share has been done on the date of grant using Black-Scholes Model.
The key assumption in Black-Scholes Model for calculating fair value on grant are as under:

	Option-I	Option-II	Option-III	Option-IV
Grant Date	13-Jan-16	13-Jul-16	7-Jul-17	2-Jun-18
Market Price (₹)	300.05	351.40	433.20	237.70
Exercise Price (₹)	300.05	351.40	433.20	237.70
Expected Volatility (%) $	57.70	39.55	27.70	31.91
Expected forfeiture on each vesting date (%)	Nil	Nil	Nil	Nil
Expected life (years)*	3	3	3	3
Dividend yield (%)	1.17	2.85	2.31	2.52
Risk free interest rate (%)	7.59	7.50	6.54	7.83
Fair value on grant date (₹)	128.25	103.45	98.60	62.46

$ The expected volatility was determined based on historical volatility data.
**Options life is considered on the basis of earliest possible exercise after vesting*

43 EMPLOYEE BENEFIT OBLIGATIONS

Gratuity

The Company makes contribution towards gratuity to a defined retirement benefits plan for qualifying employees. The Company has taken policy with Life Insurance Corporation of India to provide for payment of retirement benefits to vested employees. The present value of obligation is determined based on acturial valuation. The expected contribution to the plan for next annual reporting period amounts to ₹ 0.89 crores (31 March 2018: ₹ 0.13 crores)

The weighted average duration of the defined benefit obligation as at 31 March 2019 is 7 years (31 March 2018: 6 years)
The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

a. Reconciliation of present value of defined benefit obligation and the fair value of plan assets

	As at 31 March 2019	As at 31 March 2018
Present value obligation as at the end of the year	13.33	12.68
Fair value of plan assets as at the end of the year	(13.27)	(13.31)
Net liability /(assets) recognized in balance sheet	**0.06**	**(0.63)**

b. Changes in defined benefit obligation

	As at 31 March 2019	As at 31 March 2018
Present value obligation as at the start of the year	12.68	11.74
Interest cost	1.00	0.85
Current service cost	0.76	1.13
Benefits paid	(1.14)	(0.50)
Actuarial loss/(gain) on obligations	0.03	(0.54)
Present value obligation as at the end of the year	**13.33**	**12.68**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

c. Table showing changes in the fair value of plan assets

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at beginning of year	13.31	12.82
Expected return on plan assets	1.05	0.93
Contributions	0.05	0.06
Benefits paid	(1.14)	(0.50)
Fair value of plan assets at the end of year	**13.27**	**13.31**

d. Amount recognized in the statement of profit and loss

	As at 31 March 2019	As at 31 March 2018
Current service cost	0.76	1.13
Interest cost	1.00	0.85
Expected return on plan asset	(1.05)	(0.93)
Amount recognised in the statement of profit and loss	**0.71**	**1.05**

e. Other comprehensive income

	As at 31 March 2019	As at 31 March 2018
Actuarial loss/(gain) on arising from change in demographic assumption	-	-
Actuarial loss/(gain) on arising from change in financial assumption	0.13	(0.44)
Actuarial gain on arising from experience adjustment	(0.10)	(0.10)
Unrecognised actuarial loss/(gain) at the end of the year	**0.03**	**(0.54)**

f. Actuarial assumptions

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.69%	7.88%
Future salary increase	7.00%	7.00%

g. Demographic Assumption

	As at 31 March 2019	As at 31 March 2018
Retirement Age (Years)	58	58
Mortality rates inclusive of provision for disability	Indian Assured Lives Mortality (2006-08)	

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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h. Sensitivity analysis for gratuity liability

	As at 31 March 2019	As at 31 March 2018
Impact of the change in discount rate		
Present value of obligation at the end of the year	13.33	12.68
a) Impact due to increase of 0.50%	(0.34)	(0.32)
b) Impact due to decrease of 0.50%	0.36	0.35
Impact of the change in salary increase		
Present value of obligation at the end of the year	13.33	12.68
a) Impact due to increase of 0.50%	0.34	0.34
b) Impact due to decrease of 0.50%	(0.32)	(0.31)

j. Maturity Profile of Defined Benefit Obligation

	As at 31 March 2019	As at 31 March 2018
April 2018 to March 2019	-	1.57
April 2019 to March 2020	1.53	0.98
April 2020 to March 2021	1.63	1.81
April 2021 to March 2022	1.71	1.66
April 2022 to March 2023	1.68	1.55
April 2023 to March 2024	2.17	-
April 2024 onwards	14.10	14.57

k. Investment Details

	As at 31 March 2019		As at 31 March 2018	
	(₹ in crore)	% invested	(₹ in crore)	% invested
Insurance funds	13.27	100	13.31	100

Defined Contribution Plans

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	As at 31 March 2019	As at 31 March 2018
Employer's contribution to Provident Fund	2.93	2.89
Employer's contribution to Superannuation Fund	1.03	1.32
Employer's contribution to labour welfare fund and employee state insurance	0.16	0.15

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

44 LEASES

Operating leases – assets taken on lease

The Company has entered into agreements for taking on lease some of office premises under operating lease arrangements.The leases are non-cancellable and are ranging for the period upto 6 years and may be renewed for the further period based on mutual agreement of the parties.

