

ANNUAL REPORT 2016-17

CF COSMO FILMS
Engineered to Enhance



Consistent Growth through Innovation

WHAT WE HOPE TO ACHIEVE

Vision...

“To be the most preferred global brand offering value added BOPP 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.

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

CHIEF EXECUTIVE OFFICER

Mr. Pankaj Poddar

CHIEF FINANCIAL OFFICER

Mr. Neeraj Jain

VICE PRESIDENT- GLOBAL SALES & MARKETING

Mr. Satish Subramanian

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jyoti Dixit

AUDITORS

M/s. Walker Chandiook & Co. LLP
Chartered Accountants

BANKERS

Development Bank of Singapore (DBS Limited)
Export Import Bank of India
ICICI Bank Limited
IDBI Bank Limited
International Finance Corporation
Landesbank Baden – Wurttemberg
State Bank of India
Union Bank of India
Yes Bank Limited
IndusInd Bank Limited
HDFC Bank Limited
SVC Bank

TRANSFER AGENTS

M/s. Alankit Assignments Ltd.
1E/13, 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 a member of the Board of Governors (BoG) of the Indian Institute of Technology (IIT), Indore and an Independent Director on the Board of Hindustan Sanitaryware. He has also been an Executive Committee member of the Federation of Indian Chamber of Commerce and Industry (FICCI) and 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.

CHAIRMAN'S MESSAGE



The flexible packaging industry has experienced rapid growth globally as a result of increased consumption, change in packing format from rigid to flexible and greater innovation. In India factors such as low packaged food penetration, growing organized retail and rising personal disposable income have helped the Industry to grow rapidly particularly during last one decade. Considering expected growth in these factors, the Industry growth is expected to further accelerate in coming decades. Cosmo Films has benefited from the accelerated market growth and with close to four decades of industry experience and presence in more than eighty countries, the Company today has become one of the leading manufacturers and exporters of Biaxially Oriented Polypropylene (BOPP) Films around the world. Further, besides being world's largest manufacturer of thermal lamination films, the Company today with consistent efforts on value added speciality films; has become largest value added films supplier in India.

During the financial year 2017, Profits after Tax (PAT) on standalone basis marginally increased by 3% to Rs.112 Crores from Rs.108 Crores during previous year. Consolidated PAT was Rs.89 Crores during financial year 2017 compared to Rs. 96 Crores during previous year. PAT for the year was unfavourably impacted by temporary factors such as demonetization and one time exceptional forex loss in Japan subsidiary. The Company could successfully mitigate impact of these factors to a large extent by increase in the sale of higher margin value added products and operational efficiency.

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. In this direction, the Company has commissioned 10.4 meter width BOPP line in Feb 2017 ahead of schedule. Company had an installed capacity for BOPP films of 136000 MT p.a and with this new line the capacity will be 196000 MT p.a. The capacity is expected to be ramped up to its full capacity from mid financial year 2018 and should contribute in Company's growth. We have also recently announced 36,000 MT annual capacity speciality BOPET (Biaxially Oriented Polyethylene Terephthalate) production line which is expected to be commissioned during financial year 2019 primarily with niche speciality products. We have started to establish strong packaging film business with our existing infrastructure and asset base in USA and Korea. This helps us to be closer to our customer and help company on a better margin on such sales.

Cosmo's advanced research and development team with its relentless focus allows us to drive innovative product development globally and meet the ever changing needs of the packaging industry. With our continuous R&D efforts, we have created a more customer centric product offering and have a strong pipeline of value added films which will drive the Company's sales in the coming years. R&D focus has been on re-energizing existing products, launching new products and getting into new categories. The Company recognises importance and long term benefits of investment in Information Technology (IT) infrastructure to leverage technology for enhancing efficiencies and productivity. As a result of which the Company has successfully implemented "Customer Relationship Management" (CRM) first in the Indian Industry during financial year 2017.

Cosmo strongly believes in employee development, defining a culture where by employee can shape up his career by way of identifying his/her areas for growth. As a step to achieve this, the Company has conducted an Employee Engagement Survey through a world renowned agency. The information obtained from this study was used as inputs in the formation of the organization's HR policies and programs to ensure Cosmo continues to be a good organization for current and future employees. In the survey, generally the Company has achieved scores much higher than the industry.

As we strive for business excellence & growth, we also continue to focus on environment & sustainability initiatives. We are committed to Swachh Bharat Campaign (Clean India Mission) by Government of India, through various philanthropic initiatives of Cosmo Foundation. As part of this, Swachh Vidyarthi, Swachh Vidyalaya campaign was initiated in 21 primary and grant-in-aid schools in Karjan villages of Gujarat to bring awareness on personal hygiene, environmental & behavioural change. We have also initiated a drive in the City of Aurangabad to invoke interest among the local public to collect plastic waste and send it for recycling and to spread awareness on disposal of waste etc. This year we are targeting to construct & maintain toilets for girls in 15 schools covering 10 villages of Karjan Dist. By engaging in continuous dialogue with the stakeholders as a global corporate citizen, Cosmo aims to increase awareness & importance of promoting Swachhta and also of the unique role Cosmo plays in addressing the challenges of building more sustainable societies.

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

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CORPORATE INFORMATION

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PLANTS

MAHARASHTRA

Plant I
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Plant II
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Plant III
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Shendra Industrial Area
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GUJARAT

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KOREA

48-62, Dogomyeon-ro, Sineon-ri, Dogo-
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SUBSIDIARIES

ASIA PACIFIC

Singapore

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EUROPE

Netherlands

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Regd. Office: Weena 327,3013AL
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SALES OFFICE

INDIA

Hyderabad

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USA

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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



Hagerstown, USA

10.4 M LINE AT KARJAN GUJARAT, CAPACITY 60,000 MT



CORPORATE SOCIAL RESPONSIBILITY



The Company's CSR arm 'Cosmo Foundation' was established in 2008 and has built in partnership with about eighteen government and grant in aid schools spread over 10 villages in the Karjan Block of Gujarat. Around 2,500 students are receiving quality education under this initiative

Cosmo Foundation is crowned with National Award for Excellence in CSR and sustainability in the category of Best Education Improvement Award.

Initiated computer education in four government schools in Aurangabad besides maintaining four public gardens to enhance city's environment and green area.

Company sponsored Shahid Bhagat Singh Cricket Tournament organized by Trade Unions in Aurangabad.



PRODUCT PORTFOLIO

Packaging Films



Standard Packaging Films

- ✓ Plain & Heat Sealable Films
- ✓ Low COF & Stable COF Films
- ✓ Matte & Silky Matte Films
- ✓ Solid White & Pearlescent Films
- ✓ Metalized Films
- ✓ CPP Films
- ✓ General & Cigarette Overwrap Films

Specialty Packaging Films

- ✓ Transparent & Metalized Barrier Films
- ✓ Antifog Films
- ✓ Oxo Biodegradable Films
- ✓ Both Side Heat Sealable Matte Films
- ✓ Cold Seal Release Films
- ✓ Universal Lidding Films
- ✓ Low Noise Release Tape Films
- ✓ PP Woven Bag Lamination Films
- ✓ Acrylic/PVdC Coated Films

Lamination Films



Lamination Films

- ✓ Standard Range
- ✓ Special Applications
 - Insulation Films
 - Mapped & Matched Films

Premium Lamination Films

- ✓ Velvet Lamination Films
- ✓ Scuff Free Lamination Films
- ✓ Digital Lamination Films
- ✓ Linen Finish Lamination Films

PRODUCT PORTFOLIO

Label Films



Standard Label Films

- ✓ Wrap Around Label
- ✓ Cut & Stack Label Films
- ✓ In mould label Films
- ✓ Label Over Lamination Films

Specialty Label Films

- ✓ Top Coated Self Adhesive Labelstock Films
- ✓ Uncoated Self Adhesive Labelstock Films
- ✓ Direct Thermal Printable Films/Paper

Industrial Films



Industrial Films

- ✓ Synthetic Paper
- ✓ Adhesive Tape Films
- ✓ Textile Bag Films
- ✓ PP Bag Lamination Films
- ✓ Release Films

NEW PRODUCT LAUNCHES - VALUE ADD FILMS

Packaging Films

- ✓ **Ultra High Barrier Films:** Films are available in metalized and transparent variants; these films provide excellent moisture and oxygen barrier properties to the packaged materials.
- ✓ **Universal Lidding Films:** These films are suitable for heat sealing to any of the rigid thermoformed cups and containers. The films offer excellent peel ability, printability with water & solvent based inks and high aesthetic appeal.

Lamination Films

- ✓ **Black Velvet Lamination Films:** These films offer an intense black colour along with a velvet touch to the laminated paper, paperboard or package, thereby enhancing its aesthetics. It is perfect for post lamination processes like spot UV, foil stamping, printing.

Industrial Films

- ✓ **Universal Printable Synthetic Paper:** It is a white opaque BOPP based film which resembles paper in appearance. The film is printable with most available printing technologies and it is a replacement of paper in application where durability and longevity is desired.
- ✓ **PP Bag Lamination Films:** It is a BOPP based film used for laminating block bottom bags which are made of woven PP material. This film provides additional protection to the contents inside by adding moisture barrier and enhances the print quality.

DIRECTOR'S REPORT

Your Directors are pleased to present their 40th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2017.

1. Summary Financial Results

The Financial Results of the Company for the year ended March 31, 2017, were as follows:

(₹ in Cr)

| Particulars | Standalone | | Consolidated | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Year Ended 31st March 2017 | Year Ended 31st March 2016 | Year Ended 31st March 2017 | Year Ended 31st March 2016 |
| Net Sales | 1450.63 | 1,434.44 | 1580.09 | 1,615.58 |
| Other Income | 15.87 | 10.22 | 15.63 | 10.58 |
| Profit before Interest, Depreciation and Tax | 181.99 | 201.46 | 167.26 | 196.84 |
| Finance Cost (including interest) | 28.80 | 28.78 | 30.29 | 30.18 |
| Depreciation | 34.00 | 31.17 | 39.69 | 35.68 |
| Exceptional Item | (0.42) | (6.36) | (2.48) | (6.94) |
| Profit before Tax | 118.77 | 135.15 | 94.80 | 124.04 |
| Provision for Taxation | | | | |
| - Current Tax | (3.21) | 4.84 | (3.03) | 4.85 |
| - Deferred Tax | 10.43 | 22.04 | 8.98 | 22.95 |
| Profit After Tax | 111.55 | 108.27 | 88.85 | 96.24 |
| Extraordinary Item | - | - | - | - |
| Profit after Tax Including Extraordinary Item | 111.55 | 108.27 | 88.95 | 96.24 |
| Minority Interest | - | - | - | - |
| Appropriations: | | | | |
| Dividend-Equity Shares | - | 19.44 | - | 19.44 |
| Dividend Tax | - | 3.96 | - | 3.96 |
| General Reserve | - | - | - | - |

Note: Previous year figures have been restated wherever necessary

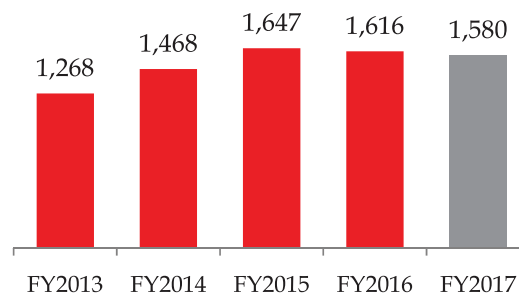
2. Overview of Performance

During the financial year 2017, Speciality sales of the Company grew about 20% on YoY basis. On full year basis, revenue marginally declined by (2.2%) to ₹ 1,580 crores from ₹ 1,616 crores in financial year 2016, however there was 5% increase in sales volume. This lower sales price realization is primarily due to reduced raw material prices where the benefit was then passed on to the end customers. In addition, there was drop in commodity film prices which to some extent was compensated by an increase in the sale of higher margin specialty products and benefits from operational efficiency improvements.

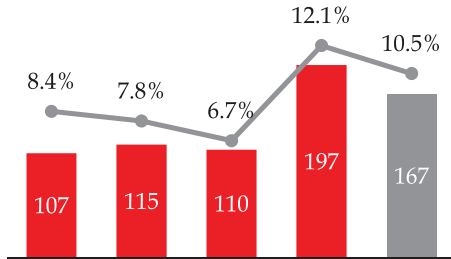
During the Financial Year 2017 EBITDA declined to ₹ 167 crores from ₹ 197 crores in Financial Year 2016 with margins under pressure for most part of the second half (post mid November 2016) due to the impact of demonetization. However, margins started to recover since the start of the year and with an

increasing focus towards the higher margin Specialty Film category and new product launches for Value Added Films. These business developments are likely to support the move toward normalized margins in the coming quarters.

Revenue (Crores)



EBITDA (Crores) and Margins (%)



FY2013 FY2014 FY2015 FY2016 FY2017

During the financial year, the Company was able to avail tax deduction on the new investment in plants and machinery allowable under the Income Tax Act. As the Company commissioned new investment in the plant and machinery it was eligible for investment allowance having overall impact of ₹ 9.8 Crores on its tax.

Company's overseas subsidiaries continue to be on improving trend operationally. The overseas subsidiaries achieved a break even in quarter four taken together at EBITDA level.

Company launched many new products during the financial year. Under packaging films category, high moisture barrier films, aroma barrier films, aroma and oxygen barrier films were launched. These films have excellent moisture and gas barrier properties. Under lamination category, black velvet lamination films, scuff free matte lamination films were introduced. Under industrial film category, low noise tape was launched that is easy to release and generates low noise on unwinding. Besides these there were many other new product launches.

3. Exports

The Company continues to strengthen its exports through brand visibility initiatives taken during the year. Exports during the year increased to ₹ 638 Crores from ₹ 612 Crores in financial year 2016.

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, 2017, it stood at ₹ 19.44 Cr divided into 1,94,40,076 equity shares of ₹ 10/- each.

5. General Reserve

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

6. Dividend

Equity dividend of ₹ 10.00 per share (Previous Year Interim Dividend of ₹ 10.00/- per share) has been recommended by the Board of Directors for the year ended March 31, 2016 amounting to ₹ 19.44 Crores (Previous Year ₹ 19.44 Crores) on the Equity Share capital.

7. Details of Subsidiaries

(a) Subsidiaries Ceased during the Year

- With effect from October 28, 2016, Cosmo Films (Netherlands) Cooperatief U.A, a step down wholly owned subsidiary of CF Global Holdings Ltd, (the wholly owned subsidiary of Cosmo Films Limited) stands liquidated. The liquidation has no effect on shareholding pattern of Cosmo Films Limited.
- With effect from March 31, 2017, CF Global Holdings Ltd, a (the wholly owned subsidiary of Cosmo Films Limited) stands liquidated. The liquidation has no effect on shareholding pattern of Cosmo Films Limited. Consequently CF (Netherlands) Holdings Limited B.V. becomes the direct wholly owned subsidiary of Cosmo Films Limited.

(b) Subsidiaries as on 31st March, 2017 and related Disclosure

Post the development, the Company has six wholly owned subsidiary companies. Pursuant to Section 129(3) of the Companies Act, 2013 and Accounting Standard-21 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, is enclosed as **Annexure - A** 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.cosmofilms.com.

The subsidiaries of Cosmo Films Limited as on March 31, 2017 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

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. Recently Cosmo has developed a special BOPP film that enhances the moisture resistance of cement bags. The film is used for laminating block bottom cement bags which are made of woven PP material and is already in commercial use by leading cement brands. Cosmo's special film provides additional protection to the contents by adding a moisture barrier while enhancing the print quality of the packaging.

— Expenditure on Research & Development

| Particulars | 31st March, 2017 | 31st March, 2016 |
|--------------|------------------|------------------|
| A. Capital | 4.33 | 0.31 |
| B. Recurring | 4.06 | 3.73 |
| Total | 8.39 | 4.04 |

The Company is focussing on specialty labels and high barrier films. 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 five state of the art manufacturing facilities spread across India (3), US (1) and Korea (1), with a manufacturing capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 15,000 MT per annum of Metalized Films and 10,000 MT per annum of Coated Films. The Company has recently added a new line for the production of BOPP films at Karjan, Gujarat ahead of its schedule and at capital cost lower than planned. The line is 10.4 meter wide with a capacity of 60,000 MT per annum

and is considered to be the most advanced line in India. The new installed capacity is expected to add an additional 35% to 40% production volume in Financial Year 2018.



During the year under review, your Company incurred capital expenditure of ₹ 221.19 Cr as compared to ₹ 83.83 Cr for F.Y. 2016.

10. Corporate Governance

Cosmo is committed to maintaining the 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 - B**.

11. Internal Controls Systems and Their Adequacy

The Company has in place a strong system of internal controls, commensurate with the nature of its business and the size and complexity of its operations. These systems ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported quickly. The systems are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, plant facilities and key areas of business. Independence of the internal audit and compliance is ensured by direct reporting to the Audit Committee of the Board. This process is standardized and generates alerts for proper and timely compliance.

A CEO and CFO Certificate, forming part of the Corporate Governance Report, further confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

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 Risk Management 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.

Cosmo's Risk Policy has been uploaded on Company's website at www.cosmofilms.com.

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.

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) Chairman

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

(b) Appointment and Reappointment

Mr. Vivek Nangia has been appointed as Additional Director of the Company in capacity of Non Executive Independent Director w.e.f. 03, November, 2016. Mr. Anil Kumar Jain is Whole Time Director of the Company retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

(c) Status of Directors

Ms. Alpana Parida is Non Executive and Non Independent Director of the Company. Mr. Rajeev Gupta, Mr. H.K. Agrawal, Mr. Ashish Guha, Mr. Pratip Chaudhuri, and Mr. H. N. Sinor are the Independent Directors of the Company.

(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 Obligation 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/her 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 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

In terms of the provisions of Companies Act, 2013 read with the Rules issued thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Board of Directors on recommendation of the HR, Nomination and

Remuneration Committee, have evaluated the effectiveness of the Board/Director(s) for the year.

20. Board Meetings

The Company prepares a calendar and circulates to all the directors in advance. During F.Y. 2017, Five (5) 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.

21. Auditors

(a) Statutory Auditors

M/s. Walker, Chandiook & 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 by members at every AGM.

The Statutory Auditors seek ratification of their appointment for the Financial Year 2017-18 at the ensuing Annual General Meeting.

The Company has received a letter from Walker, Chandiook & Co. LLP, Chartered Accountants, expressing their willingness for their appointment to be ratified as Statutory Auditors of the Company and further confirmed that their ratification, if made, will be in compliance with provisions of Section 141(3)(g) of the Companies Act, 2013. The Audit Committee of at its Meeting has recommended their ratification for the F.Y. 2017-18.

(b) Cost Auditors

Messrs Jayant B. Galande, Cost Accountants were appointed as Cost Auditors of the Company for the Financial Year F.Y. 2017. 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.

(c) Secretarial Auditors

The Company has appointed M/s. DMK Associates, Company Secretaries, New Delhi, to conduct its Secretarial Audit for the Financial Year ended March 31, 2017. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of the applicable corporate laws. The Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report, annexed as **Annexure - C** to this report, does not contain any qualifications, reservation or adverse remarks.

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-18 are set out in Note 30 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 - D** 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

Your Company closely monitors the growing need of the retail and packaging industry and in order to meet the growing demand Company has recently announced a further plan to set up a new production line for Specialized Polyester (Biaxially-Oriented Polyethylene Terephthalate) Film at Aurangabad, Maharashtra with capacity of 36,000 MT per annum. This line will require an investment of about ₹ 250 Crores which will be funded through internal accruals and debt. The line is scheduled to be commissioned by quarter three of financial year 2019.

There were no other material changes / commitments affecting the financial position of the Company or that may require disclosure, between March 31, 2017 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 year F.Y. 2018 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 - E** to this Annual Report.

32. 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 - F** to this Report.

33. 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. There have been no complaints of sexual harassment received during the year.

34. 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) Amendment Rules, 2016 is also enclosed as **Annexure - G (i)** to this Report.

Particulars of the Employees pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 is enclosed as **Annexure - G (ii)** to this Report.

35. 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.

36. 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, 2017 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.

37. Awards & Recognition

During the Year, India Ratings and Research (Ind-Ra), a Fitch group company in its rating review has upgraded Cosmo Films Ltd.'s (CFL) long-term credit rating to 'IND A+' from previous rating of 'IND A'.

38. 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 17, 2017
Place : New Delhi

Annexure A to the Board Report

The Financial Performance of each of the Subsidiary Companies included in the Consolidated Financial Statements are detailed below: (Rs. in Crores)

| Sl. No. | Name of the Subsidiary | Turnover | | | Profit/Loss before tax | | | Profit/Loss after tax | | |
|-----------------------------|--|----------------|-----------------|------------|------------------------|-----------------|------------|-----------------------|-----------------|------------|
| | | Current Period | Previous Period | Growth (%) | Current Period | Previous Period | Growth (%) | Current Period | Previous Period | Growth (%) |
| Foreign Subsidiaries | | | | | | | | | | |
| 1 | CF Global Holding Limited* | - | - | - | 0.44 | (0.11) | 504% | 0.44 | (0.11) | 504% |
| 2 | Cosmo Films (Netherlands) Cooperatief U.A.** | - | - | - | 0.06 | (0.25) | 124% | 0.06 | (0.25) | - |
| 3 | CF (Netherlands) Holding Limited B.V. | - | - | - | 0.98 | (0.13) | 827% | 0.98 | (0.13) | 827% |
| 4 | Cosmo Films Inc. | 175.49 | 165.87 | 6% | (13.93) | (17.10) | 19% | (13.93) | (17.10) | 19% |
| 5 | Cosmo Films Korea Limited | 42.24 | 46.91 | (10)% | (8.97) | (4.14) | 117% | (8.05) | (3.98) | 102% |
| 6 | Cosmo Films Singapore PTE Ltd. | - | - | - | (0.08) | (0.04) | 89% | (0.08) | (0.04) | 89% |
| 7 | Cosmo Films Japan, Gk | 50.85 | 47.16 | (8)% | (1.10) | 2.50 | (144)% | (0.77) | 1.42 | (154)% |
| 8 | CF Investment Holding Private (Thailand) Company Limited | - | - | - | 0.03 | (0.00) | (2504)% | 0.02 | (0.00) | (100)% |

*liquidated on 31 March, 2017

**liquidated on 18 October, 2016

Anneuxre B

Compliance Certificate

To
The Members
M/s Cosmo Films Limited
Corporate Identity No.: L92114DL1976PLC008355
1008, DLF Tower-A,
Jasola District Centre,
Delhi-110025

We have examined the compliance of conditions of Corporate Governance by **Cosmo Films Limited**, for the year ended 31st March, 2017, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 April, 2016 to 31 March 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further 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 VS ASSOCIATES
(Company Secretary)

Vijay Kumar Sharma
Membership No. FCS 6379
CP No. 6959

Date : 15-05-2017
Place : Delhi

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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, 2017 (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, 2017 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; **(Not applicable to the Company during the Audit Period)**
- (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 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 MANAGEMENT**
- 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. Custom Act, 1962
 - xxiv. Petroleum Act, 1934 & rules framed thereunder,
 - xxv. Industrial Employment (Standing Orders) 1946,
 - xxvi. Maharashtra Mathadi Hammal & other Manual Workers (Regulation of employment & welfare) Act 1969.
 - xxvii. Maharashtra Recognition of Trade Union & Prevention of Unfair Labour Practice Act, 1971,
 - xxix. The Maharashtra Labour Welfare Fund, 1953 and rules,
 - xxx. Income Tax Act, 1961 and Indirect Tax Laws,

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) The Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines, Standards etc. to the extent applicable, as 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. During the audit period.
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.

**For DMK ASSOCIATES
COMPANY SECRETARIES**

**(MONIKA KOHLI)
FCS, LL.B.
PARTNER**

FCS 5480
C P 4936

Date : 17.05.2017
Place : New Delhi

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, 2017 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 for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever 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.

For DMK ASSOCIATES
COMPANY SECRETARIES

(MONIKA KOHLI)
FCS, LL.B.
PARTNER

FCS 5480
C P 4936

Date: 17.05.2017
Place: New Delhi

Annexure - D

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) Complete centralization of chilling system with state of the art technology chilling system.
- ii) Waste heat recovery from process exhaust.
- iii) Energy efficient illumination and use of natural light.
- iv) Installation of centralized heating system with coal as a fuel.
- v) Installed APFC to improve power factor
- vi) Installed FCUs in place of conventional air conditioning system.
- vii) Automated load management system to improve power factor with reduced contract demand

(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) Capital investment on energy conservation equipments during the year: Rs. 1126 Lakhs

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 like product improvement, cost reduction, product development, import substitution 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

| | Rs. Crores.(approx) |
|--|---------------------|
| (a) Capital | 4.33 |
| (b) Recurring | 4.06 |
| (c) Total | 8.39 |
| (d) Total R & D expenditure as percentage of net sales | 0.58 |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's foreign exchange earnings were Rs. 638 Crores (Previous Year Rs. 612 Crores).The total foreign exchange utilized during the year amounted to Rs. 392.98 Crores (Previous Year Rs. 249.21 Crores). Details of foreign Exchange earned and utilized during the year are given in Notes to Accounts.

