

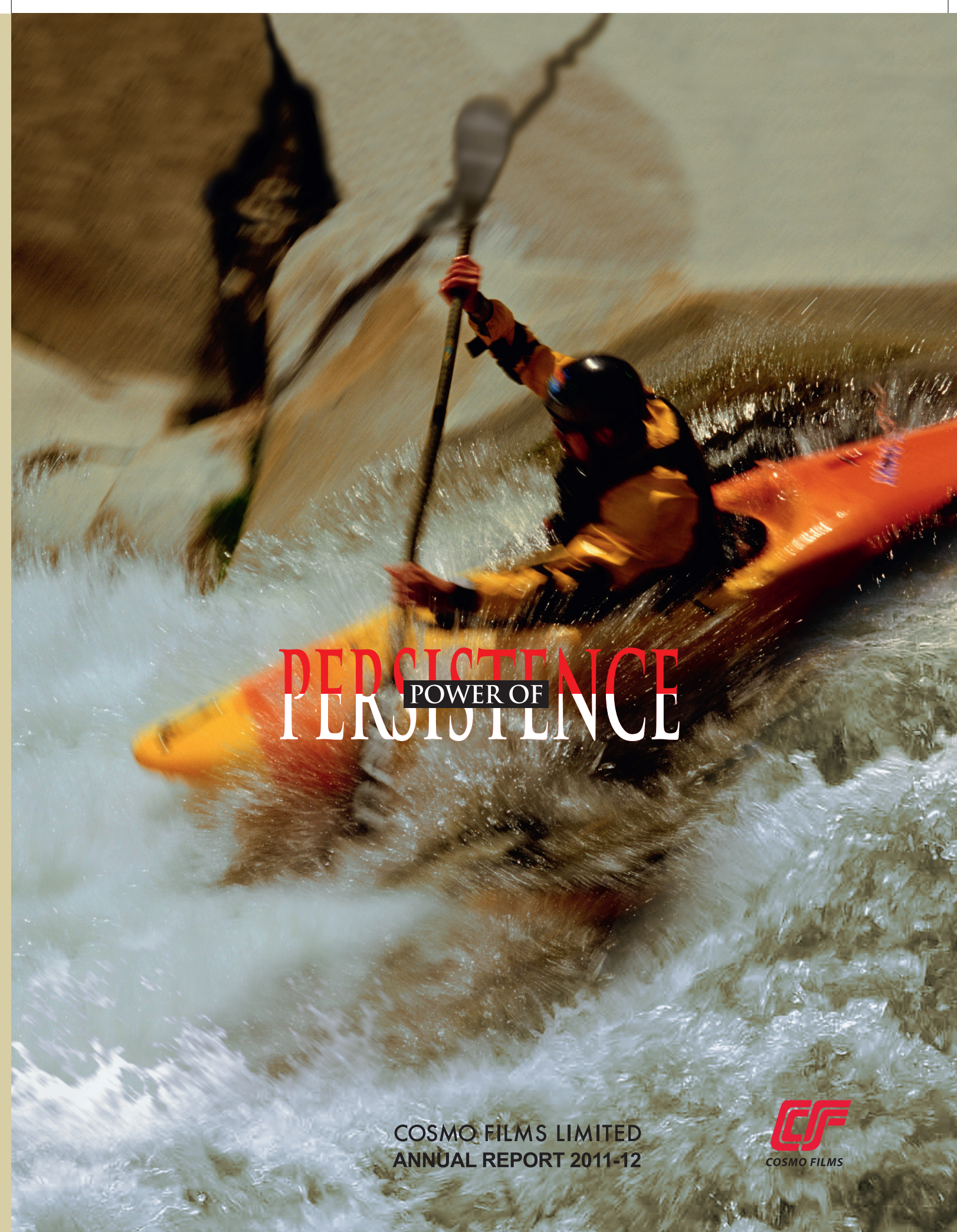


COSMO FILMS

## COSMO FILMS LIMITED

Regd. Office: 1008, DLF Tower-A,  
Jasola District Centre,  
New Delhi 110 025  
Ph.: +91 11 49494949  
Fax: +91 11 49494950  
Website: [www.cosmofilms.com](http://www.cosmofilms.com)

Designed & Printed at Thomson Press



# PERCISTENCE POWER OF PERCISTENCE

COSMO FILMS LIMITED  
ANNUAL REPORT 2011-12



COSMO FILMS



## Notice

Notice is hereby given that the Thirty-Fifth Annual General Meeting of the members of Cosmo Films Limited will be held at Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi- 110054 on Monday, July 30, 2012 at 10.45 A.M to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 2012 and the Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Rajeev Gupta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Badri Agarwal who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Dr. Surinder Kapur who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Walker Chandok & Co., Chartered Accountants, retiring Auditors, are eligible for reappointment.
3. As a measure of economy, copies of the Annual Report shall not be distributed at the Meeting, therefore members are requested to bring their own copies at the Meeting.
4. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 24, 2012 to Monday, July 30, 2012 (Both days inclusive).
7. Members, who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to consolidate their holdings in one folio.
8. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. The Members holding shares in physical form are also requested to notify any change in their addresses immediately to the Company's Share Registrar and Transfer Agents M/s. Alankit Assignments Limited, 2E/21, Alankit House, Jhandewalan Extension, New Delhi - 110 055.
10. Members / Proxy holders are requested to produce at the entrance of the Auditorium the enclosed admission slip duly completed and signed.
11. In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the company under the signature of the Sole/First Joint holder, the following information to be incorporated on the Dividend Warrants:

**For Cosmo Films Limited**

New Delhi  
May 23, 2012

Neetu Sharma  
**Company Secretary**

### NOTES:

1. **NO SNACK BOXES/GIFTS OF ANY KIND SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING**
2. The relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

- i) Name of the Sole/First Joint Holder and the folio number
- ii) Particulars of Bank Account, viz
  - Name of the Bank
  - Name of the Branch
  - Complete address of the bank with Pin Code Number
  - Account type, whether savings (SB) or Current Account (CA)
  - Account number allotted by the bank

12. Shareholder holding shares in electronic form may kindly note that their Bank account details as furnished by the depositories to the company will be used for payment by ECS or printed on their Dividend Warrants as per the applicable regulations. The company will not entertain any direct request from such shareholders for deletion of/ change in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. Shareholders who wish to change such bank account details are therefore requested to advise their Depository Participants about such changes, with complete detail of bank account.

### 13. Electronic Clearing Service (ECS) Facility

With respect to the payment of dividend, the company provides the facility to all of its shareholders, holding

shares in electronic form and shareholders who have opted for ECS and are holding shares in physical forms.

Shareholders holding shares in physical form who wish to avail ECS facility, may authorize the Company with their ECS Mandate in the prescribed form, which can be downloaded from the company's website ([www.cosmofilms.com](http://www.cosmofilms.com)) under the section Investor Relations or can be obtained from the Registrar and Share Transfer Agents, M/s Alankit Assignment Limited. Requests for payment of dividend through ECS for the year 2011-12 should be lodged with M/s Alankit Assignments Limited on or before the 23rd day of July, 2012.

14. Pursuant to provisions of Section 205 A of the Companies Act, 1956, all unpaid or unclaimed dividends upto the year ended 31st March, 2004 have been transferred to Investor Education and Protection Fund (IEPF) established by the Central Govt.

15. Pursuant to provisions of Section 205 A(5) of the Companies Act, 1956, dividend for the financial year ended March 31, 2005 and thereafter, which remains unclaimed for a period of 7 years will be transferred by the Company to Investor Education and Protection Fund established by the Central Govt.

Information in respect of such unclaimed dividend when due for transfer to the fund is given below:

Financial Year	Type of dividend	Date of declaration	Due for transfer
2004-05	Final Dividend	27/09/2005	03/11/2012
2005-06	Final Dividend	30/08/2006	06/10/2013
2006-07	Final Dividend	31/07/2007	06/09/2014
2007-08	Final Dividend	24/07/2008	30/08/2015
2008-09	Final Dividend	25/08/2009	01/10/2016
2009-10	Final Dividend	09/09/2010	16/10/2017
2010-11	Final Dividend	13/07/2011	19/08/2018

Shareholders who have not encashed the dividend warrant(s) are requested to seek issue of duplicate dividend warrants by writing to the Company.

**Shareholders are requested to note that no claims shall lie against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they became due for payment and no payment shall be made in respect of any such claims.**

16. Non Resident Indian shareholders are required to inform M/s Alankit Assignments Limited immediately :

- The change in the residential status on return to India for permanent settlement.
- The particulars of the Bank Account maintained in India with complete name, branch, account type, account number, and address of the bank, if not furnished earlier.

17. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
18. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Alankit Assignments Limited. The said Form 2B can also be

downloaded from the Company's web site [www.cosmofilms.com](http://www.cosmofilms.com).

19. The details pertaining to the Directors, proposed to be reappointed in terms of Listing agreement is annexed to this notice.

Registered Office:  
1008, DLF Tower-A  
Jasola District Centre  
New Delhi 110 025

**By Order of the Board  
For Cosmo Films Limited**

**New Delhi  
May 23, 2012**

**Neetu Sharma  
Company Secretary**

#### Annexure to the Notice

PURSUANT TO THE PROVISIONS OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, ON CORPORATE GOVERNANCE, THE INFORMATION REQUIRED TO BE GIVEN, IN CASE OF THE APPOINTMENT / REAPPOINTMENT OF A DIRECTOR IS AS FOLLOWS:

Director's name	Mr. Badri Agarwal	Mr. Rajeev Gupta	Dr. Surinder Kapur
Date of Birth	July 5, 1949	March, 19,1958	October 10, 1943
Qualifications	Chartered Accountant	B. E. & M.B.A.	Doctorate (Phd.) in Mechanical Engineering
Nature of Expertise	Corporate Finance	Corporate Finance	Mechanical Engineering
Date of Appointment/ Reappointment	April 20, 2006	October 31, 2000	February 19, 2002
Name of The other Companies in which he holds Directorship	Anginit Finance and Investment Pvt. Ltd.	1. Vardhman Special Steel Ltd. 2. Dalmia Cement Bharat Ltd. 3. BP ERGO Ltd.	1. Sona Koyo Steering Systems Ltd. 2. Sona Okegawa Precision Forgings Ltd. 3. Sona Somic Lemforder Components Ltd. 4. JTEKT Sona Automotive India Ltd. 5. Sona Fuji Kiko Automotive Ltd. 6. Koyo Sona Electronics Ltd. 7. Mahindra Sona Limited. 8. Asahi India Glass Limited. 9. Akme Projects Limited.
Name of the committees of Companies in which he holds memberships/ Chairmanships*	Cosmo Films Limited :- • Audit Committee - Member	1. Cosmo Films Ltd :- • Audit Committee - Member 2. BP ERGO Ltd:- • Audit Committee - Chairman	1. Sona Koyo Steering Systems Ltd.:- • Shareholders / Investors Grievance Committee 2. Sona Somic Lemforder Components Ltd.:- • Audit Committee - Member 3. Sona Okegawa Precision Forgings Ltd:- • Audit Committee - Chairman 4. Asahi India Glass Ltd. :- • Audit Committee - Chairman
Shareholding in the company	Nil	10,100	Nil

**Note:**

\*Only Audit & Share Transfer & Investors Grievance Committees have been considered.



## Green Initiative in Corporate Governance - Save Paper, Go Green

Dear Shareholder(s),

The Ministry of Corporate Affairs has through its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 allowed paperless compliances by Companies through electronic mode. Companies are now allowed to send the various notices/documents through electronic mode to the shareholders whose e-mail addresses are registered and available in the Company's records.

Ministry of Corporate Affairs has introduced this green initiative in order to reduce the consumption of paper and hence contributing towards the green environment. It will also help in speedy communication of the documents and evade loss in postal transit.

In order to welcome this green initiative, we wish to send all the statutory documents like Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report, Audited financial statements, Notices of General Meetings etc. to the shareholder's e-mail addresses which are available with the Company.

In order to contribute towards this initiative, the members are requested to register their e-mail address(es) and changes therein from time to time, by directly sending the relevant e-mail address alongwith details of name, address, Folio No., shares held:

- i) To the registrar and share transfer agent, for shares held in physical form and;

**M/s Alankit Assignment (Registrar & Transfer Agent)**  
2E/21, Jhandewalan Extension  
New Delhi- 110055

- ii) In respect of shares held in demat form, since the Company seeks all the information of their members from the Depository so those who want to register their e mail-ids can directly provide the same to the respective Depository Participants where their demat accounts are maintained.

In case any Members insist for physical copies of above documents, the same shall be sent to him physically, by post free of cost. The members whose e-mail addresses are not available with the Company shall be sent the statutory documents through other modes as specified under Section 53 of the Companies Act, 1956.

The Company's website displays full text of these documents well in advance prior to mandatory period and issues advertisement in prominent newspapers in both vernacular and English stating that the copies of aforesaid documents are available on the website and for inspection at the Registered Office of the Company during office hours.

The members are requested to please move a step towards this ultimate initiative of the Ministry and co-operate with the Company in the implementation of the same.

# WHAT WE HOPE TO ACHIEVE

## Vision

To become the most preferred brand for packaging and laminating solutions globally.

## Mission

- Cosmo will seek global market leadership.
- Development & growth in Oriented and Thermal film.
- We will continue to create a winning culture operating in the highest standards of ethics and values.
- We will strive for excellence in customer service, quality and R&D.



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# 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 best corporate governance practices.



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# CORPORATE

## INFORMATION

### REGISTERED OFFICE:

1008, DLF Tower-A, Jasola District Centre,  
New Delhi 110 025  
Tel.: +91 11 49494949  
Fax: +91 11 49494950  
Website : [www.cosmofilms.com](http://www.cosmofilms.com)

### PLANTS:

#### AURANGABAD

##### Plant I

J-4, MIDC Industrial Area,  
Chikalthana, Aurangabad 431 210  
Tel.: +91 240 2485894

##### Plant II

B-14/8-9, MIDC Industrial Area, Waluj,  
Aurangabad 431 136  
Tel.: +91 240 2554611/12/13/14  
Fax: +91 240 2554416

##### Plant III

B-21, MIDC Industrial Area, Aurangabad 431 136  
Tel.: +91 240 2551888, 2553353/54

#### VADODARA

Vermardi Road, Village Navi Jithardi, Near Inox,  
Off.: N H Road, Taluka, Karjan Distt. Vadodara 391 240  
Tel.: +91 2666 232960, 320707  
Fax: + 91 2666 232961

#### PANCHMAHALS

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

#### KERKRADE, NETHERLANDS

Mercuriusstraat 9  
6468 ES Kerkrade  
The Netherlands  
Tel.: +31 45 535 7676  
Fax: +31 45 535 7878

#### HAGERSTOWN, USA

560, Maryland, Parkway, Hagerstown,  
Maryland, USA 21740  
Tel.: +1 302 328 7780  
Fax: +1 302 295 9945

#### KOREA

811, Sineon-RI, Dogo-Myeon, Asan-SI,  
Choongnam, 336-914 South Korea  
Tel.: +82 41 531 1830,  
Fax: +82 41 531 1831

### STATE OFFICES:

#### DELHI

1008, DLF Tower-A, Jasola District Centre,  
New Delhi 110 025  
Tel.: +91 11 49494949  
Fax: +91 11 49494950

#### MUMBAI

303, 3<sup>rd</sup> Floor, Gokul Arcade, A Wing,  
Opp. Hong Kong Bank, Subhash Road,  
Vile Parle (E), Mumbai 400 057  
Tel.: +91 22 28261195, 28261197, 28266395  
Fax: + 91 22 28261201

#### HYDERABAD

1405/B, 14<sup>th</sup> Floor, Babu Khan Estate,  
Basheerbagh, Hyderabad 500 001  
Tel.: +91 40 23297620, 23297622  
Fax: +91 40 23297622



## SUBSIDIARIES:

### ASIA PACIFIC

#### SINGAPORE

Cosmo Films (Singapore) Pte. Ltd.  
No. 4 Toh Tuck Link #04-18  
Singapore 596226  
Tel.: +65 64653989 / 8738  
Fax: +65 64653482

#### KOREA

Cosmo Films Korea Limited  
811, Sineon-RI, Dogo-Myeon, Asan-SI,  
Choongnam, 336-914 South Korea  
Tel.: +82 41 531 1830,  
Fax : +82 41 531 1831

#### JAPAN

Cosmo Films Japan, GK  
Yamatane -Nai, Tokyo-Danashsoko, 6-2-11, Iriya,  
Adachi, Ku, Tokyo, 121-0836, Japan  
Tel.: +81 3 5837 1805  
Fax: +81 3 5837 1807

#### MAURITIUS

CF Global Holdings Limited,  
Regd. Office : 3<sup>rd</sup> floor, DHL Building,  
Sir Virgil Naz Street, Port Louis, Mauritius

CF (Mauritius) Holdings Ltd.  
Regd. Office : 3<sup>rd</sup> floor, DHL Building,  
Sir Virgil Naz Street, Port Louis, Mauritius

### EUROPE

#### NETHERLANDS

Cosmo Films (Netherlands) Cooperatief U.A  
Regd. Office: Kabelweg 37, 1014BA,  
Amsterdam, Netherlands  
Tel.: +31 (0) 20 5814 040  
Fax: +31 (0) 20 5814 050

CF (Netherlands) Holdings Limited B.V.  
Regd. Office : Kabelweg 37, 1014BA,  
Amsterdam, Netherlands  
Tel.: +31 (0) 20 5814 040  
Fax: +31 (0) 20 5814 050

#### USA

Cosmo Films, Inc.  
775 Belden, Suite D  
Addison, Illinois 60101  
Tel.: +1 302-328-7780  
Fax: +1 302-295-9945



# DIRECTORS'

## PROFILE

### DIRECTOR IN EXECUTIVE CAPACITY

**Ashok Jaipuria**

Chairman & Managing Director

**Anil Kumar Jain**

Whole Time Director

### DIRECTORS IN NON EXECUTIVE CAPACITY

**H K Agrawal (Independent)**

B.E. & MBA(IIM)

**Dr. Surinder Kapur (Independent)**

Ph.D. in Mechanical Engineering

**Rajeev Gupta (Independent)**

B.E. & MBA

**Badri Agarwal**

Chartered Accountant

**R Vasudevan (Independent)**

B.A. (Hons) Economics, M.A. (Economics & Statistics)  
MPA (Development Economics) Harvard University, USA

**Suresh Rajpal (Independent)**

B.E. (Electrical) & MBA

**Dr. S. Rama Iyer (Independent)**

Ph.D in Chemical Engineering



## Management Team

Ashok Jaipuria	Chairman & Managing Director
A K Jain	Whole Time Director
Pankaj Poddar	President & Chief Financial Officer
A G Deshpande	Vice President – Business Development
Janardan Gupta	Vice President – Commercial
Tanuj Agarwal	Vice President – Corporate Planning, APAC & Europe
S C Maity	General Manager – Manufacturing
A K Pathak	Vice President – Manufacturing
Dr. Asim Khamrai	General Manager – R & D
N R More	General Manager – Maintenance
R K Gupta	General Manager – Finance & Accounts
Sanjay Chincholikar	Vice President – Marketing (Domestic)
S K Dutta	General Manager – Marketing Services
Rajeev Joshi	Head – HR
Jagdip Kumar	Asst. General Manager – Information Technology
Shailesh Verma	Head – International Market Development
Neetu Sharma	Company Secretary

## Auditors

M/s. Walker Chandiok & Co.