Particulars	As at 31 March 2019	As at 31 March 2018
Lease payments recognised in the statement of profit and loss	10.50	8.56
Future minimum rentals payable under non-cancellable operating leases		
Within one year	-	1.44
After one year but not later than five years	-	5.08
More than five years	-	-
Total	**-**	**6.52**

45 RELATED PARTY DISCLOSURES

In accordance with the required Indian Accounting Standard (IndAS-24) on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

i) List of related parties and relationships:

A. Key management personnel

a) Mr. Ashok Jaipuria, Chairman and Managing Director of Company
b) Mr. Anil Kumar Jain, Director of corporate affairs
c) Mr. H. K. Agrawal, Independent Director
d) Mr. Rajeev Gupta, Independent Director
e) Mrs Alpana Parida, Non-Independent Director
f) Mr. Ashish Kumar Guha, Independent Director
g) Mr. Pratip Chaudhuri, Independent Director
h) Mr. H. N. Sinor, Independent Director
i) Mr. Vivek Nangia, Independent Director
j) Mr. Anil Wadhwa, Independent Director
k) Mr. Pankaj Poddar, Chief Executive Officer
l) Mr. Neeraj Jain, Chief Financial Officer
m) Ms. Jyoti Dixit, Company Secratary

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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B. Enterprises over which Key managerial personnel of the Company and their relatives have significant influence:

a) Sunrise Manufacturing Company Limited

b) Prime Securities Limited

c) Cosmo Foundation

d) Gayatri & Annapurana (Partnership firm)

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives having significant influence		Key management personnel and their Relatives		Total	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Transactions with related Parties						
1 **Rent paid**						
Mr. Ashok Jaipuria	-	-	-	0.01	**-**	**0.01**
2 **Rent received**						
Sunrise Manufacturing Company Limited	0.02	0.02	-	-	**0.02**	**0.02**
3 **Retainership fees paid**						
Prime Securities Limited	0.14	0.98	-	-	**0.14**	**0.98**
4 **Short term employee benefits**	-	-	8.72	9.47	**8.72**	**9.47**
5 **Post Employment Benefits***	-	-	0.80	0.80	**0.80**	**0.80**
6 **Share based payments**	-	-	0.84	0.72	**0.84**	**0.72**
7 **Commission/Sitting Fee**						
Mr. H. K. Agrawal	-	-	0.08	0.10	**0.08**	**0.10**
Mr. Rajeev Gupta	-	-	0.06	0.08	**0.06**	**0.08**
Mrs. Alpana Parida	-	-	0.07	0.10	**0.07**	**0.10**
Mr. Ashish Kumar Guha	-	-	0.07	0.11	**0.07**	**0.11**
Mr. Pratip Chaudhuri	-	-	0.09	0.11	**0.09**	**0.11**
Mr. H. N. Sinor	-	-	0.07	0.08	**0.07**	**0.08**
Mr. Vivek Nangia	-	-	0.07	0.10	**0.07**	**0.10**
Mr. Anil Wadhwa	-	-	0.08	-	**0.08**	**-**
8 **Corporate Social Responsibility**						
Contribution to Cosmo Foundation	1.44	1.17	-	-	**1.44**	**1.17**

* Does not include the provision made for gratuity and compensated absences, as they are determined on an actuarial basis for all the employees together.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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	Key management personnel and their Relatives		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Outstanding balances						
1 **Managerial remuneration payable**						
Mr. Ashok Jaipuria	1.12	1.90	-	-	**1.12**	**1.90**
Mr. H. K. Agrawal	0.05	0.07	-	-	**0.05**	**0.07**
Mr. Rajeev Gupta	0.05	0.07	-	-	**0.05**	**0.07**
Mrs. Alpana Parida	0.05	0.07	-	-	**0.05**	**0.07**
Mr. Ashish Kumar Guha	0.05	0.07	-	-	**0.05**	**0.07**
Mr. Pratip Chaudhuri	0.05	0.07	-	-	**0.05**	**0.07**
Mr. H. N. Sinor	0.05	0.07	-	-	**0.05**	**0.07**
Mr. Vivek Nangia	0.05	0.07	-	-	**0.05**	**0.07**
Mr. Anil Wadhwa	0.04	-	-	-	**0.04**	**-**

46 SEGMENT REPORTING

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Company has determined its only one business segment of packaging films. Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below:

a) Business segment has been disclosed as the primary segment. The group is organised into two business segments namely Packaging Films and Others (Equipments and Parts).

b) Secondary segment reporting is performed on the basis of location of all customer. The location of customers is classified into two geographic segments namely in India and outside India.