Annexure - E
FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March ,2017
[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 1E/13, Alankit Heights Jhandewalan Extn., New Delhi- 110055 Ph: 011- 42541953 |

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) | 3131 | 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) |

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 | 1138881 | 0 | 1138881 | 5.86 | 10,88,881 | 0 | 10,88,881 | 5.60 | (0.26) |
| Central Government/ State Government(s) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 0.00 |
| Bodies Corporate | 135682 | NIL | 135682 | 0.698 | 135682 | NIL | 135682 | 0.698 | 0.00 |
| Financial Institutions/ Banks | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 0.00 |
| Any Others (Firm) Mr. Ashok Jaipuria - Registered Owner Gayatri & Annapurna - Beneficial Owner | 7183876 | NIL | 7183876 | 36.95 | 7233876 | NIL | 7233876 | 37.211 | 0.26 |
| Sub Total(A)(1) | 8458439 | NIL | 8458439 | 43.51 | 8458439 | NIL | 8458439 | 43.51 | 0.67 |
| 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 | 0 | NIL | NIL | NIL | 0.00 |
| Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 8458439 | NIL | 8458439 | 43.51 | 8458439 | NIL | 8458439 | 43.51 | 0.00 |
| B. Public shareholding | | | | | | | | | |
| 1) Institutions | | | | | | | | | |
| Mutual Funds/ UTI | 1655 | 725 | 2380 | 0.01 | 1,455 | 725 | 2,180 | 0.01 | 0.00 |
| Financial Institutions /Banks | 10749 | 4340 | 15089 | 0.08 | 57,692 | 4340 | 62,032 | 0.32 | 0.24 |
| 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 | 394671 | 4200 | 398871 | 2.05 | 6,87,627 | 4200 | 6,91,827 | 3.56 | 1.51 |
| 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 (specify) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 0.00 |
| Sub-Total (B)(1) | 407075 | 9265 | 416340 | 2.14 | 746774 | 9265 | 756039 | 3.89 | 1.75 |

| 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 | 1681620 | 14421 | 1696041 | 8.72 | 1306295 | 13670 | 1319965 | 6.79 | (1.93) |
| Individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 4945913 | 590157 | 5536070 | 28.48 | 5221221 | 562522 | 5783743 | 29.75 | 1.27 |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 2663848 | 0 | 2663848 | 13.70 | 2560881 | 0 | 2560881 | 13.17 | (0.53) |
| Qualified Foreign Investor | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | 0 |
| Any Other (NBFCs) | 29700 | 0 | 29700 | 0.15 | 33,425 | 0 | 33,425 | 0.17 | 0.02 |
| Non Resident Indian | 329207 | 24410 | 353617 | 1.82 | 219503 | 24060 | 243563 | 1.25 | (0.57) |
| Trust | 9625 | 0 | 9625 | 0.05 | 7625 | 0 | 7625 | 0.03 | (0.02) |
| Sub-Total (B)(2) | 9659913 | 628988 | 10288901 | 52.92 | 9348950 | 600252 | 9949202 | 51.17 | (1.74) |
| Total Public Shareholding (B)= (B)(1)+ (B)(2) | 10066988 | 638253 | 10705241 | 55.06 | 10095724 | 609517 | 10705241 | 55.06 | 0 |
| TOTAL (A)+(B) | 18525427 | 638253 | 19163680 | 98.57 | 18554163 | 609517 | 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 | 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 |
| Sub-Total (C) (2) | 276396 | NIL | 276396 | 1.42 | 276396 | NIL | 276396 | 1.42 | 0 |
| TOTAL –C1+C2 | 276396 | NIL | 276396 | 1.42 | 276396 | NIL | 276396 | 1.42 | 0 |
| GRAND TOTAL (A)+(B)+(C) | 18801823 | 638253 | 19440076 | 100.00 | 18830559 | 609517 | 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 shareholding 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 | 91720 | 0.47 | NIL | 91,720 | 0.47 | NIL | NIL |
| 2 | Abha Jaipuria | 24200 | 0.12 | NIL | 24,200 | 0.12 | NIL | NIL |
| 3 | Ambrish Jaipuria | 552800 | 2.84 | NIL | 5,02,800 | 2.59 | NIL | (0.25) |
| 4 | Ashok Jaipuria | 470161 | 2.42 | NIL | 4,70,161 | 2.42 | NIL | NIL |
| 5 | Andheri Properties & Finance Ltd. | 622 | 0.00 | NIL | 622 | 0.00 | NIL | NIL |
| 6 | Hanuman Textile MFG & Inv. Company Ltd. | 1280 | 0.01 | NIL | 1,280 | 0.01 | NIL | NIL |
| 7 | Pravasi Enterprises Ltd. | 131100 | 0.67 | NIL | 1,31,100 | 0.67 | NIL | NIL |
| 8 | Sunrise Manufacturing Company Ltd. | 2680 | 0.01 | NIL | 2,680 | 0.01 | NIL | NIL |
| 9 | Ashok Jaipuria- Registered Owner C/o Gayatri & Annapura | NIL | NIL | NIL | 72,33,876 | 37.21 | NIL | 37.21 |

(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 | Ambrish Jaipuria | 552800 | 2.84 | 01/04/2016 31/05/2016 31/03/2017 | (50000) | Sale | 552800 502800 502800 | 2.84 2.59 2.59 |
| 2 | Pravasi Enterprises Ltd. (C/o Gayatri & Annapurna) | 2919004 | 15.02 | 01/04/2016 31/05/2016 14/03/2017 17/03/2017 24/03/2017 31/03/2017 31/03/2017 | 50000 (1400004) (1519000) 1519000 (1569000) 0 | Purchase Transfer Sale Purchase Transfer - | 2919004 2969004 1569000 50000 1569000 0 0 | 15.02 15.27 8.07 0.25 8.07 0 - |
| 3 | Sunrise Manufacturing Company Ltd. (C/o Gayatri & Annapurna) | 4264872 | 21.94 | 01/04/2016 14/03/2017 17/03/2017 24/03/2017 31/03/2017 31/03/2017 | (3394872) (870000) 870000 (870000) 0 | Transfer Sale Purchase Transfer - | 4264872 870000 0 870000 0 0 | 21.94 4.47 0 4.47 - - |
| 4 | Hanuman Textile MFG & Inv. Company Ltd. | 1280 | 0.01 | 01/04/2016 17/03/2017 24/03/2017 | 2389000 (2389000) | Purchase Sale | 1280 2390280 1280 | 0.01 12.29 0.01 |
| 5 | Ashok Jaipuria (C/o Gayatri & Annapurna) | 0 | 0 | 01/04/2016 14/03/2017 31/03/2017 31/03/2017 | 4794876 2439000 | Transfer Transfer | 0 4794876 7233876 7233876 | 0 24.66 37.21 37.21 |

Transfer denotes Change in registered owner of Gayatri & Annapurna (Partnership firm), the said partnership firm remains to be the beneficial owner of the Shares

(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 | | 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 | Anil Kumar Goel | 665000 | 3.42 | 01/04/2016 20/05/2016 27/05/2016 07/10/2016 31/03/2017 | 3000 2000 (10000) | Purchase Purchase Sale | 665000 668000 670000 660000 660000 | 3.42 3.44 3.45 3.40 3.40 |
| 2 | Lloyd George Indian Ocean Master Fund | | | 01/04/2016 09/12/2016 23/12/2016 06/01/2017 17/02/2017 10/03/2017 17/03/2017 31/03/2017 | 49193 49108 35754 50945 37500 17843 | Purchase Purchase Purchase Purchase Purchase Purchase | 0 49193 98301 134055 185000 222500 240343 240343 | 0 0.25 0.51 0.68 0.95 1.14 1.23 1.23 |
| 3 | Kapil Kumar Wadhavan | | | 01/04/2016 02/09/2016 31/03/2017 | | Purchase | 0 150000 150000 | 0 0.77 0.77 |

| 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 |
| 4 | Dolly Khanna | 145193 | 0.75 | 01/04/2016 | | | 145193 | 0.74 |
| | | | | 08/04/2016 | 1300 | Purchase | 146493 | 0.75 |
| | | | | 15/04/2016 | 1273 | Purchase | 147766 | 0.76 |
| | | | | 22/04/2016 | 11890 | Purchase | 159656 | 0.82 |
| | | | | 20/05/2016 | 5175 | Purchase | 164831 | 0.84 |
| | | | | 29/07/2016 | 2850 | Purchase | 167681 | 0.86 |
| | | | | 12/08/2016 | 900 | Purchase | 168581 | 0.87 |
| | | | | 02/09/2016 | (850) | Sale | 167731 | 0.86 |
| | | | | 09/09/2016 | (8306) | Sale | 159425 | 0.82 |
| | | | | 16/09/2016 | (4000) | Sale | 155425 | 0.80 |
| | | | | 14/10/2016 | (1985) | Sale | 153440 | 0.79 |
| | | | | 21/10/2016 | (2000) | Sale | 151440 | 0.78 |
| | | | | 28/10/2016 | (5914) | Sale | 145526 | 0.75 |
| | | | | 04/11/2016 | (3500) | Sale | 142026 | 0.73 |
| | | | | 18/11/2016 | (2000) | Sale | 140026 | 0.72 |
| | | | | 09/12/2016 | (1525) | Sale | 138501 | 0.71 |
| | | | | 13/01/2017 | (1000) | Sale | 137501 | 0.71 |
| 17/02/2017 | (2400) | Sale | 135101 | 0.69 | | | | |
| 24/03/2017 | 5775 | Purchase | 140876 | 0.72 | | | | |
| 31/03/2017 | | | 140876 | 0.72 | | | | |
| 5 | JM Financial Services Limited | | | 01/04/2016 | | | 0 | 0 |
| | | | | 03/02/2017 | 114821 | Purchase | 114821 | 0.59 |
| | | | | 31/03/2017 | | | 114821 | 0.59 |
| 6 | Narippen Obhrai | 84423 | 0.43 | 01/04/2016 | | | 84423 | 0.43 |
| | | | | 31/03/2017 | | | 84423 | 0.43 |
| 7 | Goldman Sachs (Singapore) PTE | 149977 | 0.77 | 01/04/2016 | | | 149977 | 0.77 |
| | | | | 08/04/2016 | 2037 | Purchase | 152014 | 0.78 |
| | | | | 15/04/2016 | 16560 | Purchase | 168574 | 0.87 |
| | | | | 22/04/2016 | 63945 | Purchase | 232519 | 1.20 |
| | | | | 20/05/2016 | 168882 | Purchase | 401401 | 2.06 |
| | | | | 27/05/2016 | 34007 | Purchase | 435408 | 2.24 |
| | | | | 03/06/2016 | 21655 | Purchase | 457063 | 2.36 |
| | | | | 10/06/2016 | (2971) | Sale | 454092 | 2.34 |
| | | | | 17/06/2016 | 10473 | Purchase | 464565 | 2.39 |
| | | | | 24/06/2016 | (631) | Sale | 463934 | 2.39 |
| | | | | 30/06/2016 | (5305) | Sale | 458629 | 2.36 |
| | | | | 08/07/2016 | 23401 | Purchase | 482030 | 2.48 |
| | | | | 15/07/2016 | (14159) | Sale | 467871 | 2.41 |
| | | | | 22/07/2016 | (24694) | Sale | 443177 | 2.28 |
| | | | | 29/07/2016 | (13665) | Sale | 429512 | 2.21 |
| | | | | 05/08/2016 | 26864 | Purchase | 456376 | 2.35 |
| | | | | 12/08/2016 | 9346 | Purchase | 465722 | 2.40 |
| | | | | 19/08/2016 | (12963) | Sale | 452759 | 2.33 |
| | | | | 26/08/2016 | (63112) | Sale | 389647 | 2.00 |
| | | | | 02/09/2016 | (75312) | Sale | 314335 | 1.82 |
| | | | | 09/09/2016 | (29614) | Sale | 284721 | 1.46 |
| | | | | 16/09/2016 | (6723) | Sale | 277998 | 1.43 |
| | | | | 30/09/2016 | (45393) | Sale | 232605 | 1.20 |
| 07/10/2016 | (4910) | Sale | 227695 | 1.17 | | | | |
| 21/10/2016 | 47039 | Purchase | 274734 | 1.41 | | | | |
| 28/10/2016 | 22624 | Purchase | 297358 | 1.53 | | | | |
| 04/11/2016 | 21608 | Purchase | 318966 | 1.64 | | | | |

| 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 |
| | | | | 11/11/2016 | 31256 | Purchase | 287710 | 1.48 |
| | | | | 18/11/2016 | (28218) | Sale | 259492 | 1.33 |
| | | | | 25/11/2016 | (28482) | Sale | 231010 | 1.19 |
| | | | | 02/12/2016 | (62440) | Sale | 168570 | 0.87 |
| | | | | 09/12/2016 | (33136) | Sale | 135434 | 0.70 |
| | | | | 16/12/2016 | (15949) | Sale | 119485 | 0.61 |
| | | | | 17/02/2017 | (14338) | Sale | 105147 | 0.54 |
| | | | | 24/02/2016 | (1612) | Sale | 103535 | 0.53 |
| | | | | 24/03/2016 | (21032) | Sale | 82503 | 0.42 |
| | | | | 31/03/2017 | | | 82503 | 0.42 |
| 8 | Tiff Investment Program Tiff Multi Asset Fund | 89937 | 0.46 | 01/04/2016 | | | 89937 | 0.46 |
| | | | | 20/05/2016 | (11994) | Sale | 77943 | 0.40 |
| | | | | 27/05/2016 | 2057 | Purchase | 80000 | 0.41 |
| | | | | 03/06/2016 | (2057) | Sale | 77943 | 0.40 |
| | | | | 12/08/2016 | 6300 | Purchase | 84243 | 0.43 |
| | | | | 30/09/2016 | (3082) | Sale | 81161 | 0.42 |
| | | | | 31/03/2017 | | | 81161 | 0.42 |
| 9 | Ashna Singh | 70000 | 0.36 | 01/04/2016 | | | 70000 | 0.36 |
| | | | | 31/03/2017 | | | 70000 | 0.36 |
| 10 | Rano Singh | 62200 | 0.31 | 01/04/2016 | | | 62200 | 0.31 |
| | | | | 31/03/2017 | | | 62200 | 0.31 |

(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): | — | — | — | — | — | — | — |
| | At the End of the year | 470161 | 2.42 | — | — | — | 470161 | 2.42 |
| 2 | Mr. Anil Kumar Jain | | | | | | | |
| | At the beginning of the year | 5020 | 0.02 | | | | 5020 | 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): | | | 18/07/2016 | Sale | 10 | | |
| | At the End of the year | 5010 | 0.02 | | | | 5010 | 0.02 |

| 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 |
| 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 |
| 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 | 10000 | 0.05 | | | | 10000 | 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 | 10000 | 0.05 | | | | 10000 | 0.05 |

| 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 |
| 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 | Mr. 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. 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 |
| 11 | 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 |
| 12 | 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

(Rs. in Cr.)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the Financial Year | | | | |
| i) Principal Amount | 401.62 | - | - | 401.62 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 2.64 | - | - | 2.64 |
| Total (i+ii+iii) | 404.26 | - | - | 404.26 |
| Change in Indebtedness during the Financial Year | | | | |
| • Addition | 271.45 | - | - | 271.45 |
| • Reduction | 86.19 | - | - | (86.19) |
| Net Change | 185.26 | - | - | 185.26 |
| Indebtedness at the end of the Financial Year | | | | |
| i) Principal Amount | 587.37 | - | - | 587.37 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 2.15 | - | - | 2.15 |
| Total (i+ii+iii) | 589.52 | - | - | 589.52 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. 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 | 1.19 | 1.20 | 2.39 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.15 | 0.05 | 0.20 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission- | | | |
| | - As % of profit | 3.88 | - | 3.88 |
| | - Others, specify | - | - | - |
| 5. | Others, please specify | - | - | - |
| | Total (A) | 5.22 | 1.25 | 6.47 |
| | Ceiling as per the Act | Rs. 12.15 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

(Rs. in Lakhs)

| Name of Director | Fee for attending Board/Committee meetings | Commission | Others | Total |
|----------------------|--|--------------|----------|--------------|
| Mr. H.K. Agrawal | 3.25 | 10.41 | - | 13.66 |
| Mr. Rajeev Gupta | 1.50 | 10.41 | - | 11.91 |
| Mr. Ashish Guha | 4 | 10.41 | - | 14.41 |
| Mr. Pratip Chaudhuri | 4 | 10.41 | - | 14.41 |
| Mr. H.N Sinor | 2.75 | 10.41 | - | 13.16 |
| Mr. Vivek Nangia* | 1.75 | 4.34 | - | 6.09 |
| Total (1) | 17.25 | 56.39 | - | 73.64 |

 * Pro-rata from date of appointment 3rd November, 2016 to 31st March 2017

(2) Non Executive Directors

| | | | | |
|-------------------------------|--|--------------|----------|--------------|
| Ms. Alpana Parida | 2.50 | 10.41 | - | 12.91 |
| Total (2) | 2.50 | 10.41 | - | 12.91 |
| Total (B)= (1) + (2) | 19.75 | 66.80 | - | 86.55 |
| Ceiling as per the Act | Rs. 121 lakhs (being 1% of the Net Profit of the Company Calculated as per Section 198 of the Companies Act, 2013) | | | |

*The above mentioned Directors only receive Sitting Fees and have no other pecuniary relationship with the Company.

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

(Rs. 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 | 249.03 | 71.95 | 13.61 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.40 | 0.32 | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | | | |
| | - As % of profit | - | - | - |
| | - Others, specify | - | - | - |
| 5. | Others, please specify | 7.95 | 3.00 | 1.44 |
| | Total* | 257.38 | 75.27 | 15.06 |

*Figures have been rounded off.

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

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

Annexure - F

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 |
| Ms. Alpana Parida | Member |
| Mr. Vivek Nangia | Member |

3. **Average net profit of the company for last three Financial Years:** INR 63.33 Cr.

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)** INR 1.27 Cr.

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

(a) Total amount to be spent for the financial year – INR 1.27 Cr.

(b) Amount unspent, if any : Nil

(c) **Manner in which the amount spent during the Financial Year is detailed below.** (Rs. 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 | 1.27 | 1.27 | 1.27 | Through Implementing Agency |
| TOTAL | | | | 1.27 | 1.27 | 1.27 | |

* 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:

Not Applicable

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/-
(Chairman & Managing Director)

sd/-
Chairman
(CSR Committee)

Annexure - G (i)

(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 | 98.60 |
| 2. Mr. Anil Kumar Jain | 23.70 |

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 | Nil |
| Mr. Anil Kumar Jain | Whole Time Director | 25% |
| Mr. Pankaj Poddar | Chief Executive Officer | 25% |
| Mr. Neeraj Jain | Chief Financial Officer | 20% |
| Ms. Jyoti Dixit | Company Secretary | 20% |

3. **Percentage increase in the median remuneration of all employees in the Financial Year 2016-17: 8%.**
4. **Number of Permanent employees on the rolls of Company as on 31st March, 2017: 793**
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 8% and Nil 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 Nil.

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.

General Note:

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

Annexure- G (ii)
Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016:

Names of the top ten employees of the Company in terms of remuneration drawn and the name of employees who were employed throughout/part of the Financial Year 2016-17 and were paid remuneration not less than 1 Crore 2 lakhs Rupees per annum/8 lakhs 50 thousand per month:

| Sl. No. | Employee Name | Age | Qualification | Designation/ Nature of Duties | Date of Employment | Remuneration Received | Experience (in years) | Last Employment | Designation |
|---------|-------------------------|-----|--|----------------------------------|--------------------|-----------------------|-----------------------|------------------------|------------------------------------|
| 1. | Mr. Ashok Jaipuria | 63 | Degree in Associate of Arts in Business Admin & Diploma in Marketing Science | Chairman & Managing Director | 02.04.1980 | 5,22,10,801 | 47 | - | - |
| 2. | Mr. Pankaj Poddar | 40 | B.Com, CA, PGDBM | Chief Executive Officer | 02.07.2011 | 2,57,38,021 | 20 | Avon Beauty products | Director Finance |
| 3. | Mr. Anil Kumar Jain | 66 | B. Com (Hons.) AICWA, CISA | Director - Corporate Affairs | 01.09.2008 | 1,25,21,167 | 47 | Mawana Sugar Mills | Senior- VP |
| 4. | Mr. Satish Subramanian | 46 | BCS(Computer Science) & MBA | Vice President | 24.11.2014 | 104,18,611 | 22 | Avery Dennison | Country General Manager |
| 5. | Mr. Sanjay Chincholikar | 50 | B.Com, Diploma in Mechanical Engineering, MBA | Vice President | 10.05.1987 | 79,65,897 | 33 | Lupin Laboratories Ltd | Mechanical Engineer |
| 6. | Mr. Neeraj Jain | 39 | B. Com, CA, CISA | Chief Financial Officer | 19.03.2013 | 75,27,320 | 18 | Havells India Ltd | Deputy Vice President Finance |
| 7. | Mr. Sagato Mukerji* | 45 | B. Com (Hons), PGDBM | Vice President | 09.11.2016 | 21,12,759 | 20 | Jindal Polyfilms Ltd | Chief Operating Officer-Commercial |
| 8. | Mr. Shailesh Verma | 51 | B.E.-Mechanical,MBA | General Manager | 16.03.2010 | 62,26,772 | 33 | Jindal Polyfilms Ltd | Associate Vice President |
| 9. | Mr. Kapil Anand | 46 | B.E in Chemical Engineering, MBA in Marketing Management | General Manager | 10.01.2015 | 61,90,885 | 20 | Ester industries | Head of Sales and Marketing |
| 10. | Mr. Rajesh Kumar Gupta | 54 | B. Com, FCA | General Manager | 01.03.1995 | 55,55,648 | 35 | Auto Knight Pvt. Ltd. | Deputy General Manager |

*Employed for the Part of the Financial Year 2016-17.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Macroeconomic Overview

The World economy gained momentum in the second half of C.Y. 2016 when the United States started contributing positively to growth and the United Kingdom also showed resilience even after the referendum in favor of leaving the European Union. However, the global economy growth in C.Y. 2016 was tapered due to subdued investments, stagnant global trade and heightened policy uncertainties. Economic performance across emerging market and developing economies varied considerably by region and remained volatile. China and India's growth remained strong reflecting business fundamentals and continued government policy support. Activity remained weak across commodity exporters more generally, while geopolitical factors restrained growth in parts of the Middle East. In accordance with the World Bank, the global economy registered a modest growth of 2.3% in C.Y. 2016 and is projected to rise to 2.7% in C.Y. 2017.

The Indian economy is projected to deliver strong growth of 7.1% in F.Y. 2017 and continues to outperform most of the emerging markets despite the global headwinds. The demonetization initiative in India negatively impacted growth in the last quarter of F.Y. 2017 which is reflected in the financial performance of corporates across industries. One of the tangible long term benefits of the demonetization process is the gradual move towards a digital economy.

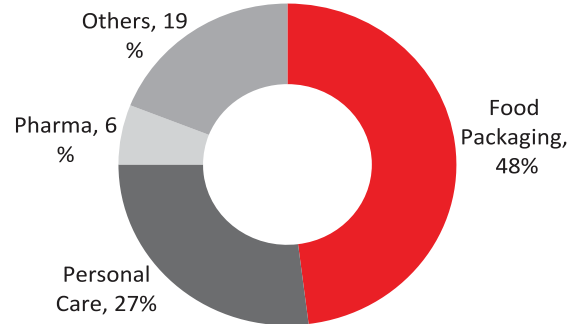
A prudent budget for F.Y. 2018, accompanied by supportive monetary policy, improved prospects of the implementation of reforms by the government and a move towards digitization is likely to reinforce India's growth trajectory. Goods and Service Tax (GST) is expected to provide the much needed stimulant for economic growth in India by transforming the existing basis of indirect taxation towards the free flow of goods and services within the economy and also eliminating the cascading effect of double taxation.

Economic fundamentals continue to remain strong along with increasing foreign direct investment (FDI) inflows. The Indian rupee has appreciated in the past few months, despite the two policy rate hikes by the US Federal Reserve and is a positive sign for the economy's resilience.