## Bankers & Financial Institutions

- |                                |                                     |
|--------------------------------|-------------------------------------|
| - Landesbank Baden-Wurttemberg | - State bank of India               |
| - IDBI Bank Limited            | - ING Vysya Bank Limited            |
| - ICICI Bank Limited           | - HDFC Bank Limited                 |
| - HSBC Bank Plc.               | - Yes Bank Limited                  |
| - Export Import Bank of India  | - Kotak Mahindra Bank Limited       |
| - Union bank of India          | - International Finance corporation |



# Inside our Factory



**PVDC Plant**



**WINDER**

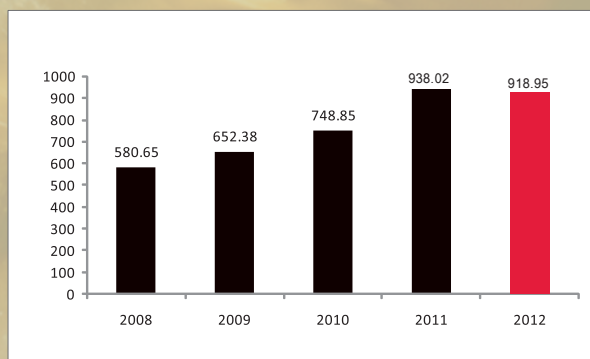


**SLITTER**

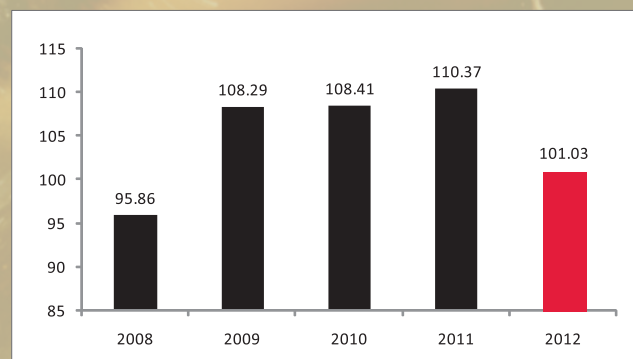


# Five Year Trends

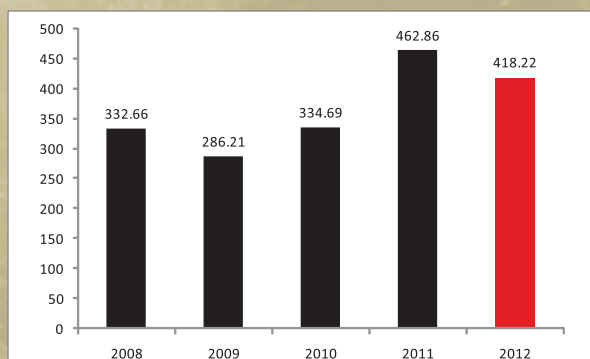
**Net Sales\*** 918.95



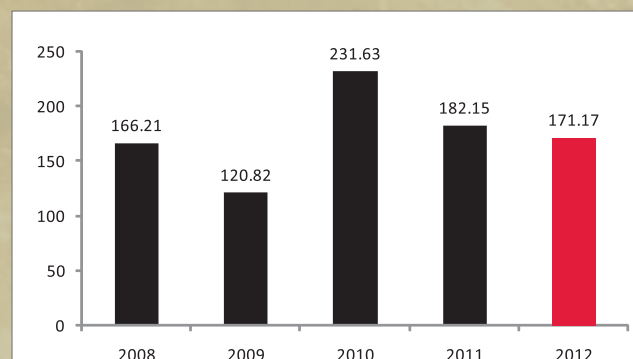
**EBIDTA\*** 101.03



**Export Sales\*** 418.22



**Market Capitalisation\*** 171.17

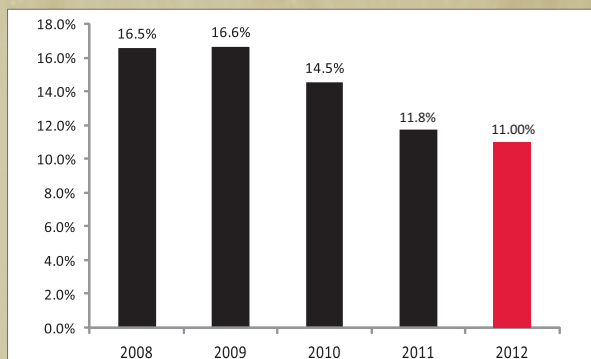


\*₹ in Crore

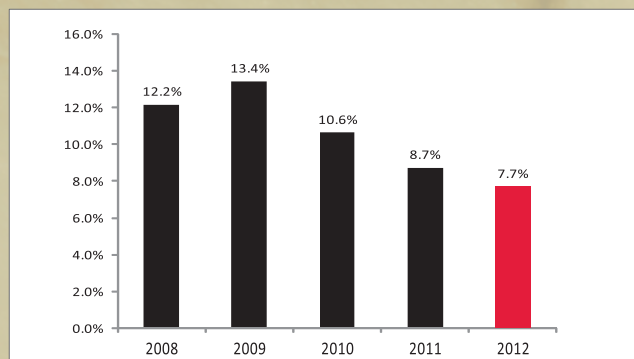


# Financial Performance Ratios

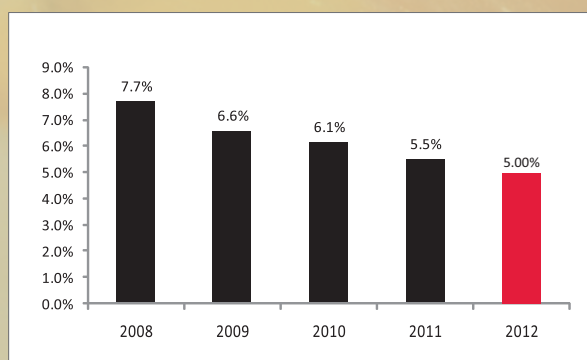
**EBIDTA/ Net Sales 11.00%**



**EBIT/ Net Sales 7.7%**

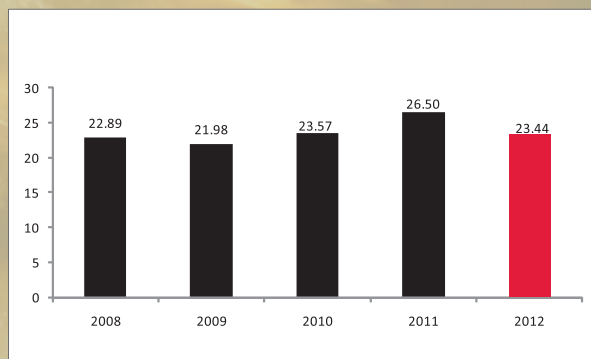


**PAT/ Net Sales 5.00%**

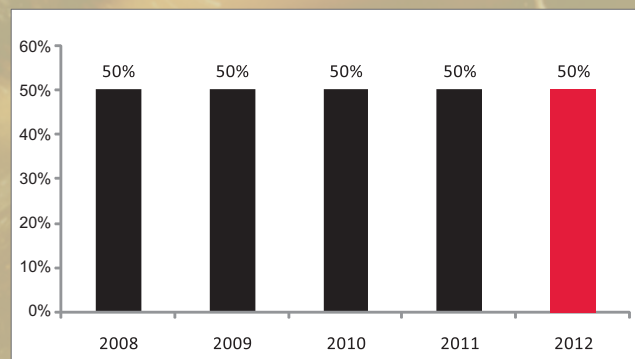


# Per Share Ratios

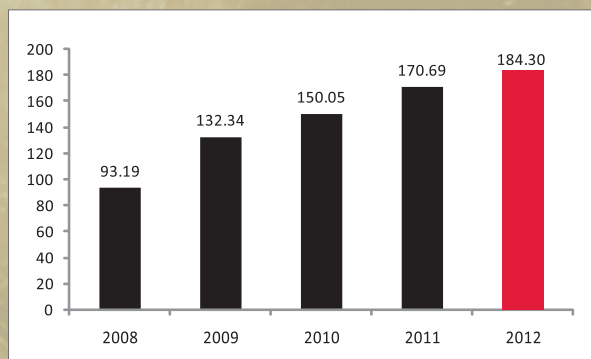
**Earning per Share ₹ 23.44**



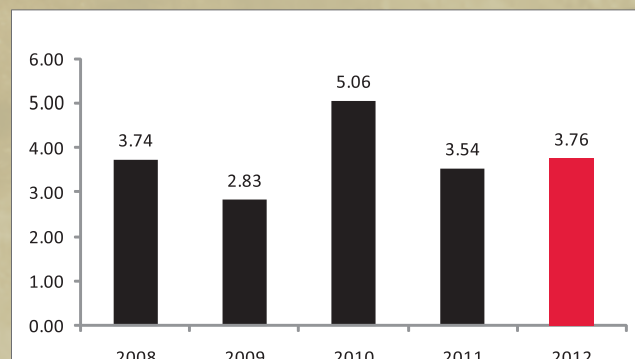
**Dividend Rate 50%**



**Book Value per Share ₹ 184.30**



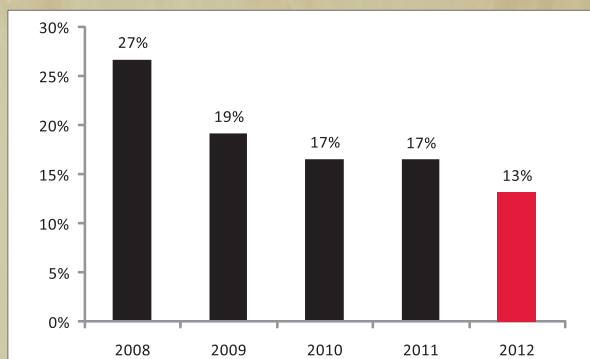
**PE Ratio =MP/EPS 3.76**



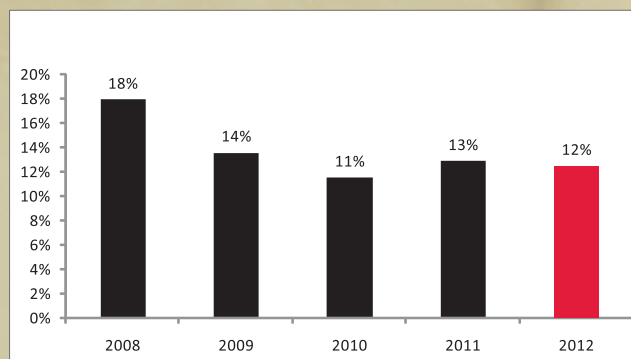


# Balance Sheet Ratios

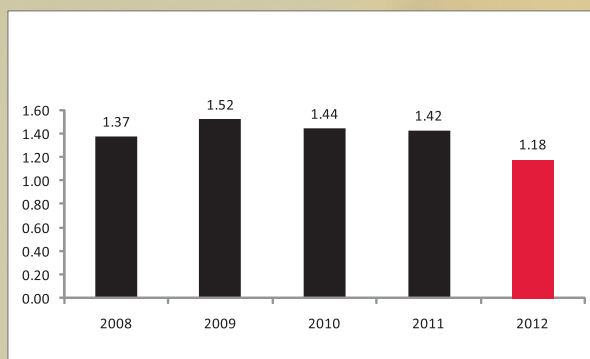
**Return on Net Worth (RONW)\* 13%**



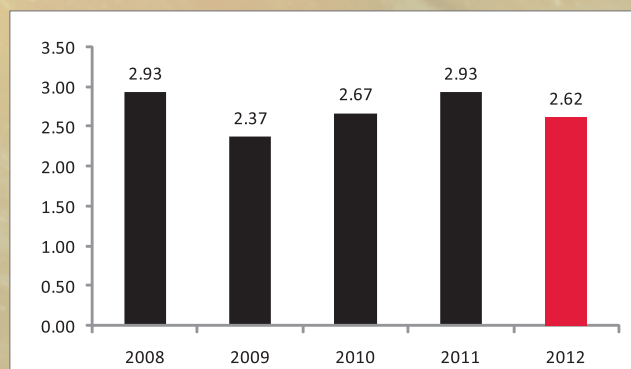
**Return on Capital Employed (ROCE) 12%**



**Current Ratio 1.18**



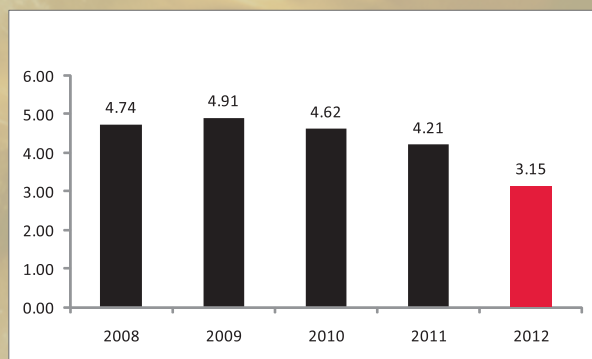
**Asset coverage Ratio 2.62**



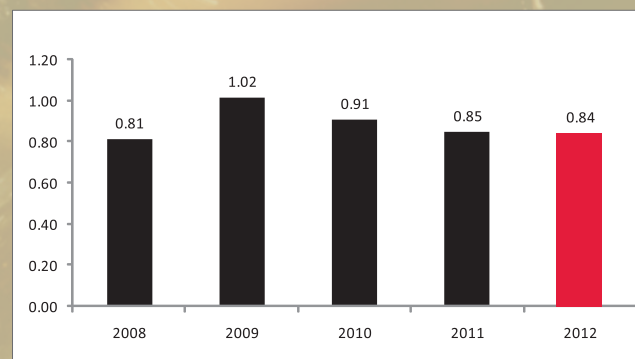
\*Networth excludes deferred Tax Liabilities

# Balance Sheet Ratios

**Finance Cost coverage Ratio 3.15**



**Total Debt/ Equity Ratio 0.84**







COSMO FILMS

## Directors' report

Your directors present the 35<sup>th</sup> Annual report and the audited accounts for the year ended March 31, 2012.

(₹ in crores)

FINANCIAL RESULTS	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Net Sales	918.95	938.02	1124.98	1129.79
Other income	5.27	10.48	18.16	9.59
Profit before interest, depreciation and tax	101.03	110.37	101.00	98.01
Finance Cost (including Interest)	22.50	19.48	28.46	26.30
Depreciation	30.15	28.30	35.91	34.39
Exceptional Item	6.90	5.10	2.15	3.19
Profit before Tax	55.28	67.69	38.78	40.51
Provision for				
– Current Tax	08.41	18.20	12.42	21.72
– Deferred tax	01.30	(2.03)	(3.82)	(12.20)
Profit after Tax	<b>45.57</b>	<b>51.52</b>	<b>30.18</b>	<b>30.99</b>
Extraordinary Item	-	-	-	-
Profit after tax including extraordinary item	45.57	51.52	30.18	30.99
Minority Interest	-	-	(1.34)	(3.77)
<b>APPROPRIATIONS</b>				
Less:				
Dividend-Equity shares	9.72	9.72	9.72	9.72
Dividend Tax	1.58	1.58	1.58	1.58
General Reserve	4.56	40.22	3.15	23.46
Balance carried forward to next year	29.71	-	17.07	

### DIVIDEND

Equity dividend of ₹ 5 per share (Previous Year ₹ 5/- per share) has been recommended by the Board of Directors for the year ended March 31, 2012 amounting to ₹ 9.72 Crores (Previous Year ₹ 9.72 Crores) on the equity share capital.

### OPERATIONS

On year to year basis net sales has declined by 2.03% (standalone) and by 0.43% (consolidated) mainly due to global slowdown. Expansion of new BOPP line of 40,000 MT per annum is as per schedule and will be commissioned by March 2013.

### EXPORTS

Cosmo continues to maintain its position of largest BOPP film exporter from India. Exports were declined marginally from ₹ 462.86 crores in 2010-11 to ₹ 418.22 crores in 2011-12.

### R & D

Continuous efforts on R & D and Application Development activities are being made to expand the domestic and export markets.

### DIRECTORS

Dr. Surinder Kapur, Mr. Badri Agarwal and Mr. Rajeev Gupta, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

There are no inter se relationships of any of the directors in terms of disclosure requirements of the listing Agreement with the Stock Exchanges.

### FIXED DEPOSIT

The Company has stopped accepting fixed deposits since 17th October 2002. All deposits that remained unclaimed have been deposited in Central Government fund known as Investor Education and Protection Fund.

### AUDITORS' REMARKS

The Auditors' remarks on the annual accounts are self explanatory and do not require further comments from the Company.

### SUBSIDIARY

The Ministry of Corporate Affairs had through a notification dated February 8, 2011 exempted companies from attaching the balance sheet & other documents of its subsidiaries as required under Section 212(1) of the Companies Act, 1956 subject to the approval of the Board and fulfillment of certain other conditions. The Board of Directors pursuant to the aforesaid notification had given their consent & resolved for not attaching the Balance Sheet of subsidiaries. Accordingly, these documents are not being attached with the Balance Sheet of the Company. The Consolidated accounts of the company duly audited by the Statutory Auditors forms part of the Annual Report. The Company will provide the annual accounts of the subsidiary Companies and related detailed

information to any member of the company seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection for any member in its head office and that of the subsidiary companies.