Business segment
Year ended 31 March 2019

Particulars	Packaging Films	Others	Total
Revenue			
External sales	2,152.67	3.85	2,156.52
Total revenue	**2,152.67**	**3.85**	**2,156.52**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
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Results			
Segment result	134.30	1.00	135.30
Unallocated corporate expenses	-	-	(7.69)
Operating profit	**134.30**	**1.00**	**127.61**
Interest expenses and finance charges	-	-	55.97
Profit before tax	**134.30**	**1.00**	**71.64**
Tax expenses	-	-	(10.53)
Profit for the year	**134.30**	**1.00**	**61.11**
Other information			
Segment assets	1,663.17	2.26	1,665.43
Unallocated corporate assets	-	-	207.81
Total assets	**1,663.17**	**2.26**	**1,873.24**
Segment liabilities	332.07	-	332.07
Unallocated corporate liabilities	-	-	1.37
Total liabilities	**332.07**	**-**	**333.44**
Segment capital employed	1,331.10	2.26	1,333.36
Unallocated	-	-	206.44
Total capital employed	**1,331.10**	**2.26**	**1,539.80**
Capital expenditure	90.68	-	90.68
Depreciation and amortisation	53.76	-	53.76

Business segment
Year ended 31 March 2018

Particulars	Packaging Films	Others	Total
Revenue			
External sales	1,842.03	4.49	1,846.52
Total revenue	**1,842.03**	**4.49**	**1,846.52**
Results			
Segment result	123.80	0.94	124.74
Unallocated corporate expenses	-	-	(8.36)
	123.79	**0.94**	**116.38**
Operating profit			
Interest expenses and finance charges	-	-	52.38
	123.79	**0.94**	**64.00**

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(All amounts in ₹ crores, unless stated otherwise)

Profit before tax			
Tax expenses	-	-	0.43
	123.79	**0.94**	**64.43**
Profit for the year			
Other information	1,616.50	2.71	1,619.21
Segment assets	-	-	146.44
Unallocated corporate assets			
Total assets	**1,616.50**	**2.71**	**1,765.65**
	317.25	-	317.25
Segment liabilities	-	-	1.13
Unallocated corporate liabilities			
	317.25	**-**	**318.38**
Total liabilities			
Segment capital employed	1,299.25	2.71	1,301.96
Unallocated	-	-	145.31
Total capital employed	**1,299.25**	**2.71**	**1,447.27**
Capital expenditure	87.95	-	87.95
Depreciation and amortisation	51.21	-	51.21

Business segment / geographical segment
Year ended 31 March 2019

Particulars	Revenue	Segment assets	Capital expenditure
In India	1,129.71	1,630.64	88.16
Outside India	1,026.81	242.61	2.52
Total	2,156.52	1,873.25	90.68

Revenue as per Customers (more than 10% of revenue):
There are no customer who has contributed of 10% or more in the revenue.

Business segment / geographical segment
Year ended 31 March 2018

Particulars	Revenue	Segment assets	Capital expenditure
In India	1,035.31	1,507.79	84.45
Outside India	857.01	257.86	3.50
Total	**1,892.32**	**1,765.65**	**87.95**

Revenue as per Customers (more than 10% of revenue):
There is no customer who has contributed of 10% or more in the revenue.

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(All amounts in ₹ crores, unless stated otherwise)

47 FAIR VALUE MEASUREMENTS

A) Financial assets and liabilities

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at 31 March 2019	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
(i) Investments	77.40	-	-
(ii) Trade receivables	-	-	209.14
(iii) Cash and cash equivalents	-	-	57.25
(iv) Other bank balances	-	-	28.68
(v) Loans	-	-	12.93
(vi) Derivative assets	-	-	-
- for hedges designated as effective hedges	6.96	-	-
- for hedges designated as ineffective hedges	4.18	-	-
(vii) Others financial assets	-	-	44.85
Total	**88.54**	**-**	**352.85**
Financial liabilities			
(i) Borrowings	-	-	812.61
(ii) Trade payables	-	-	202.18
(iii) Derivative liabilities	-	-	-
- for hedges designated as effective hedges	0.24	-	-
- for hedges designated as ineffective hedges	6.91	-	-
(iv) Other financial liabilities	-	-	46.32
Total	**7.15**	**-**	**1,061.11**