2. Industry Scenario

The packaging industry has experienced rapid growth globally as a result of greater innovation and customer preferences for global brands. Packaging sales in the emerging markets are expected to continue to show strong momentum as both increased consumption and demand for consumer goods drives the need for more sophisticated packaging.

The Indian packaging industry has registered a robust growth at a CAGR of 15% in the last five years and is estimated to achieve \$32 billion annual turnover by 2025. In the industry, processed food packaging represents 48% of the total sales, while personal care packaging accounts for 27%, pharma accounts for 6% and the others is 19% (*Source: FnB News*).



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.

The packaging industry in India is in a bright spot given India's per capita consumption of packaging is only 4.3 kg whereas neighbouring Asian countries such as China and Taiwan it is about 6 kg and 19 kg respectively. This clearly indicates that the market is largely untapped and with the addition of demand from industries like cement will also contribute to the overall growth of the industry.

GST implementation would also benefit supply chain efficiency for FMCG companies and there will be a cost reduction in terms of transportation and storage of goods. It is expected that the reduction in cost and taxes would make consumer goods cheaper which is a positive development for the packaging industry.

Globally, BOPP has the largest market share within flexible packaging. The rising demand for BOPP films in packaging, labeling, printing and lamination can be primarily attributed to its inherent strengths such as superior barrier to moisture, high durability and clarity which makes it desirable across packaging applications.

Currently, production of BOPP films in India is estimated at approximately 570K MT per annum, close to 80% of which is consumed in the country. The industry has been growing at close to double the growth rate of India's GDP in the recent years.

The food packaging industry is India's fifth largest sector with current worth of nearly \$40 billion and by F.Y. 2020 it is expected to reach over \$65 billion (Source: *FnB News*). Cosmo is well positioned with its capacity platform and comprehensive product offerings to tap the rising demand and opportunities industry offers in the near term.

3. About Us

Cosmo Films Limited ('Cosmo' or the 'Company') was incorporated in 1981 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 laminations 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.

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:

| | |
|---------------------------|---|
| • Packaging Films | 1. Print & Pouching Films 2. Barrier Films 3. Overwrap Films |
| • Lamination Films | 1. Dry (Thermal) Lamination Films 2. Wet (Print) 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 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. Recently Cosmo has developed a special BOPP film that enhances the moisture resistance of cement bags. The film is used for laminating block bottom cement bags which are made of woven PP material and is already in commercial use by leading cement brands. Cosmo's special film provides additional protection to the contents by adding a moisture barrier while enhancing the print quality of the packaging.

Cosmo has five state of the art manufacturing facilities spread across India (3), US (1) and Korea (1), with a manufacturing capacity of 196,000 MT per annum of BOPP films, 40,000 MT per annum of Thermal Lamination Films, 15,000 MT per annum of Metalized Films and 10,000 MT per annum of Coated Films. The Company has recently added a new line for the production of BOPP films at Karjan, Gujarat. The line is 10.4 meter wide with a capacity of 60,000 MT per annum and is considered to be the most advanced line in India. The new installed capacity is expected to add an additional 35% to 40% production volume in F.Y. 2018.

The Company closely monitors the growing need of the retail and packaging industry and in order to meet the growing demand Cosmo has recently announced a further plan to set up a new production line for Specialized Polyester (Biaxially-Oriented Polyethylene Terephthalate) Film at Aurangabad, Maharashtra with capacity of 36,000 MT per annum. This line will require an investment of about ₹ 250

Crores which will be funded through internal accruals and debt. The line is scheduled to be commissioned by 3Q of F.Y. 2019.

Cosmo has leveraged its deep and wide distribution network, both in India and overseas, to become a leading supplier of BOPP films and specialty films globally. The Company's international network includes three subsidiaries in USA, Japan and Korea and global channel partners in more than eighty countries.

By investing in innovation, Cosmo has established a leading market share in India and continues to enter new international markets with a focus on specialty films. Over the years, Cosmo has developed long standing customer relationships with exports to more than 80 countries around the world.

The Company remains fully committed to creating long term value for all stakeholders, while ensuring the highest standards of business ethics and professionalism. The Corporate Governance Code is adopted by the Board of Directors of the Company and is a testament of Cosmos's sound governance practices in promoting its core values which include transparency, accountability and integrity.

In addition, the Company is committed to operate and grow in a socially responsible way and has aligned its business units and processes to adopt strategies that support sustainable development across society.

4. Operational and Financial Performance

During F.Y. 2017, revenue marginally declined by (2.2%) to ₹ 1,580 crores from 1,616 crores in F.Y. 2016, however there was 5% increase in sales volume. This lower sales price realization is primarily due to reduce draw material prices where the benefit was then passed on to the end customers. F.Y. 2017 EBITDA declined to ₹ 167 crores from ₹ 197 crores in F.Y. 2016 with margins under pressure for most part of the second half (post mid November 16) due to the impact of demonetization. However, margins have started to recover since the start of the year and with an increasing focus towards the higher margin Specialty Film category and new product launches for Value Added Films. These business developments are likely to support the move toward normalized margins in the coming quarters.

During F.Y. 2017, Profits after Tax (PAT) on standalone basis marginally increased by 3% to ₹ 112 Crores from ₹ 108 Crores in the previous year while on consolidated basis the PAT was

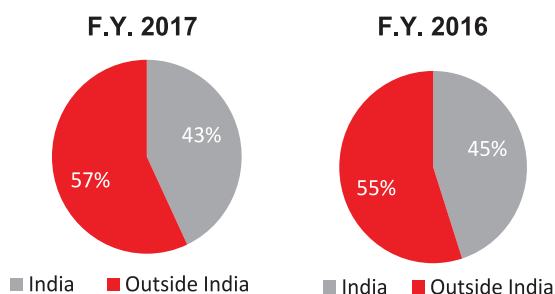
₹ 89 Crores as compared to ₹ 96 Crores in the previous year.

There was significant operational improvement in our overseas subsidiaries; however there was one time loss on account of forex hedging in Japan subsidiary lowering profitability in the current year.

5. Segment Performance

The Company has two financial reporting segments, Packaging Films and Others (Equipments and Parts) with close to 99% of the total revenue in F.Y. 2017 coming from the packaging films segment.

Cosmo also has secondary reporting on the basis of the location of customers which is classified into two geographic segments, India and outside India.



Given the strategic decision to enhance capacity in India, Cosmo continues to focus on driving sales in the domestic market and tapping into the exciting industry dynamics and opportunities within the country.

6. Liquidity

During the year ended March 31, 2017, the consolidated Net Debt increased to ₹ 579 crores from ₹ 390 crores last year. The increase in debt was largely on account of increase in capacity by almost 40% with the installation of new 10.4 meter width BOPP line. The Net Debt to EBITDA ratio moved to 3.5 times as compared 2 times in the previous year and Net Debt to Equity ratio also increased from 0.9 times to 1.1 times.

7. Human Resource

At Cosmo, employees are truly valued as an asset to the organization with a professional and skilled Human Resources department focused on career development for all professionals. The Company's HR strategy also aims to proactively identify high caliber employees and create a future ready pool

of talented individuals across all levels. Continuous focus is maintained on hiring, development, retention and management of all employees and providing tailored training programs that allow for a cohesive and productive work environment.

Cosmo HR policy is geared towards promoting an empowering and engaging work culture, providing individuals opportunities to learn and grow professionally. The Company believes in fostering equal employment opportunities, where individuals are selected and treated on the basis of their merits and abilities.

8. Internal Control Systems

The Company has an established policies and procedures to monitor the compliance of internal processes. It ensures that all transactions are authorised, recorded and reported correctly. For long term corporate success, it is essential that risks be effectively identified, analysed and then mitigated by means of appropriate control measures. Internal control systems are implemented as an integral part of the business and it ensures adherence to regulatory and statutory compliances. 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.

9. Opportunities and Risks

Opportunities

- 1) Rising consumption of packaged foods drives BOPP demand:** BOPP is used for packaging and labeling in the food industry and the growing demand for snacks, cakes, breads, ready-to-eat packaged foods, frozen foods, and confectioneries has been a driving force for the demand. Other industries offer growth opportunities; in particular the growing demand for tapes in industrial packaging which provides interesting product entry points for BOPP market players.
- 2) Specialty Films building on sector opportunities:** The future of the specialty film market looks promising with opportunities in the packaging, automotive, construction, and electrical & electronic industries. The global specialty film market is expected to reach \$41.3 billion by C.Y. 2022 and is forecasted to grow at a CAGR of 7.1% from C.Y. 2017 to C.Y. 2022

(Source: PRNewswire, London). The major growth drivers for this market are increasing demand from pharmaceuticals and food packaging.

- 3) Specialty and high performance films growth in Asia-Pacific:** Asia-Pacific is projected to be the largest region in global specialty and high performance films, accounting for around 39% in terms of volume in C.Y. 2016 (Source: Coherent Market Insights). The market in this region is expected to be primarily driven by strong growth from end use industries in China, India, and ASEAN countries. The Company through its subsidiaries in Japan and Korea is well placed to tap the growing potential of these markets.

Risks

- 1) Volatility in Raw Material Prices:** Rapid change in the prices of key raw materials, especially for commodity films are generally a pass through for customers but may impact the margins of the Company in case of time lag.
- 2) Fluctuations in Foreign Currency Rates:** The Company with its subsidiaries and channel partners operates in several countries and faces foreign currency exposure. Foreign currency loans also expose Cosmo to further risk from changes in the foreign currency rates. The Company has a foreign exchange risk management policy and takes hedges in accordance with the policy to mitigate the risk
- 3) Emergence of Competition in Specialty Films:** The growth opportunity of specialty film has attracted increased competition from the major players in the Industry. Cosmo's relentless focus on research and development enables the company to drive product innovation.

The Risk Management Committee of the Board of Directors meets regularly to evaluate the effectiveness of risk mitigation measures and suggests course correction wherever required.

10. Future Outlook and Strategy

Flexible packaging demand is continuously increasing with greater recognition its key advantages including light weight, small pack size, energy savings, ease of storage, transportation and convenient disposal. The increase in demand is also supported by economic factors such as rising

incomes, urban lifestyle changes, modern retail trade and growing e-commerce. As urban regions account for more than 80% of the demand for packaged food, there is a significant growth potential in the semi-urban and rural regions.

The Company has progressed well in implementing its long term manufacturing strategy with efficient capacity creation. The newly installed BOPP line which started commercial production in February 2017 and is expected to add an additional 25% to 30% production volume in F.Y. 2018. The Company has also announced its plan to commission new BOPET line which is expected to contribute from Q3 F.Y. 2019.

Cosmo is focusing on value added films which has higher margins and has a strong pipeline of innovative films to meet the ever changing requirement of the customers. The Company's successful approach towards research and development allows it to continuously innovate customer centric products. Cosmo is well positioned to become the global preferred manufacturer of specialty films with a clearly defined mission:

- 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

11. 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) Regulation, 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 present strength of Board of Directors is Nine (9), out of which two (2) are Executive Directors, One (1) is Non-Independent Non-Executive Director and Six (6) 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.

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, 2017 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 31 st March 2017) |
|----------------------|----------|---|------------------------------|---------------------------------|---|------------|-------|--|
| | | | | | Chairmanship | Membership | Total | |
| Mr. Ashok Jaipuria | 00214707 | Promoter Director | Chairman & Managing Director | 2 | Nil | 2 | 2 | 470161 |
| Mr. A. K. Jain | 00027911 | Executive Director | Whole Time Director | 2 | 1 | 2 | 3 | 5010 |
| Ms. Alpana Parida | 06796621 | Non-Independent Non- Executive Director | Director | 4 | Nil | 5 | 5 | Nil |
| Mr. Rajeew Gupta | 00241501 | Independent Non- Executive Director | Director | 6 | Nil | 6 | 6 | 10100 |
| Mr. H. K. Agrawal | 00260592 | Independent Non- Executive Director | Director | Nil | Nil | 2 | 2 | 1000 |
| Mr. Ashish Guha | 00004364 | Independent Non- Executive Director | Director | 1 | Nil | 2 | 2 | 10000 |
| Mr. H. N. Sinor | 00074905 | Independent Non- Executive Director | Director | 7 | 4 | 3 | 7 | NIL |
| Mr. Pratip Chaudhuri | 00915201 | Independent Non- Executive Director | Director | 9 | 4 | 2 | 6 | Nil |
| Mr. Vivek Nangia | 07646933 | Independent Non- Executive Director | Director | 1 | 0 | 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.

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 Five times on 11th May, 2016, 13th July 2016, 26th July, 2016, 03rd November, 2016 & 09th February, 2017 during the Financial Year ended 31st March, 2017. 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 26 th August, 2016 |
|----------------------|---|----------|--|
| | Held | Attended | |
| Mr. Ashok Jaipuria | 5 | 5 | Yes |
| Mr. A.K. Jain | 5 | 5 | Yes |
| Ms Alpana Parida | 5 | 3 | No |
| Mr. Ashish Guha | 5 | 5 | No |
| Mr. H.N. Sinor | 5 | 3 | Yes |
| Mr. H. K. Agrawal | 5 | 3 | No |
| Mr. Rajeev Gupta | 5 | 2 | No |
| Mr. Pratip Chaudhuri | 5 | 5 | No |
| Mr. Vivek Nangia* | 2 | 2 | No |

*Appointed as an Independent Director w.e.f. 03 November, 2016.

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 corporate website (www.cosmofilms.com).

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

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, 2017 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, 2016 to March 31, 2017:

| | |
|----------------------|----------------------|
| 1. May 11, 2016. | 2. July 26, 2016. |
| 3. November 03, 2016 | 4. February 09, 2017 |

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 | 2 |
| Mr. H.K. Agrawal | 4 | 3 |
| Mr. Ashish Guha | 4 | 4 |

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 investors 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, 2017:

Chairman : Mr. H. N. Sinor
Members : Mr. A. K. Jain
 Ms. Alpana Parida
 Mr. H. K. Agrawal
 Mr. Vivek Nangia

• **Meetings and attendance during the year**

The Stakeholders Relationship Committee met four times during the Financial Year from April 1, 2016 to March 31, 2017:

| | |
|-----------------------|----------------------|
| 1. May 11, 2016. | 3. August 26, 2016 |
| 2. November 03, 2016. | 4. February 09, 2017 |

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 | 4 |
| Mr. H.K. Agrawal | 4 | 3 |
| Mr. A.K. Jain | 4 | 4 |
| Ms. Alpana Parida | 4 | 3 |
| Mr. Vivek Nangia | 2 | 2 |

• **Compliance Officer**

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

• **Shareholders' Complaints etc. received during the FY- 2016-17**

During the year from April 1, 2016 to March 31, 2017 the Company received 28 complaints from various Investors / Shareholders' relating to non-receipt of Dividend / Bonus Shares / Transfer of Shares / Dematerialization of Shares / Annual Report etc. The same were attended to the satisfaction of the Investors. At the end of March 31, 2017, no complaint was pending for redressal and there were no pending share transfers as on March 31, 2017.

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) Regulations, 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, 2017:

Chairman : Mr. H.K Agrawal
Members : Ms. Ashish Guha
 Mr. Ashok Jaipuria
 Mr. Pratip Chaudhuri

| Name of the HR, Nomination and Remuneration Committee members | Number of Meetings | |
|---|-------------------------------------|----------|
| | Held during the tenure of Directors | Attended |
| Mr. H. K. Agrawal | 2 | 1 |
| Mr. Ashok Jaipuria | 2 | 2 |
| Mr. Ashish Guha | 2 | 2 |
| Mr. Pratip Chaudhuri | 2 | 2 |

• **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 2016-17 was ₹ 19.75 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 caliber talent.

• **Remuneration Paid to Directors**

Following tables gives the details of remuneration paid to directors, during the year from April 01, 2016 to March 31, 2017:

• **Remuneration to Non- Executive Directors**

| S. No. | Name of Director | Sitting Fees (₹) | Commission (₹) |
|--------|----------------------|------------------|----------------|
| 1 | Mr. H.K. Agrawal | 325,000 | 1,041,000 |
| 2 | Mr. Rajeev Gupta | 150,000 | 1,041,000 |
| 3 | Mr. Ashish Guha | 400,000 | 1,041,000 |
| 4 | Mr. Pratip Chaudhuri | 400,000 | 1,041,000 |
| 5 | Mr. H.N Sinor | 275,000 | 1,041,000 |
| 6 | Ms. Alpana Parida | 250,000 | 1,041,000 |
| 7 | Mr. Vivek Nangia* | 175,000 | 434,000 |

*Pro-rata from date of appointment (3rd November, 2016) to 31st March 2017.

• **Remuneration to Executive Directors**

| Sl. No. | Particulars | Designation | Salary (Rs. in Crores) | Commission (Rs. in Crores) | Contribution to provident & Superannuation Funds (₹ in Crores) | Benefits (Rs. in Crores) | Total Amount (Rs. in Crores) |
|---------|--------------------|------------------------------|------------------------|----------------------------|--|--------------------------|------------------------------|
| 1 | Mr. Ashok Jaipuria | Chairman & Managing Director | 1.06 | 3.87 | 0.29 | - | 5.22 |
| 2. | Mr. A. K. Jain | Whole time Director | 1.14 | - | 0.11 | - | 1.25 |

E. INDEPENDENT DIRECTORS:

The Company has complied with the definition of Independence as per SEBI (LODR) Regulations, 2015 and according to the Provisions of section 149(6) Companies Act, 2013. 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 3 November, 2016 without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:
- I) Reviewed the performance of 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) Assessed 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

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

| Year | Place | Date | Time | Special Resolution Passed |
|---------|--|------------|-----------|------------------------------------|
| 2013-14 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054 | 25/09/2014 | 4:00 P.M. | Special Resolutions were Passed |
| 2014-15 | Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi -110054 | 06/08/2015 | 2:00 P.M. | No Special Resolutions were 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 |

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 thereunder 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 (AS18) 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:

http://www.cosmofilms.com/sites/default/files/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 structures 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 2017. 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. A link to such policy is also provided in the website of the company.

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, 2017 the Company did not engage in commodity hedging activities.

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

8. 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.

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

10. **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.

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

12. **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.**

13. **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, 2017 to March 31, 2018 and tentative schedule for approval of the quarterly / half yearly / yearly financial results is given below:

| Particulars | Month (Tentative) |
|---|-------------------|
| Financial results for the 1 st quarter ending June 30, 2017. | August, 2017 |
| Financial results for the 2 nd quarter and half year ending September 30, 2017. | November, 2017 |
| Financial results for the 3 rd quarter and nine months ending December 31, 2017. | February, 2018 |
| Financial results for the last quarter and financial year ending March 31, 2018 | May, 2018 |

4. WEBSITE

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

5. DIVIDEND PAYMENT DATE

The Board has recommended Dividend of Rs. 10/- per Equity Share for the Financial Year 2016-17. The Dividend if declared at the Annual General Meeting shall be paid on or before 03 September, 2017.

6. LISTING ON STOCK EXCHANGES

The names of the stock exchanges at which Company's shares are listed as on 31st March, 2017 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

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

| Particulars | March 31, 2017 | | March 31, 2016 | |
|-------------------------|-----------------|-------------|-----------------|-------------|
| | No. of Shares | % (Holding) | No. of Shares | % (Holding) |
| Promoters | 8458439 | 43.51 | 8458439 | 43.51 |
| Institutional Investors | 756039 | 3.89 | 416340 | 2.14 |
| Bodies Corporate | 1319965 | 6.79 | 1725741 | 8.88 |
| Others | 8905633 | 45.47 | 8839556 | 45.47 |
| Total | 19440076 | 100 | 19440076 | 100 |

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

| Distribution of the Shareholding according to type of shareholders | | | | | | | | |
|--|----------------|---------------|-----------------|---------------|----------------|---------------|-----------------|---------------|
| No. of Equity Shares | March 31, 2017 | | | | March 31, 2016 | | | |
| | No. of | % of | No. of | % of share | No. of | % of | No. of | % of share |
| | Shareholders | Shareholders | shares | Capital | Shareholders | Shareholders | shares | Capital |
| 1-500 | 23708 | 90.409 | 2638073 | 13.57 | 19172 | 88.747 | 2327848 | 11.974 |
| 501-1000 | 1333 | 5.083 | 1029872 | 5.298 | 1252 | 5.795 | 985293 | 5.068 |
| 1001-2000 | 598 | 2.28 | 890003 | 4.578 | 553 | 2.56 | 840113 | 4.322 |
| 2001-3000 | 195 | 0.744 | 494637 | 2.544 | 207 | 0.958 | 531176 | 2.732 |
| 3001-4000 | 80 | 0.305 | 283048 | 1.456 | 85 | 0.393 | 301119 | 1.549 |
| 4001-5000 | 68 | 0.259 | 319459 | 1.643 | 79 | 0.366 | 373412 | 1.921 |
| 5001-10000 | 125 | 0.477 | 944962 | 4.861 | 126 | 0.583 | 943245 | 4.852 |
| 10001 and above | 116 | 0.442 | 12840022 | 66.049 | 129 | 0.597 | 13137870 | 67.581 |
| Total | 26223 | 100.00 | 19440076 | 100.00 | 21603 | 100.00 | 19440076 | 100.00 |

shares of Cosmo Films Ltd. is **INE 757A01017**

8. ANNUAL LISTING FEE

Annual Listing Fee for the year 2016-17 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, 2017

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

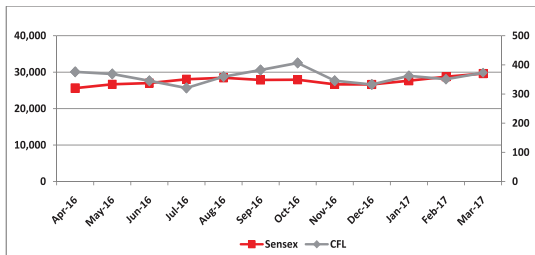
10. MARKET PRICE DATA

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:

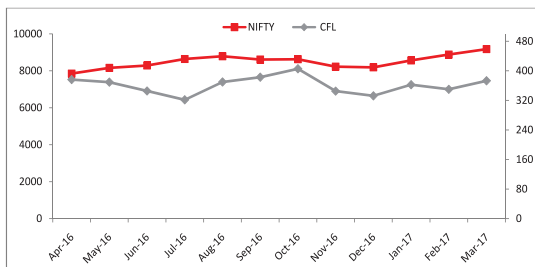
| MONTH | BSE | | NSE | |
|--------|-------------|------------|-------------|------------|
| | HIGH (₹) | LOW (₹) | HIGH (₹) | LOW (₹) |
| Apr-16 | 391.90 | 287.50 | 391.80 | 286.80 |
| May-16 | 407.90 | 327.85 | 408.00 | 328.05 |
| Jun-16 | 374.00 | 321.15 | 372.90 | 320.00 |
| Jul-16 | 374.75 | 312.00 | 374.90 | 301.40 |
| Aug-16 | 368.00 | 310.00 | 369.00 | 309.40 |
| Sep-16 | 411.20 | 333.00 | 411.40 | 334.30 |
| Oct-16 | 431.00 | 387.90 | 431.90 | 386.90 |
| Nov-16 | 424.70 | 310.00 | 424.50 | 307.60 |
| Dec-16 | 347.70 | 318.50 | 348.00 | 318.00 |
| Jan-17 | 380.00 | 330.00 | 379.95 | 329.00 |
| Feb-17 | 384.50 | 348.30 | 384.80 | 347.05 |
| Mar-17 | 396.80 | 351.80 | 397.00 | 350.50 |

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, 2017, 96.86% (i.e. 188,30,559 Equity Shares) of the total Equity Share Capital (i.e. 194,40,076 equity shares) were held in demat form.

13. 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

1E/13, Alankit Heights,
Jhandewalan Extension, New Delhi 110 055

Ph: +91 11 42541234

Fax: +91 11 011-42541967

Contact Person: Mr. R. S. Maurya

14. PLANT LOCATIONS

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

15. 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

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 2016-17.

17th May, 2017
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, 2017.**

**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 2016-17 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 2016-17 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

17th May, 2017
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.

17th May, 2017
New Delhi

Jyoti Dixit
Company Secretary

CORPORATE SOCIAL RESPONSIBILITY

Cosmo Foundation since its inception in mid 2008 chartered out the vision to assist the children and youth belonging to the underprivileged communities to realize their potential. With a view to accomplish this vision, our sustainable educational programs are focused to build digital skills, life skills, basic literacy skills and basic english communication skills.