### STATUTORY STATEMENTS

As per the requirements of the Companies Act, 1956, the following information is given in separate statements annexed hereto, which form part of this report:

- a) Energy conservation, technology absorption and foreign exchange inflow/outgo pursuant to section 217(1)(e) of the Companies Act, 1956.
- b) Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your directors state that:

- (i) In the 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, 2012 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, 1956, 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.

### CORPORATE GOVERNANCE

A Management Discussion and Analysis is annexed and form part of this report.

A separate report on Corporate Governance along with the Practicing Company Secretary certificate on compliance of conditions of Corporate Governance as stipulated in clause 49 of the listing Agreement with the Stock Exchanges form part of this report.

### AUDITORS

M/s. Walker, Chandio & Co., Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and have seek re-appointment at the ensuing Annual General Meeting of the Company. The Company has received a letter from Walker, Chandio & Co., Chartered Accountants, expressing their willingness to be reappointed as statutory auditors of the Company and further confirmed that their reappointment, if made, will be in compliance with provisions of Section 224 (1B) of the Companies Act, 1956. The Board has proposed to appoint M/s. Walker, Chandio & Co., Chartered Accountants, as statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting.

### APPRECIATION

Your directors wish to place on record their appreciation of continued support extended by the dealers, distributors, suppliers, investors, bankers, financial institutions. Your directors also express their appreciation for the committed services by the employees of the Company.

**On behalf of the Board**

**New Delhi  
May 23, 2012**

**Ashok Jaipuria  
Chairman**





**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.**

**I. CONSERVATION OF ENERGY**

**(a) Energy conservation measures taken**

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:

- New connection from State electricity Board at our Karjan plant is under process to replace the energy consumption from own generation to state owned electricity which will reduce energy cost by atleast 15-20%
- Complete stoppage of own power generation at Waluj plant which was costly by approx. 25-30% against state electricity power cost.
- Air pre-heating at Line VIII at Karjan plant is under implementation.
- Installed screw compressor in place of reciprocating compressor.
- Installed automatic power factor control system to increase power factor.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy;**

Appointment of outside professional consulting firm for detailed study & providing guidance in the area of energy saving.

**(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods;**

The above measures have helped the Company to improve its energy management efficiently and consequently reduce cost.

**(d) Form A**

Not Applicable

**II. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form-B of the Annexure in the Rules.

**1. Research and Development**

**(a) Specific areas in which R & D carried out by the Company:**

Development of new products, Improvement in product quality and upgradation of products as per customer needs.

**(b) Benefits derived as a result of above R & D:**

Development of new products, improvement and upgradation of products resulting in better product mix and realization.

**(c) Future Plan of Action**

The Company will continue its efforts towards the development of new products, new applications and cost reduction measures.

**(d) Expenditure on R & D ₹ Crores (approx)**

(a) Capital	0.00
(b) Recurring	4.77
(c) Total	4.77
(d) Total R & D expenditure as percentage of net sales	0.52%

**2. Technology Absorption, adoption and innovation.**

**(a) Efforts in brief, made towards technology absorption, adoption and innovation.**

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

**(b) Benefits derived as a result of the above efforts.**

Growth in business.

**(c) In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.**

- Technology imported
- Year of import
- Has technology been fully absorbed
- If not fully absorbed, areas where this has not taken place, reason therefore and future plans of actions:

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

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

**A. Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.**

Despite the Continuous tough market conditions, the Company was able to export ₹418.22 crores in 2011-12 against 462.86 crores in 2010-11

**B. Total Foreign Exchange used and earned**

The Company's foreign exchange earnings were ₹ 418.22 Crores (Previous Year ₹ 462.86 Crores). The total foreign exchange utilized during the year amounted to ₹ 175.84 crores (Previous Year ₹ 204.65 crores). Details of foreign Exchange earned and utilized during the year are given in Notes to Accounts.

**On behalf of the Board**

New Delhi  
May 22, 2012

Ashok Jaipuria  
Chairman

## Management Discussion & Analysis

The Company is expanding its capacity by adding a new BOPP Line of 40,000 MT at Shendra SEZ, in Aurangabad and is expected to be commissioned by March, 2013 for which the order on equipment supplier have already been placed.

With the acquisition of GBC's Commercial Print Finishing business, the Company has become the largest producer of thermal films in the world. Presently, the Company has manufacturing facilities in India, Korea, Netherlands & USA. It also has sales and distribution set-ups across all the continents of the world. The capacity remained under utilized due to low demand in Europe & USA.

### RISKS & CONCERN:

Key risks and concerns are:

- a) The capacity additions in the industry, which are excess as compared to the increase in demand and the inability of the company to completely pass on the unpredictable increase in raw materials costs due to competitive pressure may affect the operating margins, adversely.
- b) Exposure to foreign exchange risks due to import of raw materials, exports & foreign currency loans may affect the EBITDA, EBIT and PAT.

### Risk Mitigation

Cosmo's diversified product range & customer base (in domestic as well as exports markets) and continuous emphasis on cost reduction; product innovation etc. provides it an edge over our competitors to mitigate the above risks.

The Company is also doing hedge of foreign exchange risks as and when deemed necessary.

### OPERATIONAL & FINANCIAL PERFORMANCE:

The details of the financial performance are appearing in the financial statements appearing separately in the financial statements. For highlights, please refer to the Directors' Report & key ratios mentioned elsewhere in the Annual Report.

### INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

The company has proper and adequate systems of internal control in order to ensure that assets are safeguarded and transactions are duly authorized, recorded and reported correctly. With the Implementation of SAP system internal control will get further reinforced through system based checks and controls.

Internal Audit function is being looked after by a professional firm of Chartered Accountants, which conducts audit of all units/locations. The statutory as well as Internal Auditors independently evaluate the adequacy of internal control system. Based on the audit observations & suggestions, follow up & remedial measures are being taken on a regular basis.

### HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT:

The Company has well established Human Resources Department equipped to meet the present and future growth plans. There were 642 employees on the rolls of the company, as on March 31, 2012.

Industrial relations were cordial throughout the year at all locations. The unity of purpose to continuously strive for all round improvements in work practice & productivity is visible among all the employees.

### CAUTIONARY STATEMENT:

Certain statements in the Management Discussion Analysis describing the company's views about the Industry's expectations/predictions objectives etc. may be forward looking within the applicable laws and regulations. Actual results may differ materially from those expressed in the statements. Company's operations may be affected with the demand and supply situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as industrial relations and economic developments etc. Investors should bear the above, in mind.





## Corporate Governance Report

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 Listing Agreement 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 six (6) are Non-Executive Independent Directors, constituting more than 50% of its total strength. 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 clause 49 of the listing agreement with the stock exchanges. The structure of the Board and record of other directorships, Committee memberships & Chairmanships and shareholding in the Company as on March 31, 2012 is as under:

Name of the Director	Category	Designation	No. of other Directorships Held	Total No. of Chairmanships / Memberships of Board Level Committees			Shareholding (as on 31 <sup>st</sup> March, 2012)
				Chairmanship	Membership	Total	
Mr. Ashok Jaipuria	Promoter Director	Chairman & Managing Director	2	Nil	Nil	Nil	500161
Mr. H. K. Agrawal	Independent Non-Executive Director	Director	Nil	1	Nil	1	1000
Dr. Surinder Kapur	Independent Non-Executive Director	Director	9	2	2	4	Nil
Mr. Rajeev Gupta	Independent Non-Executive Director	Director	3	1	1	2	10100
Mr. A. K. Jain	Executive Director	Whole Time Director	2	1	3	4	1000
Dr. S. Rama Iyer	Independent Non - Executive Director	Director	6	Nil	1	1	Nil
Mr. Badri Agarwal	Independent Non - Executive Director	Director	Nil	Nil	1	1	Nil
Mr. R Vasudevan	Independent Non-Executive Director	Director	3	2	4	6	Nil
Mr. Suresh Rajpal	Independent Non-Executive Director	Director	Nil	Nil	Nil	Nil	Nil

#### Notes:

- The directorships held by directors as mentioned above, do not include alternate directorship, directorships of Foreign Companies, section 25 Companies and Private Limited Companies.
- In accordance with clause 49, Membership(s) / Chairmanship(s) of only the Audit Committee and Shareholder Investor Grievance Committee of all Public Limited Companies have been considered.
- 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.

## B. BOARD MEETINGS:

### 1. Scheduling and selection of agenda items for Board Meetings

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

### 2. Number of Board Meetings

The Cosmo Films Board met Four times on 24<sup>th</sup> May, 2011, 9<sup>th</sup> August, 2011, 8<sup>th</sup> November, 2011, and 7<sup>th</sup> February, 2012 during the financial year ended 31<sup>st</sup> March, 2012. The maximum time gap between any two meetings was not more than four months.

### 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 13 <sup>th</sup> July, 2011
	Held	Attended	
Mr. Ashok Jaipuria	4	4	No
Mr. H. K. Agrawal	4	4	No
Mr. Rajeev Gupta	4	4	No
Mr. Badri Agarwal	4	3	No
Mr. R Vasudevan	4	3	No
Mr. S. Rama Iyer*	4	3	No
Dr. Surinder Kapur	4	1	No
Mr. Suresh Rajpal	4	4	No
Mr. A.K. Jain**	4	4	Yes

\* Appointed in Casual Vacancy w.e.f May 24, 2011.

\*\* Appointed as whole-time Director w.e.f May 24, 2011.

### 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 Annexure-1A of Clause 49 of the listing Agreement has been regularly placed before the Board for its consideration.

to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted, headed by an independent director. Majority of the members are Non-executive Directors and each member has rich experience in financial sector.

The role and terms of reference of the Audit Committee inter-alia includes the following:

## C. BOARD LEVEL COMMITTEES

In accordance with the listing agreement with the Stock Exchanges on Corporate Governance, the following committees were in operation:

1. Audit Committee
2. Share Transfer and Investor Grievance Committee.

### 1. AUDIT COMMITTEE

#### ➤ Terms of reference

As a measure of good Corporate Governance and

#### A) Review of the following information:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending, the appointment, re-appointment, replacement and removal of the statutory auditor and the audit fees payable and approving payment for any other services payable to statutory auditors, to the Board.



- c) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with primary focus on matters required to be included in the Directors Responsibility Statement, changes if any in accounting policies and practices and reasons thereof, compliance with accounting standards, major accounting entries involving estimates based on the exercise of judgement by the management, significant adjustments made in the financial statements arising out of Audit findings, qualifications in draft auditors' report, related party transactions and the going concern assumption.
- d) Compliance with the listing and other legal requirements concerning financial statements;
- e) Quarterly financial statements before submission to the Board for approval.
- f) Reviewing with the management, performance of statutory auditors, internal auditors and adequacy of internal control systems.
- g) Reviewing the adequacy of internal control system and internal audit function and reviewing the Company's financial and risk management policies.
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Reviewing reports furnished by the internal auditors, discussion with the internal auditors on any significant findings ensuring suitable follow up there on.
- j) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k) To look into the reasons for substantial defaults in the payment to the depositor, debenture holders, shareholders (in case of payment of declared dividends) and creditors.
- l) The functioning of Whistle Blowing mechanism;
- m) Management discussion and analysis of financial condition and results of operations.

- n) Management letters / letters of internal control weaknesses issued by the statutory auditors.
- o) Approval of appointment of CFO (i.e. The Whole Time Finance Director, or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc of the candidate.
- p) Internal audit Reports pertaining to Internal Control weaknesses.
- q) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

#### **B. Disclosure of the following information:**

- a) Related party transactions:
  - Identification of related parties as per AS-18
  - Statement in summary form of transactions with related parties in the ordinary course of business
  - Statement of material individual transaction with related parties which are not in the normal course of business
  - Material transactions with related parties or others, which are not on arm's length basis.
- b) Compliance with Accounting Standards, and if in preparation of financial statements, a treatment different from that prescribed in an Accounting standard has been followed, management explanation for the same.
- c) If money raised by way of issue (public issue, rights issue, preferential issues, etc.) the uses / application of funds by major category (capital exp, sales, working capital, etc)

#### **➤ Composition of Audit Committee**

The Audit Committee, as on March 31, 2012, consisted of the following five directors who are eminent professionals and possess sound knowledge in finance:

Chairman : Mr. H K Agrawal  
 Members : Mr. Rajeev Gupta  
                   Mr. Badri Agarwal  
                   Mr. R Vasudevan and  
                   Mr. A.K. Jain\*

Note:

\* Mr. A. K. Jain was appointed as the member of Audit Committee on May 24, 2011.

➤ **Meetings and attendance during the year**

The Audit Committee met four times during the financial year from April 1, 2011 to March 31, 2012:

1. May 24, 2011	2. August 8, 2011
3. November 7, 2011	4. February 6, 2012

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. H K Agrawal	4	4
Mr. Rajeev Gupta	4	2
Mr. Badri Agarwal	4	2
Mr. R Vasudevan	4	4
Mr. A.K. Jain	3	3

## 2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE (STIGC)

➤ **Terms of reference**

This Committee was constituted specifically to review compliance of rules and regulations, to redress shareholder's grievance and to provide suggestions. 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.

Terms of reference of the Share Transfer and Investor Grievance Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges which inter-alia include looking into the investors complaints on transfer of shares, non receipt of declared dividends etc and redressal thereof.

➤ **Composition of SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE**

The Share Transfer and Investor Grievance Committee is headed by an Independent director

and presently consisted of the following members as on March 31, 2012:

Chairman : Mr. H.K. Agrawal\*  
Mr. R Vasudevan\*  
Members : Mr. A. K. Jain\*\*  
Dr. S. Rama Iyer\*\*\*

Notes:

\* Mr. H. K .Agrawal was chairman of STIGC till May 24, 2011 and thereafter Mr. R Vasudevan has been appointed as the chairman of STIGC w. e .f August 8, 2011.

\*\* Mr. A .K. Jain has been appointed as the member of STIGC w. e .f August 8, 2011.

\*\*\* Dr. S. Rama Iyer has been appointed as the member of STIGC w. e .f August 8, 2011

➤ **Meetings and attendance during the year**

The Share Transfer and Investor Grievance Committee met four times during the financial year from April 1, 2011 to March 31, 2012:

1. May 24, 2011	2. August 8, 2011
3. November 8, 2011	4. February 7, 2012

The attendance record of the Share Transfer and Investor Grievance Committee members is given in following table:

Names of the STIGC members	Number of STIGC Meetings	
	Held during the tenure of Directors	Attended
Mr. H. K. Agrawal	1	1
Mr. R Vasudevan	4	4
Dr. S. Rama Iyer	3	2
Mr. A. K. Jain	3	3

➤ **Compliance Officer**

The Compliance Officer for this committee, at present, is Ms. Neetu Sharma, Company Secretary.

➤ **Shareholders' Complaints etc. received during the FY- 2011-12**

During the year from April 1, 2011 to March 31, 2012 the Company received 14 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, 2012, no complaint was pending for redressal





and there were no pending share transfers as on March 31, 2012.

### 3. REMUNERATION COMMITTEE

#### ➤ Composition and names

The Remuneration Committee is headed by an Independent director and consists of the following members:

- Chairman : Mr. H K Agrawal
- Members : Dr. Surinder Kapur  
Mr. Badri Agarwal  
Mr. R. Vasudevan

#### ➤ Meetings and attendance during the year

The Remuneration Committee met one time during the financial year from April 1, 2011 to March 31, 2012

1. May 24, 2011.

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

Names of the Remuneration committee members	Number of Remuneration committee members	
	Held during the tenure of Directors	Attended
Mr. H. K. Agrawal	1	1
Mr. R Vasudevan	1	1
Dr. Surinder kapur	1	Nil
Mr. Badri Agarwal	1	Nil

#### ➤ Compliance officer

The Compliance Officer for this committee, at present, is Ms. Neetu Sharma, Company Secretary.

#### ➤ Remuneration Policy

The Non-executive directors are paid only the sitting fees of ₹10,000/- for attending each Board and Committee meeting thereof.

#### ➤ Remuneration Paid to Directors

Following tables give the details of remuneration paid to directors, during the year from April 1, 2011 to March 31, 2012:

### Remuneration to Non-Executive Directors

S. No.	Name of the Director	Sitting Fees
1	Mr. H. K. Agrawal	90,000
2	Mr. Rajeev Gupta	1,00,000
3	Mr. Badri Agarwal	1,20,000
4	Mr. R. Vasudevan	1,10,000
5	Dr. S. Rama Iyer	60,000
6	Dr. Surinder Kapur	10,000
7	Mr. Suresh Rajpal	1,00,000

### Remuneration to Executive Director

(₹ in Crores)

Sl.No.	Particulars	Designation	Salary	Commission	Contribution to Provident & Superannuation Fund	Benefit	Total
1.	Mr. Ashok Jaipuria	Chairman & Managing Director	0.29	2.01	0.05	0.00	2.35
2.	Mr. A.K. Jain	Whole Time Director	0.57	0.00	0.10	0.24	0.91

### D. GENERAL BODY MEETINGS:

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

Year	Place	Date	Time
2008-09	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi 54	25/08/2009	01:30 P.M.
2009-10	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi-54	09/09/2010	11:00 A.M.
2010-11	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi-54	13/07/2011	12:00 Noon.

1. No Special Resolution was passed in the previous three Annual General Meetings.
2. One Special Resolution and One Ordinary Resolution was passed through postal ballot, during the financial year 2011-12.

### E. DISCLOSURES:

1. **Related Party Transactions:** There have been no materially significant related party transactions, pecuniary transactions or relationships between Cosmo Films and its directors for the year ended March 31, 2012 other than those listed in notes to the annual accounts.

2. The Company has complied with the requirements of stock exchanges or SEBI on matters related to Capital Markets, as applicable. No penalty was levied by these authorities in 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 2012. A declaration to this effect, signed by the Chairman & Managing Director is annexed to this report.
4. **Compliance with Mandatory requirements of clause 49 of the listing agreement**  
The Company has complied with all the applicable mandatory requirements of clause 49 of the listing agreement.
5. **Compliance with Non-Mandatory requirements of clause 49 of the listing agreement**  
The Company has fulfilled the following non-mandatory requirement of clause 49 of the listing agreement:  
**Whistleblower Policy:** The Company has adopted a Whistle Blower Policy that has since been implemented within the organization. No Personnel of the Company have been denied access to the audit committee.  
**Remuneration Committee:** The Board has, at its meeting held on May 24, 2011, set up a Remuneration Committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
6. The necessary certificate, pursuant to clause 49(V) of the listing agreement with stock exchanges, is annexed to this report.
7. 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, 1956 and Listing Agreement has been annexed to this report.