As at 31 March 2018	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
(i) Investments	57.99	-	-
(ii) Trade receivables	-	-	192.08
(iii) Cash and cash equivalents	-	-	40.01
(iv) Other bank balances	-	-	9.46
(v) Loans	-	-	11.90
(vi) Derivative assets	-	-	-
- for hedges designated as effective hedges	6.68	-	-
- for hedges designated as ineffective hedges	-	-	
(vii) Others financial assets	-	-	37.21
Total	**64.67**	**-**	**290.66**

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(All amounts in ₹ crores, unless stated otherwise)

As at 31 March 2018	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities			
(i) Borrowings	-	-	790.43
(ii) Trade payables	-	-	189.02
(iii) Derivative liabilities	-	-	-
- for hedges designated as effective hedges	8.56	-	-
- for hedges designated as ineffective hedges	-	-	-
(iv) Other financial liabilities	-	-	40.47
Total	**8.56**	**-**	**1,019.92**

Investment in subsidiaries are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

B) Fair value hierarchy

The different levels of fair value have been defined below:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B) (i) Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2019	Note	Level 1	Level 2	Level 3
Financial assets				
(i) Investments	6 and 11	77.23	-	0.17
(ii) Derivative assets	8 and 16	-	11.14	-
Total Financial assets		**77.23**	**11.14**	**0.17**
Financial liabilities				
(i) Derivative liabilities	27	-	7.15	-
Total Financial liabilities		**-**	**7.15**	**-**

As at 31 March 2018	Note	Level 1	Level 2	Level 3
Financial assets				
(i) Investments	6 and 11	57.82	-	0.17
(ii) Derivative assets	8 and 16	-	6.68	-
Total Financial assets		**57.82**	**6.68**	**0.17**
Financial liabilities				
(i) Derivative liabilities	21 and 27	-	8.56	-
Total Financial liabilities		**-**	**8.56**	**-**

Valuation process and technique used to determine fair values

(i) The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(ii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. The techniques used by the valuer are as follows:

a) Asset approach - Net assets value method

b) Income approach - Discounted cash flows ("DCF") method

c) Market approach - Enterprise value/Sales multiple method

B) (ii) Fair value of financial assets and liabilities measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

	As at 31 March 2019		As at 31 March 2018	
	Carrying value	Fair value	Carrying value	Fair value
Loans	12.93	12.93	11.90	11.90

The management assessed that fair values of cash and cash equivalents, trade receivables, other receivables, short term borrowings, trade payables and other current financial liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

All the long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

48 RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. The management has the overall responsibility for the establishment and oversight of the group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

A. Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Credit risk management

Credit risk rating

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

(All amounts in ₹ crores, unless stated otherwise)

The Group provides for expected credit loss on financial assets other than trade receivables based on the following:

Asset group on financial assets other than trade receivables	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	12 months expected credit loss unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Life time expected credit loss or fully provided for

As the group's trade receivables do not contain a significant financing component, it measures the loss allowance in respect thereof at an amount equla to lifetime expected credit losses

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within a reasonable time after the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

Credit rating	Particulars	As at 31 March 2019	As at 31 March 2018
A: Low credit risk	Cash and cash equivalents	57.25	40.01
	Other bank balances	28.68	9.46
	Loans	12.93	11.90
	Other financial assets	55.99	43.90
B: Medium credit risk	-	-	-
C: High credit risk	-	-	-

Credit risk exposure

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due. All debtors are covered under credit insurance policy.

(All amounts in ₹ crores, unless stated otherwise)

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances to employees, security deposits and others Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Provision for expected credit losses

a) **Expected credit losses for financial assets other than trade receivables**

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses. Since, the group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low. In respect of loans, comprising of security deposits, credit risk is considered low because the group is in possession of the underlying asset. In respect of other financial assets, credit risk is evaluated based on group's knowledge of the credit worthiness of those parties and loss allowance is measured as lifetime expected credit losses. The group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

b) **Expected credit loss for financial assets under simplified approach**

The group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein group has defined percentage of provision by analysing historical trend of default based on the criteria defined above and such provision percentage determined have been considered to recognise life time expected credit losses on trade receivables.

As at 31 March 2019

Particulars	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of provision
Trade receivables	217.51	3.85%	8.37	209.14

As at 31 March 2018

Particulars	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of provision
Trade receivables	199.55	3.74%	7.47	192.08

Reconciliation of loss provision-lifetime expected credit losses

Reconciliation of loss allowance	Amount
Loss allowance as on 1 April 2017	**6.35**
Expected credit loss recognised during the year	1.12
Loss allowance on 31 March 2018	**7.47**
Expected credit loss recognised during the year	0.90
Loss allowance on 31 March 2019	**8.37**

(All amounts in ₹ crores, unless stated otherwise)

B. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

Financing arrangements

The group has access to the following undrawn borrowing facilities at the end of reporting period:

Floating rate	As at 31 March 2019	As at 1 April 2018
Expiring within one year (cash credit and other facilities)	552.37	350.23
Expiring beyond one year (bank loans - floating rate)	25.00	270.92
Total	**577.37**	**621.15**

Contractual Maturities of financial liabilities

The tables below analyse the financial liabilities into relevant maturity groupings based on their contractual maturities.