Under this, exhaustive need assessment and micro planning was done during the year 2016 in Waluj District, Aurangabad. The company found it feasible to replicate the education model existing in Karjan block to Waluj. Accordingly the company launched CSR programs in the surrounding cluster of Waluj manufacturing facility in Aurangabad district. We have set up Computer Laboratory in four villages with in-house facility of 40 computers. It was housed with the required facilities of furniture, LCD, electrification with full time teachers and curriculum. To begin with 2500 students are enrolled under this program.

In Karjan block of Gujarat, the educational programs are expanded in four new villages and 3029 students are enrolled and brought them under the umbrella of multiple programs that include computer literacy, basic literacy, english communication and life skills.

Hence our outreach has mapped 16 territorial villages of Karjan and Waluj block under the partnership of 25 rural Government schools where 5600 students from across 73 villages of Gujarat and Maharashtra are reaping the fruits of our philanthropic endeavor.

Our journey is not merely confined to the aforesaid sustainable educational programs but following key initiatives reflect our soulful noble cause for which we are committed -

Educational and Career Counseling programs were organized where 1832 students from respective high school got the optimum benefit. They visualized their wider scope of pursuing diverse diploma/degree courses in different disciplines.

Best five performing students of the year 2016 were crowned with the award of laptops, out of 1716 students, who participated in computer education in the year 2016 and 27 students were awarded with motivational rewards.

Cosmo Foundation organized awareness programs with parents on various issues viz. importance of education, save the girl child, importance of nutrition and de addiction, hygiene and health awareness.

1800 students and parents participated in oral hygiene awareness and dental check up programs. From amongst this lot, 278 students were given clinical treatment.

The recent drive on Digital Transaction by the Government of India was geared up in principle by Cosmo Foundation. The CF's team interacted with local banks and communities, assessed difficulties faced by them. Accordingly, we have designed and came out with a Training Manual in Gujarati and covered 370 high schools students under awareness program on Digital Transaction and Net Banking.

With reference to "Swachh Bharat" Campaign, cleanliness drive - "Mazi City Takatak" was taken up by Cosmo Films Ltd. and the Civic Response Team of Aurangabad in the Karnapura area of Aurangabad city. The prime goal of this drive was to invoke interest among the local public to collect plastic waste and send it for recycling and spread awareness about appropriate disposal of waste, convert plastic waste into resource recovery as means of livelihood and protection of environment. 135 employees from Cosmo Films Limited joined the campaign.

Apart from aforesaid community based interventions, we supported following initiatives:

1. Shahid Bhagat Singh Industrial Cricket Tournament, Aurangabad
2. Child Right initiative of Baroda Citizens Council, Vadodara
3. District Armed Force Association, Vadodara
4. National CSR Conclave organized by Gujarat CSR Authority.

Cosmo Foundation presented a paper entitled "Effective Communication Technology and Mechanisms for Successful CSR Interventions- Cosmo Films Experience" at 4th International Communication Management Conference (ICMC) on 'People, Planet, and Profit: Synergistic Leadership for Social and Communication Innovations' on January 11th January, 2017 at MICA, Ahmedabad.



Independent Auditor's Report

To the Members of Cosmo Films Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Cosmo Films Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. 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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- 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 2017 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 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 17 May 2017 as per Annexure II expressed our unmodified opinion on adequacy and operating effectiveness of the internal financial 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 27 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. the Company, as detailed in Note 42 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Neeraj Goel**

Partner

Membership No.: 99514

Place : New Delhi

Date : 17 May 2017

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 fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') 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 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 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 and value added 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 | 0.06 | - | 1994-95, 2005-10 | Commissioner Appeals |
| | Excise Duty | 9.33 | - | 2003-2004 to 2014-2015 | Appellate Tribunal |
| | Service Tax | 1.87 | - | 2005-06 to 2015-16 | Appellate Tribunal |
| Maharashtra VAT Act, 2002 | Sales Tax | 2.08 | 0.60 | 2007-08 | Joint Commissioner of Sales Tax, Aurangabad |
| | Sales Tax | 3.45 | 0.73 | 2008-09 | Joint Commissioner of Sales Tax, Aurangabad |
| | Sales Tax | 0.61 | 0.38 | 2009-10 | Joint Commissioner of Sales Tax, Aurangabad |
| Income-tax Act, 1961 | Income tax and penalty | 4.83 | 4.83 | 2002-03 | Hon'ble Supreme Court of India |
| | Income tax and penalty | 2.98 | 2.98 | 2008-09 | Income Tax Appellate Tribunal |
| | Income tax and penalty | 5.57 | 2.85 | 2009-10 | Income Tax Appellate Tribunal |
| | Income tax and penalty | 0.62 | - | 2010-11 | 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.
- (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 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 accounting standards.
- (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 Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Neeraj Goel**
Partner
Membership No.: 99514

Place : New Delhi
Date : 17 May 2017

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 2017, 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 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 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 Institute of Chartered Accountants of India ("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 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 included 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 2017, 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

per **Neeraj Goel**
Partner
Membership No.: 99514

Place : New Delhi
Date : 17 May 2017

BALANCE SHEET as at 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Notes | As at 31 March 2017 | As at 31 March 2016 |
|--|-------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 19.44 | 19.44 |
| Reserves and surplus | 3 | 590.76 | 478.67 |
| | | 610.20 | 498.11 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 349.28 | 223.01 |
| Deferred tax liabilities (net) | 5 | 110.95 | 100.52 |
| | | 460.23 | 323.53 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 175.29 | 103.89 |
| Trade payables | 7 | 182.26 | 142.79 |
| Other current liabilities | 8 | 87.87 | 94.55 |
| Short-term provisions | 9 | 2.62 | 1.77 |
| | | 448.04 | 343.00 |
| TOTAL | | 1,518.47 | 1,164.64 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 10 | | |
| Tangible assets | | 771.72 | 581.78 |
| Intangible assets | | 2.21 | 3.51 |
| Capital work in progress | | 8.60 | 12.03 |
| Non current investments | 11 | 194.61 | 197.26 |
| Long term loans and advances | 12 | 102.50 | 81.13 |
| Other non current assets | 13 | 0.13 | - |
| | | 1,079.77 | 875.71 |
| Current assets | | | |
| Inventories | 14 | 153.55 | 107.53 |
| Trade receivables | 15 | 187.19 | 119.05 |
| Cash and bank balances | 16 | 17.30 | 17.90 |
| Short term loans and advances | 17 | 74.26 | 44.11 |
| Other current assets | 18 | 6.40 | 0.34 |
| | | 438.70 | 288.93 |
| TOTAL | | 1,518.47 | 1,164.64 |
| Statement of significant accounting policies | 1 | | |
| The accompanying summary of significant accounting policy and other explanatory notes are an integral part of the financial statements | | | |

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

 For **Walker Chandiook & Co LLP**
 Chartered Accountants

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

 per **Neeraj Goel**
 Partner

Pratip Chaudhuri
 Director
 DIN: 00915201

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Place : Delhi
Date : 17 May 2017

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Notes | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from operations (gross) | 19 | 1,567.26 | 1,548.72 |
| Less : Excise duty | | (109.42) | (108.59) |
| Revenue from operations (net) | | 1,457.84 | 1,440.13 |
| Other income | 20 | 8.66 | 4.53 |
| Total income | | 1,466.50 | 1,444.66 |
| EXPENSES | | | |
| Cost of materials consumed | | 996.00 | 922.04 |
| (Increase)/decrease in inventories of finished goods | 21 | (41.53) | 4.54 |
| Employee benefit expenses | 22 | 76.87 | 77.30 |
| Finance costs | 23 | 28.80 | 28.78 |
| Depreciation and amortisation expense | 10 | 34.00 | 31.17 |
| Other expenses | 24 | 253.17 | 239.32 |
| Total expenses | | 1,347.31 | 1,303.15 |
| Profit before tax and exceptional items | | 119.19 | 141.51 |
| Exceptional items | 25 | (0.42) | (6.36) |
| Profit before tax | | 118.77 | 135.15 |
| Tax expense: | | | |
| Current tax | | | |
| - Current year | | 25.35 | 28.93 |
| - Minimum alternate tax credit entitlement | | (24.00) | (24.09) |
| - Earlier years (refer note 34) | | (4.56) | - |
| Deferred tax | | | |
| - Current year | | 10.36 | 25.50 |
| - Earlier years | | 0.07 | (3.46) |
| Profit for the year | | 111.55 | 108.27 |
| Earnings per equity share (₹): | 26 | | |
| - Basic | | 57.38 | 55.69 |
| - Diluted | | 57.38 | 55.69 |
| Statement of significant accounting policies | 1 | | |
| The accompanying summary of significant accounting policy and other explanatory notes are an integral part of the financial statements | | | |

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

 For **Walker Chandiook & Co LLP**
 Chartered Accountants

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

 per **Neeraj Goel**
 Partner

Pratip Chaudhuri
 Director
 DIN: 00915201

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Place : Delhi
Date : 17 May 2017

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

STATEMENT OF CASH FLOW for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| A. Cash flow from operating activities: | | |
| Profit before tax | 118.77 | 135.15 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 34.00 | 31.17 |
| Interest expense | 23.68 | 24.64 |
| Interest income | (1.03) | (0.62) |
| Unrealised loss on exchange fluctuation | 2.07 | 2.26 |
| Profit on sale of fixed assets (net) | (6.37) | (2.68) |
| Provision for bad and doubtful debts/advances | 0.31 | 0.57 |
| Liability no longer required written back | (0.51) | (0.55) |
| | 170.92 | 189.94 |
| Operating profit before working capital changes | | |
| Adjustments for changes in working capital : | | |
| - Movement in trade receivables | (70.54) | 38.27 |
| - Movement in other receivables | (32.41) | 7.30 |
| - Movement in inventories | (46.01) | (9.13) |
| - Movement in trade and other payables | 32.46 | 50.22 |
| Cash generated from operations | 54.42 | 276.60 |
| Income tax paid (net of refunds) | (23.72) | (31.52) |
| Net cash generated from operating activities | 30.70 | 245.08 |
| B. Cash flow from investing activities: | | |
| Purchase of fixed assets and capital work in progress | (208.08) | (81.59) |
| Proceeds from sale of fixed assets | 1.52 | 3.51 |
| Purchase of investments | (0.10) | (32.89) |
| Sale of Investments | 2.30 | 4.21 |
| Investment in fixed deposits | (9.40) | (5.97) |
| Proceed on maturity of fixed deposits | 5.97 | 5.90 |
| Interest received | 0.97 | 0.65 |
| Net cash used in investing activities | (206.82) | (106.18) |
| C. Cash flow from financing activities: | | |
| Proceeds from long term borrowings | 211.39 | 55.72 |
| Repayment of long term borrowings | (85.70) | (77.30) |
| Proceeds from short term borrowings (net) | 71.39 | (55.49) |
| Interest paid | (24.18) | (26.56) |
| Dividend paid | - | (26.24) |
| Dividend tax paid | - | (5.34) |
| Net cash generated/(used) in financing activities | 172.90 | (135.21) |
| Net (decrease)/increase in cash and cash equivalents | (3.22) | 3.69 |
| Cash and cash equivalents at the beginning of the year | 10.35 | 6.66 |
| Cash and cash equivalents at the end of the year (refer note 16) | 7.13 | 10.35 |
| The accompanying summary of significant accounting policy and other explanatory notes are an integral part of the financial statements | | |

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

 For **Walker Chandio & Co LLP**
 Chartered Accountants

 per **Neeraj Goel**
 Partner

Place : Delhi
Date : 17 May 2017

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

Pratip Chaudhuri
 Director
 DIN: 00915201

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

SUMMARY OF SIGNIFICANT ACCOUNTING POLICY AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

(All amounts in ₹ crores, unless stated otherwise)

1. Statement on significant accounting policies

a) Background and nature of operations

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.

b) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the company (accounts) rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

c) Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of profit and loss. Project under commissioning and other assets under erection/installation are shown under capital work in progress and are carried at cost, comprising of direct cost and related incidental expenses. Spares directly related to plant & machinery are capitalized and depreciated over the remaining life of the original equipment.

Foreign currency loans availed for acquisition of fixed assets are converted at the rate prevailing on the due date for installments repayable during the year and at the rate prevailing on the date of balance sheet for the outstanding loan. The fluctuation is adjusted in the original cost of fixed assets.

The cost of internally constructed assets constructed by Company shall include the cost of all materials used in construction, direct labour employed and an appropriate proportion of variable and fixed overheads.

e) Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term investments are carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair market value.

f) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. 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.

g) Depreciation

Depreciation on fixed assets is provided on straight line method (SLM) at rates which are equal to the corresponding rates in Schedule II to the Companies Act 2013, based on management estimates of useful life as follows:

| Block of asset | Life (in years) |
|--|------------------------|
| Factory Buildings | 30 |
| Buildings Other than Factory | 60 |
| Continuous Process Plant and Machinery | 25 |
| Other Plant and Machinery | 15 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |
| Office equipment | 5 |
| Computers including software | 3 & 6 |

- ii) Cost of the leasehold land is amortized over the period of the lease.
- iii) Depreciation on assets costing ₹ 5,000/- or below is charged @ 100% per annum in the year of purchase.

h) Research and development

Revenue expenditure incurred on research and development is charged to Statement of profit and loss in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets and depreciation thereon is charged to depreciation account.

i) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

As per the amendment of the Companies (Accounting Standard) Rules, 2006-'AS 11' relating to 'The Effects of Changes in Foreign Exchange Rates' exchange difference arising on conversion of long term foreign currency monetary items is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortized over period not extending beyond, earlier of March 31, 2020 or maturity date of underlying long term foreign currency monetary items.

j) 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 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 recognized 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.

The company also uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which same is cancelled or rolled over.

k) Employees benefits

Provident fund

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.

Gratuity

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the Statement of profit and loss in the year in which such gains or losses arise.

Compensated absences

Provision for compensated absences when determined to be a long term benefit is made on the basis of actuarial valuation as at the end of the year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of profit and loss in the year in which such gains or losses arise. Provision related to short term compensated absences of workers is provided on actual basis.

l) Taxation

The tax expense comprises of current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, 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 reasonably certain that the Company will pay normal income tax during the specified period.

m) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and

No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding held and the interest rate applicable. Such income is recorded by company in other income.

Dividend

Dividend income is recognized as income when the right to receive the payment is established.

Export benefits/incentives

Revenue in respect of duty entitlement pass book scheme and duty drawback scheme is recognized when the entitlement to receive the benefit is established is recorded under operating revenue.

n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use are complete.

o) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 of bonus issue and share split.

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.

p) Impairment of 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.

q) Provisions and contingent liabilities

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation on the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a present obligation that may, but probably will not, require an outflow of resources. Disclosure is also made in respect of a present obligation as a result of past event that probably requires an outflow of resource, where it is not possible to make a reliable estimate of the outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

r) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments in fixed deposits with an original maturity of three months or less.

s) Employee Share based payment

The stock options granted under Cosmo Films Employees Stock Option Plan 2015 to the employees of the company and its subsidiaries are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India whereby the excess if any of the closing market price on the day prior to the day of the grant of the options over the exercise price is amortised on a straight line basis over the vesting period.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

2 SHARE CAPITAL

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|--------------|---------------------|--------------|
| | Number | Amount | Number | Amount |
| Authorised share capital | | | | |
| Equity shares of ₹ 10 each | 25,000,000 | 25.00 | 25,000,000 | 25.00 |
| | | 25.00 | | 25.00 |
| Issued, subscribed and fully paid up share capital | | | | |
| Equity shares of ₹ 10 each | 19,440,076 | 19.44 | 19,440,076 | 19.44 |
| Total | | 19.44 | | 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 has 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) **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.

During the year Board of Directors declared an interim dividend of ₹ Nil per equity share, (previous year ₹ 10 per equity shares). Final dividend is recommended by the board is ₹ 10 per equity share, (previous year ₹ Nil) and is subject to shareholders approval.

During the year ended 31 March 2017 the amount of per share dividend recognised as distributions to equity shareholders was ₹ Nil per share (previous year ₹ 10 per share).

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.

vi) Details of shareholders holding more than 5% shares in the Company

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Mr. Ashok Jaipuria * | 7,233,876 | 37.21% | - | - |
| Sunrise Manufacturing Company Limited | - | - | 4,267,552 | 21.95% |
| Pravasi Enterprises Limited | - | - | 3,050,104 | 15.69% |

* beneficial owner is Gayatri & Annapurana

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
3 RESERVES AND SURPLUS

| Particulars | As at | |
|--|---------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Capital reserves | | |
| Balance at the beginning of the year | 3.32 | 3.32 |
| Balance at the end of the year | <u>3.32</u> | <u>3.32</u> |
| Securities premium account | | |
| Balance at the beginning of the year | 31.26 | 31.26 |
| Balance at the end of the year | <u>31.26</u> | <u>31.26</u> |
| General reserve | | |
| Balance at the beginning of the year | 290.08 | 290.08 |
| Balance at the end of the year | <u>290.08</u> | <u>290.08</u> |
| Hedging reserve | | |
| Balance at the beginning of the year | (0.14) | (0.42) |
| Add : Amount (recognised)\amortised during the year | (0.01) | 0.28 |
| Balance at the end of the year | <u>(0.15)</u> | <u>(0.14)</u> |
| Foreign currency monetary item translation difference account | | |
| Balance at the beginning of the year | (0.55) | (2.77) |
| Add : Amounts recognised during the year | (0.02) | (0.42) |
| Less : Amounts amortised during the year | 0.57 | 2.64 |
| Balance at the end of the year | <u>-</u> | <u>(0.55)</u> |
| Surplus as per statement of profit and loss | | |
| Balance at the beginning of the year | 154.70 | 69.83 |
| Add: Profit for the year | 111.55 | 108.27 |
| Less : Interim dividend | - | (19.44) |
| Less : Tax on dividends distributed during the year | - | (3.96) |
| Balance at the end of the year | <u>266.25</u> | <u>154.70</u> |
| Total | <u>590.76</u> | <u>478.67</u> |

4 LONG TERM BORROWINGS

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------|---------------------|--------------|---------------------|--------------|
| | Non-current | Current | Non-current | Current |
| Secured | | | | |
| Term loans | | | | |
| Foreign currency loans (note a and d) | 251.03 | 50.14 | 180.48 | 71.11 |
| Rupee term loans (note b and d) | 96.68 | 11.20 | 41.68 | 1.72 |
| Vehicle loans (note c and d) | 1.57 | 1.46 | 0.85 | 1.89 |
| | <u>349.28</u> | <u>62.80</u> | <u>223.01</u> | <u>74.72</u> |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

Notes:

- a) Foreign currency loans comprises of :
- (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 5 equal semi-annual instalments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan. This loan has been repaid during the year.
 - (ii) Loan of USD 13,272,220 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2008-09 and 2009-10 and carries interest rate based upon Libor plus 37.5 bps per annum. The loan is repayable in 16 equal semi-annual instalments of about USD 832,640 each after six month from the date of start of commercial production. This loan has been repaid during the year.
 - (iii) Loan of USD 10,000,000 taken from International Finance Corporation Bank during the financial year 2011-12 and 2013-14 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 17 semi-annual instalments after moratorium of 2.5 years from the date of loan.
 - (iv) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13 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.
 - (v) 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).
 - (vi) Loan of USD 7,177,230 taken from EXIM Bank of India during the financial year 2015-16 & 2016-17 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.
 - (vii) Loan of EUR 13,605,291 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16 and 2016-17 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments after six month from the date of start of commercial production.
 - viii) Loans of ₹ 300,000,000 and ₹ 600,000,000 were taken from State Bank of India. As on 27 May 2016, outstanding loan amount was converted into fully hedged FCNR loans of USD 7,821,000. The tenure of facilities remain in-line with the original sanction. The loan of ₹ 300,000,000 has been repaid in full during the financial year 2015-16.
- b) Rupee term loans comprises of:
- (i) Loan of ₹ 30 crores taken from State Bank of India during the financial year 2012-13 and 2013-14 and carries interest rate based upon base rate plus 2.25% per annum. The loan is repayable after a moratorium of 12 month from the date of disbursement in 8 equal quarterly instalments of ₹ 3.75 crores each. The loan had been repaid during financial year 2015-16. During the financial year 2014-15, loan was converted into fully hedged FCNR loan. Refer note a (viii).
 - (ii) 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 fully hedged FCNR loan. Refer note a (viii).
 - (iii) Loan of ₹ 27.76 crores taken from IDBI Bank 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.
 - (iv) Loan of ₹ 15 crores taken from ICICI Bank during the financial year 2015-16 and carries interest rate based upon base rate plus 2.75% per annum. The loan is repayable in 16 quarterly instalments starting from 30 June 2016. This loan has been repaid during the year.
 - (v) 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.
 - (vi) Loan of ₹ 45 crores taken from SVC Co-operative Bank Limited during the financial year 2016-17 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

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

- repayable in 15 quarterly instalments of ₹ 3 crores each after moratorium of 12 months from the date of disbursement.
- c) Vehicle loans taken from Union Bank of India carries interest @ 10.5%-12% per annum. This loan is repayable in 3 years.
- d) Details of security for each type of borrowings:-
- (i) Foreign currency loan from ICICI Bank is secured by charge on all of the Company's moveable and immovable fixed assets, both present and future, other than assets specifically carved out, ranking pari passu with other lenders and Second pari passu charge on current assets of the company both present and future. The loan has been repaid and security has been released during financial year 2016-17.
 - (ii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2008-09 and financial year 2009-10 is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan - Vadodara. The loan has been repaid and security has been released during financial year 16-17.
 - (iii) Foreign currency loan from International Finance Corporation Bank is secured by first ranking security interest over all present and future movable and immovable fixed assets other than assets specifically carved out, ranking pari passu with the other lenders and second pari passu charge on current assets of the company both present and future.
 - (iv) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2012-13 and 2014-15 is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.
 - (v) Foreign currency loan from DBS Bank 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.
 - (vi) Foreign currency loan from EXIM bank taken in financial year 2015-16 and 2016-17 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.
 - (vii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2015-16 and 2016-17 is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.
 - (viii) Rupee term loan of ₹ 60 crores from State Bank of India 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.
 - (ix) Corporate Loan from IDBI Bank taken in financial year 2014-15 and 2015-16 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.
 - (x) Rupee term loan taken from ICICI Bank in financial year 2015-16 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. The loan has been repaid and security has been released during the financial year 2016-17.
 - (xi) Rupee term loan taken from IndusInd Bank in the financial year 2016-17 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.
 - (xii) Rupee term loan taken from SVC Co-operative Bank Limited in financial year 2016-17 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.
 - (xiii) Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles.
- e) Current maturities of long term borrowings are disclosed under the head other current liabilities.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
5 DEFERRED TAX LIABILITIES (NET)

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Deferred tax liability | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books. | 121.00 | 102.60 |
| Gross deferred tax liability | <u>121.00</u> | <u>102.60</u> |
| Deferred tax assets | | |
| Provision for bad and doubtful debts | - | 0.25 |
| Unabsorbed losses | 8.73 | - |
| Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under Income tax Act, 1961 | 1.32 | 1.83 |
| Gross deferred tax assets | <u>10.05</u> | <u>2.08</u> |
| Deferred tax liabilities (net) | <u><u>110.95</u></u> | <u><u>100.52</u></u> |

6 SHORT TERM BORROWINGS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Secured | | |
| From banks | | |
| Cash credits/ working capital demand loans (note a and b) | 175.29 | 103.89 |
| Total | <u><u>175.29</u></u> | <u><u>103.89</u></u> |

Notes:

a) Cash credits/ working capital demand loans/ export packing credits are secured/to be secured by hypothecation of inventories, trade receivable and second charge on fixed assets secured to financial institutions except assets exclusively charged.

Cash credit and working capital demand loans from the bank comprises of the following:

- (i) Cash credit/working capital demand loan of ₹ 30 crores sanctioned by Export Import Bank of India is repayable on demand and carries interest rate from 9% to 12% per annum.
- (ii) Working capital demand loan of ₹ 20 crores sanctioned by HDFC Bank is repayable on demand and carries interest rate from 9% to 12% per annum.
- (iii) Cash credit/working capital demand loan of ₹ 15 crores sanctioned by ICICI Bank is repayable on demand and carries interest from 9% to 12% per annum.
- (iv) Cash credit/working capital demand loan of ₹ 65 crores sanctioned by Union Bank of India is repayable on demand and carries interest from 9% to 12% per annum.
- (v) Cash credit/working capital demand loan of ₹ 37 crores sanctioned by YES Bank of India is repayable on demand and carries interest from 9% to 12% per annum.
- (vi) Cash credit/working capital demand loan of ₹ 40 crores sanctioned by IDBI Bank is repayable on demand and carries interest from 9% to 12% per annum.
- (vii) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest from 9% to 12% per annum.
- (viii) Cash credit/working capital demand loan/export packing credit of ₹ 20 crores sanctioned by DBS Bank is repayable on demand and carries interest from 9% to 12% per annum.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

- (ix) Cash credit/working capital demand loan/export packing credit of ₹ 30 crores sanctioned by Rabobank is repayable on demand and carries interest from 9% to 12% per annum.
- b) Overdraft of ₹ 5 crores from HDFC Bank is secured against pledge of the fixed deposits of the Company and is repayable on demand and carries interest rate as mutually decided.