8. **Management Discussion and Analysis Report**  
The Management Discussion and Analysis has been discussed in detail separately in this Annual Report.
9. **Compliance Certificate from Practicing Company Secretary** Certificate from Practicing Company Secretary confirming compliance with conditions of corporate governance as stipulated in clause 49 of the listing agreement, is annexed to this report.
10. Other disclosures as required under clause 49 has been given at relevant places in the Annual Report.

## F. MEANS OF COMMUNICATION / INVESTORS' COMMUNICATION

The Company is sending Quarterly Investors Newsletter (which also include quarterly / half yearly / yearly audited financial results) after taking on record of these quarterly / half yearly / yearly audited financial results by the Board.

The Company normally publishes its quarterly / half yearly / yearly audited results in one English newspaper and one Hindi newspaper. The Company also ensures that these Results are promptly and prominently displayed on the Company's website [www.cosmofilms.com](http://www.cosmofilms.com).

## G. 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, 2012 to March 31, 2013 and tentative schedule for approval of the quarterly / half yearly / yearly financial results is given below:





Particulars	Month (Tentative)
Financial results for the 1 <sup>st</sup> quarter ending June 30, 2012	August, 2012
Financial results for the 2 <sup>nd</sup> quarter and half year ending September 30, 2012	November, 2012
Financial results for the 3 <sup>rd</sup> quarter and nine months ending December 31, 2012	February, 2013
Financial results for the last quarter and financial year ending March 31, 2013	May, 2013

#### 4. WEBSITE

The address of the Company's web site is [www.cosmofilms.com](http://www.cosmofilms.com)

#### 5. DIVIDEND PAYMENT DATE

Dividend on equity shares as recommended by the Board of Directors for the year ended 31st March, 2012, if approved at the ensuing Annual General Meeting, will be paid on or before August 28, 2012.

#### 6. LISTING ON STOCK EXCHANGES

The names of the stock exchanges at which Company's shares are listed as on 31st March, 2012 and details of

"Stock Codes" are as mentioned below:

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

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

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

#### 8. ANNUAL LISTING FEE

Annual Listing Fee for the year 2011-12 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, 2012

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

##### ➤ Distribution of the shareholding according to the type of shareholders:

Particulars	March 31, 2012		March 31, 2011	
	No. of Shares	% (Holding)	No. of Shares	% (Holding)
Promoters	8560339	44.03	8560339	44.03
Institutional Investors	38004	0.20	27710	0.14
Bodies Corporate	1246176	6.41	1920970	9.88
Others	9595557	49.36	8931057	45.95
<b>Total</b>	<b>19440076</b>	<b>100.00</b>	<b>19440076</b>	<b>100.00</b>

##### ➤ Distribution of shareholding according to the number of shares:

##### Distribution of the Shareholding according to type of shareholders

No. of Equity Shares	March 31, 2012				March 31, 2011			
	No. of	% of	No. of	% of	No. of	% of	No. of	% of
	Shareholders		shares	share Capital	Shareholders		shares	share Capital
1-500	21065	88.40	2766911	14.23	21114	88.53	2803057	14.42
501-1000	1493	6.27	1187270	6.11	1439	6.03	1148903	5.91
1001-2000	613	2.57	923253	4.75	624	2.62	950819	4.89
2001-3000	226	0.95	578663	2.98	230	0.97	591125	3.04
3001-4000	86	0.36	307300	1.58	86	0.36	307430	1.58
4001-5000	99	0.42	472291	2.43	105	0.44	501946	2.58
5001-10000	137	0.58	998012	5.13	145	0.61	1074923	5.53
10001 and above	111	0.47	12206376	62.79	106	0.44	12061873	62.05
<b>Total</b>	<b>23830</b>	<b>100.00</b>	<b>19440076</b>	<b>100.00</b>	<b>23849</b>	<b>100.00</b>	<b>19440076</b>	<b>100.00</b>

## 10. MARKET PRICE DATA

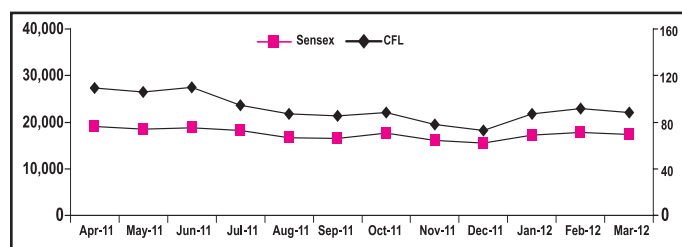
Monthly high and low prices of equity shares of the company traded at The Bombay Stock Exchange Limited and National Stock Exchange of India Limited are given below:

MONTH	BSE		NSE	
	HIGH (₹)	LOW (₹)	HIGH (₹)	LOW (₹)
Apr-11	115.90	93.20	116.30	92.95
May-11	109.20	98.00	110.85	99.00
Jun-11	110.85	101.00	111.00	100.20
Jul-11	112.95	94.00	112.75	94.50
Aug-11	96.00	82.00	95.90	81.40
Sep-11	91.00	84.85	91.45	83.60
Oct-11	90.00	84.00	90.00	83.10
Nov-11	90.00	72.00	89.00	75.10
Dec-11	84.00	70.30	90.00	70.50
Jan-12	88.20	70.55	88.45	70.20
Feb-12	96.90	84.20	96.50	85.00
Mar-12	97.90	82.55	101.00	83.10

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

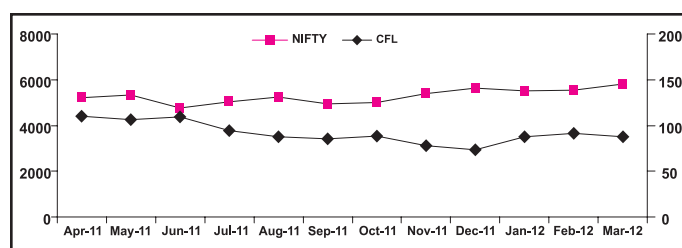
- a. COMPANY'S SHARE PRICE MOVEMENT VIS A VIS BSE SENSEX

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, 2012, 96.24% (i.e. 187, 08, 551 equity shares) of the total equity share capital (i.e. 1,94,40,076 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

2E/21, Alankit House, Jhandewalan Extension

New Delhi 110 055,

Ph: +91 11 42541234

Fax: +91 11 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. Neetu Sharma  
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. R K Gupta  
GM (Finance & Accounts)  
B-14/8-9, MIDC Area, Waluj,  
Aurangabad - 431136, Maharashtra  
E-mail: rajesh.gupta@cosmofilms.com





COSMO FILMS

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## ANNEXURES TO THE CORPORATE GOVERNANCE REPORT

### ANNUAL DECLARATION OF COMPLIANCE OF CODE OF CONDUCT BY CEO/CMD

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 2010-12.

**New Delhi**  
**May 23, 2012**

Ashok Jaipuria  
**Chairman & Managing Director**

## CERTIFICATE PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT

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 2011-12 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 2011-12 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.

Pankaj Poddar  
**Chief Financial Officer**

Ashok Jaipuria  
**Chairman & Managing Director**

**New Delhi**  
**May 23, 2012**





COSMO FILMS

## CERTIFICATE FROM THE COMPANY SECRETARY

I, Neetu Sharma, 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, 1956 ("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, 1956.
- (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 the Listing Agreement entered into with the Stock Exchange(s) in India.
- (x) The company has also complied with other statutory requirements under the Companies Act, 1956 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.

**New Delhi**  
**May 23, 2012**

**Neetu Sharma**  
**Company Secretary**

**COMPLIANCE CERTIFICATE UNDER CLAUSE 49 OF THE LISTING AGREEMENT  
FROM PRACTICING COMPANY SECRETARY**

We have examined the compliance of conditions of Corporate Governance by Cosmo Films Limited ("the Company") for the year ended on March 31, 2012, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

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 as stipulated in said clause. 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, and as per representations made by Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

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 Ujjwal Sharma & Co.  
Company Secretary

**New Delhi  
May 23, 2012**

Ujjwal Sharma  
C.P. No. 9212





COSMO FILMS

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956.**

Name	Designation of Employee	Gross Annual Remuneration	Qualification	Years of Experience	Date of Commencement	Age	Last Employment	Designation
Ashok Jaipuria	Chairman & Managing Director	2,35,28,000	Degree in Associate of Arts in Business Admin. & Diploma in Marketing Science	41	02.04.1980	59	-	-
Mr. A.K. Jain	Director	91,35,746	B. Com. (Hons.), AICWA, CISA	42	01.09.2008	61	Mawana Sugars Ltd.	Senior Vice President
Mr Pankaj Poddar	President & CFO	64,41,000	B. Com. CA, PGDBM	15	02.07.2011	36	Avon Beauty Product	Director-Finance
<b>Employed for Part of the Year</b>								
Mr. Sanjay Govil	Vice-President CIO & HR	59,52,275	B. Tech., DBM	28	04.01.2010	53	Outworks Solutions Pvt Ltd	President

## Corporate social responsibility

### CSR initiatives at Cosmo Films

At Cosmo Films, CSR includes ethical business practice, concern for environment; well being of its own employees and neighboring communities. For us empowering neighboring communities of our production units by caring, nourishing, developing and enhancing humanity is the priority agenda along with expansion of our business.

**Following initiatives were undertaken during the year 2011-12 at Aurangabad and Karjan where our production units are located**

#### Programs and Activities at Aurangabad:

- **Cosmo Dispensary:** Large number of patients from underprivileged section of the society from Chetanagar area of Aurangabad benefits with treatment. 5000 patients per year undergoes treatment here.
- **Shahid Bhagatsingh Cricket Tournament:** CFL sponsors this leading tournament organized by Trade Union in Aurangabad. The team of industrial workers participates in this tournament. It helps to promote team spirit and leadership quality and strengthens Industrial Relations.
- **Maintenance of Public Garden:** There are four public gardens maintained by CFL in Aurangabad. It has added aesthetic value to this historical city. Two gardens are situated in front of Holy Cross School. These gardens have playing facility for children and the same are used by these school children.

- **Educational Aid:** Selected students from economically marginalized communities are given education support.

#### Programs and Activities at Karjan:

- Under the banner of Cosmo Foundation, a philanthropic arm of Cosmo Films, various educational activities were carried out.
- 1806 students representing from 10 Government grant in aid schools were imparted Basic Computer Literacy.
- 108 Youths were offered Basic Certificate Course in Computer Technology to enable employment opportunities.
- 469 students from 6 villages were enrolled in Cosmo Gyan Vihar Kendra and imparted reading, writing, arithmetic skills.
- 250 students were imparted Basic functional English Coaching.
- CF in collaboration with Pratham - IGNOU Community college conducted a Certificate Course in Early Child Care Education and Development. 15 teachers were trained under this program.

With an aim to enable joyful learning and creativity, **Balmela (Children's Fair)** was organized on the eve of Children's Day. 430 students and 16 primary school teachers participated in the program.





## Auditors' report

To the Members of **Cosmo Films Limited**

1. We have audited the attached Balance Sheet of Cosmo Films Limited ('the Company'), as at 31st March, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as

appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us ;

- (c) The financial statements dealt with by this report are in agreement with the books of account.
- (d) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (e) In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and 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, in the case of:
  - (i) the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
  - (ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co.,  
Chartered Accountants  
Firm Registration No: 001076N

New Delhi  
23rd May, 2012

per David Jones  
Partner  
Membership No. 98113

**Annexure to the Independent Auditors' Report of even date to the members of Cosmo Films Limited, on the financial statements for the year ended 31 March 2012**

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, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except goods-in-transit.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. 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 sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

provisions of clause 4(xiii) of the Order are not applicable.

- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

Name of the statute	Nature of dues	Amount ₹ in crores	Period to which the amount relates (Financial year)	Forum where dispute is pending
Central Excise & Custom Act	Excise duty	2.57	1996-97, 2005-06, 2008-09 and 2009-10	Appellate Tribunal
	Service tax	0.07	2007-08	Appellate Tribunal
	Excise duty	5.20	2002-03 and 2004-05 to 2011-12	Assistant Commissioner
	Service Tax	0.73	2007-08 and 2009-10 to 2011-12	Assistant Commissioner
	Excise duty	1.15	2008-09 to 2010-11	Commissioner Appeals
	Service Tax	0.12	2009-10 to 2011-12	Commissioner Appeals
Maharashtra Sales Tax Act	Sales tax	0.07	1998-99 and 1999-00	Sales Tax Tribunal
		12.70	2003-04 and 2004-05	Commissioner Appeals
Income Tax Act	Income Tax & Penalty	1.40	1997-98	Appellate Tribunal
	Income Tax & Penalty	4.83 (paid under dispute ₹ 4.83)	2002-03	Supreme Court
	Income Tax & Penalty	6.60 (paid under dispute ₹ 6.60)	2007-08	CIT (Appeals)

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the

- (xv) The Company has given a guarantee in respect of loans taken by subsidiaries from banks, in respect of which no commission is charged from the subsidiaries. In our opinion, having regard to the long term involvement with the subsidiary companies and considering the explanations given to us in this regard, the terms and conditions of the above are not, *prima facie*, prejudicial to the interests of the Company.
- (xvi) In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.



- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandio & Co.,  
Chartered Accountants  
Firm Registration No: 001076N

**New Delhi**  
**May 23, 2012**

per David Jones  
Membership No. 98113



COSMO FILMS

## COSMO FILMS LIMITED

### Balance sheet as at 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	As at 31 March 2012	As at 31 March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	19.44	19.44
Reserves and surplus	3	338.83	312.38
		<b>358.27</b>	<b>331.82</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	133.53	112.91
Deferred tax liabilities (net)	5	66.05	64.75
Long-term provisions	6	1.76	2.09
		<b>201.34</b>	<b>179.75</b>
<b>Current liabilities</b>			
Short-term borrowings	7	168.38	168.60
Trade payables	8	58.03	52.69
Other current liabilities	9	40.76	38.62
Short-term provisions	10	12.11	11.30
		<b>279.28</b>	<b>271.21</b>
<b>TOTAL</b>		<b>838.89</b>	<b>782.78</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		365.92	362.81
Intangible assets		7.15	-
Capital work in progress		3.80	7.77
Non current investments	12	120.99	54.79
Long term loans and advances	13	30.36	8.43
Other non current assets	14	0.13	0.12
		<b>528.35</b>	<b>433.92</b>
<b>Current assets</b>			
Inventories	15	96.71	80.37
Trade receivables	16	104.99	178.22
Cash and bank balances	17	38.96	46.81
Short term loans and advances	18	69.25	42.40
Other current assets	19	0.63	1.06
		<b>310.54</b>	<b>348.86</b>
<b>TOTAL</b>		<b>838.89</b>	<b>782.78</b>
<b>Statement on significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements.

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

For Walker, Chandio & Co.  
Chartered Accountants

Per David Jones  
Partner

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012

## Statement of Profit & Loss account for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	Year Ended 31 March 2012	Year Ended 31 March 2011
<b>INCOME</b>			
Revenue from operations (gross)	20	965.75	982.15
Less : Excise duty		(42.70)	(40.49)
<b>Revenue from operations (net)</b>		<b>923.05</b>	<b>941.66</b>
Other income	21	1.17	6.84
Increase in inventories of finished goods and work-in-progress	22	21.84	0.12
<b>Total income</b>		<b>946.06</b>	<b>948.62</b>
<b>EXPENSES</b>			
Cost of materials consumed		614.02	609.15
Purchases of traded goods		-	0.11
Employee benefit expenses	23	52.81	47.49
Finance costs	24	22.50	19.48
Depreciation and amortisation expense	11	30.15	28.30
Other expenses	25	178.20	181.50
<b>Total expenses</b>		<b>897.68</b>	<b>886.03</b>
<b>Profit before tax and exceptional items</b>		<b>48.38</b>	<b>62.59</b>
Exceptional items	26	6.90	5.10
<b>Profit before tax</b>		<b>55.28</b>	<b>67.69</b>
Tax expense			
Current tax			
-Current year		14.30	19.27
-Earlier years		(5.89)	(1.07)
Deferred tax			
-Current year		(0.32)	(2.03)
-Earlier years		1.62	-
<b>Profit for the year</b>		<b>45.57</b>	<b>51.52</b>
Earnings per equity share (₹):	27		
-Basic		23.44	26.50
-Diluted		23.44	26.50
<b>Statement on significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements.

This is the Statement of Profit & Loss referred to in our report of even date

For Walker, Chandio & Co.  
Chartered Accountants

Per David Jones  
Partner

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012





COSMO FILMS

## Statement of Cash flow for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	55.28	67.69
Adjustments for:		
Depreciation	30.15	28.30
Interest expense	18.51	16.06
Interest income	(1.23)	(1.54)
Unrealised gain on exchange fluctuation	0.86	(0.10)
(Profit)/loss on sale of fixed assets (net)	(10.58)	0.43
Profit on sale of investment	-	(4.44)
Provision for bad and doubtful debts/advances	0.29	0.24
Liability no longer required written back	(0.18)	(0.82)
<b>Operating profit before working capital changes</b>	<b>93.10</b>	<b>105.82</b>
<b>Adjustments for changes in working capital :</b>		
- Movement in trade receivables	73.36	(47.50)
- Movement in other receivables	(37.21)	(9.78)
- Movement in inventories	(16.34)	(12.44)
- Movement in trade and other payables	3.23	9.92
<b>Cash generated from operations</b>	<b>116.14</b>	<b>46.02</b>
Income tax paid	(25.79)	(21.49)
<b>Net cash generated from operating activities</b>	<b>90.35</b>	<b>24.53</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets and capital work in progress	(29.05)	(26.27)
Proceeds from sale of fixed assets	11.94	1.84
(Purchase)/sale of investments	(66.21)	0.91
Increase/(decrease) in fixed deposits (net)	11.57	(24.89)
Interest received	1.66	1.54
<b>Net cash used in investing activities</b>	<b>(70.09)</b>	<b>(46.87)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	41.84	28.47
Repayment of long term borrowings	(28.39)	(13.86)
(Repayment)/Proceeds from short term borrowings	(0.22)	32.88
Interest paid	(18.47)	(16.06)
Dividend paid	(9.72)	(9.72)
Dividend tax paid	(1.58)	(1.61)
<b>Net cash generated/(used) in financing activities</b>	<b>(16.54)</b>	<b>20.10</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>3.72</b>	<b>(2.24)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10.24</b>	<b>12.48</b>
<b>Cash and cash equivalents at the end of the year (refer note 17)</b>	<b>13.96</b>	<b>10.24</b>

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

For Walker, Chandio & Co.  
Chartered Accountants

Per David Jones  
Partner

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012

## Notes to the financial statements for the year ended 31 March, 2012

### 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 packaging films. Companies product majorly comprises of BOPP Films and Thermal Films. This product has its different varieties based on the specific micron. In India, the Company is currently working at Aurangabad in Maharashtra and at Karjan in Gujrat. It also has its subsidiaries working in different countries.