31 March 2019	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	402.22	128.76	310.11	22.93	864.01
(ii) Trade payables	202.18				202.18
(iii) Other financial liabilities	46.32				46.32
(iv) Derivative liabilities	7.15	-	-	-	7.15
Total	**657.86**	**128.76**	**310.11**	**22.93**	**1,119.66**

31 March 2018	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Borrowings	413.57	110.65	262.90	70.18	857.30
(ii) Trade payables	189.02				189.02
(iii) Other financial liabilities	40.47				40.47
(iv) Derivative liabilities	2.94	3.33	2.29	-	8.56
Total	**646.00**	**113.98**	**265.19**	**70.18**	**1,095.35**

C. Market Risk

Interest Rate risk

The group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019, the group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

(All amounts in ₹ crores, unless stated otherwise)

Group's exposure to interest rate risk on borrowings is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate	790.26	767.27
Fixed rate	21.02	20.89
Total	**811.28**	**788.16**

The following table illustrates the sensitivity of profit and equity to a possible change in interest rates of +/- 1% (31 March 2018: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year+1%	Profit for the year-1%
As at 31 March 2019	(5.14)	5.14
As at 31 March 2018	(4.99)	4.99

(ii) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, GBP, Euro and JPY. Fluctuations in foreign currency exchange rates may have an impact on profit or loss and the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Group.

Exposures on foreign currency loans are managed through a hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Group's policy is to hedge material foreign exchange risk associated with borrowings, highly probable forecast sales and purchases transactions denominated in foreign currencies.The Group strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Group uses forward exchange contracts, currency swaps, other derivatives and non-derivative instruments to hedge the effects of movements in exchange rates on foreign currency denominated assets, liabilities and highly probable forecast transactions. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies and as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its highly probable forecasted sales and purchases. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the profit or loss or other comprehensive income. Instruments designated in hedging relationship and hedge accounting disclosures are inclued in section "Derivative financial instruments and hedge accounting".

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

Forex exposure	As at 31 March 2019		As at 31 March 2018	
	Foreign Currency	INR	Foreign Currency	INR
Financial assets				
USD	9,875,904	68.31	7,205,028	46.86
GBP	547,589	4.95	358,316	3.31
EURO	2,970,178	23.08	1,596,256	12.87
CAD	908,090	4.71	755,491	3.83
Forward contracts for forecasted trasancations				
USD/JPY	-	1.63	-	0.20
Financial liabilities				
USD	43,629,609	301.79	44,877,172	291.90
EUR	65,708,960	492.00	48,303,023	363.83
JPY	327,140	0.02	327,140	0.02
GBP	14,625	0.13	1,225	0.01
Derivative Contracts				
USD	(17,375,806)	(120.19)	(17,940,706)	(116.69)
EUR	(28,045,032)	(217.92)	(4,127,899)	(33.30)
Forward contracts for forecasted trasancations				
EUR/USD	-	(8.82)	-	1.23
USD/INR	5,167,772	(25.76)	3,000,000	24.20
EUR/INR	-	-	-	4.03
GBP/USD	-	-	-	(0.04)

The following significant exchange rates have been applied:

Particulars	Year end spot rate	
	As at 31 March 2019	As at 31 March 2018
USD	69.17	65.04
GBP	90.48	92.30
JPY	0.63	0.62
CAD	51.88	50.63
EURO	77.70	80.62

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts and non-derivative financial instruments designated as cash flow hedges.

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	Impact on profit after tax		Impact on other components of equity	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD sensitivity				
INR/USD increase by 3% (31 March 2018- 3%)	(2.21)	(2.50)	0.53	(0.47)
INR/USD decrease by 3% (31 March 2018- 3%)	2.21	2.50	(0.53)	0.47
GBP sensitivity				
INR/GBP increase by 5% (31 March 2018- 5%)	0.16	0.11	-	-
INR/GBP decrease by 5% (31 March 2018- 5%)	(0.16)	(0.11)	-	-
EUR sensitivity				
INR/EUR increase by 5% (31 March 2018- 5%)	(4.90)	(6.20)	0.84	(0.92)
INR/EUR decrease by 5% (31 March 2018- 5%)	4.90	6.20	(0.84)	0.92
CAD sensitivity				
INR/CAD increase by 5% (31 March 2018- 5%)	0.15	0.12	-	-
INR/CAD decrease by 5% (31 March 2018- 5%)	(0.15)	(0.12)	-	-

(iii) Derivative financial instruments

The fair value of the Company's open derivative positions recorded within financial instruments (derivative) is as follows:

	As at 31 March 2019		As at 31 March 2018	
	Liability	Assets	Liability	Assets
Non-current				
Cash flow hedges				
- Forward foreign currency contracts	0.25	9.25	6.21	0.82
- Options	6.76	1.01	-	2.55
- Interest rate swaps	0.14	-	0.05	-
- Currency swaps	-	0.88	2.30	3.32
Total	**7.15**	**11.14**	**8.57**	**6.69**

**Refer statement of profit and loss and statements of change in equity for the change in the fair value of cash flow hedges.*

The Group uses foreign currency forward contracts, foreign currency options contractsand non-derivative financial instruments (i.e. foreign currency borrowings) to mitigate exchange rate exposure arising from forecast sales and purchase in USD, EUR and GBP. Also, the Group uses foreign currency options contracts, cross currency swap contracts and interest rate swap contracts to mitigate exchange rate exposure and interest rate exposure arising from foreign currency borrowings.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determinewhether there is still an economic relationship between the two.

The critical terms of the foreign currency forwards and cross currency swaps entered into exactly match the terms of the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate. For non-derivative financials instruments, hedge effectiveness is measured by comparing change in the discounted spot restatement of hypothetical derivative with change in the value of actual hedging instrument i.e. foreign currency borrowings.

(All amounts in ₹ crores, unless stated otherwise)

In hedges of foreign currency borrowings and forcast transaction, ineffectiveness mainly arises because of Change in timing of hedged item from that of the hedging instrument and cost of hedging. The ineffectiveness arised in the hedges have been disclosed.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income andincluded within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other derivatives, which have not been designated in hedging relationship, are considered by management to be part of economic hedge arrangements but have not been formally designated.

Disclosure of effects of hedge accounting on financial position

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the fair value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As at 31 March 2019								
Cash Flow hedge								
Derivative instruments								
(i) Foreign exchange forward contracts	USD 13,081,439	0.66	0.21	April 2019-January 2021	1:1	USD/INR- 69.96 USD/JPY- 103.02	0.45	(0.45)
	EUR 12,500,000	5.36	-	April 2019-February 2021	1:1	EUR/USD- 1.23	5.36	(5.36)
(ii) Cross currency swap contracts	USD 3,059,173	0.15	-	April 2019-August 2021	1:1	USD/INR- 67.30	0.15	(0.15)
Non-derivative instruments								
(i) Foreign currency borrowings*	USD 6,075,469	-	42.02	May 2019-August 2019	1:1	USD/INR- 69.25	0.04	(0.04)
	EUR 7,911,099	-	61.47	July 2019-July 2023	1:1	EUR/INR- 79.87	1.70	(1.70)

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(All amounts in ₹ crores, unless stated otherwise)

Type of hedge and risks	Nominal value	Carrying amount of hedging instrument		Maturity date	Hedge ratio	Average strike price	Changes in fair value of the hedging instrument	'Change in the fair value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
As at 31 March 2018								
(i) Foreign exchange forward contracts	USD 4,010,000	0.82	0.07	April 2018-January 2021	1:1	USD/INR- 65.20	0.75	(0.75)
	EUR 17,603,759		5.67	April 2018-February 2021	1:1	EUR/USD- 1.23 EUR/INR- 80.21	(5.67)	5.67
	GBP 1,750,000		0.46	April 2018-March 2019	1:1	GBP/USD- 1.41	(0.46)	0.46
(ii) Cross currency swap contracts	USD 8,566,228	3.32	2.30	April 2018-August 2021	1:1	USD/INR- 61.49 USD/JPY- 102.10	1.02	(1.02)
(iii) Foreign exchange option contracts	USD 8,941,338	0.98	-	April 2018-March 2019	1:1	USD/INR- 64.29	0.98	(0.98)
	EUR 4,127,889	1.57	-	April 2018-March 2019	1:1	EUR/INR- 80.66	1.57	(1.57)
(iv) Interest rate swap contracts	EUR 4,127,889	-	0.06	April 2018-March 2019	1:1	2.82%	(0.06)	0.06

* represents outstanding balance of loans designated under natural hedge

For the year ended 31 March 2019

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	17.57	-	(3.35)	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	0.66	-	0.26	Finance cost and other expenses/ income
(iii) Foreign currency borrowings	2.03	-	(0.29)	Finance cost and other expenses/ income
(iv) Foreign exchange option contracts	0.58	-	0.85	Finance cost and other expenses/ income