7 TRADE PAYABLES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises* | - | - |
| Other payables | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 79.74 | 47.17 |
| Acceptances | 48.10 | 57.87 |
| Employee related payables | 7.67 | 6.43 |
| Other accrued liabilities | 46.75 | 31.32 |
| Total | <u>182.26</u> | <u>142.79</u> |

* Micro and small enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, there are no dues to micro and small enterprises that are reportable as per "The Micro, Small and Medium Enterprises Development Act, 2006" as at the year end.

8 OTHER CURRENT LIABILITIES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Current maturities of long term borrowings (refer note 4) | 62.80 | 74.72 |
| Interest accrued but not due on borrowings | 2.15 | 2.64 |
| Statutory dues payable | 1.64 | 1.58 |
| Advance received from customers | 13.79 | 11.17 |
| Others | 7.49 | 4.44 |
| Total | <u>87.87</u> | <u>94.55</u> |

9 SHORT TERM PROVISIONS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Provision for income tax (net of advance tax) | 2.62 | 0.84 |
| Provision for gratuity (refer note 29) | - | 0.93 |
| Total | <u>2.62</u> | <u>1.77</u> |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

10 FIXED ASSETS

| Particulars | Tangible fixed assets | | | | | | | Intangible fixed Software | Capital work in progress |
|--|-----------------------|----------------|---------------|----------------------|------------------------|--------------|------------------|---------------------------|--------------------------|
| | Land Freehold | Land Leasehold | Buildings | Plant and equipments | Furniture and fixtures | Vehicles | Office equipment | | |
| Gross block | | | | | | | | | |
| Balance as at 1 April 2015 | 0.25 | 10.33 | 117.77 | 727.30 | 6.22 | 8.28 | 15.56 | 8.34 | 14.04 |
| Additions | 3.95 | - | 24.86 | 36.59 | 0.25 | 3.18 | 1.23 | - | 27.97 |
| Disposals | - | - | (0.64) | (0.07) | (0.03) | (0.88) | (0.03) | - | (29.98) |
| Other adjustments: | - | - | - | - | - | - | - | - | - |
| - Foreign exchange fluctuation | - | - | - | 10.81 | - | - | - | - | - |
| Balance as at 31 March 2016 | 4.20 | 10.33 | 141.99 | 774.63 | 6.44 | 10.58 | 16.76 | 8.34 | 12.03 |
| Additions | - | - | 35.01 | 193.42 | 0.91 | 2.37 | 3.43 | - | 220.25 |
| Disposals | - | (0.01) | (0.26) | (1.22) | - | (0.51) | (0.02) | - | (223.68) |
| Other adjustments: | - | - | - | - | - | - | - | - | - |
| - Foreign exchange fluctuation | - | - | - | (11.35) | - | - | - | - | - |
| Balance as at 31 March 2017 | 4.20 | 10.32 | 176.74 | 955.48 | 7.35 | 12.44 | 20.17 | 8.34 | 8.60 |
| Accumulated depreciation and amortisation | | | | | | | | | |
| Balance as at 1 April 2015 | - | 0.33 | 24.59 | 310.31 | 3.18 | 3.13 | 12.24 | 3.85 | - |
| Depreciation and amortisation expense | - | 0.09 | 3.73 | 22.73 | 0.80 | 1.24 | 1.60 | 0.98 | - |
| Adjusted on disposal of assets | - | - | (0.29) | (0.03) | (0.03) | (0.45) | (0.02) | - | - |
| Balance as at 31 March 2016 | - | 0.42 | 28.03 | 333.01 | 3.95 | 3.92 | 13.82 | 4.83 | - |
| Depreciation and amortisation expense | - | 0.09 | 4.51 | 25.18 | 0.55 | 1.17 | 1.20 | 1.30 | - |
| Adjusted on disposal of assets | - | - | (0.24) | (0.41) | - | (0.20) | (0.02) | - | - |
| Balance as at 31 March 2017 | - | 0.51 | 32.30 | 357.78 | 4.50 | 4.89 | 15.00 | 6.13 | - |
| Net block | | | | | | | | | |
| Balance as at 31 March 2016 | 4.20 | 9.91 | 113.95 | 441.62 | 2.49 | 6.66 | 2.94 | 3.51 | 12.03 |
| Balance as at 31 March 2017 | 4.20 | 9.81 | 144.44 | 597.70 | 2.85 | 7.55 | 5.17 | 2.21 | 8.60 |

Note:

- a) Capitalization of foreign exchange differences
 The foreign exchange (gain)/loss capitalised during the year ended 31 March 2017 was (₹ 11.35) crores (previous year ₹ 10.81 crores).
- b) Additions include ₹ 4.33 crores (previous year ₹ 0.31 Crores) towards assets located at research and development facilities.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

11 NON CURRENT INVESTMENT

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Unquoted, trade investments (valued at cost unless otherwise stated) | | |
| Investment in equity instruments | | |
| In Subsidiary: | | |
| – CF (Netherlands) Holdings Limited B.V. | 194.56 | - |
| – CF Global Holdings Limited | - | 194.92 |
| Other: | | |
| – OPGS Power Gujarat Private Limited. | 0.05 | 0.04 |
| – Sai Wardha Power Limited | - | 2.30 |
| | <u>194.61</u> | <u>197.26</u> |

Details of trade investments (unquoted)

| Name of the body corporate | No. of shares | | Face value | Partly paid/ Fully paid | Amount | |
|------------------------------------|------------------|-------------------|------------|----------------------------|------------------|------------------|
| | 31 March 2017 | 31 March 2016 | | | 31 March 2017 | 31 March 2016 |
| Equity | | | | | | |
| CF (Netherlands) Holdings Ltd. BV* | 2,836,415 | - | EURO 10 | Fully paid | 194.56 | - |
| CF Global Holdings Ltd.* | - | 38,000,000 | USD 1 | Fully paid | - | 194.92 |
| OPGS Power Gujrat Private Ltd. | 2,615,000 | 1,821,000 | 0.19 | Fully paid | 0.05 | 0.04 |
| Sai Wardha Power Ltd. | - | 2,299,661 | 10 | Fully paid | - | 2.30 |
| | 5,451,415 | 42,120,661 | | | 194.61 | 197.26 |

* During the current year, CF Global Holdings Limited, Mauritius wholly owned subsidiary of Cosmo Films Limited has been liquidated with effect from 31 March 2017. Consequently, the shares of CF (Netherlands) Holding Limited BV, which were previously owned by CF Global Holding Limited, Mauritius have been transferred to Cosmo Films Limited.

12 LONG TERM LOANS AND ADVANCES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Secured | | |
| Capital advances* | 15.59 | 19.02 |
| Unsecured, considered good | | |
| Capital advances | - | 6.17 |
| Security deposits | 2.09 | 1.31 |
| Prepaid expenses | 0.35 | 0.93 |
| Advance tax (net of provision for tax) | 9.11 | 8.97 |
| Minimum alternative tax credit entitlement | 65.69 | 37.13 |
| Contribution to employee stock option plan trust | 9.00 | 7.00 |
| Others | 0.67 | 0.60 |
| Total | <u>102.50</u> | <u>81.13</u> |

* Secured by way of bank guarantee.

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
13 OTHER NON CURRENT ASSETS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---------------------------|------------------------|------------------------|
| Pledged deposits (note a) | 0.13 | - |
| Total | 0.13 | - |

Note: Pledged deposits represent ₹ 0.13 (previous year ₹ Nil crores) pledged with State Bank of India for bank guarantee.

14 INVENTORIES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Raw material [including goods in transit ₹ 2.80 crores (previous year ₹ 9.95 crores)] | 58.37 | 56.91 |
| Finished goods [including goods in transit ₹ 32.00 crores (previous year ₹ 19.84 crores)] | 81.46 | 39.93 |
| Stores and spares | 13.72 | 10.69 |
| Total | 153.55 | 107.53 |

15 TRADE RECEIVABLES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 0.41 | 0.43 |
| Unsecured, considered doubtful | 1.58 | 1.28 |
| | 1.99 | 1.71 |
| Less : Allowances for bad and doubtful debts | (1.58) | (1.28) |
| | 0.41 | 0.43 |
| Trade receivables outstanding for a period less than six months from the date they are due for payment | | |
| Unsecured, considered good | 186.78 | 118.62 |
| | 186.78 | 118.62 |
| Total | 187.19 | 119.05 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
16 CASH AND BANK BALANCES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash in hand | 0.05 | 0.02 |
| Cheques, drafts in hand | 1.13 | 0.53 |
| Balances with banks | | |
| - in current accounts | 3.52 | 9.80 |
| - in deposit account with original maturity upto 3 months | 2.43 | - |
| | <u>7.13</u> | <u>10.35</u> |
| Other bank balances | | |
| Balance in current account | | |
| - Unclaimed dividend account | 0.91 | 1.58 |
| Pledged deposit with remaining maturity of less than 12 months (note a and b) | 9.26 | 5.97 |
| | <u>10.17</u> | <u>7.55</u> |
| Total | <u><u>17.30</u></u> | <u><u>17.90</u></u> |

Note:

- a) Pledged deposits represent ₹ 4.26 crores (previous year ₹ 0.97) pledged against margin money for issue letter of credit and bank guarantees.
- b) The deposit of ₹ 5 crores (previous year ₹ 5 crores) pledged against overdraft facility.

17 SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Unsecured, considered good | | |
| Advances to vendors | 8.37 | 1.93 |
| Security deposits | 0.29 | - |
| Deposits with excise and other tax authorities | 17.65 | 5.26 |
| Export benefit recoverable | 20.90 | 18.31 |
| Discount recoverable | 12.18 | 6.76 |
| Prepaid expenses | 3.92 | 4.55 |
| Others | 10.95 | 7.30 |
| Total | <u><u>74.26</u></u> | <u><u>44.11</u></u> |

18 OTHER CURRENT ASSETS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------|------------------------|------------------------|
| Unsecured, considered good | | |
| Interest accrued but not due | 0.40 | 0.34 |
| Receivable against sale of property | 6.00 | - |
| Total | <u><u>6.40</u></u> | <u><u>0.34</u></u> |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
19 REVENUES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Revenue from operations | | |
| Sale of products (including export benefits of ₹ 21.01 crores previous year ₹ 19.13 crores) | 1,560.05 | 1,543.03 |
| Other operating revenues | 7.21 | 5.69 |
| Revenue from operations (gross) | 1,567.26 | 1,548.72 |
| Less : Excise duty | (109.42) | (108.59) |
| Revenue from operations (net) | 1,457.84 | 1,440.13 |

Details of products sold

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------|-----------------------------|-----------------------------|
| Manufactured goods | | |
| - Packaging films | 1,539.04 | 1,523.90 |
| Total | 1,539.04 | 1,523.90 |

20 OTHER INCOME

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Interest income | 1.03 | 0.62 |
| Insurance and other claims | 0.75 | 0.68 |
| Liabilities no longer required written back | 0.51 | 0.55 |
| Profit on sale of assets (net) | 6.37 | 2.68 |
| Total | 8.66 | 4.53 |

21 (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Opening stock | | |
| Finished goods | 39.93 | 44.47 |
| Total | 39.93 | 44.47 |
| Closing stock | | |
| Finished goods | 81.46 | 39.93 |
| Total | 81.46 | 39.93 |
| (Increase)/decrease in inventories of finished goods | (41.53) | 4.54 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
Details of finished goods

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------|-----------------------------|-----------------------------|
| Finished goods | | |
| - Packaging films | 81.46 | 39.93 |
| Total | <u><u>81.46</u></u> | <u><u>39.93</u></u> |

22 EMPLOYEE BENEFIT EXPENSES

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 70.10 | 68.24 |
| Gratuity expense (refer note 29) | - | 2.50 |
| Contribution to provident and other funds | 3.93 | 3.57 |
| Staff welfare expenses | 2.84 | 2.99 |
| Total | <u><u>76.87</u></u> | <u><u>77.30</u></u> |

Note: Employee benefit expenses includes research and development expenses (refer note 28)

23 FINANCE COSTS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------|-----------------------------|-----------------------------|
| Interest expenses | 23.68 | 24.64 |
| Other borrowing costs | 5.12 | 4.14 |
| Total | <u><u>28.80</u></u> | <u><u>28.78</u></u> |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
24 OTHER EXPENSES

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Stores, spares and packing material consumed | 58.75 | 54.06 |
| Power, water and fuel | 89.38 | 94.69 |
| Excise duty on internal consumption/finished goods inventory | 2.56 | 2.28 |
| Other manufacturing expenses | 0.63 | 0.60 |
| Rent | 1.76 | 2.08 |
| Repairs and maintenance | | |
| - Buildings | 0.64 | 0.49 |
| - Plant and equipments | 9.27 | 8.41 |
| - Others | 4.30 | 2.91 |
| Insurance | 1.30 | 0.98 |
| Rates and taxes | 0.52 | 0.76 |
| Printing and stationary | 0.37 | 0.37 |
| Training and recruitment expenses | 1.06 | 0.38 |
| Travelling and conveyance | 5.77 | 6.28 |
| Vehicle running and maintenance | 4.24 | 3.56 |
| Communication expenses | 1.44 | 1.40 |
| Legal and professional charges | 4.72 | 5.04 |
| Auditors' remuneration (refer note 38) | 0.75 | 0.64 |
| Directors' fees | 0.20 | 0.28 |
| Corporate social responsibility (CSR) expenditure (refer note 41) | 1.27 | 0.51 |
| Provision for bad debts | 0.31 | 0.57 |
| Freight and forwarding | 56.35 | 49.53 |
| Other selling expenses | 3.73 | 0.85 |
| Miscellaneous expenses | 3.85 | 2.65 |
| Total | <u>253.17</u> | <u>239.32</u> |

Note: Other expenses includes research and development expenses (refer note 28)

25 EXCEPTIONAL ITEMS

Exceptional items represents net loss on foreign currency transaction and translation amounting to ₹ 0.42 crores (previous year ₹ 6.36 crores). Due to significant volatility in foreign currency exchange rates, the company has considered loss on foreign exchange fluctuation as an exception item.

26 EARNING PER SHARE

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| a) Net profit after tax as per statement of profit and loss attributable to equity shareholders (₹ in crores) | 111.55 | 108.27 |
| b) Weighted average number of equity shares | 19,440,076 | 19,440,076 |
| c) Basic EPS (₹) | 57.38 | 55.69 |
| d) Diluted EPS (₹) | 57.38 | 55.69 |
| e) Nominal value per equity share (₹) | 10.00 | 10.00 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

27 CONTINGENT LIABILITIES AND COMMITMENTS
(i) Contingent liabilities

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Disputed demands for income tax (refer note a below) | 4.83 | 4.83 |
| Disputed demands for excise duty and service tax | 13.79 | 7.45 |
| Disputed demands for labour/employee dispute | 6.58 | 5.97 |
| Claims against the Company not acknowledged as debts | 0.31 | 0.28 |
| Bill discounting of export customer invoices (refer note b below) | 15.20 | 7.21 |
| Bill discounting of domestic customer invoices (refer note c below) | 1.58 | 2.28 |

- a) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (previous year ₹ 4.83) 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) It represents discounted export debtors amounting to ₹ 4.81 crores (Previous year ₹ 0.76 crores) against letter of credit and other discounted debtors of ₹ 10.39 crores (Previous year ₹ 6.45 crores) which has 90% credit insurance coverage from Export Credit and Guarantee Corporation of India Limited. All the discounted invoices have been reduced from Trade Receivables in note 15.
- c) It represents discounted domestic debtors amount to ₹ 1.58 crores (Previous year ₹ 2.28 crores) against letter of credit. All the discounted invoices have been reduced from Trade Receivables in note 15.

(ii) Commitments
a) Capital Commitment

The Company has the following commitments:

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 59.41 | 107.68 |
| Letter of credit opened for which the material has not been shipped as on the date of the balance sheet. | 38.65 | 36.32 |

- b) The following amounts are to be credited to investor education and protection fund as and when due:

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|-----------------|------------------------|------------------------|
| Unpaid dividend | 0.91 | 1.58 |

28 RESEARCH AND DEVELOPMENT EXPENDITURE

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Employee benefit expenses | 1.78 | 1.57 |
| Materials and consumables | 1.78 | 1.90 |
| Others | 0.50 | 0.26 |
| Total research and development expenditure | 4.06 | 3.73 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
29 Employee benefits
(a) Defined benefit plans (funded)

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 actuarial valuation.

1. The assumptions used to determine the gratuity benefit obligations are as follows :

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------|-----------------------------|-----------------------------|
| Discount rate | 8.00% | 8.00% |
| Salary escalation | 7.00% | 7.00% |

2. Table showing changes in present value of obligations

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at beginning of year | 11.44 | 9.52 |
| Interest cost | 0.92 | 0.76 |
| Current service cost | 0.79 | 0.91 |
| Benefits paid | (0.56) | (1.45) |
| Actuarial (gain)/ loss on obligations | (0.85) | 1.70 |
| Present value of obligations as at end of year | <u>11.74</u> | <u>11.44</u> |

3. Table showing changes in the fair value of plan assets

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Fair value of plan assets at beginning of year | 10.51 | 11.02 |
| Expected return on plan assets | 0.86 | 0.87 |
| Contributions | 2.01 | 0.07 |
| Benefits paid | (0.56) | (1.45) |
| Fair value of plan assets at the end of year | <u>12.82</u> | <u>10.51</u> |

4. The amounts to be recognized in the balance sheet and statement of profit and loss

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Present value of obligations as at the end of year | 11.74 | 11.44 |
| Fair value of plan assets as at the end of the year | 12.82 | 10.51 |
| Funded status | 1.08 | (0.93) |
| Net asset/(liability) recognized in balance sheet | <u>1.08</u> | <u>(0.93)</u> |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
5. Expenses recognized in statement of profit and loss

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Current service cost | 0.79 | 0.91 |
| Interest cost | 0.92 | 0.76 |
| Expected return on plan assets | (0.86) | (0.87) |
| Net actuarial (gain)/ loss recognized in the year | (0.85) | 1.70 |
| Expenses recognized in statement of profit and loss | 0.00 | 2.50 |

6. Amount for the current and previous years are as follows

| Particulars | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 |
|--|------------------|------------------|------------------|------------------|------------------|
| Defined benefit obligation | 11.74 | 11.44 | 9.52 | 10.14 | 8.42 |
| Plan asset | 12.82 | 10.51 | 11.02 | 10.96 | 10.69 |
| (Surplus) / deficit | (1.08) | 0.93 | (1.50) | (0.82) | (2.27) |
| Net actuarial (gain)/loss recognized in the year | (0.85) | 1.70 | (1.31) | 0.65 | (3.13) |

(b) Defined contribution plans

Contributions to Defined Contribution plans recognised as expense for the year is as under :

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Employer's contribution to Provident Fund | 2.67 | 2.43 |
| Employer's contribution to Superannuation Fund | 1.17 | 1.10 |
| Employers contribution to Leave Encashment Scheme | 0.63 | 0.15 |

30 RELATED PARTY DISCLOSURE

In accordance with the required Accounting Standard (AS-18) 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 and step-down subsidiary companies

- CF Global Holdings Limited, Mauritius (liquidated on 31 March 2017)
- Cosmo Films Inc., USA
- CF (Netherlands) Holdings Limited BV., Netherlands
- Cosmo Films Japan (GK)
- Cosmo Films Korea Limited, Korea

B. Enterprises over which Key managerial personnel of the Company and their relatives have significant influence:

- Sunrise Manufacturing Company Limited
- Prime Securities limited
- Cosmo Ferrites limited
- Cosmo Foundation
- Gayatri & Annapurana

C. Key management personnel

- Mr. Ashok Jaipuria Chairman and Managing Director

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
ii) Transactions with related parties

| Particulars | Subsidiary and step-down subsidiary companies | | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence | | Key management personnel and their relatives | | Total | |
|---|---|---------------|---|---------------|--|---------------|---------------|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| Purchase of goods | | | | | | | | |
| Cosmo Films Inc., USA | 1.43 | 0.46 | - | - | - | - | 1.43 | 0.46 |
| Investment made | | | | | | | | |
| CF Global Holdings Limited, Mauritius | 0.09 | 32.84 | - | - | - | - | 0.09 | 32.84 |
| Transfer of Shares of subsidiary on account of liquidation | | | | | | | | |
| CF Netherlands Holding Limited B.V., Netherlands | 194.56 | - | - | - | - | - | 194.56 | - |
| Sales | | | | | | | | |
| Cosmo Films Inc. USA | 105.55 | 39.25 | - | - | - | - | 105.55 | 39.25 |
| Cosmo Films Korea Limited, Korea | 5.66 | 3.61 | - | - | - | - | 5.66 | 3.61 |
| Cosmo Films Japan (GK) | 0.70 | 0.70 | - | - | - | - | 0.70 | 0.70 |
| Cosmo Ferrites Limited | - | - | - | 0.05 | - | - | - | 0.05 |
| Sales Return | | | | | | | | |
| Cosmo Films Korea Limited, Korea | 0.30 | - | - | - | - | - | 0.30 | - |
| Cosmo Films Inc. USA | 0.80 | 0.37 | - | - | - | - | 0.80 | 0.37 |
| Sale of fixed assets | | | | | | | | |
| Cosmo Films Inc., USA | 0.74 | - | - | - | - | - | 0.74 | - |
| Other operating revenues | | | | | | | | |
| Cosmo Films Inc., USA | 0.60 | 0.80 | - | - | - | - | 0.60 | 0.80 |
| Cosmo Films Korea Limited, Korea | 0.26 | 0.24 | - | - | - | - | 0.26 | 0.24 |
| Cosmo Films Japan (GK) | 0.20 | 0.18 | - | - | - | - | 0.20 | 0.18 |
| Reimbursement of Expenses paid (net) | | | | | | | | |
| Cosmo Films Inc., USA | 1.61 | 0.03 | - | - | - | - | 1.61 | 0.03 |
| Cosmo Films Japan (GK) | 1.95 | 1.06 | - | - | - | - | 1.95 | 1.06 |
| Cosmo Films Korea Limited, Korea | 0.05 | - | - | - | - | - | 0.05 | - |
| CF (Netherlands) Holdings Limited BV., Netherlands | 0.86 | 0.87 | - | - | - | - | 0.86 | 0.87 |
| Rent paid | | | | | | | | |
| Sunrise Manufacturing Company Limited | - | - | - | 0.66 | - | - | - | 0.66 |
| Mr. Ashok Jaipuria | - | - | - | - | - | 0.01 | - | 0.01 |
| Rent received | | | | | | | | |
| Sunrise Manufacturing Company Limited | - | - | 0.02 | 0.02 | - | - | 0.02 | 0.02 |
| Retainership fees paid | | | | | | | | |
| Prime Securities Limited | - | - | 0.48 | 0.75 | - | - | 0.48 | 0.75 |
| Remuneration | | | | | | | | |
| Mr. Ashok Jaipuria | - | - | - | - | 6.07 | 7.10 | 6.07 | 7.10 |
| Purchase of fixed assets | | | | | | | | |
| Cosmo Films Inc., USA | - | 0.03 | - | - | - | - | - | 0.03 |
| Sunrise Manufacturing Company Limited | - | - | - | 17.50 | - | - | - | 17.50 |
| Corporate social responsibility expenditure | | | | | | | | |
| Contribution to Cosmo Foundation | - | - | 1.27 | 0.51 | - | - | 1.27 | 0.51 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
iii) Outstanding balances :

| Particulars | Subsidiary and step-down subsidiary companies | | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence | | Key management personnel and their relatives | |
|--|---|---------------|---|---------------|--|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| 1. Trade receivables | | | | | | |
| - Cosmo Films Inc., USA | 73.50 | 31.74 | - | - | - | - |
| - Cosmo Films Korea Limited, Korea | 2.85 | 0.66 | - | - | - | - |
| - Cosmo Ferrites Limited | - | - | 0.05 | 0.05 | - | - |
| 2. Trade payables | | | | | | |
| - CF (Netherlands) Holdings Limited BV., Netherlands | 0.21 | - | - | - | - | - |
| - Cosmo Films Japan (GK) | 0.43 | 0.79 | - | - | - | - |
| 3. Managerial remuneration payable | | | | | | |
| - Mr. Ashok Jaipuria | - | - | - | - | (4.01) | (5.55) |

31 OPERATING 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 3 years and may be renewed for the further period based on mutual agreement of the parties.