#### b) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 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 Profit and Loss account. 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.

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 Investment is 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 either greater than or equal to the corresponding rates in Schedule XIV to the Companies Act 1956, based on management estimates of useful life as follows:

## Notes to the financial statements for the year ended 31 March, 2012

Continued...

Block of asset	Life (in years)
Buildings	30
Plant and machinery (Including computers)	6-21
Furniture and fixtures	16
Vehicles	11
Intangible - software	6

- ii) Cost of the leasehold land is amortised 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 profit and loss account 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) 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.

At the inception of a hedge relationship, the Company formally designates and 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 fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or 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:

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a Hedging Reserve Account. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss account.



## Notes to the financial statements for the year ended 31 March, 2012

Continued...

Amounts deferred in the Hedging Reserve Account are recycled in the profit and loss account in the periods and released to the income statement in the year when the hedged commitment 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.

Derivatives which are not designated as effective hedge are is recognized immediately in the income statement

### k) Excise & other duties

Excise duty in respect of finished goods lying in factory premises and custom duty on imported goods lying in custom bonded warehouse are provided and included in the valuation of inventory. CENVAT benefit is accounted for by reducing the purchase cost of the materials/fixed assets. Import duty benefits on exports made by the company are accounted for as export incentives. These accounting treatments have no impact on the profit/loss for the year.

### 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.

#### 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 Profit and loss account 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 Profit and loss account 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.

### 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.

## Notes to the financial statements for the year ended 31 March, 2012

Continued...

### **Dividend**

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

Benefit under duty entitlement pass book scheme / duty drawback scheme

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

### **Insurance and other claims**

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

### **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 is 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 profit and loss account. 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**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made.

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 2. SHARE CAPITAL

Particulars	As at 31 March 2012		As at 31 March 2011	
	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
<b>Total</b>		<b>19.44</b>		<b>19.44</b>

#### Notes:

- Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation.
- 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account.

- There is no movement in equity share capital during the current year and previous year.

#### (b) 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.

During the year ended 31 March, 2012 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 5 (previous year ₹ 5 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.

#### (c) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of shares held	% of holding	Number of shares held	% of holding
Pravasi Enterprises Limited	2,271,104	11.68%	2,271,104	11.68%
Sunrise Manufacturing Company Limited	3,957,552	20.36%	3,957,552	20.36%

### 3. RESERVES AND SURPLUS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Capital reserves</b>	<b>3.32</b>	<b>3.32</b>
<b>Securities premium</b>	<b>31.26</b>	<b>31.26</b>
<b>General reserve</b>		
Balance at the beginning of the year	280.07	239.85
Add: Transferred from surplus in statement of profit and loss	4.56	40.22
<b>Balance at the end of the year</b>	<b>284.63</b>	<b>280.07</b>
<b>Hedging reserve</b>		
Balance at the beginning of the year	(2.27)	(2.18)
Add : Amount recognised during the year	(2.46)	(0.09)
<b>Balance at the end of the year</b>	<b>(4.73)</b>	<b>(2.27)</b>



## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Continued. . .

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Foreign currency monetary item translation difference account</b>		
Balance at the beginning of the year	-	-
Add : Amounts recognised during the year	(6.50)	-
Less : Amounts amortised during the year	1.14	-
<b>Balance at the end of the year</b>	<b>(5.36)</b>	<b>-</b>
<b>Surplus as per statement of profit and loss</b>		
Balance at the beginning of the year	-	-
Add: Profit for the year	45.57	51.52
Less : Proposed dividends on equity shares	(9.72)	(9.72)
Less : Tax on dividends distributed during the year	(1.58)	(1.58)
Less : Transfer to general reserve	(4.56)	(40.22)
Balance at the end of the year	29.71	-
<b>Total</b>	<b>338.83</b>	<b>312.38</b>

### 4. LONG TERM BORROWINGS

Particulars	As at 31 March 2012		As at 31 March 2011	
	Non current	Current	Non current	Current
<b>Secured</b>				
<b>Term loans</b>				
Foreign currency loans (note a)	118.08	21.47	99.34	21.37
Rupee term loans (note b)	15.00	8.04	12.73	8.86
Vehicle loans (note c)	0.45	0.74	0.84	0.69
	<b>133.53</b>	<b>30.25</b>	<b>112.91</b>	<b>30.92</b>

#### 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 @ Libor +400 bps per annum. The loan is repayable in 5 equal semi annual installments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan.
  - (ii) Loan of USD 7,500,000 taken from HSBC PLC Bank during the financial year 2008-09 and carries interest @ Libor+150 bps per annum. The loan is repayable in 6 equal semi annual installments of USD 1,250,000 each after moratorium of 2.5 years from the date of loan.
  - (iii) 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 @ Libor+37.5 bps per annum. The loan is repayable in 16 equal semi annual installments of approx. USD 832,640 each after six month from the date of start of commercial production.
  - (iv) Loan of USD 5,000,000 taken from IFC Bank during the financial year 2011-12 and carries interest @ Libor+400 bps per annum. The loan is repayable in 15 equal semi-annual installments of USD 333,333 after moratorium of 2.5 years from the date of loan.
- b) Rupee term loans comprises of :
  - (i) Loan of ₹ 108,675,000 taken from Kotak Mahindra Bank during the financial year 2011-12 and carries interest @ base rate+ 3.75% per annum. The loan is repayable in 78 equal monthly installments of ₹ 1,393,000 alongwith interest from the date of loan.
  - (ii) Loan of ₹ 318,159,170 taken from IDBI Bank during the financial year 2008-09 and carries interest @ base rate+ 2.65% per annum. The loan is repayable in 10 equal semi annual installments of ₹ 31,815,917 alongwith interest from the date of loan.

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Continued. . .

- 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 subservient charge on all of the Company's moveable fixed assets, both present and future, save and except plant and machineries at Baska and Chikalthana and any assets charged exclusively to other lenders.
  - (ii) Foreign currency loan from Landesbank Baden Wurttemberg Bank (LBBW) are secured against hypothecation of machinery financed out of the loan amount.
  - (iii) Foreign currency loan from HSBC PLC Bank is secured by first pari-passu charge over the entire fixed assets of the Company except assets exclusively charged to Landesbank Baden Wurttemberg Bank (LBBW) and other assets exempted by the security trustee from the creation of security itself.
  - iv) Foreign currency loan from IFC Bank is secured by first ranking security interest, ranking pari passu with the other lenders over all assets and rights subject to the security documents.
  - (v) Rupee term loan from Kotak Mahindra Bank is secured against mortgage by way of exclusive charge on the immovable properties being commercial properties situated at 1004-1010, 10th floor, DLF Towers, Jasola, New Delhi.
  - (vi) Rupee term loan from IDBI Bank is secured against pari-passu first charge on entire fixed assets of the Company by way of extension except assets exclusively charged to Landesbank Baden Wurttemberg (LBBW).
  - (vii) Vehicle loans from Union Bank of India are secured against hypothecation of vehicles financed out of the loan amount.
- e) Current maturities of long term borrowings are disclosed under the head other current liabilities.

### 5. DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books.	71.41	70.62
<b>Gross deferred tax liability</b>	<b>71.41</b>	<b>70.62</b>
<b>Deferred tax assets</b>		
Provision for bad and doubtful debts	0.24	0.15
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax	5.12	5.72
<b>Gross deferred tax assets</b>	<b>5.36</b>	<b>5.87</b>
<b>Deferred tax liabilities (net)</b>	<b>66.05</b>	<b>64.75</b>

### 6. LONG TERM PROVISIONS

Particulars	As at 31 March 2012	As at 31 March 2011
Employee benefit payable	1.76	2.09
<b>Total</b>	<b>1.76</b>	<b>2.09</b>

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 7. SHORT TERM BORROWINGS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Secured</b>		
<b>From banks</b>		
Cash credits/ working capital demand loans (note a)	155.36	151.36
Cash credits (note b)	3.01	4.93
	158.37	156.29
<b>Unsecured</b>		
<b>Term loans</b>		
From banks (note c)	-	12.31
From others (note d)	10.01	-
	10.01	12.31
<b>Total</b>	<b>168.38</b>	<b>168.60</b>

#### Notes:

- a) Cash credits/ working capital demand loans are 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 @ 11.75% per annum, Libor+4.75% and 12% per annum for PCFC INR, PCFC USD and working capital demand loan respectively.
  - (ii) Cash credit/working capital demand loan of ₹ 15 crores sanctioned by CITI Bank is repayable on demand and carries interest as mutually decided.
  - (iii) Working capital demand of ₹ 20 crores sanctioned by HDFC Bank is repayable on demand and carries interest rate as mutually decided.
  - (iv) Cash credit/working capital demand of ₹ 15 crores sanctioned by ICICI Bank is repayable on demand and carries interest rate @ base rate+4% per annum.
  - (v) Cash credit/working capital demand of ₹ 25 crores sanctioned by ING Vysya Bank is repayable on demand and carries interest rate @ base rate+3% per annum.
  - (vi) Cash credit/working capital demand of ₹ 55 crores sanctioned by Union Bank of India is repayable on demand and carries interest rate @ base rate+3% per annum.
  - (vii) Cash credit/working capital demand of ₹ 25 crores sanctioned by YES Bank is repayable on demand and carries interest rate as mutually decided.
  - (viii) Cash credit/working capital demand of ₹ 20 crores sanctioned by Kotak Mahindra Bank is repayable on demand and carries interest rate as mutually decided.
  - (ix) Cash credit/working capital demand of ₹ 30 crores sanctioned by IDBI Bank is repayable on demand and carries interest rate @ base rate+2.5% per annum.
  - (x) Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest @ base rate+4% per annum."
- b) Overdraft of ₹ 5 crores from HDFC Bank are secured against pledge of the fixed deposits of the Company is repayable on demand and carries interest rate @ 11.5% per annum.
- c) This comprises of unsecured portion of cash credit/working capital demand loan of ₹ 25 crores sanctioned by YES Bank and is repayable on demand. This also includes unsecured portion of cash credit balance from Kotak Mahindra Bank and carries interest rate as mutually decided.
- d) Short term loans of ₹ 10 crores is taken from Tata Capital Financials Services Limited, is repayable after 3 months and carries interest rate @ 12% per annum.



## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 8. TRADE PAYABLES

Particulars	As at 31 March 2012	As at 31 March 2011
Due to Micro, Small and Medium Enterprises*	-	-
Total outstanding dues to units other than Micro, Small and Medium Enterprises	24.70	20.82
Employee related payables	0.04	1.00
Other accrued liabilities	33.29	30.87
<b>Total</b>	<b>58.03</b>	<b>52.69</b>

\* The Company has circulated letters to all its suppliers requesting them to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'). Certain suppliers have provided the necessary confirmation alongwith the evidence of being Micro or Small enterprises. However from the majority of the suppliers these confirmations are still awaited. On the basis of available information no principal or interest is payable at the year end to any supplier covered under MSMED.

### 9. OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2012	As at 31 March 2011
Current maturities of long term debt (refer note 4)	30.25	30.92
Interest accrued but not due on borrowings	1.08	1.05
Statutory dues	2.14	1.65
Advance received from customers	7.29	5.00
	<b>40.76</b>	<b>38.62</b>

### 10. SHORT TERM PROVISIONS

Particulars	As at 31 March 2012	As at 31 March 2011
Employee benefit payable	0.81	-
<b>Others</b>		
Proposed dividend (note a)	9.72	9.72
Provision for taxes on dividend	1.58	1.58
<b>Total</b>	<b>12.11</b>	<b>11.30</b>

#### Notes:

#### a) Details with respect to proposed dividend

Dividends proposed to		
-Equity shareholders	9.72	9.72
Proposed dividend per share		
-Equity shareholders (₹)	5	5

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 11. FIXED ASSETS

Particular	Tangible fixed assets							Intangible fixed assets	Capital work progress
	Land Freehold	Land Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total	
<b>Gross block</b>									
Balance as at 1 April 2010	0.67	1.20	56.61	509.22	2.44	5.93	11.44	587.51	1.92
Additions	-	-	1.59	14.20	1.81	1.36	1.30	20.26	20.74
Disposals	-	-	-	(1.78)	(0.11)	(0.67)	(1.42)	(3.98)	(14.95)
Other adjustments:									
- Borrowing costs	-	-	-	-	-	-	-	-	0.06
- Foreign exchange fluctuation	-	-	-	(1.10)	-	-	-	(1.10)	-
<b>Balance as at 31 March 2011</b>	<b>0.67</b>	<b>1.20</b>	<b>58.20</b>	<b>520.54</b>	<b>4.14</b>	<b>6.62</b>	<b>11.32</b>	<b>602.69</b>	<b>7.77</b>
Additions	-	-	15.96	8.31	0.09	0.70	0.30	25.36	5.50
Disposals	-	-	(0.11)	(1.13)	(0.20)	(0.79)	(0.25)	(2.48)	(10.73)
Other adjustments:									
- Borrowing costs	-	-	-	-	-	-	-	-	1.26
- Foreign exchange fluctuation	-	-	-	8.84	-	-	-	8.84	-
<b>Balance as at 31 March 2012</b>	<b>0.67</b>	<b>1.20</b>	<b>74.05</b>	<b>536.56</b>	<b>4.03</b>	<b>6.53</b>	<b>11.37</b>	<b>634.41</b>	<b>3.80</b>
<b>Accumulated depreciation and amortisation</b>									
Balance as at 1 April 2010	-	0.07	12.53	189.98	1.52	1.25	7.94	213.29	-
Depreciation charge	-	0.01	1.82	25.09	0.22	0.56	0.60	28.30	-
Adjusted on disposal of assets	-	-	-	(0.50)	(0.04)	(0.15)	(1.02)	(1.71)	-
<b>Balance as at 31 March 2011</b>	<b>-</b>	<b>0.08</b>	<b>14.35</b>	<b>214.57</b>	<b>1.70</b>	<b>1.66</b>	<b>7.52</b>	<b>239.88</b>	<b>-</b>
Depreciation charge	-	0.01	2.25	25.84	0.19	0.63	0.72	29.64	-
Adjusted on disposal of assets	-	-	-	(0.58)	(0.04)	(0.35)	(0.06)	(1.03)	-
<b>Balance as at 31 March 2012</b>	<b>-</b>	<b>0.09</b>	<b>16.60</b>	<b>239.83</b>	<b>1.85</b>	<b>1.94</b>	<b>8.18</b>	<b>268.49</b>	<b>-</b>
<b>Net block</b>									
Balance as at 31 March 2011	0.67	1.12	43.85	305.97	2.44	4.96	3.80	362.81	7.77
Balance as at 31 March 2012	0.67	1.11	57.45	296.73	2.18	4.59	3.19	365.92	3.80

Note:

#### a) Capitalisation of foreign exchange differences

The foreign exchange difference capitalised during the year ended 31 March, 2012 was ₹ 8.84 crores (previous year: ₹ (1.10) crores). The Company has adopted the MCA notification dated December 29, 2011 on Accounting Standard -11, "The effects of changes in foreign exchange rates" and accordingly capitalised ₹ 8.84 crores during the year.

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 12. NON CURRENT INVESTMENT

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Trade investments (valued at cost unless otherwise stated)</b>		
<b>Investment in equity instruments (in subsidiary)</b>		
CF Global Holdings Limited	120.99	54.79
	<b>120.99</b>	<b>54.79</b>

#### Details of trade investments (unquoted)

Name of the body corporate	No. of shares		Face value	Partly paid/ Fully paid	Amount (₹)	Amount (₹)
	31 March 2012	31 March 2011			31 March 2012	31 March 2011
<b>Equity</b>						
CF Global Holdings Limited	25,500,000	11,500,000	USD 1	Fully paid	120.99	54.79
	<b>25,500,000</b>	<b>11,500,000</b>			<b>120.99</b>	<b>54.79</b>

### 13. LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Secured</b>		
Capital advances (note a)	21.17	1.26
<b>Unsecured, considered good</b>		
Security deposits	1.24	0.61
Loans and advance to related parties (refer note 31)	0.44	1.06
Taxes paid under protest recoverable	4.83	4.31
Prepaid expenses	1.00	0.95
Advance income tax (net of provision ₹ 14.30 crores)	1.24	-
Others	0.44	0.24
<b>Total</b>	<b>30.36</b>	<b>8.43</b>

#### Note:

- a) Capital advances are secured by way of bank guarantees received from the supplier of equipments/ services relating to capital jobs.

### 14. OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2012	As at 31 March 2011
Pledged deposits (note a)	0.13	0.12
<b>Total</b>	<b>0.13</b>	<b>0.12</b>

#### Note:

- a) Pledged deposits represent deposits of ₹ 0.13 crores (previous year ₹ 0.12 crores) pledged with sales tax authorities.

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 15. INVENTORIES

Particulars	As at 31 March 2012	As at 31 March 2011
Raw material (including material in transit ₹ 1.97 crores) (previous year ₹ 1.55 crores)	30.79	37.47
Work-in-progress	-	0.35
Finished goods (including material in transit ₹ 23.84 crores) (previous year ₹ 8.11 crores)	43.19	21.00
Stores and spares	22.73	21.55
<b>Total</b>	<b>96.71</b>	<b>80.37</b>

### 16. TRADE RECEIVABLES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	3.95	2.37
Unsecured, considered doubtful	0.74	0.45
	4.69	2.82
Less : Allowances for bad and doubtful debts	(0.74)	(0.45)
	<b>3.95</b>	<b>2.37</b>
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good	101.04	175.85
	<b>101.04</b>	<b>175.85</b>
<b>Total</b>	<b>104.99</b>	<b>178.22</b>

### 17. CASH AND BANK BALANCES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Cash and cash equivalents</b>		
Cash in hand	0.02	0.01
Cheques, drafts in hand	1.84	1.64
Balances with banks		
- in current accounts	1.26	1.14
- in deposit account with maturity upto 3 months	10.84	7.45
	13.96	10.24
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months	20.00	31.57
Balances with bank held as : Security against the borrowings (note a)	5.00	5.00
	25.00	36.57
<b>Total</b>	<b>38.96</b>	<b>46.81</b>

Note: (a) Pledged deposits include deposits of ₹ 5 crores (previous year ₹ 5 crores) pledged against overdraft facility.



## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 18. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Unsecured, considered good</b>		
Advances to vendors	1.02	3.37
Advance income tax [net of provision ₹ 27.54 crores (previous year ₹ 33.43 crores)]	8.92	3.05
Taxes paid under protest recoverable	9.74	-
Deposits with excise and other tax authorities	9.27	9.28
Export benefit recoverable	20.70	17.28
Discount recoverable	11.05	5.82
Prepaid expenses	2.54	2.25
Others (note a)	6.01	1.35
<b>Total</b>	<b>69.25</b>	<b>42.40</b>

Note: (a) Others include amount of ₹ 2.98 crores (previous year Nil) recoverable from Atharwaa Infra Developers pursuant to agreement to sale entered for sale of land.

### 19. OTHER CURRENT ASSETS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Unsecured, considered good</b>		
Interest receivable	0.63	1.06
<b>Total</b>	<b>0.63</b>	<b>1.06</b>

### 20. REVENUES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Revenue from operations</b>		
Sale of products (including export benefits)	961.65	978.51
Other operating revenues	4.10	3.64
<b>Revenue from operations (gross)</b>	<b>965.75</b>	<b>982.15</b>
Less : Excise duty	(42.70)	(40.49)
<b>Revenue from operations (net)</b>	<b>923.05</b>	<b>941.66</b>

#### Details of products sold

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Manufactured goods</b>		
-Packaging films	934.60	955.53
-Others	27.05	22.98
<b>Total</b>	<b>961.65</b>	<b>978.51</b>

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 21. OTHER INCOME

Particulars	As at 31 March 2012	As at 31 March 2011
Interest income	1.23	1.54
Insurance and other claims	0.35	0.39
Bad debts recovered	0.21	0.08
Liabilities no longer required written back	0.18	0.82
Profit on sale of investment	-	4.44
Profit on sale of assets	(0.80)	(0.43)
<b>Total</b>	<b>1.17</b>	<b>6.84</b>

### 22. INCREASE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Opening stock</b>		
Finished goods	21.00	20.94
Work-in-progress	0.35	0.29
<b>Total</b>	<b>21.35</b>	<b>21.23</b>
<b>Closing stock</b>		
Finished goods	43.19	21.00
Work-in-progress	-	0.35
<b>Total</b>	<b>43.19</b>	<b>21.35</b>
<b>Increase in inventory of finished goods and work-in-progress</b>	<b>21.84</b>	<b>0.12</b>

#### Details of finished goods and work-in-progress

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Finished goods</b>		
-Packaging films	43.19	21.00
<b>Total</b>	<b>43.19</b>	<b>21.00</b>
<b>Work - in - progress</b>		
-Packaging films	-	0.35
<b>Total</b>	<b>-</b>	<b>0.35</b>

### 23. EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31 March 2012	As at 31 March 2011
Salaries, wages and bonus	47.50	42.07
Gratuity expenses (refer note 30)	1.12	1.31
Contribution to provident and other funds	3.39	3.05
Staff welfare expenses	0.80	1.06
<b>Total</b>	<b>52.81</b>	<b>47.49</b>

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

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 24. FINANCE COSTS

Particulars	As at 31 March 2012	As at 31 March 2011
Interest expenses	18.51	16.06
Bank charges	3.99	3.42
	22.50	19.48

### 25. OTHER EXPENSES

Particulars	As at 31 March 2012	As at 31 March 2011
Stores, spares and packing material consumed	40.14	45.98
Power, water and fuel	74.36	66.37
Excise duty on increase in finished goods	5.02	4.81
Other manufacturing expenses	1.50	0.54
Rent	1.33	2.36
Repairs and maintenance		
- Buildings	0.55	0.89
- Plant and equipment	6.34	6.33
- Others	1.22	1.28
Insurance	0.70	0.54
Rates and taxes	0.19	0.11
Printing and stationary	0.31	0.46
Training and recruitment expenses	0.18	0.47
Travelling and conveyance	4.49	5.30
Vehicle running and maintenance	2.00	1.71
Communication expenses	1.88	1.34
Legal and professional charges	2.73	2.29
Directors' fees	0.06	0.05
Charity and donations	0.29	0.23
Miscellaneous expenses	0.95	0.88
Provision for bad debts	0.29	0.24
Freight and forwarding	30.94	36.56
Other selling expenses	1.12	0.64
Claims paid/written off (* ₹ 10,861)	*	0.27
Sales tax payments	1.61	1.85
<b>Total</b>	<b>178.20</b>	<b>181.50</b>

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

### 26. EXCEPTIONAL ITEMS

Exceptional items comprises of:

- Profit on sale of land amounting to ₹ 11.38 crores (previous year Nil) consequent to effective transfer of economic benefit to the buyer under the registered agreement to sale.
- Net loss on foreign currency transaction and translation ₹ 4.48 crores (previous year gain ₹ 5.10 crores).

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 27. EARNING PER SHARE

Particulars	As at 31 March 2012	As at 31 March 2011
a) Net profit after tax as per statement of profit and loss attributable to equity shareholders ( ₹ in crores)	45.57	51.52
b) Weighted average number of equity shares	19,440,076	19,440,076
c) Basic EPS (₹)	23.44	26.50
d) Diluted EPS (₹)	23.44	26.50
e) Nominal value per equity share (₹)	10.00	10.00

### 28. CONTINGENT LIABILITIES AND COMMITMENTS

#### (i) Contingent liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
a) Disputed demands for income tax (refer note h below)	11.43	22.35
b) Disputed demands for excise and custom duty and service tax	4.01	4.29
c) Disputed demands for labour/employee dispute	0.51	-
d) Claims against the Company not acknowledged as debts	0.15	0.50
e) Bonds executed in favour of government departments	-	3.51
f) ₹ 7.59 crores (previous year ₹ 8.94 crores) realised on discounting of letter of credits which have been reduced from debtors in these accounts.		
g) Letter of credit for ₹ 22.06 crores (previous year ₹ 22.50 crores) have been opened for which the material has not been shipped as on the date of the balance sheet.		
h) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (previous year ₹ 4.24) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. During the year ended 31 March, 2012, the Honourable High Court of Delhi has passed an order against the Company in this matter. The Company has filed a special leave petition against the this order in the Supreme Court which has also been accepted. 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.		
i) The company has claimed exemption benefits under sales tax incentive scheme for the financial years from 2000-01 to 2009-10 (Upto Aug'2009), though the tax has been paid under protest for some years. The said benefits have not been allowed during assessment for the financial years 2000-01 to 2005-06 for which appeals have been filed. The company has paid and expensed ₹ 6.06 Crores (Previous year ₹ 6.06 Crores) for the financial year 2000-01 to 2002-03 and 2005-06 to 2006-07. In the financial years 2003-04 to 2004-05 the Company opted not to pay the sales tax by claiming the incentive, against which Company has received a demand of ₹ 12.77 Crores (Previous year ₹ 12.77 Crores). The company has created a provision of ₹ 8.60 Crores (excluding interest and penalty) for these 2 financial years. The company has further paid and created a provision of ₹ 5.89 Crores (Previous year ₹ 5.89 Crores) for the financial year 2007-08 to 2009-10 (assessment is pending). Based upon favorable decision of Hon'ble Maharashtra Sales Tax Tribunal, Mumbai for the year 2001-02 and Hon'ble High Court Judgement in a similar matter, the management is of the view that it is more likely that the matter will be decided in their favour. The company has already expensed an amount of ₹ 20.57 Crores (Previous year ₹ 19.99 crores) in respect of these financial years.		
j) In respect of capital goods imported under EPCG Scheme, bonds of ₹ 225.93 crores has been executed in favour of the President of India for import at a concessional rate of custom duty. Export obligation of ₹ 876.66 crores (previous year ₹ 872.18 crores) has been completed and balance obligation is Nil (previous year ₹ 4.48 crores).		
k) (i) The Company has given corporate guarantee for term loan facility of USD 14 million availed by its step down subsidiary.		
(ii) A step down subsidiary is to pay a sum of USD 3.65 million to ACCO Brand towards balance amount of purchase consideration for which Company has given corporate guarantee.		



## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### (ii) Commitments

#### a) Capital Commitment

The Company has the following commitments :

Particulars	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	86.61	74.63

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

Particulars	As at 31 March 2012	As at 31 March 2011
Unpaid dividend	0.78	0.74

## 29. RESEARCH AND DEVELOPMENT

Revenue expenditure includes

Particulars	As at 31 March 2012	As at 31 March 2011
Employee benefit expenses	1.36	1.03
Materials and consumables	3.09	5.20
Others	0.32	0.06
<b>Total</b>	<b>4.77</b>	<b>6.29</b>

## 30. EMPLOYEE BENEFITS

### Defined benefit plans (funded)

The Company makes contribution towards gratuity to a defined contribution 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 2012	Year Ended 31 March 2011
Discount rate	8.00%	8.00%
Salary escalation	10.00%	9.00%

#### 2. Table showing changes in present value of obligations

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
Present value of obligations as at beginning of year	8.46	7.58
Interest cost	0.68	0.61
Current service cost	0.72	0.54
Benefits paid	(0.32)	(0.39)
Actuarial loss on obligations	0.61	0.12
<b>Present value of obligations as at end of year</b>	<b>10.15</b>	<b>8.46</b>

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 3. Table showing changes in the fair value of Plan assets

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
Fair value of plan assets at beginning of year	9.26	7.29
Expected return on plan assets	0.89	0.73
Contributions	1.85	1.63
Benefits paid	(0.32)	(0.39)
Actuarial gain/(loss) on plan assets	-	-
<b>Fair value of plan assets at the end of year</b>	<b>11.68</b>	<b>9.26</b>

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

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
Present value of obligations as at the end of year	10.15	8.46
Fair value of plan assets as at the end of the year	11.68	9.26
Funded status	1.53	0.80
<b>Net asset/(liability) recognized in balance sheet</b>	<b>1.53</b>	<b>0.80</b>

### 5. Expenses Recognized in statement of profit & loss

Particulars	Year Ended 31 March 2012	Year Ended 31 March 2011
Current service cost	0.72	0.54
Interest cost	0.68	0.61
Expected return on plan assets	(0.89)	(0.73)
Net actuarial (gain)/loss recognized in the year	0.61	0.12
<b>Expenses recognized in statement of profit &amp; loss</b>	<b>1.12</b>	<b>0.54</b>

## 31. 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
- Cosmo Films Inc., USA
- CF (Netherlands) Holdings Limited BV., Netherlands
- Cosmo Films (Singapore) Pte. Limited, Singapore
- Cosmo Films Hwa Seung Co. Limited, Korea (ceased to be fellow subsidiary w.e.f. 31 December 2011)
- Cosmo Films Korea Limited, Korea

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

- Pravasi Enterprises Limited
- Sunrise Manufacturing Company Private Limited

##### C. Key management personnel

- Mr. Ashok Jaipuria Chairman and Managing Director

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### ii) Transactions with related parties

Particulars	Subsidiary and step-down subsidiary companies		Enterprises over which Key managerial personal of the Company and their relatives have significant influence		Key management personal and their relatives		Total	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
<b>Purchase of goods</b>								
CF (Netherlands) Holdings Limited BV., Netherlands	1.26	0.40	-	-	-	-	1.26	0.40
Cosmo Films Inc., USA	-	0.22	-	-	-	-	-	0.22
<b>Investment made</b>								
CF Global Holdings Limited, Mauritius	66.21	9.08	-	-	-	-	66.21	9.08
<b>Sales</b>								
Cosmo Films Inc. USA	30.56	70.27	-	-	-	-	30.56	70.27
CF (Netherlands) Holdings Limited BV., Netherlands	39.39	62.32	-	-	-	-	39.39	62.32
Cosmo Films (Singapore) Pte. Limited, Singapore	6.12	6.98	-	-	-	-	6.12	6.98
Others	0.18	-	-	-	-	-	0.18	-
<b>Reimbursement of expenses paid</b>								
CF (Netherlands) Holdings Limited BV., Netherlands	0.02	-	-	-	-	-	0.02	-
Cosmo Films Inc. USA	0.01	-	-	-	-	-	0.01	-
<b>Commission paid</b>								
CF (Netherlands) Holdings Limited BV., Netherlands	-	6.40	-	-	-	-	-	6.40
<b>Rent paid</b>								
Pravasi Enterprises Limited	-	-	0.18	1.23	-	-	0.18	1.23
Sunrise Manufacturing Company Private Limited	-	-	0.89	0.74	-	-	0.89	0.74
<b>Security deposit/advance rent paid</b>								
Sunrise Manufacturing Company Private Limited	-	-	-	0.44	-	-	-	0.44
<b>Security deposit/advance rent received</b>								
Pravasi Enterprises Limited	-	-	0.62	-	-	-	0.62	-
<b>Remuneration</b>								
Mr. Ashok Jaipuria	-	-	-	-	2.34	3.35	2.34	3.35
<b>Purchase of fixed assets</b>								
Pravasi Enterprises Limited	-	-	15.96	-	-	-	15.96	-
<b>Sale of investment</b>								
Pravasi Enterprises Limited	-	-	-	9.99	-	-	-	9.99

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### iii) Outstanding balances:

Particulars	Subsidiary and step-down subsidiary companies		Enterprises over which Key managerial of the Company and their relatives have significant influence		Key management personal and their relatives	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
<b>1. Investments</b>						
- CF Global Holdings Limited, Mauritius	120.99	54.79	-	-	-	-
<b>2. Trade receivables</b>						
- Cosmo Films Inc. USA	20.96	46.89	-	-	-	-
- CF (Netherlands) Holdings Limited BV., Netherlands	8.52	27.11	-	-	-	-
- Cosmo Films (Singapore) Pte. Limited, Singapore	0.46	1.78	-	-	-	-
<b>3. Trade payables</b>						
- Cosmo Films Inc. USA	0.01	-	-	-	-	-
- CF (Netherlands) Holdings Limited BV., Netherlands	1.01	0.69	-	-	-	-
<b>4. Loans and advance</b>						
- Pravasi Enterprises Limited	-	-	-	0.62	-	-
- Sunrise Manufacturing Company Private Limited	-	-	0.44	0.44	-	-
<b>5. Managerial remuneration payable</b>						
-Mr. Ashok Jaipuria	-	-	-	-	2.00	3.01

## 32. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

### (a) Foreign currency exposure hedged by derivative instruments (against export sales):

Currency	No. of contracts		Amount		Notional gain/(loss)	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
EURO	12	52	Euro 3.750 Mns	Euro 8.125 Mns	*	(₹ 0.02)
GBP	9	13	GBP 2.70 Mns	GBP 1.30 Mns	(₹ 1.15)	(₹ 0.31)
USD	6	-	USD 3.75 Mns	-	(₹ 0.79)	-

\* Notional gain on EURO is ₹ 14,352 (previous year notional loss ₹ 200,000).

#### Notes:

- The Company has outstanding foreign currency related derivative contracts in the form of forward and options for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent/uncertain events and such instruments qualify as effective hedges. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March, 2012 is estimated at ₹ 1.94 crores (previous year ₹ 0.33 crores). The estimated loss for the current year has been provided by creating hedging reserve.
- The Company has 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. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March, 2012 is estimated at ₹ 2.79 crores (previous year ₹ 2.27 crores). The estimated loss has been provided by creating hedging reserve.



## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### (b) Particulars of unhedged foreign currency exposure as at the reporting date

CURRENCY	31 March 2012		31 March 2011	
	Foreign currency	Local currency (₹)	Foreign currency	Local currency (₹)
USD	(43,857,920)	(226.04)	(34,012,650)	(150.98)
EURO	(6,531,042)	(44.18)	(7,321,542)	(45.79)
GBP	(1,040,461)	(8.42)	(1,557,332)	(11.09)

**Note:** Figures in bracket signifies amount payable.

- 33.** (a) Building includes ₹ 0.64 crores towards cost of residential space in a Co-operative Housing Society. The Company has taken possession of the same in terms of agreement to sell. Conveyance deed is yet to be registered. Besides, the amount includes cost of shares of the said society received by the Company which are yet to be transferred in the name of the Company.
- (b) Building includes cost of 5 shares of ₹ 50 each of Pluto Apartment Co-operative Housing Society Limited paid as part of cost of flat.

### 34. Details of raw material and components consumed

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Polymer (Homopolymer repol and EVA)	539.87	533.32
Others	74.15	75.83
<b>Total</b>	<b>614.02</b>	<b>609.15</b>

### 35. Imported and indigenous consumption

	Indigenous			Imported		Total
		Value Amount	%	Value Amount	%	Value Amount
<b>Raw materials and components</b>	2011-12	455.53	74%	158.49	26%	614.02
	2010-11	440.61	72%	168.64	28%	609.15
Stores and spares	2011-12	34.54	86%	5.60	14%	40.14
	2010-11	40.65	88%	5.33	12%	45.98

### 36. Value of imports on CIF basis

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Raw materials	159.31	171.60
Components and spare parts	3.22	7.26
Capital goods	3.39	9.39
<b>Total</b>	<b>165.92</b>	<b>188.25</b>

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 37. Payments to auditors

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
As auditors	0.34	0.23
For taxation matters	-	0.06
For reimbursement of expenses	0.03	0.01
<b>Total</b>	<b>0.37</b>	<b>0.30</b>

### 38. Expenditure in foreign currency

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Royalty	0.29	0.63
Services of foreign technicians	0.24	0.50
Sales commission	2.30	13.46
Interest on foreign currency loan	5.15	1.22
Others	1.94	0.59
<b>Total</b>	<b>9.92</b>	<b>16.40</b>

### 39. Earnings in foreign exchange

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Export of goods calculated on F.O.B basis	418.22	462.86

### 40. Dividend remitted in foreign currency

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Period to which is relates	2010-11	2009-10
Number of non - resident shareholders	41	49
Number of shares held on which dividend was due		
Equity	8,300	13,080
Amount remitted (* ₹ 41,500)	*	0.01

41. 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.

### 42. Previous years figures

Till the year ended 31 March 2011 the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012 the revised schedule VI notified under the

## Notes to the financial statements for the year ended 31 March, 2012

*(All amounts in ₹ crores, unless stated otherwise)*

Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, its significantly impacts presentation and disclosure made in the financial statements, particularly presentation of balance sheet.