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

For the year ended 31 March 2018

Type of hedge and risks	Change in the value of hedging instrument in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of reclassification and hedge ineffectiveness
Cash flow hedge				
Foreign currency and interest rate risk				
(i) Foreign exchange forward contracts	(6.98)	-	0.45	Cost of material consumed, finance cost and other expenses/income
(ii) Cross currency swap contracts	(1.17)	-	(2.47)	Finance cost and other expenses/ income
(iii) Foreign currency borrowings	6.29	-	(2.50)	Finance cost and other expenses/ income
(iv) Interest rate swap contracts	(0.05)	-	0.12	Finance cost

Hedging reserve reconciliation

Particulars	Amount
As at 1 April 2017	**(1.16)**
Change in value of hedging instruments recognised in other comprehensive income (OCI)	(1.91)
Reclassified from OCI to profit or loss	(4.40)
Deferred tax relating to above (net)	2.20
As at 31 March 2018	**(5.27)**
Change in value of hedging instruments recognised in other comprehensive income (OCI)	20.84
Reclassified from OCI to profit or loss	(2.53)
Deferred tax relating to above (net)	(6.39)
Exchange difference	
As at 31 March 2019	**6.65**

iv) Price risk

a) Exposure

The Group's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

b) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period :

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

Impact on profit after tax

Particulars	As at 31 March 2019	As at 31 March 2018
Mutual funds		
Net asset value - increase by 1%	0.50	0.38
Net asset value - decrease by 1%	(0.50)	(0.38)

49 CAPITAL MANAGEMENT POLICIES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as to provide a an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

	As at 31 March 2019	As at 31 March 2018
Borrowings	812.62	790.43
Less: Liquid investments	(77.23)	(57.82)
Less: Fixed deposits	(22.34)	-
Less: Cash and cash equivalents	(57.25)	(40.01)
Net debt	**655.80**	**692.60**
Total equity	**680.24**	**619.66**
Net debt to equity ratio	**96.41%**	**111.77%**

Dividend paid	As at 31 March 2019	As at 31 March 2018
Equity shares		
Final dividend for the ended 31 March 2018 of ₹ 6 per share (31 March 2017: ₹ 10 per share) (including dividend distribution tax)	14.06	23.40

Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 6 (previous year ₹ 6) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

50 GROUP INFORMATION

Information about subsidiary/entity consolidated

The Consolidated Financial statements of the Group include entity listed in the table below:

Name of Entity	Country of Incorporation	Proportion (%) of equity interest	
		Year Ended 31 March 2019	Year Ended 31 March 2018
A. Subsidiary of Cosmo Films Limited			
1 Cosmo Films Inc., USA	USA	100%	100%
2 CF(Netherlands) Holdings Limited BV., Netherlands	Netherlands	100%	100%
3 Cosmo Films Japan (GK)	Japan	100%	100%
4 Cosmo Films Korea Limited, Korea	Korea	100%	100%
5 CF Investment Holding Private (Thailand) Co., Ltd	Thailand	100%	100%
6 Cosmo Films Poland S.P. Z.O.O.	Poland	100%	100%
7 CF Films (Singapore) Pte. Limited	Singapore	100%	100%

51 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013, OF THE ENTERPRISESCONSOLIDATED AS SUBSIDIARIES CONSOLIDATED:

Name of Entity	Net assets (total assets minus total liabilities		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
Parent	As % of consolidated net assets	Amount (in Rupees)	As % of consolidated profit or loss	Amount (in Rupees)	As % of consolidated other comprehensive income	Amount (in Rupees)	As % of consolidated total comprehensive income	Amount (in Rupees)
Cosmo Films Limited	102%	695.29	96%	58.38	103%	11.73	97%	70.11
Subsidiary								
Cosmo Films Inc., USA	4%	24.98	19%	11.86	6%	0.73	17%	12.59
CF (Netherlands) Holdings Limited BV., Netherlands	29%	197.02	6%	3.37	-7%	(0.83)	4%	2.55
Cosmo Films Japan (GK)	6%	41.40	-2%	(0.94)	7%	0.85	0%	(0.09)
Cosmo Films Korea Limited, Korea	3%	17.60	-3%	(1.98)	-1%	(0.09)	-3%	(2.08)
CF Investment Holding Private (Thailand) Co., Ltd	5%	31.70	0%	0.04	10%	1.14	2%	1.18
CF Films (Singapore) Pte. Limited	0%	0.13	0%	(0.07)	0%	(0.00)	0%	(0.08)
Cosmo Films Poland S.P. Z.O.O.	0%	0.03	0%	(0.13)	0%	0.00	0%	(0.13)
Adjustment arising out of consolidation	-48%	(327.91)	-15%	(9.42)	-19%	(2.16)	-16%	(11.59)
Total	**100%**	**680.24**	**100%**	**61.11**	**100%**	**11.37**	**100%**	**72.48**

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019
(All amounts in ₹ crores, unless stated otherwise)