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|--------------------------|--------------------------|
| Future minimum lease payments | | |
| Upto one year | 0.18 | 0.10 |
| More than one year but less than five years | 0.21 | 0.06 |
| More than five years | - | - |
| | 0.39 | 0.16 |
| Lease payments recognised in the Statement of Profit and Loss | 1.76 | 2.08 |

32 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 to be 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 FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)

- A)** Under the CF ESOP 2015, the Company has granted 250,000 options in financial year 2016-17 (previous year 193,000 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 |

B) Movement of options granted

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|--------------------------|--------------------------|
| Options outstanding at the beginning of the year | 190,700 | - |
| Options granted during the year | 250,000 | 193,000 |
| Options cancelled during the year | 25,300 | 2,300 |
| Options outstanding at the end of the year | <u>415,400</u> | <u>190,700</u> |

The weighted average remaining contractual life outstanding as of 31 March 2017 was 12.07 years (previous year 12.78 years).

- C)** The fair value of options used to compute per share 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 |
|------------------------------|-----------|-----------|
| Grant Date | 13-Jan-16 | 13-Jul-16 |
| Market Price (₹) | 300.05 | 351.40 |
| Exercise Price (₹) | 300.05 | 351.40 |
| Expected Volatility (%) | 57.70 | 39.55 |
| Expected life (years)* | 3 | 3 |
| Dividend yield (%) | 1.17 | 2.85 |
| Risk free interest rate (%) | 7.59 | 7.50 |
| Fair value on grant date (₹) | 128.25 | 103.45 |

*Options life is considered on the basis of earliest possible exercise after vesting

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)

- D) Had the compensation cost for stock options granted being determined based on fair value approach, the Company's net profit and earning per share would have been as follows

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Profit after tax (as reported) | 111.55 | 108.27 |
| Add: stock-based employee compensation expenses included in profit and loss account | - | - |
| Less: stock-based employee compensation expenses as per fair value | (1.34) | (0.18) |
| Profit after tax (fair value basis) | 110.21 | 108.09 |
| Basic and diluted earning per share (₹) | | |
| - as reported | 57.38 | 55.69 |
| - fair value basis | 56.69 | 55.60 |

33 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE
l) Derivative instruments
a) Foreign currency exposure hedged by derivative instruments (against imports):

| Currency | No. of contracts | | Amount | | Notional (loss) | |
|----------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| USD | 19 | 26 | 4,059,613 | 5,561,208 | (0.40) | (0.51) |

Notes:

- b) The Company entered into interest rate swap contract (floating rate to fixed rate) to hedge its risk associated with LIBOR fluctuations and such instruments qualify as effective hedges. During the year, the contract has been settled by the Company. The mark to market loss as on 31 March 2017 is estimated at ₹ Nil (previous year ₹ 0.14 crores).
- c) The Company has entered into a cross currency swap agreement with DBS Bank for hedging of instalment and interest rate for term loan amounting to USD 7,000,000 taken in the previous year. The mark to market gain as on 31 March 2017 is estimated at ₹ 5.21 crores (previous year loss ₹ 7.26 crores).
- d) The Company entered into Vanilla European options to hedge two of its ECBs amounting to USD 8,000,000 and USD 4,995,838 respectively during the prior years. During the current year, these contracts has been settled by the Company. The mark to market gain on these options as on 31 March 2017 is estimated at ₹ Nil (previous year ₹ 2.07 crores)
- e) The Company has entered into a cross currency swap agreement with IndusInd Bank for hedging of instalment of IFC term loan amounting to USD 983,386 in current financial year. The mark to market loss as on 31 March 2017 is estimated at ₹ 0.08 crores (previous year ₹ Nil).
- f) The Company has entered into European options to hedge its External Commercial Borrowings amounting to USD 1,399,894 during financial year 2015-16. During the current year, the contracts has been settled by the Company. The mark to market gain on these options as on 31st March 2017 is ₹ Nil (previous year ₹ 0.15 crores).
- g) The Company has entered into a cross currency swap agreement with IndusInd Bank for hedging of instalment of term loan amounting to USD 5,200,594.35 in current financial year. The mark to market loss as on 31 March 2017 is estimated at ₹ 3.02 crores (previous year ₹ Nil).
- h) The Company has converted loan of 60 crores taken from SBI bank in FCNR loan and entered into an hedge agreement with the same bank. The mark to market loss as on 31 March 2017 is estimated at ₹ 3.66 crores (previous year ₹ Nil).

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
ii) Particulars of unhedged foreign currency exposure as at the reporting date

| Currency | 31 March 2017 | | 31 March 2016 | |
|----------|------------------|----------------|------------------|----------------|
| | Foreign currency | Local currency | Foreign currency | Local currency |
| USD | (16,545,111) | (107.28) | (10,761,145) | (71.40) |
| EURO | (25,277,610) | (175.05) | (8,488,206) | (63.78) |
| GBP | 334,182 | 2.70 | 203,213 | 1.93 |

Note: Figures in bracket signifies amount payable.

34 DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------------------------|-----------------------------|-----------------------------|
| Polymer (Homopolymer repol and EVA) | 884.55 | 818.31 |
| Others | 111.44 | 103.73 |
| Total | 995.99 | 922.04 |

35 IMPORTED AND INDIGENOUS CONSUMPTION

| | | Indegenous | | Improted | | Total |
|-------------------------------------|---------|-----------------|-----|-----------------|-----|-----------------|
| | | Value Amount | % | Value Amount | % | Value Amount |
| Raw materials and components | 2016-17 | 753.71 | 76% | 242.28 | 24% | 995.99 |
| | 2015-16 | 708.50 | 77% | 213.54 | 23% | 922.04 |
| Stores and spares | 2016-17 | 55.78 | 95% | 2.97 | 5% | 58.75 |
| | 2015-16 | 50.20 | 93% | 3.86 | 7% | 54.06 |

36 VALUE OF IMPORTS ON CIF BASIS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------------|-----------------------------|-----------------------------|
| Raw materials | 242.52 | 207.69 |
| Components and spare parts | 9.35 | 10.77 |
| Capital goods | 118.90 | 6.66 |
| Total | 370.77 | 225.12 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
37 PAYMENTS TO AUDITORS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------------------|-----------------------------|-----------------------------|
| As auditors | 0.57 | 0.59 |
| For other services | 0.15 | 0.01 |
| For reimbursement of expenses | 0.03 | 0.04 |
| Total | 0.75 | 0.64 |

38 EXPENDITURE IN FOREIGN CURRENCY

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------------------|-----------------------------|-----------------------------|
| Services of foreign technicians | 0.28 | 0.28 |
| Sales commission and discount | 11.26 | 16.31 |
| Interest on foreign currency loan | 8.29 | 6.48 |
| Others | 2.38 | 1.70 |
| Total | 22.21 | 24.77 |

39 EARNINGS IN FOREIGN EXCHANGE

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Export of goods calculated on F.O.B basis (including deemed exports) | 638.43 | 611.82 |

40 DIVIDEND REMITTED IN FOREIGN CURRENCY

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 | |
|---|-----------------------------|-----------------------------|---------|
| Period to which is relates | 2016-17 | 2014-15 | 2015-16 |
| Number of non - resident shareholders | - | 38 | 37 |
| Number of shares held on which dividend was due | | | |
| Equity | - | 7,730 | 7,450 |
| Amount remitted (in rupees) | - | 27,055 | 74,500 |

41 CORPORATE SOCIAL RESPONSIBILITY

- a) Gross amount required to be spent by the Company during the year in compliance with section 135 of the Companies Act, 2013 is ₹ 1.27 crores (previous year ₹ 0.46).
- b) Amount spent during the year on -

| | In cash | Yet to be paid In cash | Total |
|--|-------------|---------------------------|-------------|
| Contribution to education trust (Cosmo Foundation) | 1.27 | - | 1.27 |
| | 1.27 | - | 1.27 |

NOTES OF THE FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

42 DISCLOSURE ON SPECIFIED BANK NOTES:

During the year, the Company has specified Bank Notes (SBN) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E), dated 31 March 2017. The Details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

| Particulars | SBN's | Other Denomination Notes | (in ₹) |
|--|-----------|--------------------------------|----------------|
| | | | Total |
| Closing Cash in hand as on 08.11.2016 | 197,000 | 204,647 | 401,647 |
| (+) Permitted Receipts | - | 1,724,660 | 1,724,660 |
| (-) Permitted Payments | - | (945,578) | (945,578) |
| (-) Amount deposited in Banks | (197,000) | - | (197,000) |
| Closing Cash in hand as on 30.12.2016 | - | 983,729 | 983,729 |

43 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.

44 PREVIOUS YEARS FIGURES

Corresponding figures for the previous year have been regrouped/rearranged, whenever necessary to confirm to current year classification.

 For **Walker Chandio & Co LLP**
 Chartered Accountants

 per **Neeraj Goel**
 Partner

Place : Delhi
Date : 17 May 2017

 For and on behalf of **Board of Directors of Cosmo Films Limited**
Pratip Chaudhuri
 Director
 DIN: 00915201

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

| Subsidiary | Reporting Currency | Closing exchange rate against Indian Rupee as on 31st March, 2017 | Capital | Reserve | Total Assets | Total Liabilities | Investments except in case of investment in subsidiaries | Turnover | profit before tax | profit after tax | Proposed Dividend | Country |
|---|--------------------|---|---------|----------|--------------|-------------------|--|----------|-------------------|------------------|-------------------|-------------|
| CF Global Holdings Ltd.* | INR (in Cr) | 64,8386 | - | - | - | - | - | - | 0.44 | 0.44 | - | Mauritius |
| | USD 000's | | - | - | - | - | - | - | 66 | 66 | - | |
| Cosmo Films (Netherlands) | INR (in Cr) | 69,2476 | - | - | - | - | - | - | 0.06 | 0.06 | - | Netherlands |
| Cooperatief .U.A** | Euro 000's | | - | - | - | - | - | - | 8 | 8 | - | |
| CF (Netherlands) Holdings Limited B.V | INR (in Cr) | 69,2476 | 196.41 | (12.26) | 184.49 | 0.33 | - | - | 0.98 | 0.98 | - | Netherlands |
| | Euro 000's | | 28364 | (1771) | 26642 | 48 | - | - | 141 | 141 | - | |
| Cosmo Films (Japan) GK | INR (in Cr) | 0.5796 | 8.69 | 29.44 | 48.02 | 9.88 | - | 50.85 | (1.10) | (0.77) | - | Japan |
| | JPY 000's | | 150000 | 508010 | 828461 | 170451 | - | 877306 | (19007) | (13352) | - | |
| Cosmo Films (Singapore) Pte Ltd. | INR (in Cr) | 46.3133 | 0.23 | (0.08) | 0.21 | 0.06 | - | - | (0.08) | (0.08) | - | Singapore |
| | S\$ 000's | | 50 | (18) | 46 | 14 | - | - | (16) | (16) | - | |
| Cosmo Films Korea Ltd. | INR (in Cr) | 0.0580 | 11.61 | 6.73 | 34.89 | 16.55 | - | 42.24 | (8.97) | (8.05) | - | Korea |
| | KRW 000's | | 2000000 | 1159173 | 6009870 | 2850697 | - | 7276864 | (1544889) | (1386174) | - | |
| Cosmo Films Inc | INR (in Cr) | 64,8386 | 175.06 | (119.68) | 132.14 | 76.75 | - | 175.49 | (13.93) | (13.93) | - | USA |
| | USD 000's | | 27000 | (18458) | 20380 | 11838 | - | 27066 | (2148) | (2148) | - | |
| CF Investment Holding Private (Thailand) Co. Ltd. | INR (in Cr) | 1.8881 | 30.21 | (0.01) | 30.23 | 0.03 | 28.48 | - | 0.03 | 0.02 | - | Thailand |
| | THB 000's | | 160000 | (68) | 160095 | 163 | 150861 | - | 145 | 104 | - | |

* liquidated on 31 March 2017

** liquidated on 18 October 2016

Independent Auditor's Report

To the Members of Cosmo Films Limited

Report on the Consolidated Financial Statements

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 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control 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. 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for

our audit opinion on these consolidated financial statements.

Opinion

8. 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 the financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

9. We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 167.03 crores (net of elimination ₹ 167.03 crores) and net assets of ₹ 73.72 crores (net of elimination ₹ 93.32 crores) as at 31 March 2017, total revenues of ₹ 223.68 crores (net of elimination ₹ 185.94 crores) and net cash outflows amounting to ₹ 3.49 crores (net of elimination ₹ 3.49 crores) for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports 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 these two subsidiaries are located outside India and their financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have 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 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.

10. We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹ 244.58 crores (net of elimination ₹ 58.28 crores) and net assets of ₹ 261.04 crores (net of elimination ₹ 31.62 crores) as at 31 March 2017, total revenues of ₹ 54.54 crores (net of elimination ₹ 54.54 crores) and net cash outflows amounting to ₹ 0.15 crores (net of elimination 0.15 crores) for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and 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, are based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements / 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 matters with respect to our reliance on the work done by and the reports of the other auditors and the financial statements / financial information certified by the management.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on separate financial statements and other financial information of the subsidiaries, to the extent applicable, 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 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 the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- 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 none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2017 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 Holding Company, as of 31 March 2017, in conjunction with our audit of the consolidated financial statements of the group for the year ended on that date and our report dated 17 May 2017 as per annexure I expressed unmodified opinion on adequacy and operating effectiveness of the internal financial 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 Auditor's) 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, to the extent possible:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 28 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;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company; and
 - (iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these disclosures are in accordance with the books of account maintained by the Holding Company.

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

per **Neeraj Goel**
Partner
Membership No.: 99514

Place : New Delhi
Date : 17 May 2017

Annexure I

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 the 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 2017, 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 Holding 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 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 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Holding Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("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 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 included 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 Holding 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 Holding 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 2017, 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

per **Neeraj Goel**

Partner

Membership No.: 99514

Place : New Delhi

Date : 17 May 2017

BALANCE SHEET as at 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Notes | As at 31 March 2017 | As at 31 March 2016 |
|---|-------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 19.44 | 19.44 |
| Reserves and surplus | 3 | 527.34 | 436.83 |
| | | 546.78 | 456.27 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 349.28 | 223.02 |
| Deferred tax liabilities (net) | 5 | 110.95 | 100.51 |
| | | 460.23 | 323.53 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 195.01 | 120.93 |
| Trade payables | 7 | 193.78 | 159.17 |
| Other current liabilities | 8 | 88.34 | 98.81 |
| Short-term provisions | 9 | 6.79 | 4.89 |
| | | 483.92 | 383.80 |
| TOTAL | | 1,490.93 | 1,163.60 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 10 | | |
| Tangible assets | | 830.29 | 643.73 |
| Intangible assets | | 2.21 | 3.51 |
| Capital work in progress | | 8.59 | 12.03 |
| Non current investments | 11 | 27.53 | 30.80 |
| Long term loans and advances | 12 | 103.74 | 83.36 |
| Deferred tax assets (net) | 13 | 21.95 | 21.70 |
| Other non current assets | 14 | 0.13 | - |
| | | 994.44 | 795.13 |
| Current assets | | | |
| Inventories | 15 | 237.45 | 172.04 |
| Trade receivables | 16 | 147.20 | 117.44 |
| Cash and bank balances | 17 | 28.40 | 32.35 |
| Short term loans and advances | 18 | 77.03 | 46.30 |
| Other current assets | 19 | 6.41 | 0.34 |
| | | 496.49 | 368.47 |
| TOTAL | | 1,490.93 | 1,163.60 |
| Statement of significant accounting policies | 1 | | |
| The accompanying summary of significant accounting policy and other explanatory notes 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 Chandio & Co LLP**
 Chartered Accountants

 per **Neeraj Goel**
 Partner

 Place : Delhi
 Date : 17 May 2017

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

Pratip Chaudhuri
 Director
 DIN: 00915201

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

STATEMENT OF PROFIT & LOSS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Notes | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from operations (gross) | 20 | 1,695.94 | 1,729.21 |
| Less : Excise duty | | (109.42) | (108.59) |
| Revenue from operations (net) | | 1,586.52 | 1,620.62 |
| Other income | 21 | 9.21 | 5.54 |
| Total income | | 1,595.73 | 1,626.16 |
| EXPENSES | | | |
| Cost of materials consumed | | 1,065.49 | 1,002.09 |
| (Increase)/decrease in inventories of finished goods | 22 | (63.98) | 19.28 |
| Purchases of traded goods | | 0.85 | 3.88 |
| Employee benefit expenses | 23 | 126.00 | 121.59 |
| Finance costs | 24 | 30.29 | 30.18 |
| Depreciation and amortisation expense | 10 & 11 | 39.69 | 35.68 |
| Other expenses | 25 | 300.11 | 282.48 |
| Total expenses | | 1,498.45 | 1,495.18 |
| Profit before tax and exceptional items | | 97.28 | 130.98 |
| Exceptional items | 26 | (2.48) | (6.94) |
| Profit before tax and minority interest | | 94.80 | 124.04 |
| Tax expense: | | | |
| Current tax | | | |
| - Current year | | 25.53 | 28.93 |
| - Minimum alternate tax credit entitlement | | (24.00) | (24.09) |
| - Earlier years (refer note 43) | | (4.56) | 0.01 |
| Deferred tax | | | |
| - Current year | | 9.61 | 26.41 |
| - Earlier years | | (0.63) | (3.46) |
| Profit for the year | | 88.85 | 96.24 |
| Earnings per equity share (₹): | 27 | | |
| - Basic | | 45.70 | 49.50 |
| - Diluted | | 45.70 | 49.50 |
| Statement of significant accounting policies | 1 | | |
| The accompanying summary of significant accounting policy and other explanatory notes 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 Chandio & Co LLP**

Chartered Accountants

 per **Neeraj Goel**
 Partner

Place : Delhi
Date : 17 May 2017

 For and on behalf of **Board of Directors of Cosmo Films Limited**
Pratip Chaudhuri
 Director
 DIN: 00915201

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

STATEMENT OF CASH FLOW for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| A. Cash flow from operating activities: | | |
| Profit before tax | 94.81 | 124.04 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 39.69 | 35.68 |
| Interest expense | 24.33 | 25.42 |
| Interest income | (1.05) | (0.62) |
| Unrealised loss on exchange fluctuation (net) | 2.03 | 2.82 |
| Profit on sale of fixed assets (net) | (6.40) | (2.68) |
| Provision for bad and doubtful debts/advances | 0.96 | 1.52 |
| Liability no longer required written back | (0.51) | (0.58) |
| Operating profit before working capital changes | 153.86 | 185.60 |
| Adjustments for changes in working capital : | | |
| - Movement in trade receivables | (34.48) | 6.95 |
| - Movement in other receivables | (32.43) | 14.60 |
| - Movement in inventories | (65.40) | 7.51 |
| - Movement in trade and other payables | 31.82 | 41.61 |
| Cash generated from operations | 53.37 | 256.27 |
| Income tax paid (net of refunds) | (25.79) | (33.29) |
| Net cash generated from operating activities (A) | 27.58 | 222.98 |
| B. Cash flow from investing activities: | | |
| Purchase of fixed assets and capital work in progress | (209.02) | (88.24) |
| Proceeds from sale of fixed assets | 3.51 | 3.56 |
| Purchase of investments | (0.01) | (0.04) |
| Sale of investments | 2.30 | 4.21 |
| Proceed on maturity of fixed deposits | (9.40) | (5.97) |
| Investment in fixed deposits | 5.98 | 5.90 |
| Interest received | 0.98 | 0.66 |
| Net cash used in investing activities (B) | (205.66) | (79.92) |
| C. Cash flow from financing activities: | | |
| Proceeds from long term borrowings | 211.38 | 56.06 |
| Repayment of long term borrowings | (89.42) | (82.38) |
| Proceeds /(Repayment) from short term borrowings (net) | 74.08 | (52.28) |
| Interest paid | (24.82) | (27.37) |
| Dividend paid | - | (26.24) |
| Dividend tax paid | - | (5.34) |
| Net cash generated/(used) in financing activities (C) | 171.22 | (137.55) |
| Net (decrease)/increase in cash and cash equivalents (A + B + C) | (6.86) | 5.51 |
| Effects of changes in exchange rate on cash and cash equivalents | 0.30 | 0.96 |
| Cash and cash equivalents at the beginning of the year | 24.79 | 18.32 |
| Cash and cash equivalents at the end of the year (refer note 17) | 18.23 | 24.79 |
| The accompanying summary of significant accounting policy and other explanatory notes are an integral part of the consolidated financial statements | | |

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

 For **Walker Chandiook & Co LLP**
 Chartered Accountants

 per **Neeraj Goel**
 Partner

 Place : Delhi
 Date : 17 May 2017

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

Pratip Chaudhuri
 Director
 DIN: 00915201

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Jyoti Dixit
 Company Secretary
 Membership No.: F6229

Summary of significant accounting policy and other explanatory notes to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless stated otherwise)

1. Statement on significant accounting policies

a) Background and nature of operations

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.

b) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the company (accounts) rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

c) Principles of consolidation

The consolidated financial Statements have been prepared in accordance with Accounting Standard-21-Consolidated Financial Statements.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances/ transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

The excess/deficit of cost to the parent company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the financial statements as goodwill/capital reserve. The parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

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.

d) Use of estimates

In preparing the Group financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

e) Fixed assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the

consolidated statement of profit and Loss. Project under commissioning and other assets under erection/ installation are shown under capital work in progress and are carried at cost, comprising of direct cost and related incidental expenses. Spares directly related to plant & machinery are capitalized and depreciated over the life of the original equipment.

Foreign currency loans availed for acquisition of fixed assets are converted at the rate prevailing on the due date for installments repayable during the year and at the rate prevailing on the date of balance sheet for the outstanding loan. The fluctuation is adjusted in the original cost of fixed assets.

The cost of internally constructed assets constructed by Company shall include the cost of all materials used in construction, direct labour employed and an appropriate proportion of variable and fixed overheads.

f) Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as long term investments. Long term investments are carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair market value.

g) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. 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.

h) Depreciation and amortization

Depreciation on fixed assets is provided on straight line method (SLM) at rates which are equal to the corresponding rates in Schedule II to the Companies Act 2013, based on management estimates of useful life as follows:

| Block of asset | Life (in years) |
|--|------------------------|
| Factory Buildings | 30 |
| Buildings Other than Factory | 60 |
| Continuous Process Plant and Machinery | 25 |
| Other Plant and Machinery | 15 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |
| Office equipment | 5 |
| Computers including software | 3 & 6 |

- ii) Cost of the leasehold land is amortised over the period of the lease.
- iii) Depreciation on assets costing ₹ 5000/- or below is charged @ 100% per annum in the year of purchase.

i) Research and development

Revenue expenditure incurred on research and development is charged to Consolidated statement of profit and loss in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets and depreciation thereon is charged to depreciation account.

j) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

As per the amendment of the Companies (Accounting Standard) Rules, 2006-'AS 11' relating to 'The Effects of Changes in Foreign Exchange Rates' exchange difference arising on conversion of long term foreign currency monetary items is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortized over period not extending beyond, earlier of March 31, 2020 or maturity date of underlying long term foreign currency monetary items.

k) 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 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 recognized immediately in Consolidated statement of profit and loss. Amounts deferred in the hedging reserve account are released to the Consolidated 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 Consolidated 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 consolidated statement of profit and loss.

The company also uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Consolidated statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which same is cancelled or rolled over.

l) Employees benefits

Provident fund

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.

Gratuity

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged or credited to the consolidated statement of profit and loss in the year in which such gains or losses arise.

Compensated absences

Provision for compensated absences when determined to be a long term benefit is made on the basis of actuarial valuation as at the end of the year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Consolidated statement of profit and loss in the year in which such gains or losses arise. Provision related to short term compensated absences of workers is provided on actual basis.

m) Taxation

The tax expense comprises of current taxes and deferred taxes. Current Tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of Income Tax, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Consolidated 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 reasonably certain that the Company will pay normal income tax during the specified period.

n) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and

No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Interest

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

Dividend

Dividend income is recognized as income when the right to receive the payment is established.

Export benefits/incentives

Revenue in respect of duty entitlement pass book scheme and duty drawback scheme is recognized when the entitlement to receive the benefit is established.

o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use are complete.

p) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 of bonus issue and share split.