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

Name of the Subsidiary	Reporting Currency	Closing exchange Rate agst Indian Rupee as on 31 <sup>st</sup> March, 2012	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)	51.1300	130.38	(0.20)	130.02	0.02	0.00	0.00	(0.08)	(0.08)	0.00	Mauritius
	USD 000's		25500	(38)	25465	4	0.00	0.00	(15)	(15)	0.00	
CF (Mauritius) Holdings Ltd.	INR (in Cr)	51.1300	2.56	(0.07)	121.53	126.79	0.00	0.00	0.00	0.00	0.00	Mauritius
	USD 000's		500	(13)	25284	24797	0.00	0.00	(5)	(5)	0.00	
Cosmo Films (Netherlands) Cooperatief .U.A	INR (in Cr)	68.2700	123.49	(0.03)	120.61	0.03	0.00	0.00	(0.01)	(0.01)	0.00	Netherland
	Euro 000's		18089	(4)	18089	4	0.00	0.00	(1)	(1)	0.00	
CF (Netherlands) Holdings Limited B.V	INR (in Cr)	68.2700	123.49	(16.96)	152.99	52.20	0.00	71.47	(10.87)	(13.31)	0.00	Netherland
	Euro 000's		18089	(2484)	22768	7164	0.00	10754	(1636)	(2003)	0.00	
CF Global Holdings GK	INR (in Cr)	0.6235	9.35	19.78	49.36	20.23	0.00	52.45	2.49	1.15	0.00	Japan
	JPY 000's		150000	317225	791613	324388	0.00	852416	40427	18682	0.00	
Cosmo Films (Singapore) Pte Ltd.	INR (in Cr)	40.6500	0.20	3.48	4.77	1.08	0.00	37.60	1.53	1.42	0.00	Singapore
	S\$ 000's		50	857	1174	267	0.00	9837	399	367	0.00	
Cosmo Films Hwa Seung Co. Ltd.	INR (in Cr)	0.0449	0.00	0.00	0.00	0.00	0.00	26.24	2.98	2.39	0.00	Korea
	KRW 000's		0	0	0	0	0.00	6246179	708675	568112	0.00	
Cosmo Films Korea Ltd.	INR (in Cr)	0.0449	8.91	0.92	51.30	41.46	0.00	25.80	1.02	0.95	0.00	Korea
	KRW 000's		1985276	206000	11417226	9225950	0.00	5741125	227524	211347	0.00	
Cosmo Films Inc	INR (in Cr)	51.1300	35.79	(24.11)	118.19	106.51	0.00	158.88	(14.67)	(8.99)	0.00	USA
	USD 000's		7000	(4716)	23115	20831	0.00	32581	(3008)	(1844)	0.00	



## Auditors' report on consolidated accounts

To the Board of Directors of **Cosmo Films Limited**

1. We have audited the attached Consolidated Balance Sheet of Cosmo Films Limited, its subsidiaries, hereinafter collectively referred to as 'the Group'), as at 31 March 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto (collectively referred as the 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
  - (a) the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006.
  - (b) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 250.52 crores as at 31 March 2012; total revenues (after eliminating intra-group transactions) of ₹ 299.16 crores and net cash flows aggregating to ₹ (0.56) crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.
4. Based on our audit and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:
  - (a) the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;
  - (b) the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandio & Co.  
Chartered Accountants  
Firm Registration No: 001076N

per David Jones  
Partner

**Place : Delhi**  
**Date : May 23, 2012**

Membership No.: 98113



COSMO FILMS

## COSMO FILMS LIMITED

### Consolidated Balance sheet as at 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	As at 31 March 2012	As at 31 March 2011
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	2	19.44	19.44
Reserves and surplus	3	315.40	300.66
		<b>334.84</b>	<b>320.10</b>
<b>Minority Interest</b>		-	<b>5.82</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	176.96	168.41
Deferred tax liabilities (net)	5	52.95	57.35
Long-term provisions	6	4.79	3.78
		<b>234.70</b>	<b>229.54</b>
<b>Current liabilities</b>			
Short-term borrowings	7	191.23	168.61
Trade payables	8	87.54	78.94
Other current liabilities	9	73.80	76.08
Short-term provisions	10	12.11	11.30
		<b>364.68</b>	<b>334.93</b>
<b>TOTAL</b>		<b>934.22</b>	<b>890.39</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets	11		
-Tangible assets		441.50	421.69
-Intangible assets		7.16	-
-Capital work in progress		4.02	7.75
Non current investments	12	11.82	-
Long term loans and advances	13	33.51	17.64
Other non current assets	14	0.13	0.12
		<b>498.14</b>	<b>447.20</b>
Current assets			
Inventories	15	173.95	162.05
Trade receivables	16	130.80	169.65
Cash and bank balances	17	61.42	68.85
Short term loans and advances	18	68.93	41.58
Other current assets	19	0.98	1.06
		<b>436.08</b>	<b>443.19</b>
<b>TOTAL</b>		<b>934.22</b>	<b>890.39</b>

Statement on significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

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

For Walker, Chandio & Co.  
Chartered Accountants

Per David Jones  
Partner

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012

## Consolidated Statement of Profit & Loss for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Notes	Year Ended 31 March 2012	Year Ended 31 March 2011
<b>INCOME</b>			
Revenue from operations (gross)	20	1,178.88	1,175.52
Less : Excise duty		(42.70)	(40.49)
<b>Revenue from operations (net)</b>		<b>1,136.18</b>	<b>1,135.03</b>
Other income	21	6.96	4.35
Increase in inventories of finished goods and work-in-progress	22	13.50	10.27
<b>Total income</b>		<b>1,156.64</b>	<b>1,149.65</b>
<b>EXPENSES</b>			
Cost of materials consumed		721.93	704.16
Purchases of traded goods		6.37	7.72
Employee benefit expenses	23	102.23	102.07
Finance costs	24	28.46	26.30
Depreciation and amortisation expense	11	35.91	34.39
Other expenses	25	225.11	237.69
<b>Total expenses</b>		<b>1,120.01</b>	<b>1,112.33</b>
<b>Profit before tax and exceptional items</b>		<b>36.63</b>	<b>37.32</b>
Exceptional items	26	2.15	3.19
<b>Profit before tax</b>		<b>38.78</b>	<b>40.51</b>
Tax expense:			
Current tax			
-Current year		18.31	23.11
-Earlier years		(5.89)	(1.39)
Deferred tax			
-Current year		(6.78)	(12.20)
-Earlier years		2.96	-
<b>Profit for the year before Minority interest</b>		<b>30.18</b>	<b>30.99</b>
Minority interest		1.34	3.77
<b>Profit for the year after Minority interest</b>		<b>31.52</b>	<b>34.76</b>
Earnings per equity share (₹):	27		
-Basic		16.20	17.88
-Diluted		16.20	17.88
<b>Statement on significant accounting policies</b>	1		

The accompanying notes are an integral part of the financial statements.  
This is the Statement of Profit & Loss referred to in our report of even date

For Walker, Chandio & Co.  
Chartered Accountants

Per David Jones  
Partner

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012



COSMO FILMS

## Consolidated Statement of Cash flow for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	38.78	40.51
Adjustments for:		
Depreciation	35.91	34.39
Interest expense	23.77	21.80
Interest income	(1.53)	(1.54)
Unrealised gain on exchange fluctuation	0.86	(0.10)
(Profit)/loss on sale of fixed assets (net)	(13.72)	3.73
Profit on sale of investment	(1.07)	(4.40)
Debts/advances written off	0.16	-
Provision for bad and doubtful debts/advances	0.29	0.24
Liability no longer required written back	(1.45)	(0.80)
<b>Operating profit before working capital changes</b>	<b>82.00</b>	<b>93.83</b>
<b>Adjustments for changes in working capital :</b>		
- Movement in trade receivables	38.82	(23.21)
- Movement in other receivables	(32.03)	(0.76)
- Movement in inventories	(11.90)	(27.16)
- Movement in trade and other payables	8.01	11.22
<b>Cash generated from operations</b>	<b>84.90</b>	<b>53.92</b>
Income tax paid	(29.58)	(27.09)
<b>Net cash generated from operating activities</b>	<b>55.32</b>	<b>26.83</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets and capital work in progress	(55.64)	(33.46)
Proceeds from sale of fixed assets	19.24	1.84
(Purchase)/sale of investments	(11.82)	9.99
Increase/(decrease) in fixed deposits (net)	11.57	(24.89)
Interest received	1.96	1.54
<b>Net cash used in investing activities</b>	<b>(34.69)</b>	<b>(44.98)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	62.62	27.36
Repayment of long term borrowings	(65.33)	(13.86)
Proceeds from short term borrowings	22.62	32.89
Payment to minority	(3.14)	0.62
Interest paid	(22.96)	(21.80)
Dividend paid	(9.72)	(9.72)
Dividend tax paid	(1.58)	(1.61)
<b>Net cash generated/(used) in financing activities</b>	<b>(17.49)</b>	<b>13.88</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>3.14</b>	<b>(4.27)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32.28</b>	<b>32.07</b>
Effect of change in exchange rate on cash and cash equivalents	1.00	4.48
<b>Cash and cash equivalents at the end of the year (refer note 17)</b>	<b>36.42</b>	<b>32.28</b>

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

For Walker, Chandio & Co.  
Chartered Accountants

Per David Jones  
Partner

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012



## Notes to the Consolidated statements for the year ended 31 March, 2012

### 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 packaging films. Companies' product majorly comprises of BOPP Films and Thermal Films. This product has its different varieties based on the specific micron. In India, the Company is currently working at Aurangabad in Maharashtra and at Karjan in Gujrat. It also has its subsidiaries working in different countries.

#### b) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### c) Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company, its subsidiaries, joint venture and share of profits in associate.

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 recognised 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 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.

#### 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 Profit and Loss account. 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.

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.

## Notes to the Consolidated statements for the year ended 31 March, 2012

Continued...

### 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 Investment is 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

Depreciation on fixed assets is provided on straight line method (SLM) at rates which are either greater than or equal to the corresponding rates in Schedule XIV to the Companies Act 1956, based on management estimates of useful life as follows:

Block of asset	Life (in years)
Buildings	30
Plant and machinery (Including computers)	6-21
Furniture and fixtures	16
Vehicles	11
Intangible - software	6

ii) Cost of the leasehold land is amortised 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.

### i) Research and development

Revenue expenditure incurred on research and development is charged to profit and loss account 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

## Notes to the Consolidated statements for the year ended 31 March, 2012

Continued...

beyond, earlier of March 31, 2020 or maturity date of underlying long term foreign currency monetary items.

### k) 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.

At the inception of a hedge relationship, the Company formally designates and 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 fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or 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:

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a Hedging Reserve Account. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss account. Amounts deferred in the Hedging Reserve Account are recycled in the profit and loss account in the periods and released to the income statement in the year when the hedged commitment 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.

Derivatives which are not designated as effective hedge are is recognized immediately in the income statement

### l) Excise & other duties

Excise duty in respect of finished goods lying in factory premises and custom duty on imported goods lying in custom bonded warehouse are provided and included in the valuation of inventory. CENVAT benefit is accounted for by reducing the purchase cost of the materials/fixed assets. Import duty benefits on exports made by the company are accounted for as export incentives. These accounting treatments have no impact on the profit/loss for the year.

### m) 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.

#### 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 Profit and loss account 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 Profit and loss account in the year in which such gains or losses arise. Provision related to short term compensated absences of workers is provided on actual basis.

### n) 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

## Notes to the Consolidated statements for the year ended 31 March, 2012

Continued...

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.

### **o) 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.

Benefit under duty entitlement pass book scheme / duty drawback scheme

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

#### **Insurance and other claims**

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

### **p) 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.

### **q) Earnings per share (EPS)**

Basic earnings per share is 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.

### **r) 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 profit and loss account. 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.

### **s) Provisions and contingent liabilities**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where reliable estimate of the obligation cannot be made.



## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 2. SHARE CAPITAL

Particulars	As at 31 March 2012		As at 31 March 2011	
	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
<b>Total</b>		<b>19.44</b>		<b>19.44</b>

#### Notes:

- (i) Of the above 242,051 shares have been allotted to erstwhile shareholders of Gujarat Propack Limited on amalgamation.
- (ii) 8,486,705 shares have been allotted as fully paid bonus shares by capitalisation of capital reserves and share premium account.

- (a) There is no movement in equity share capital during the current year and previous year.

#### (b) 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.

During the year ended March 31, 2012 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 5 per share (previous year ₹ 5 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of shares held	% of holding	Number of shares held	% of holding
Pravasi Enterprises Limited	2,271,104	11.68%	2,271,104	11.68%
Sunrise Manufacturing Company Limited	3,957,552	20.36%	3,957,552	20.36%

### 3. RESERVES AND SURPLUS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Capital reserves</b>		
Balance at the beginning of the year	1.85	2.96
Add: Reversal on closure of associate operations	1.47	-
Less: Pre-acquisition gain on investment in associate	-	(1.11)
<b>Balance at the end of the year</b>	<b>3.32</b>	<b>1.85</b>
<b>Securities premium</b>	<b>31.26</b>	<b>31.26</b>
<b>Foreign currency translation reserve</b>	<b>1.18</b>	<b>(1.16)</b>
<b>General reserve</b>		
Balance at the beginning of the year	270.98	246.41
Add: Transferred from surplus in statement of profit and loss	3.15	23.46
Add: Pre-acquisition gain on investment in associate	-	1.11
Less: Reversal on closure of associate operations	(1.47)	-
<b>Balance at the end of the year</b>	<b>272.66</b>	<b>270.98</b>

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Continued...

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Hedging reserve</b>		
Balance at the beginning of the year	(2.27)	(2.18)
Add : Amount recognised during the year	(2.46)	(0.09)
<b>Balance at the end of the year</b>	<b>(4.73)</b>	<b>(2.27)</b>
<b>Foreign currency monetary item translation difference account</b>		
Balance at the beginning of the year	-	-
Add : Amounts recognised during the year	(6.50)	-
Less : Amounts amortised during the year	1.14	-
<b>Balance at the end of the year</b>	<b>(5.36)</b>	<b>-</b>
Surplus as per statement of profit and loss		
Balance at the beginning of the year	-	-
Add: Profit for the year	31.52	34.76
Less : Proposed dividends on equity shares	(9.72)	(9.72)
Less : Tax on dividends distributed during the year	(1.58)	(1.58)
Less: Transfer to general reserve	(3.15)	(23.46)
<b>Balance at the end of the year</b>	<b>17.07</b>	<b>-</b>
<b>Total</b>	<b>315.40</b>	<b>300.66</b>

#### 4. LONG TERM BORROWINGS

Particulars	As at 31 March 2012		As at 31 March 2011	
	Non current	Current	Non current	Current
<b>Secured</b>				
<b>Term loans</b>				
Foreign currency loans (note a)	161.51	40.33	144.46	45.83
Rupee term loans (note b)	15.00	8.04	12.73	8.86
Vehicle loans (note c)	0.45	0.74	0.84	0.69
From others (note d)	-	11.89	10.38	10.38
<b>Total</b>	<b>176.96</b>	<b>61.00</b>	<b>168.41</b>	<b>65.76</b>

#### Notes:

- a) (i) Loan of USD 10,000,000 taken from ICICI Bank during the financial year 2010-11 and carries interest @ Libor + 400 bps per annum. The loan is repayable in 5 equal semi annual installments of USD 2,000,000 each after moratorium of 3.5 years from the date of loan.
- (ii) Loan of USD 7,500,000 taken from HSBC PLC Bank during the financial year 2008-09 and carries interest @ Libor+150 bps per annum. The loan is repayable in 6 equal semi annual installments of USD 1,250,000 each after moratorium of 2.5 years from the date of loan.
- (iii) 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 @ Libor+37.5 bps per annum. The loan is repayable in 16 equal semi annual installments of approx. USD 832,640 each after six month from the date of start of commercial production.
- (iv) Loan of USD 5,000,000 taken from IFC Bank during the financial year 2011-12 and carries interest @ Libor+400 bps per annum. The loan is repayable in 15 equal semi-annual installments of USD 333,333 after moratorium of 2.5 years from the date of loan.
- (v) Loan of USD 4.5 million taken from SBI Antwerp branch Bank during the financial year 2009-10 and carries interest @ Libor+500 bps per annum. The loan is repayable after moratorium of 20 months in 14 quarterly installments.

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Continued...

- vi) Loan of KRW 3 billion taken from IBK, Korea, during the financial year 2011-12 and carries interest rate @ 5.5% per annum (reset after every three months). The loan is repayable after a moratorium period of 2 years in 14 quarterly installment.
- (vii) Loan of USD 9.5 million taken from SBI Antwerp branch Bank during the financial year 2009-10 and carries interest @ Libor + 5% per annum. The loan is repayable after moratorium of 2 years in 14 quarterly installments.
- b) Rupee term loans comprises of :
  - (i) Loan of ₹ 108,675,000 taken from Kotak Mahindra Bank during the financial year 2011-12 and carries interest @ base rate+ 3.75% per annum. The loan is repayable in 78 equal monthly installments of ₹ 1,393,000 alongwith interest from the date of loan.
  - (ii) Loan of ₹ 318,159,170 taken from IDBI Bank during the financial year 2008-09 and carries interest @ base rate+ 2.65% per annum. The loan is repayable in 10 equal semi annual installments of ₹ 31,815,917 alongwith interest from the date of loan.
- c) Vehicle loans taken from Union Bank of India carries interest @ 10.5%-12% per annum. This loan is repayable in 3 years.
- d) Borrowing from others represents loan from ACCO Brands Corporation of USD 3,650,000 carries interest rate @ 4.9% per annum with principal payments of USD 1,325,000 and USD 2,325,000 due on June, 2011, and June, 2012 respectively.
- e) Details of security for each type of borrowings:-
  - (i) Foreign currency loans from ICICI Bank is secured by subservient charge on all of the Company's moveable fixed assets, both present and future, save and except plant and machineries at Baska and Chikalthana and any assets charged exclusively to other lenders.
  - (ii) Foreign currency loans from HSBC PLC is secured by first pari-passu charge over the entire fixed assets of the Company except assets exclusively charged to Landesbank Baden Wurttemberg Bank (LBBW).
  - (iii) Foreign currency loans from Landesbank Baden Wurttemberg Bank (LBBW) is secured against hypothecation of machinery financed out of the loan amount.
  - iv) Foreign currency loans from IFC Bank is secured by first ranking security interest, ranking pari passu with the other lenders over all assets and rights subject to the security documents.
  - v) Foreign currency loans from SBI Antwerp branch and IBK, Korea is secured by first charge over the entire assets of respective subsidiaries.
  - (vi) Rupee term loans from Kotak Mahindra Bank is secured against mortgage by way of exclusive charge on the immovable properties being commercial properties situated at 1004-1010, 10th floor, DLF Towers, Jasola, New Delhi.
  - (vi) Rupee term loans from IDBI Bank is secured against pari-passu first charge on entire fixed assets of the Company by way of extension except assets exclusively charged to Landesbank Baden Wurttemberg (LBBW).
  - (viii) Vehicle loans from Union Bank of India is secured against hypothecation of vehicle financed out of the loan amount.
- f) Current maturities of long term borrowings are disclosed under the head other current liabilities.