52 CASH FLOW

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Long-term borrowings	Short-term borrowings	Total
Opening balance as at 1 April 2018	**501.01**	**287.15**	**788.16**
Cash flow:			
- Proceeds	148.17	-	**148.17**
- Repayment	(97.68)	(15.53)	**(113.21)**
Non cash			
- Finance cost adjustment for effective interest rate	0.33	-	**0.33**
- Foreign exchange difference	(12.17)	-	**(12.17)**
Closing balance as at 31 March 2019	**539.66**	**271.62**	**811.28**

Particulars	Long-term borrowings	Short-term borrowings	Total
Opening balance as at 1 April 2017	**411.46**	**211.87**	**623.33**
Cash flow:			
- Proceeds	150.84	75.28	**226.12**
- Repayment	(89.64)	-	**(89.64)**
Non cash			
- Finance cost adjustment for effective interest rate	0.45	-	**0.45**
- Foreign exchange difference	27.90	-	**27.90**
Closing balance as at 31 March 2017	**501.01**	**287.15**	**788.16**

53 Accrual for customer related discounts, amounting to ₹ 12.55 crores as at 31 March 2018 has been regrouped from other current financial liabilities to trade receivables to provide more relevant information

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2019

(All amounts in ₹ crores, unless stated otherwise)

54 Per transfer pricing legislation under sections 92-92F of the Income tax Act, 1961, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. Since law requires existence of such information and documentation to be contemporaneous in nature, the Company has appointed independent consultants for conducting a Transfer Pricing Study (the 'Study') to determine whether the transactions with associate enterprises undertaken during the financial year are on an "arms length basis". Management is of the opinion that the Company's international transactions are at arm's length and that the results of the on-going study will not have any impact on the financial statements and the independent consultants appointed have also preliminarily confirmed that they do not expect any transfer pricing adjustments.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number 001076N/N500013

Siddharth Talwar
Partner

For and on behalf of Board of Directors of Cosmo Films Limited

Pratip Chaudhuri
Director
DIN: 00915201

Ashok Jaipuria
Chairman & Managing Director
DIN: 00214707

Pankaj Poddar
Chief Executive Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Place : New Delhi
Date : 15 May 2019

Form AOC-I

(Pursuant to First Proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement Containing salient features of the financial statements (As per Indian Accounting Standards, referred to in section 133 of the companies act 2013) of Subsidiaries and Associates

Part A: Subsidiaries

(All amounts in ₹ crores, unless stated otherwise)

Name of the Subsidiary	Reporting Period	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries		Share Capital	Reserve and Surplus	Total Assets	Total Liabilities	Investments	Turnover	profit/ (loss) before tax	Provision for Tax	profit/ (loss) after tax	Proposed Dividend	% of Share Holding
		Currency	Exchange rate as on March 31, 2019											
CF (Netherlands) Holdings Limited B.V	1 April 2018 -31 March 2019	EURO	77.7024	195.19	1.83	203.75	6.73	-	14.18	3.37	-	3.37	-	100%
Cosmo Films (Japan) GK	1 April 2018 -31 March 2019	JPY	0.6252	8.00	33.40	60.69	19.29	-	67.01	(1.43)	(0.49)	(0.94)	-	100%
Cosmo Films (Singapore) Pte Ltd.	1 April 2018 -31 March 2019	SGD	51.0113	0.29	(0.16)	0.20	0.07	-	-	(0.07)	-	(0.07)	-	100%
Cosmo Films Korea Ltd.	1 April 2018 -31 March 2019	KRW	0.0608	8.42	9.19	59.54	41.93	-	79.98	(2.06)	(0.08)	(1.98)	-	100%
Cosmo Films Inc	1 April 2018 -31 March 2019	USD	69.1713	158.63	(133.65)	121.11	96.13	-	225.27	11.86	-	11.86	-	100%
CF Investment Holding Private (Thailand) Co. Ltd.	1 April 2018 -31 March 2019	THB	2.1800	27.90	3.80	31.73	0.03	29.60	-	0.06	0.01	0.05	-	100%
Cosmo Films Poland S.P. Z.O.O	1 April 2018 -31 March 2019	PLN	18.0274	0.19	(0.16)	0.03	-	-	-	(0.13)	-	(0.13)	-	100%

Notes :

i) Name of Subsidiaries which have been liquidated or sold during the year -Not Applicable

Part B: Associates & Joint Ventures **Nil**

For and on behalf of Board of Directors of Cosmo Films Limited

Ashok Jaipuria
Chairman &
Managing Director
DIN: 00214707

Pratip Chaudhuri
Director
DIN: 00915201

Pankaj Poddar
Chief Executing Officer
Membership No.: 096861

Neeraj Jain
Chief Financial Officer
Membership No.: 097576

Jyoti Dixit
Company Secretary
Membership No.: F6229

Date: 15 May 2019
Place: New Delhi

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Engineered to Enhance

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