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.

q) Impairment of 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 consolidated 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.

r) Provisions and contingent liabilities

Provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation on the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a present obligation that may, but probably will not, require an outflow of resources. Disclosure is also made in respect of a present obligation as a result of past event that probably requires an outflow of resource, where it is not possible to make a reliable estimate of the outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

s) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments in fixed deposits with an original maturity of three months or less.

t) Employee Share based payment

The stock options granted under Cosmo Films Employees Stock Option Plan 2015 to the employees of the company and its subsidiaries are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India whereby the excess if any of the closing market price on the day prior to the day of the grant of the options over the exercise price is amortised on a straight line basis over the vesting period.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

2 SHARE CAPITAL

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Number | Amount | Number | Amount |
| Authorised share capital | | | | |
| Equity shares of ₹ 10 each | 25,000,000 | 25.00 | 25,000,000 | 25.00 |
| | | <u>25.00</u> | | <u>25.00</u> |
| Issued, subscribed and fully paid up share capital | | | | |
| Equity shares of ₹ 10 each | 19,440,076 | 19.44 | 19,440,076 | 19.44 |
| Total | | <u><u>19.44</u></u> | | <u><u>19.44</u></u> |

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 has 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) **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.

During the year Board of Directors declared an interim dividend of Nil per equity share, (previous year 10). However, Final dividend is recommended by the Board is 10 per equity share, (previous year Nil) and is subject to shareholders approval.

During the year ended 31 March 2017 the amount of per share dividend recognised as distributions to equity shareholders was Nil per share (previous year 10 per share).

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.

vi) Details of shareholders holding more than 5% shares in the Company

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Sunrise Manufacturing Company Limited | - | - | 4,267,552 | 21.95% |
| Pravasi Enterprises Limited | - | - | 3,050,104 | 15.69% |
| Mr. Ashok Jaipuria* | 7,233,876 | 37.21% | - | - |

* beneficial owner is Gayatri & Annapurana

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

3 RESERVES AND SURPLUS

| Particulars | As at | |
|--|---------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Capital reserves | | |
| Balance at the beginning of the year | 4.10 | 4.10 |
| Balance at the end of the year | <u>4.10</u> | <u>4.10</u> |
| Securities premium account | | |
| Balance at the beginning of the year | 31.26 | 31.26 |
| Balance at the end of the year | <u>31.26</u> | <u>31.26</u> |
| Foreign currency translation reserve | | |
| Balance at the beginning of the year | 25.79 | 19.72 |
| Movement during the year | (2.62) | 6.07 |
| Balance at the end of the year | <u>23.17</u> | <u>25.79</u> |
| General reserve | | |
| Balance at the beginning of the year | 278.11 | 278.11 |
| Balance at the end of the year | <u>278.11</u> | <u>278.11</u> |
| Hedging reserve | | |
| Balance at the beginning of the year | (2.77) | 3.49 |
| Add : Amount recognised(amortised) during the year | 3.73 | (6.26) |
| Balance at the end of the year | <u>0.96</u> | <u>(2.77)</u> |
| Foreign currency monetary item translation difference account | | |
| Balance at the beginning of the year | (0.55) | (2.77) |
| Add : Amounts recognised during the year | (0.02) | (0.42) |
| Less : Amounts amortised during the year | 0.57 | 2.64 |
| Balance at the end of the year | <u>-</u> | <u>(0.55)</u> |
| Surplus as per Consolidated statement of profit and loss | | |
| Balance at the beginning of the year | 100.89 | 28.05 |
| Add: Profit for the year | 88.85 | 96.24 |
| Less : Interim dividends on equity shares | - | (19.44) |
| Less : Tax on dividends distributed during the year | - | (3.96) |
| Balance at the end of the year | <u>189.74</u> | <u>100.89</u> |
| Total | <u>527.34</u> | <u>436.83</u> |

4 LONG TERM BORROWINGS

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------|---------------------|--------------|---------------------|--------------|
| | Non-current | Current | Non-current | Current |
| Secured | | | | |
| Term loans | | | | |
| Foreign currency loans (note a and d) | 251.03 | 50.14 | 180.49 | 74.84 |
| Rupee term loans (note b and d) | 96.68 | 11.20 | 41.68 | 1.71 |
| Vehicle loans (note c and d) | 1.57 | 1.46 | 0.85 | 1.89 |
| | <u>349.28</u> | <u>62.80</u> | <u>223.02</u> | <u>78.44</u> |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

Notes:

- a) Foreign currency loans comprises of :
- (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 5 equal semi-annual instalments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan. This loan has been repaid during the year.
 - (ii) Loan of USD 13,272,220 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2008-09 and 2009-10 and carries interest rate based upon Libor plus 37.5 bps per annum. The loan is repayable in 16 equal semi-annual instalments of about USD 832,640 each after six month from the date of start of commercial production. This loan has been repaid during the year.
 - (iii) Loan of USD 10,000,000 taken from International Finance Corporation Bank during the financial year 2011-12 and 2013-14 and carries interest rate based upon Libor plus 400 bps per annum. The loan is repayable in 17 semi-annual instalments after moratorium of 2.5 years from the date of loan.
 - (iv) Loan of EUR 10,367,450 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2012-13 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.
 - (v) 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 instalments starting from April 2015. (The loan has been fully hedged into an equivalent Rupee loan with fixed rate of interest).
 - (vi) Loan of USD 7,177,230 taken from EXIM Bank of India during the financial year 2015-16 & 2016-17 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.
 - (vii) Loan of EUR 13,605,291 taken from Landesbank Baden Wurttemberg Bank (LBBW) during the financial year 2015-16 and 2016-17 and carries interest rate based upon Euribor plus 60 bps per annum. The loan is repayable in 20 equal semi-annual instalments after six month from the date of start of commercial production.
 - viii) Loans of ₹ 300,000,000 and ₹ 600,000,000 were taken from State Bank of India were converted into fully hedged FCNR loans. The tenure of facilities remain in-line with the original sanction. The loan of ₹ 300,000,000 has been repaid in full during the financial year 2015-16.
 - (ix) Loan of KRW 3 billion taken from IBK Korea, during the financial year 2011-12 and carries interest rate @ 4.4% per annum (reset after every three months). The loan is repayable after a moratorium period of 2 years in 14 quarterly instalments. This loan has been repaid during the year.
- b) Rupee term loans comprises of :
- (i) Loan of ₹ 30 crores taken from State Bank of India during the financial year 2012-13 and 2013-14 and carries interest rate based upon base rate plus 2.25% per annum. The loan is repayable after a moratorium of 12 month from the date of disbursement in 8 equal quarterly instalments of 3.75 crores each. The loan had been repaid during financial year 2015-16. During the financial year 2014-15, loan was converted into fully hedged FCNR loan. Refer note a (viii).
 - (ii) 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 fully hedged FCNR loan. Refer note a (viii).
 - (iii) Loan of ₹ 27.76 crores taken from IDBI Bank 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.
 - (iv) Loan of ₹ 15 crores taken from ICICI Bank during the financial year 2015-16 and carries interest rate based upon base rate plus 2.75% per annum. The loan is repayable in 16 quarterly instalments starting from 30 June 2016. This loan has been repaid during the year.
 - (v) 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.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

- (vi) Loan of ₹ 45 crores taken from SVC Co-operative Bank Limited during the financial year 2016-17 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 15 quarterly instalments of 3 crores each after moratorium of 12 months from the date of disbursement.
- c) Vehicle loans taken from Union Bank of India carries interest @ 10.5% -12% per annum. This loan is repayable in 3 years.
- d) Details of security for each type of borrowings:-
 - (i) Foreign currency loan from ICICI Bank is secured by charge on all of the Company's moveable and immovable fixed assets, both present and future, other than assets specifically carved out, ranking pari passu with other lenders and Second pari passu charge on current assets of the company both present and future. The loan has been repaid and security has been released during financial year 2016-17.
 - (ii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2008-09 and financial year 2009-10 is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan - Vadodara. The loan has been repaid and security has been released during financial year 16-17.
 - (iii) Foreign currency loan from International Finance Corporation Bank is secured by first ranking security interest over all present and future movable and immovable fixed assets other than assets specifically carved out, ranking pari passu with the other lenders and second pari passu charge on current assets of the company both present and future.
 - (iv) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2012-13 and 2014-15 is secured against hypothecation of machinery financed out of the loan amount at the Company's new plant at Shendra, Aurangabad.
 - (v) Foreign currency loan from DBS Bank 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.
 - (vi) Foreign currency loan from EXIM bank taken in financial year 2015-16 and 2016-17 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.
 - (vii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) taken in financial year 2015-16 and 2016-17 is secured against hypothecation of machinery financed out of the loan amount at the Company's plant at Karjan, Aurangabad.
 - (viii) Rupee term loan of 60 crores from State Bank of India 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.
 - (ix) Corporate Loan from IDBI Bank taken in financial year 2014-15 and 2015-16 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.
 - (x) Rupee term loan taken from ICICI Bank in financial year 2015-16 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. The loan has been repaid and security has been released during the financial year 2016-17.
 - (xi) Rupee term loan taken from IndusInd Bank in the financial year 2016-17 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.
 - (xii) Rupee term loan taken from SVC Co-operative Bank Limited in financial year 2016-17 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.
 - (xiii) Foreign currency loan from IBK Korea, is secured by first charge on the entire assets of the respective subsidiary. The loan has been repaid and security has been released during financial year 16-17.
 - (xiv) Vehicle loans from Union Bank of India are secured against hypothecation of respective vehicles.
- e) Current maturities of long term borrowings are disclosed under the head other current liabilities.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
5 DEFERRED TAX LIABILITIES (NET)

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Deferred tax liability | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books. | 121.00 | 102.60 |
| Gross deferred tax liability | <u>121.00</u> | <u>102.60</u> |
| Deferred tax assets | | |
| Unabsorbed losses | 8.73 | - |
| Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under Income tax Act, 1961 | 1.32 | 1.84 |
| Provision for bad and doubtful debts | - | 0.25 |
| Gross deferred tax assets | <u>10.05</u> | <u>2.09</u> |
| Deferred tax liabilities (net) | <u>110.95</u> | <u>100.51</u> |

6 SHORT TERM BORROWINGS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Secured From banks | | |
| Cash credits/ working capital demand loans (note a and b) | 195.01 | 120.93 |
| Total | <u>195.01</u> | <u>120.93</u> |

Notes:

- a) Cash credits/ working capital demand loans/ export packing credits are secured/to be secured by hypothecation of inventories, trade receivable and second charge on fixed assets secured to financial institutions except assets exclusively charged.

Cash credit and working capital demand loans from the bank comprises of the following:

- (i) Cash credit/working capital demand loan of ₹ 30 crores sanctioned by Export Import Bank of India is repayable on demand and carries interest rate from 9% to 12% per annum.
- (ii) Working capital demand loan of ₹ 20 crores sanctioned by HDFC Bank is repayable on demand and carries interest rate from 9% to 12% per annum.
- (iii) Cash credit/working capital demand loan of ₹ 15 crores sanctioned by ICICI Bank is repayable on demand and carries interest from 9% to 12% per annum.
- (iv) Cash credit/working capital demand loan of ₹ 65 crores sanctioned by Union Bank of India is repayable on demand and carries interest from 9% to 12% per annum.
- (v) Cash credit/working capital demand loan of ₹ 37 crores sanctioned by YES Bank of India is repayable on demand and carries interest from 9% to 12% per annum.
- (vi) Cash credit/working capital demand loan of ₹ 40 crores sanctioned by IDBI Bank is repayable on demand and carries interest from 9% to 12% per annum.
- (vii) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest from 9% to 12% per annum.
- (viii) Cash credit/working capital demand loan/export packing credit of ₹ 20 crores sanctioned by DBS Bank is repayable on demand and carries interest from 9% to 12% per annum.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

- (ix) Cash credit/working capital demand loan/export packing credit of ₹ 30 crores sanctioned by Rabobank is repayable on demand and carries interest from 9% to 12% per annum.
- (x) Loan of JPY 200 million is taken from Mizuho Bank, Japan. All are current and payable within one year and carries interest from 1.5% to 2.5% per annum.
- (xi) Loan of KRW 1400 million is taken from IBK Bank, Korea. All are current and payable within one year and carries interest from 2% to 3% per annum.
- b) Overdraft of 5 crores from HDFC Bank is secured against pledge of the fixed deposits of the Company is repayable on demand and carries interest rate as mutually decided.

7 TRADE PAYABLES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises * | - | - |
| Other payables | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 89.08 | 57.00 |
| Acceptances | 48.10 | 57.87 |
| Employee related payables | 8.30 | 7.02 |
| Other accrued liabilities | 48.30 | 37.28 |
| Total | <u>193.78</u> | <u>159.17</u> |

* Micro and small enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, there are no dues to micro and small enterprises that are reportable as per the Micro, Small and Medium Enterprises Development Act, 2006 as at the year end.

8 OTHER CURRENT LIABILITIES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Current maturities of long term debt (refer note 4) | 62.80 | 78.44 |
| Interest accrued but not due on borrowings | 2.15 | 2.64 |
| Statutory dues payable | 2.07 | 2.11 |
| Advance received from customers | 13.83 | 11.17 |
| Others | 7.49 | 4.45 |
| Total | <u>88.34</u> | <u>98.81</u> |

9 SHORT TERM PROVISIONS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Employee benefit payable | 4.17 | 3.12 |
| Provision for gratuity (refer note 30) | - | 0.93 |
| Provision for income tax (net of advance tax) | 2.62 | 0.84 |
| Total | <u>6.79</u> | <u>4.89</u> |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
 (All amounts in ₹ crores, unless stated otherwise)

10 FIXED ASSETS

| Particulars | Tangible fixed assets | | | | | | | | Intangible fixed | | Capital work in progress | |
|--|-----------------------|----------------|---------------|----------------------|------------------------|--------------|------------------|------------------|------------------|--------------|--------------------------|--|
| | Tangible fixed assets | | | | | | | | Software | Total | | |
| | Land Freehold | Land Leasehold | Buildings | Plant and equipments | Furniture and fixtures | Vehicles | Office equipment | Office equipment | | | | |
| Gross block | | | | | | | | | | | | |
| Balance as at 1 April 2015 | 13.27 | 10.59 | 140.47 | 767.11 | 7.41 | 8.84 | 18.94 | 966.63 | 8.34 | 14.04 | | |
| Additions | 3.95 | - | 24.95 | 41.30 | 0.30 | 3.18 | 1.35 | 75.03 | - | 27.95 | | |
| Disposals | - | - | (0.64) | (0.07) | (0.04) | (0.88) | (0.03) | (1.66) | - | (29.98) | | |
| Other adjustments: | | | | | | | | | | | | |
| - Foreign exchange fluctuation | - | - | - | 10.81 | - | - | - | 10.81 | - | 0.02 | | |
| - Translation adjustment | 0.52 | - | 1.05 | 1.94 | 0.03 | 0.01 | 0.17 | 3.72 | - | - | | |
| Balance as at 31 March 2016 | 17.74 | 10.59 | 165.83 | 821.09 | 7.70 | 11.15 | 20.43 | 1,054.53 | 8.34 | 12.03 | | |
| Additions | - | - | 35.64 | 194.52 | 0.91 | 2.37 | 3.54 | 236.98 | - | 220.26 | | |
| Disposals | - | (0.01) | (0.26) | (1.22) | - | (0.62) | (0.02) | (2.13) | - | (223.70) | | |
| Other adjustments: | | | | | | | | | | | | |
| - Foreign exchange fluctuation | - | - | - | (11.35) | - | - | - | (11.35) | - | - | | |
| - Translation adjustment | (0.05) | - | (0.26) | (0.69) | (0.01) | (0.00) | (0.07) | (1.08) | - | - | | |
| Balance as at 31 March 2017 | 17.69 | 10.58 | 200.95 | 1,002.35 | 8.60 | 12.90 | 23.88 | 1,276.95 | 8.34 | 8.59 | | |
| Accumulated depreciation and amortisation | | | | | | | | | | | | |
| Balance as at 1 April 2015 | - | 0.33 | 29.43 | 324.20 | 3.51 | 3.32 | 14.87 | 375.66 | 3.85 | - | | |
| Depreciation and amortisation expense | - | 0.09 | 4.64 | 26.07 | 0.84 | 1.30 | 1.76 | 34.70 | 0.98 | - | | |
| Adjusted on disposal of assets | - | - | (0.28) | (0.03) | (0.04) | (0.41) | (0.02) | (0.78) | - | - | | |
| Translation adjustment | - | - | 0.27 | 0.76 | 0.02 | 0.01 | 0.16 | 1.22 | - | - | | |
| Balance as at 31 March 2016 | - | 0.42 | 34.06 | 351.00 | 4.33 | 4.22 | 16.77 | 410.80 | 4.83 | - | | |
| Depreciation and amortisation expense | - | 0.09 | 5.45 | 28.69 | 0.57 | 1.22 | 1.35 | 37.37 | 1.30 | - | | |
| Adjusted on disposal of assets | - | - | (0.24) | (0.41) | - | (0.32) | (0.02) | (0.99) | - | - | | |
| Translation adjustment | - | - | (0.12) | (0.33) | (0.01) | - | (0.06) | (0.52) | - | - | | |
| Balance as at 31 March 2017 | - | 0.51 | 39.15 | 378.95 | 4.89 | 5.12 | 18.04 | 446.66 | 6.13 | - | | |
| Net block | | | | | | | | | | | | |
| Balance as at 31 March 2016 | 17.74 | 10.17 | 131.77 | 470.09 | 3.37 | 6.93 | 3.66 | 643.73 | 3.51 | 12.03 | | |
| Balance as at 31 March 2017 | 17.69 | 10.07 | 161.80 | 623.40 | 3.71 | 7.78 | 5.84 | 830.29 | 2.21 | 8.59 | | |

Note:

- Capitalization of foreign exchange differences
- The foreign exchange (gain)/loss capitalised during the year ended 31 March 2017 was (₹ 11.35) crores (previous year ₹ 10.81 crores).
- Additions include ₹ 4.33 crores (previous year ₹ 0.31) towards assets located at research and development facilities.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

11 NON CURRENT INVESTMENT

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Unquoted trade investments (valued at cost unless otherwise stated) | | |
| Investment in equity instruments - | | |
| - OPGS Power Gujarat Private Limited | 0.05 | 0.04 |
| - Sai Wardha Power Limited | - | 2.30 |
| Unquoted other investments (valued at cost less depreciation unless otherwise stated) | | |
| Investment property (net of depreciation ₹ 1.02 crores (previous year ₹ Nil)) | 27.48 | 28.46 |
| Total | 27.53 | 30.80 |

Details of trade investments (unquoted)

| Name of the body corporate | No. of shares | | Face value | Partly paid/ Fully paid | Amount (₹) | |
|---------------------------------|------------------|------------------|------------|----------------------------|------------------|------------------|
| | 31 March 2017 | 31 March 2016 | | | 31 March 2017 | 31 March 2016 |
| Equity | | | | | | |
| Sai Wardha Power Ltd. | - | 2,299,661 | 10 | Fully paid | - | 2.30 |
| OPGS Power Gujarat Private Ltd. | 2,615,000 | 1,821,000 | 0.19 | Fully paid | 0.05 | 0.04 |
| | 2,615,000 | 4,120,661 | | | 0.05 | 2.34 |

12 LONG TERM LOANS AND ADVANCES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Secured | | |
| Capital advances* | 15.59 | 19.02 |
| Unsecured, considered good | | |
| Capital advances | - | 6.17 |
| Security deposits | 2.09 | 1.31 |
| Prepaid expenses | 1.39 | 2.01 |
| Minimum alternate tax credit entitlement | 65.69 | 37.13 |
| Advance income tax (net of provision for tax) | 9.11 | 8.97 |
| Contribution to Employee Stock Option Plan trust | 9.00 | 7.00 |
| Others | 0.87 | 1.75 |
| Total | 103.74 | 83.36 |

* Secured by way of bank guarantee.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
13 DEFERRED TAX ASSETS (NET)

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Deferred tax assets | | |
| Unabsorbed losses | 26.65 | 27.27 |
| Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax | 6.72 | 6.12 |
| Provision for bad and doubtful debts | 0.56 | 0.57 |
| Gross deferred tax assets | 33.93 | 33.96 |
| Deferred tax liability | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books. | 6.84 | 7.00 |
| Others | 5.14 | 5.26 |
| Gross deferred tax liability | 11.98 | 12.26 |
| Deferred tax assets (net) | 21.95 | 21.70 |

14 OTHER NON CURRENT ASSETS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---------------------------|------------------------|------------------------|
| Pledged deposits (note a) | 0.13 | - |
| Total | 0.13 | - |

Note: Pledged deposits represent ₹ 0.13 (previous year ₹ Nil crores) pledged with State Bank of India for bank guarantee.

15 INVENTORIES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Raw material [including goods in transit ₹ 6.51 crores (previous year ₹ 13.45 crores)] | 70.39 | 71.96 |
| Finished goods [including goods in transit ₹ 40.75 crores (previous year ₹ 26.28 crores)] | 153.16 | 89.17 |
| Stores and spares | 13.90 | 10.91 |
| Total | 237.45 | 172.04 |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

16 TRADE RECEIVABLES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 3.12 | 4.00 |
| Unsecured, considered doubtful | 3.17 | 2.49 |
| | <u>6.29</u> | <u>6.49</u> |
| Less : Allowances for bad and doubtful debts | (3.17) | (2.49) |
| | <u>3.12</u> | <u>4.00</u> |
| Trade receivables outstanding for a period less than six months from the date they are due for payment | | |
| Unsecured, considered good | 144.08 | 113.44 |
| Unsecured, considered doubtful | 0.52 | 0.47 |
| | <u>144.60</u> | <u>113.91</u> |
| Less : Allowances for bad and doubtful debts | (0.52) | (0.47) |
| | <u>144.08</u> | <u>113.44</u> |
| Total | <u><u>147.20</u></u> | <u><u>117.44</u></u> |

17 CASH AND BANK BALANCES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash in hand | 0.05 | 0.04 |
| Cheques, drafts in hand | 1.13 | 0.53 |
| Balances with banks | | |
| - in current accounts | 14.61 | 24.22 |
| - in deposit with original maturity upto 3 months | 2.43 | - |
| | <u>18.23</u> | <u>24.79</u> |
| Other bank balances | | |
| Balance in current account | | |
| - Unpaid dividend accounts | 0.91 | 1.58 |
| Pledged deposit with remaining maturity of less than 12 months (note a and b) | 9.26 | 5.98 |
| | <u>10.17</u> | <u>7.56</u> |
| Total | <u><u>28.40</u></u> | <u><u>32.35</u></u> |

Note:

- a) Pledged deposits represent ₹ 4.26 crores (previous year ₹ 0.98) pledged against issue of bank guarantees.
- b) The deposit of ₹ 5 crores (previous year 5 crores) pledged against overdraft facility.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

18 SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Unsecured, considered good | | |
| Advances to vendors | 8.93 | 1.93 |
| Tax recoverable | - | 0.41 |
| Deposits with excise and other tax authorities | 15.03 | 5.26 |
| Export benefit recoverable | 20.90 | 18.31 |
| Security deposits | 0.28 | - |
| Discount recoverable | 12.18 | 6.76 |
| Prepaid expenses | 5.16 | 5.78 |
| Others | 14.55 | 7.84 |
| Total | <u>77.03</u> | <u>46.30</u> |

19 OTHER CURRENT ASSETS

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------|------------------------|------------------------|
| Unsecured, considered good | | |
| Interest accrued but not due | 0.41 | 0.34 |
| Receivable against sale of property | 6.00 | - |
| Total | <u>6.41</u> | <u>0.34</u> |

20 REVENUES

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Revenue from operations | | |
| Sale of products (including export benefits of ₹ 21.01 crores previous year ₹ 19.13 crores) | 1,689.51 | 1,724.16 |
| Other operating revenues | 6.43 | 5.05 |
| Revenue from operations (gross) | 1,695.94 | 1,729.21 |
| Less : Excise duty | (109.42) | (108.59) |
| Revenue from operations (net) | <u>1,586.52</u> | <u>1,620.62</u> |

Details of products sold

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Unsecured Manufactured goods | | |
| - Packaging Films | 1,663.61 | 1,700.37 |
| - Others | 4.90 | 4.66 |
| Total | <u>1,668.51</u> | <u>1,705.03</u> |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
21 OTHER INCOME

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Interest income | 1.05 | 0.62 |
| Profit on sale of assets (net) | 6.40 | 2.68 |
| Insurance and other claims | 0.78 | 0.70 |
| Liabilities no longer required written back | 0.51 | 0.58 |
| Miscellaneous receipts | 0.47 | 0.96 |
| Total | <u>9.21</u> | <u>5.55</u> |

22 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Opening stock | | |
| Finished goods | 89.17 | 108.45 |
| Work-in-progress | - | - |
| Total | <u>89.17</u> | <u>108.45</u> |
| Closing stock | | |
| Finished goods | 153.15 | 89.17 |
| Work-in-progress | - | - |
| Total | <u>153.15</u> | <u>89.17</u> |
| (Increase)/Decrease in inventories of finished goods | <u>(63.98)</u> | <u>19.28</u> |

Details of finished goods

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------|-----------------------------|-----------------------------|
| Finished goods | | |
| - Packaging films | 149.67 | 83.03 |
| - Equipments | 3.49 | 6.14 |
| Total | <u>153.16</u> | <u>89.17</u> |

23 EMPLOYEE BENEFIT EXPENSES

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 118.09 | 111.51 |
| Gratuity expense (refer note 30) | - | 2.50 |
| Contribution to provident and other funds | 4.48 | 4.08 |
| Staff welfare expenses | 3.43 | 3.50 |
| Total | <u>126.00</u> | <u>121.59</u> |

Note: Employee benefit expenses includes research and development expenses (refer note 29)

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
24 FINANCE COSTS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------|-----------------------------|-----------------------------|
| Interest expenses | 24.33 | 25.42 |
| Other borrowing cost | 5.96 | 4.76 |
| | 30.29 | 30.18 |

25 OTHER EXPENSES

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Stores, spares and packing material consumed | 64.69 | 59.24 |
| Power, water and fuel | 92.96 | 98.02 |
| Excise duty on internal consumption/finished goods inventory | 2.56 | 2.28 |
| Other manufacturing expenses | 0.92 | 0.93 |
| Rent | 7.63 | 7.19 |
| Repairs and maintenance | | |
| - Buildings | 0.74 | 0.68 |
| - Plant and equipments | 11.40 | 10.26 |
| - Others | 5.32 | 4.92 |
| Insurance | 2.86 | 2.30 |
| Rates and taxes | 1.20 | 1.54 |
| Printing and stationary | 0.82 | 0.72 |
| Training and recruitment expenses | 1.45 | 0.49 |
| Travelling and conveyance | 11.11 | 10.98 |
| Vehicle running and maintenance | 4.35 | 3.56 |
| Communication expenses | 1.43 | 1.81 |
| Legal and professional charges | 9.02 | 8.31 |
| Auditors' remuneration (refer note 37) | 0.96 | 0.89 |
| Loss on sale of assets | - | - |
| Directors' fees | 0.20 | 0.28 |
| Corporate social responsibility (CSR) expenditure (refer note 38) | 1.27 | 0.51 |
| Bad Debts written off | - | - |
| Provision for bad debts | 0.96 | 1.52 |
| Freight and forwarding | 69.50 | 61.07 |
| Other selling expenses | 6.07 | 2.61 |
| Miscellaneous expenses | 2.69 | 2.37 |
| Total | 300.11 | 282.48 |

Note: Other expenses includes research and development expenses (refer note 29)

26 EXCEPTIONAL ITEMS

Exceptional items represents net loss on foreign currency transaction and translation amounting to ₹ 2.48 crores (previous year ₹ 6.94 crores). Due to significant volatility in foreign currency exchange rates, the Company has considered profit/ (loss) on foreign exchange fluctuation as an exception item.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

27 EARNING PER SHARE

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| a) Net profit after tax as per statement of profit and loss attributable to equity shareholders (₹ in crores) | 88.85 | 96.24 |
| b) Weighted average number of equity shares | 19,440,076 | 19,440,076 |
| c) Basic EPS (₹) | 45.70 | 49.50 |
| d) Diluted EPS (₹) | 45.70 | 49.50 |
| e) Nominal value per equity share (₹) | 10.00 | 10.00 |

28 CONTINGENT LIABILITIES AND COMMITMENTS
(i) Contingent liabilities

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Disputed demands for income tax (refer note a below) | 4.83 | 4.83 |
| Disputed demands for excise and custom duty and service tax | 13.79 | 7.45 |
| Disputed demands for labour/employee dispute | 6.58 | 5.97 |
| Claims against the Company not acknowledged as debts | 0.31 | 0.28 |
| Bill discounting of customer invoices (refer note b below) | 20.66 | 21.94 |

Note:

- a) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (previous year ₹ 4.83) 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) It represents discounted debtors amount to ₹ 6.39 crores (previous year ₹ 3.04 crores) against letter of credit and other discounted debtors of ₹ 14.27 crores (previous year ₹ 18.90 crores). Out of other discounted debtors, debtors amounting to ₹ 10.39 crores (previous year ₹ 6.45 crores) has 90% credit insurance coverage from Export Credit and Guarantee Corporation of India Limited. All the discounted invoices have been reduced from Trade Receivables in note 16.

(ii) Commitments
a) Capital commitments

The Company has the following commitments :

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 59.41 | 107.68 |
| Letter of credit opened for which the material has not been shipped as on the date of the balance sheet. | 38.65 | 36.32 |

b) The following amounts are to be credited to investor education and protection fund as and when due:

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|-----------------|------------------------|------------------------|
| Unpaid dividend | 0.91 | 1.58 |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)
29 RESEARCH AND DEVELOPMENT EXPENSES

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Employee benefit expenses | 1.78 | 1.57 |
| Materials and consumables | 1.78 | 1.90 |
| Others | 0.50 | 0.26 |
| Total research and development expenditure | <u>4.06</u> | <u>3.73</u> |

30 EMPLOYEE BENEFITS
(a) Defined benefit plans (funded)

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 actuarial valuation.

1. The assumptions used to determine the gratuity benefit obligations are as follows :

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------|-----------------------------|-----------------------------|
| Discount rate | 8.00% | 8.00% |
| Salary escalation | 7.00% | 7.00% |

2. Table showing changes in present value of obligations

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Present value of obligations as at beginning of year | 11.44 | 9.52 |
| Interest cost | 0.92 | 0.76 |
| Current service cost | 0.79 | 0.91 |
| Benefits paid | (0.56) | (1.45) |
| Actuarial (gain)/loss on obligations | (0.85) | 1.70 |
| Present value of obligations as at end of year | <u>11.74</u> | <u>11.44</u> |

3. Table showing changes in the fair value of plan assets

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Fair value of plan assets at beginning of year | 10.51 | 11.02 |
| Expected return on plan assets | 0.86 | 0.87 |
| Contributions | 2.01 | 0.07 |
| Benefits paid | (0.56) | (1.45) |
| Fair value of plan assets at the end of year | <u>12.82</u> | <u>10.51</u> |

4. The amounts to be recognised in the Balance Sheet and Statement of Profit and Loss

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Present value of obligations as at the end of year | 11.74 | 11.44 |
| Fair value of plan assets as at the end of the year | 12.82 | 10.51 |
| Funded status | 1.08 | (0.93) |
| Net asset/(liability) recognized in balance sheet | <u>1.08</u> | <u>(0.93)</u> |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

5. Expenses Recognised in statement of profit and loss

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Current service cost | 0.79 | 0.91 |
| Interest cost | 0.92 | 0.76 |
| Expected return on plan assets | (0.86) | (0.87) |
| Net actuarial (gain)/loss recognized in the year | (0.85) | 1.70 |
| Expenses recognized in Statement of Profit and Loss | - | 2.50 |

6. Amount for the current and previous years are as follows

| Particulars | 31 March 2017 | 31 March 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 |
|--|------------------|------------------|------------------|------------------|------------------|
| Defined benefit obligation | 11.74 | 11.44 | 9.52 | 10.14 | 8.42 |
| Plan asset | 12.82 | 10.51 | 11.02 | 10.96 | 10.69 |
| (Surplus) / deficit | (1.08) | 0.93 | (1.50) | (0.82) | (2.27) |
| Net actuarial (gain)/loss recognized in the year | (0.85) | 1.70 | (1.31) | 0.65 | (3.13) |

(b) Defined contribution plans

Contributions to Defined Contribution plans recognised as expense for the year is as under :

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Employer's contribution to Provident Fund | 2.67 | 2.43 |
| Employer's contribution to Superannuation Fund | 1.17 | 1.10 |
| Employers contribution to leave encashment scheme | 0.63 | 0.15 |

31 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 to be 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 250,000 options in financial year 2016-17 (previous year 193,000 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 |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

B) Movement of options granted

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Options outstanding at the beginning of the year | 190,700 | - |
| Options granted during the year | 250,000 | 193,000 |
| Options cancelled during the year | 25,300 | 2,300 |
| Options outstanding at the end of the year | 415,400 | 190,700 |

The weighted average remaining contractual life outstanding as of March 31, 2017 was 12.07 years (Previous Year 12.78 years).

- C) The fair value of options used to compute per share 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 |
|------------------------------|-----------|-----------|
| Grant Date | 13-Jan-16 | 13-Jul-16 |
| Market Price (₹) | 300.05 | 351.40 |
| Exercise Price (₹) | 300.05 | 351.40 |
| Expected Volatility (%) | 57.70 | 39.55 |
| Expected life (years)* | 3 | 3 |
| Dividend yield (%) | 1.17 | 2.85 |
| Risk free interest rate (%) | 7.59 | 7.50 |
| Fair value on grant date (₹) | 128.25 | 103.45 |

*Options life is considered on the basis of earliest possible exercise after vesting

- D) Had the compensation cost for stock options granted being determined based on fair value approach, the Company's net profit and earning per share would have been as follows.

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Profit after tax (as reported) | 88.85 | 96.24 |
| Add: stock-based employee compensation expenses included in profit and loss account | - | - |
| Less: stock-based employee compensation expenses as per fair value | (1.34) | (0.18) |
| Profit after tax (fair value basis) | 87.51 | 96.06 |
| Basic and diluted earning per share (₹) | | |
| - As reported | 45.70 | 49.50 |
| - Fair value basis | 45.01 | 49.41 |

32 SEGMENT REPORTING

Segments have been identified in accordance with Accounting Standard on Segment Reporting (AS-17) taking into account the organization structures well as differential risks and returns of these segments.

- 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)
- Secondary segment reporting is performed on the basis of location of all customers. The location of customers is classified into two geographic segments namely in India and outside India.

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

**Business segment
Year ended 31 March 2017**

| Particulars | Packaging Films | Others | Total |
|------------------------------------|-----------------|---------------|-----------------|
| Revenue | | | |
| External sales(net of excise duty) | 1,575.20 | 4.90 | 1,580.10 |
| Other operating revenue | 6.43 | - | 6.43 |
| Other income | 9.21 | - | 9.21 |
| Total revenue | 1,590.84 | 4.90 | 1,595.74 |
| Results | | | |
| Segment result | 135.99 | (1.01) | 134.98 |
| Unallocated corporate expenses | | | (9.89) |
| Operating profit | 135.99 | (1.01) | 125.09 |
| Interest expenses and bank charges | | | (30.29) |
| Profit before tax | 135.99 | (1.01) | 94.80 |
| Income taxes | | | (5.95) |
| Profit for the year | 135.99 | (1.01) | 88.85 |
| Other information | | | |
| Segment assets | 1,334.21 | 3.49 | 1,337.70 |
| Unallocated corporate assets | | | 153.22 |
| Total assets | 1,334.21 | 3.49 | 1,490.92 |
| Segment liabilities | 221.33 | - | 221.33 |
| Unallocated corporate liabilities | | | 2.62 |
| Total liabilities | 221.33 | - | 223.95 |
| Capital expenditure | 222.19 | - | 222.19 |
| Depreciation and amortisation | 39.69 | - | 39.69 |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)
Year ended 31 March 2016

| Particulars | Packaging Films | Others | Total |
|--|-----------------|---------------|-----------------|
| Revenue | | | |
| External sales | 1,610.91 | 4.67 | 1,615.58 |
| Other operating revenue | 5.05 | - | 5.05 |
| Other income | 5.54 | - | 5.54 |
| Total revenue | 1,621.50 | 4.67 | 1,626.17 |
| Results | | | |
| Segment result | 165.70 | (0.89) | 164.81 |
| Unallocated corporate expenses | | | (10.59) |
| Operating profit | 165.70 | (0.89) | 154.22 |
| Interest expenses and bank charges | | | (30.18) |
| Profit before tax and exceptional items | 165.70 | (0.89) | 124.04 |
| Income taxes | | | (27.80) |
| Profit for the year | 165.70 | (0.89) | 96.24 |
| Other information | | | |
| Segment assets | 1,023.12 | 6.14 | 1,029.26 |
| Unallocated corporate assets | | | 134.34 |
| Total assets | 1,023.12 | 6.14 | 1,163.60 |
| Segment liabilities | 180.95 | - | 180.95 |
| Unallocated corporate liabilities | | | 0.84 |
| Total liabilities | 180.95 | - | 181.79 |
| Capital expenditure | 83.83 | - | 83.83 |
| Depreciation and amortisation | 35.68 | - | 35.68 |

Business segment / geographical segment
Year ended 31 March 2017

| Particulars | Revenue | Segment assets | Capital expenditure |
|---------------|-----------------|-----------------|---------------------|
| In India | 773.67 | 1,243.66 | 220.22 |
| Outside India | 806.43 | 247.25 | 1.97 |
| Total | 1,580.10 | 1,490.91 | 222.19 |

Year ended 31 March 2016

| Particulars | Revenue | Segment assets | Capital expenditure |
|---------------|-----------------|-----------------|---------------------|
| In India | 795.77 | 933.54 | 78.12 |
| Outside India | 819.81 | 230.06 | 5.71 |
| Total | 1,615.58 | 1,163.60 | 83.83 |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

33 RELATED PARTY DISCLOSURE

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i) List of related parties and relationships:
A. Key management personnel

- a) Mr. Ashok Jaipuria Chairman and Managing Director of parent Company

B. Enterprises over which Key managerial personnel of the Company and their relatives have significant influence:

- a) Sunrise Manufacturing Company Limited
-
- b) Cosmo Ferrites Limited
-
- c) Prime Securities Limited
-
- d) Cosmo Foundation
-
- e) Gayatri & Annapurana

ii) Transactions with related parties

| Particulars | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence | | Key management personnel and their relatives | | Total | |
|--|---|---------------|--|---------------|---------------|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| Sales | | | | | | |
| Cosmo Ferrites Limited | - | - | - | 0.05 | - | 0.05 |
| Rent paid | | | | | | |
| Sunrise Manufacturing Company Limited | - | - | - | 0.66 | - | 0.66 |
| Mr. Ashok Jaipuria | 0.01 | 0.01 | - | - | 0.01 | 0.01 |
| Rent received | | | | | | |
| Sunrise Manufacturing Company Limited | - | - | 0.02 | 0.02 | 0.02 | 0.02 |
| Retainership fees paid | | | | | | |
| Prime Securities Limited | - | - | 0.48 | 0.75 | 0.48 | 0.75 |
| Purchase of fixed assets | | | | | | |
| Sunrise Manufacturing Company Limited | - | - | - | 17.50 | - | 17.50 |
| Remuneration | | | | | | |
| Mr. Ashok Jaipuria | 6.07 | 7.10 | - | - | 6.07 | 7.10 |
| Corporate Social Responsibility | | | | | | |
| Contribution to Cosmo Foundation | - | - | 1.27 | 0.51 | 1.27 | 0.51 |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)
iii) Outstanding balances:

| Particulars | Enterprises over which Key managerial personnel of the Company and their relatives have significant influence | | Key management personnel and their relatives | |
|--|---|---------------|--|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| Trade Receivables | | | | |
| - Cosmo Ferrites Limited | - | - | - | 0.05 |
| Managerial remuneration payable | | | | |
| - Mr. Ashok Jaipuria | (4.01) | (5.55) | - | - |

34 OPERATING LEASE

The group/holding 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 3 years and may be renewed for a further period based on mutual agreement of the parties.

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|--------------------------|--------------------------|
| Future minimum lease payments | | |
| Upto one year | 0.18 | 0.10 |
| More than one year but less than five years | 0.21 | 0.06 |
| More than five years | - | - |
| | 0.39 | 0.16 |
| Lease payments recognised in the Statement of Profit and Loss | 7.63 | 7.19 |

35 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE
i) Derivative instruments
a) Foreign currency exposure hedged by derivative instruments (against imports):

| Currency | No. of contracts | | Amount | | Notional (loss) | |
|----------|------------------|---------------|---------------|---------------|-----------------|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| USD | 26 | 45 | 6,959,613 | 12,161,208 | 0.72 | (3.14) |

Notes:

- The Company entered into interest rate swap contract (floating rate to fixed rate) to hedge its risk associated with LIBOR fluctuations and such instruments qualify as effective hedges. During the year, the contract has been settled by the Company. The mark to market loss as on 31 March 2017 is estimated at ₹ Nil (previous year ₹ 0.14 crores).
- The Company has entered into a cross currency swap agreement with DBS Bank for hedging of instalment and interest rate for term loan amounting to USD 7,000,000 taken in the previous year. The mark to market gain as on 31 March 2017 is estimated at ₹ 5.21 crores (previous year loss ₹ 7.26 crores).
- The Company entered into Vanilla European options to hedge two of its ECBs amounting to USD 8,000,000 and USD 4,995,838 respectively during the prior years. During the current year, these contracts has been

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

settled by the Company. The mark to market gain on these options as on 31 March 2017 is estimated at ₹ Nil (previous year ₹ 2.07 crores)

- e) The Company has entered into a cross currency swap agreement with IndusInd Bank for hedging of instalment of IFC term loan amounting to USD 983,386 in current financial year. The mark to market loss as on 31 March 2017 is estimated at ₹ 0.08 crores (previous year ₹ Nil).
- f) The Company has entered into European options to hedge its External Commercial Borrowings amounting to USD 1,399,894 during financial year 2015-16. During the current year, the contracts has been settled by the Company. The mark to market gain on these options as on 31st March 2017 is ₹ Nil (previous year ₹ 0.15 crores).
- g) The Company has entered into a cross currency swap agreement with IndusInd Bank for hedging of instalment of term loan amounting to USD 5,200,594.35 in current financial year. The mark to market loss as on 31 March 2017 is estimated at ₹ 3.02 crores (previous year ₹ Nil).
- h) The Company has converted loan of ₹ 60 crores taken from SBI bank in FCNR loan and entered into a hedge agreement with the same bank. The mark to market loss as on 31 March 2017 is estimated at ₹ 3.66 crores (previous year ₹ Nil).

II) Particulars of unhedged foreign currency exposure as at the reporting date

| Currency | 31 March 2017 | | 31 March 2016 | |
|----------|------------------|----------------|------------------|----------------|
| | Foreign currency | Local currency | Foreign currency | Local currency |
| USD | (4,596,422) | (29.80) | (5,615,037) | (37.25) |
| EURO | (25,277,610) | (175.04) | (8,488,206) | (63.78) |
| GBP | 334,182 | 2.70 | 203,213 | 1.93 |
| CAD | 621,634 | 2.95 | 602,040 | 2.95 |

Note: Figures in bracket signifies amount payable.

36 DETAILS OF RAW MATERIAL AND COMPONENTS CONSUMED

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------------|-----------------------------|-----------------------------|
| Polymer (Homopolymer repol, EVA etc.) | 953.06 | 898.05 |
| Others | 112.42 | 104.04 |
| | <u>1,065.48</u> | <u>1,002.09</u> |

37 PAYMENTS TO AUDITORS

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------------------|-----------------------------|-----------------------------|
| As auditors | 0.78 | 0.83 |
| For other services | 0.15 | 0.01 |
| For reimbursement of expenses | 0.03 | 0.05 |
| | <u>0.96</u> | <u>0.89</u> |

38 CORPORATE SOCIAL RESPONSIBILITY

- a) Gross amount required to be spent by the Company during the year in compliance with section 135 of the Companies Act 2013 is ₹ 1.27 crores (previous year ₹ 0.46 crores)

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017
(All amounts in ₹ crores, unless stated otherwise)

b) Amount spent during the year on-

| | In cash | Yet to be paid In cash | Total |
|--|-------------|---------------------------|-------------|
| Contribution to education trust (Cosmo Foundation) | 1.27 | - | 1.27 |
| Total | 1.27 | - | 1.27 |

39 Consolidated financial statements comprise the financial statements of the Company and its subsidiaries during the year ended March 31, 2017 listed below:

Subsidiaries

| Name of entity | Country of incorporation | Proportion of ownership (%) as at March 31, 2017 |
|--|--------------------------|--|
| CF Global Holdings GK (CGHG)- Japan | Japan | 100% |
| CF Investment Holding Private (Thailand) Company Limited | Thailand | 100% |
| Cosmo Films Korea Ltd. (CFK) | Korea | 100% |
| Cosmo Films, Inc. (CFI) | United States of America | 100% |
| Cosmo Films (Singapore) Pte. Ltd. (CFS) | Singapore | 100% |
| CF (Netherlands) Holdings Ltd. B.V. (CNBV) | Netherlands | 100% |
| Cosmo Films (Netherlands) Cooperatief U.A. (CNC) * | Netherlands | 100% |
| CF (Mauritius) Holdings Limited (CMH) ** | Mauritius | 100% |

* liquidated as on 18 October 2016

** liquidated as on 31 March 2017

40 Additional information to consolidated financial statements as at 31 March 2017 (Pursuant to Schedule III to the Act):

| Name of the entity | Net Assets i.e. Total Assets minus Total Liabilities | | Share in profit or (loss) | |
|--|--|-----------------------------------|---------------------------|--|
| | Amount | As a % of consolidated net assets | Amount | As a % of consolidated profit and loss |
| Parent Company | | | | |
| Cosmo Films Limited | 610.22 | 112% | 111.57 | 126% |
| Subsidiaries: Foreign | | | | |
| CF Global Holdings GK (CGHG)- Japan | 38.14 | 7% | (0.83) | -1% |
| CF Investment Holding Private (Thailand) Company Limited | 30.19 | 6% | 0.02 | 0% |
| Cosmo Films Korea Limited (CFK) | 18.34 | 3% | (8.09) | -9% |
| Cosmo Films, Inc. (CFI) | 55.39 | 10% | (14.38) | -16% |
| Cosmo Films (Singapore) Pte. Limited (CFS) | 0.15 | 0% | (0.08) | 0% |
| CF (Netherlands) Holdings Ltd. B.V. (CNBV) | 192.56 | 35% | 1.04 | 1% |
| Cosmo Films (Netherlands) Cooperatief U.A. (CNC) | - | 0% | 0.06 | 0% |
| CF (Mauritius) Holdings Limited (CMH) | - | 0% | 0.44 | 0% |
| Adjustment arising out of Consolidation | (398.19) | (73%) | (0.90) | 0% |
| Total | 546.80 | | 88.85 | |

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March, 2017

(All amounts in ₹ crores, unless stated otherwise)

- 41** During the FY 2016-2017, Cosmo Film (Netherlands) Cooperative U.A, a wholly owned step down subsidiary of CF Global Holdings Limited, Mauritius (The wholly owned subsidiary of Cosmo Films Limited) has been liquidated with effect from 18 October 2016.
- 42** During the FY 2016-2017, CF Global Holdings Limited, Mauritius wholly owned subsidiary of Cosmo Films Limited has been liquidated with effect from 31 March 2017. Consequently, the shares of CF (Netherlands) Holding Limited BV, which were previously owned by CF Global Holding Limited, Mauritius have been transferred to Cosmo Films Limited.
- 43** Tax expenses is net of reversal of ₹ 4.49 crores relating to the previous year arising mainly on account of section 10AA of the Income Tax Act, 1961.

44 DISCLOSURE ON SPECIFIED BANK NOTES:

During the year, the Company has specified Bank Notes (SBN) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E), dated 31 March 2017. The Details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

| Particulars | SBN's | Other Denomination Notes | (in ₹) |
|--|-----------|--------------------------|----------------|
| | | | Total |
| Closing Cash in hand as on 08.11.2016 | 197,000 | 204,647 | 401,647 |
| (+) Permitted Receipts | - | 1,724,660 | 1,724,660 |
| (-) Permitted Payments | - | (945,578) | (945,578) |
| (-) Amount deposited in Banks | (197,000) | - | (197,000) |
| Closing Cash in hand as on 30.12.2016 | - | 983,729 | 983,729 |

- 45** Per transfer pricing legislation under sections 92-92F of the Income tax Act, 1961, the holding 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.

46 PREVIOUS YEARS FIGURES

Corresponding figures for the previous year have been regrouped/rearranged, whenever necessary to confirm to current year classification.

 For **Walker Chandio & Co LLP**
 Chartered Accountants

 per **Neeraj Goel**
 Partner

Place : Delhi
Date : 17 May 2017

For and on behalf of Board of Directors of Cosmo Films Limited
Pratip Chaudhuri
 Director
 DIN: 00915201

Neeraj Jain
 Chief Financial Officer
 Membership No.: 097576

Ashok Jaipuria
 Chairman & Managing Director
 DIN: 00214707

Jyoti Dixit
 Company Secretary
 Membership No.: F6229



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