### 5. DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation charged in the books	80.93	78.22
Acquisition gain	2.04	5.81
Others	0.37	-
<b>Gross deferred tax liability</b>	<b>83.34</b>	<b>84.03</b>
<b>Deferred tax assets</b>		
Unabsorbed losses	22.61	19.01
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income tax	6.47	5.83
Provision for bad and doubtful debts	1.02	0.49
Others	0.29	1.35
<b>Gross deferred tax assets</b>	<b>30.39</b>	<b>26.68</b>
<b>Deferred tax liabilities (net)</b>	<b>52.95</b>	<b>57.35</b>

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 6. LONG TERM PROVISIONS

Particulars	As at 31 March 2012	As at 31 March 2011
Employee benefit payable	4.64	3.78
Accrued severance benefits	0.15	-
<b>Total</b>	<b>4.79</b>	<b>3.78</b>

### 7. SHORT TERM BORROWINGS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Secured</b>		
Cash credits/ working capital demand loans (note a)	178.22	151.37
Cash credits (note b)	3.00	4.93
	181.22	156.30
<b>Unsecured</b>		
<b>Term loans</b>		
From banks (note c)	-	12.31
From others (note d)	10.01	-
	10.01	12.31
<b>Total</b>	<b>191.23</b>	<b>168.61</b>

#### Notes:

- (a) Cash credits/ working capital demand loans are secured by hypothecation of raw materials, work-in-progress, stores and spares, finished goods, book debts 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:
- Cash credit/working capital demand loan of ₹ 30 crores sanctioned by Export Import Bank of India is repayable on demand and carries interest rate @ 11.75% per annum, Libor+4.75% and 12% per annum for PCFC INR, PCFC USD and working capital demand loan respectively.
  - Cash credit/working capital demand loan of ₹ 15 crores sanctioned by CITI Bank is repayable on demand and carries floating rate of interest.
  - Working capital demand of ₹ 20 crores sanctioned by HDFC Bank is repayable on demand and carries floating rate of interest.
  - Cash credit/working capital demand of ₹ 15 crores sanctioned by ICICI Bank is repayable on demand and carries interest rate @ base rate+4% per annum.
  - Cash credit/working capital demand of ₹ 25 crores sanctioned by ING Vysya Bank is repayable on demand and carries interest rate @ base rate+3% per annum.
  - Cash credit/working capital demand of ₹ 55 crores sanctioned by Union Bank of India is repayable on demand and carries interest rate @ base rate+3% per annum.
  - Cash credit/working capital demand of ₹ 25 crores sanctioned by YES Bank is repayable on demand and carries floating rate of interest.
  - Cash credit/working capital demand of ₹ 20 crores sanctioned by Kotak Mahindra Bank is repayable on demand and carries floating rate of interest.
  - Cash credit/working capital demand of ₹ 30 crores sanctioned by IDBI Bank is repayable on demand and carries interest rate @ base rate+2.5% per annum.
  - Cash credit of ₹ 50 crores sanctioned by State Bank of India is repayable on demand and carries interest @ base rate+4% per annum.
  - Loan of JPY 100 million is taken from Mizuho Bank and carries rate of interest @ 1.725% per annum. All are current and payable within one year.



## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

- (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 @ 11.5% per annum.
- (c) This comprises of unsecured portion of cash credit/working capital demand loan of ₹ 25 crores sanctioned by Yes Bank and unsecured cash credit balance from Kotak Mahindra Bank, are repayable on demand and carries floating rate of interest.
- (d) Unsecured loans from others comprises of short term loans of ₹ 10 crores is taken from Tata Capital Financials Services Limited, is repayable after 3 months and carries interest rate @ 12% per annum.

### 8. TRADE PAYABLES

Particulars	As at 31 March 2012	As at 31 March 2011
Due to Micro, Small and Medium Enterprises*	-	-
Total outstanding dues to units other than Micro, Small and Medium Enterprises	45.36	37.94
Employee related payables	0.04	1.78
Other accrued liabilities	42.14	39.22
<b>Total</b>	<b>87.54</b>	<b>78.94</b>

\* The Company has circulated letters to all its suppliers requesting them to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'). Certain suppliers have provided the necessary confirmation alongwith the evidence of being Micro or Small enterprises. However from the majority of the suppliers these confirmations are still awaited. On the basis of available information no principal or interest is payable at the year end to any supplier covered under MSMED.

### 9. OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2012	As at 31 March 2011
Current maturities of long term debt (refer note 4)	61.00	65.76
Interest accrued but not due on borrowings	3.33	2.52
Statutory dues	2.18	2.80
Advance received from customers	7.29	5.00
	<b>73.80</b>	<b>76.08</b>

### 10. SHORT TERM PROVISIONS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Provision for employee benefits</b>		
Employee benefit payable	0.81	-
<b>Others</b>		
Proposed dividend (note a)	9.72	9.72
Provision for taxes on dividend	1.58	1.58
<b>Total</b>	<b>12.11</b>	<b>11.30</b>

#### Notes:

#### a) Details with respect to proposed dividend

Dividends proposed to		
-Equity shareholders	9.72	9.72
Proposed dividend per share		
-Equity shareholders (₹)	5	5

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 11. FIXED ASSETS

Particular	Tangible fixed assets							Intangible fixed assets	Capital work in progress
	Land Freehold	Land Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Software	
<b>TANGIBLE ASSETS:</b>									
<b>Gross block</b>									
Balance as at 1 April 2010	11.15	1.20	80.60	562.10	3.57	6.37	15.66	-	1.92
Additions	0.31	-	2.13	14.75	1.78	1.46	1.82	-	20.72
Disposals	-	-	-	(1.78)	(0.11)	(0.67)	(1.42)	-	(14.95)
Other adjustments:									
- Borrowing costs	-	-	-	-	-	-	-	-	0.06
- Foreign exchange fluctuation	-	-	-	(1.10)	-	-	-	-	-
<b>Balance as at 31 March 2011</b>	<b>11.46</b>	<b>1.20</b>	<b>82.73</b>	<b>573.97</b>	<b>5.24</b>	<b>7.16</b>	<b>16.06</b>		<b>7.75</b>
<b>Additions and disposal adjustment</b>									
Additions	9.20	-	26.74	26.65	0.16	0.84	0.76	7.67	5.66
Disposals	(1.70)	-	(12.13)	(31.92)	(0.31)	(1.08)	(2.60)	-	(10.69)
Other adjustments:									
- Borrowing costs	-	-	-	-	-	-	-	-	1.30
- Foreign exchange fluctuation	-	-	-	8.84	-	-	-	-	-
<b>Balance as at 31 March 2012</b>	<b>18.96</b>	<b>1.20</b>	<b>97.35</b>	<b>577.54</b>	<b>5.09</b>	<b>6.92</b>	<b>14.22</b>	<b>7.67</b>	<b>4.02</b>
<b>Accumulated depreciation and amortisation</b>									
Balance as at 1 April 2010	-	0.07	15.97	212.85	2.28	1.42	10.86	-	-
Depreciation charge	-	0.01	2.81	29.64	0.29	0.66	0.98	-	-
Adjusted on disposal of assets	-	-	-	(0.50)	(0.04)	(0.15)	(1.02)	-	-
<b>Balance as at 31 March 2011</b>	<b>-</b>	<b>0.08</b>	<b>18.78</b>	<b>241.99</b>	<b>2.53</b>	<b>1.93</b>	<b>10.82</b>	<b>-</b>	<b>-</b>
Depreciation charge	-	0.01	3.29	30.01	0.24	0.70	1.15	0.51	-
Adjusted on disposal of assets	-	-	(3.40)	(25.56)	(0.10)	(0.56)	(2.14)	-	-
<b>Balance as at 31 March 2012</b>	<b>-</b>	<b>0.09</b>	<b>18.67</b>	<b>246.44</b>	<b>2.67</b>	<b>2.07</b>	<b>9.83</b>	<b>0.51</b>	<b>-</b>
<b>Net block</b>									
Balance as at 31 March 2011	11.46	1.12	63.95	331.98	2.71	5.23	5.24	-	7.75
Balance as at 31 March 2012	18.96	1.11	78.68	331.10	2.42	4.85	4.39	7.16	4.02

Note:

#### i) Capitalisation of foreign exchange differences

The foreign exchange difference capitalised during the year ended 31 March 2012 was ₹ 8.84 crores (31 March 2011 ₹ (1.10) crores). The Company has adopted the MCA notification dated 29 December 2011 on Accounting Standard -11, "The effects of changes in foreign exchange rates" and accordingly capitalised ₹ 8.84 crores during the year.

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 12. NON CURRENT INVESTMENT

Particulars	As at 31 March 2012	As at 31 March 2011
Trade investments (valued at cost unless otherwise stated)		
Investment property	11.82	-
	<b>11.82</b>	<b>-</b>

### 13. LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Secured, considered good</b>		
Capital advances (note a)	21.17	6.44
<b>Unsecured, considered good</b>		
Loans and advance to related party (refer note 32)	0.44	1.06
Taxes paid under protest recoverable	4.83	4.32
Security deposits	1.24	2.13
Prepaid expenses	1.01	1.67
Advance income tax [(net of provision ₹14.30 crores) (previous year Nil)]	1.24	-
Others	3.58	2.02
<b>Total</b>	<b>33.51</b>	<b>17.64</b>

**Note:**

- a) Capital advances are secured by way of bank guarantees received from the supplier of equipments/ services relating to capital jobs.

### 14. OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2012	As at 31 March 2011
Pledged deposits (note a)	0.13	0.12
<b>Total</b>	<b>0.13</b>	<b>0.12</b>

**Note:**

- a) Pledged deposits represent deposits pledged with sales tax authorities.

### 15. INVENTORIES

Particulars	As at 31 March 2012	As at 31 March 2011
Raw material (including material in transit ₹ 1.97 crores) (previous year ₹ 1.55 crores)	40.96	45.99
Work-in-progress	-	2.16
Finished goods (including material in transit ₹ 37.38 crores) (previous year ₹ 8.11 crores)	108.01	92.35
Stores and spares	24.98	21.55
<b>Total</b>	<b>173.95</b>	<b>162.05</b>

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 16. TRADE RECEIVABLES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	3.95	2.37
Unsecured, considered doubtful	11.26	18.43
	15.21	20.80
Less : Allowances for bad and doubtful debts	(11.26)	(18.43)
	3.95	2.37
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Unsecured, considered good	126.85	167.28
	126.85	167.28
<b>Total</b>	<b>130.80</b>	<b>169.65</b>

### 17. CASH AND BANK BALANCES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Cash and cash equivalents</b>		
Cash in hand	0.05	0.04
Cheques, drafts in hand	1.91	1.64
Balances with Scheduled banks		
- in current accounts	1.26	1.14
- in deposit account with maturity upto 3 months	10.84	7.45
Balance with other Banks		
- in Current accounts	22.36	22.01
	<b>36.42</b>	<b>32.28</b>
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months	20.00	31.57
Balances with bank held as :		
Security against the borrowings (note a)	5.00	5.00
	<b>25.00</b>	<b>36.57</b>
<b>Total</b>	<b>61.42</b>	<b>68.85</b>

**Note:**

- (a) Pledged deposits represents deposits pledged against overdraft facility.



## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 18. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Unsecured, considered good</b>		
Advances to vendors	1.02	3.37
Advance income tax [net of provision ₹ 39.96 crores (previous year ₹ 41.84 crores)]	6.66	0.99
Deposits with excise and other tax authorities	9.27	2.95
Taxes paid under protest recoverable	9.74	-
Unrealised export benefit	20.70	17.28
Discount recoverable	11.05	5.82
Prepaid expenses	4.31	2.96
Others	6.18	8.21
<b>Total</b>	<b>68.93</b>	<b>41.58</b>

**Note:**

- (a) Others include amount of ₹ 2.98 crores (previous year Nil) recoverable from Atharwaa Infra Developers pursuant to agreement to sale entered for sale of land.

### 19. OTHER CURRENT ASSETS

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Unsecured, considered good</b>		
Interest receivable	0.63	1.06
Other receivable	0.35	-
<b>Total</b>	<b>0.98</b>	<b>1.06</b>

### 20. REVENUES

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>Revenue from operations</b>		
Sale of products (including export benefits)	1,167.68	1,170.28
Other operating revenues	11.20	5.24
<b>Revenue from operations (gross)</b>	<b>1,178.88</b>	<b>1,175.52</b>
Less : Excise duty	(42.70)	(40.49)
<b>Revenue from operations (net)</b>	<b>1,136.18</b>	<b>1,135.03</b>

**Details of products sold**

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Manufactured goods		
-Packaging films	1,140.63	1,147.30
-Others	27.05	22.98
<b>Total</b>	<b>1,167.68</b>	<b>1,170.28</b>

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 21. OTHER INCOME

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest income	1.53	1.54
Profit on sale of investment	1.07	4.40
Profit on sale of assets	2.34	(3.73)
Insurance and other claims	0.35	0.39
Miscellaneous receipts	-	0.87
Bad debts recovered	0.22	0.08
Excess provisions/liabilities no longer required written back	1.45	0.80
<b>Total</b>	<b>6.96</b>	<b>4.35</b>

### 22. INCREASE IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>Opening stock</b>		
Finished goods	92.35	82.81
Work-in-progress	2.16	1.43
<b>Total</b>	<b>94.51</b>	<b>84.24</b>
<b>Closing stock</b>		
Finished goods	108.01	92.35
Work-in-progress	-	2.16
<b>Total</b>	<b>108.01</b>	<b>94.51</b>
<b>Increase in inventory of finished goods and work-in-progress</b>	<b>13.50</b>	<b>10.27</b>

#### Details of finished goods and work-in-progress

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<b>Finished goods</b>		
-Packaging films	108.01	77.30
-Equipments	-	15.05
<b>Total</b>	<b>108.01</b>	<b>92.35</b>
<b>Work-in-progress</b>		
-Packaging films	-	2.16
-Equipments	-	-
<b>Total</b>	<b>-</b>	<b>2.16</b>

### 23. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Salaries, wages and bonus	87.87	87.18
Gratuity expenses (refer note 30)	1.12	1.31
Contribution to provident and other funds	11.33	11.50
Staff welfare expenses	1.91	2.08
<b>Total</b>	<b>102.23</b>	<b>102.07</b>

#### Note:

- (a) Employee benefit expenses includes research and development expenses (refer note 29)

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 24. FINANCE COSTS

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest expenses	23.77	21.80
Bank charges	4.69	4.50
	<b>28.46</b>	<b>26.30</b>

### 25. OTHER EXPENSES

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Stores, spares and packing material consumed	43.37	50.29
Power, water and fuel	77.22	70.54
Excise duty on increase in finished goods	5.02	4.81
Rent	7.54	7.46
Repairs and maintenance		
- Buildings	0.69	1.18
- Plant and equipment	8.76	8.59
- Others	1.84	1.35
Insurance	1.87	1.61
Rates and taxes	2.14	2.29
Printing and stationary	0.41	1.26
Training and recruitment expenses	0.18	0.83
Travelling and conveyance	9.74	10.12
Vehicle running and maintenance	2.02	2.55
Communication expenses	4.15	3.15
Legal and professional charges	9.54	9.04
Directors' fees	0.06	0.05
Charity and donations	0.29	0.23
Provision for bad debts	0.29	0.24
Bad debts written off	0.16	-
Freight and forwarding	41.07	53.10
Claims paid/written off	0.30	0.27
Others	8.45	8.73
<b>Total</b>	<b>225.11</b>	<b>237.69</b>

**Note:**

- a) Other expenses includes research and development expenses (refer note 29)

### 26. EXCEPTIONAL ITEMS

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Profit on sale of land	11.38	-
(Loss)/gain due to exchange rate fluctuation on foreign currency transactions	(4.31)	5.39
Restructuring expenses	(4.92)	(2.20)
<b>Total</b>	<b>2.15</b>	<b>3.19</b>

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 27. EARNING PER SHARE

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
a) Net profit after tax as per statement of profit and loss attributable to equity shareholders ( ₹ in crores)	31.52	34.76
b) Weighted average number of equity shares	19,440,076	19,440,076
c) Basic EPS (₹)	16.21	17.88
d) Diluted EPS (₹)	16.21	17.88
e) Nominal value per equity share (₹)	10.00	10.00

### 28. CONTINGENT LIABILITIES AND COMMITMENTS

#### (i) Contingent liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
a) Disputed demands for income tax (refer note h below)	11.43	22.35
b) Disputed demands for excise and custom duty and service tax	4.01	4.29
c) Disputed demands for labour/employee dispute	0.51	-
d) Claims against the Company not acknowledged as debts	0.15	0.50
e) Bonds executed in favour of government departments	-	3.51
f) ₹ 7.59 crores (previous year ₹ 8.94 crores) realised on discounting of letter of credits which have been reduced from debtors in these accounts.		
g) Letter of credit for ₹ 22.06 crores (previous year ₹ 22.50 crores) have been opened for which the material has not been shipped as on the date of the balance sheet.		
h) Disputed demand for income tax includes a dispute of ₹ 4.83 crores (previous year ₹ 4.24) between the Company and income tax department over computation of deduction under section 80HHC of the Income Tax Act, 1961. During the year ended 31 March, 2012, the Honourable High Court of Delhi has passed an order against the Company in this matter. The Company has filed a special leave petition against the this order in the Supreme Court which has also been accepted. 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.		
i) The company has claimed exemption benefits under sales tax incentive scheme for the financial years from 2000-01 to 2009-10 (Upto Aug'2009), though the tax has been paid under protest for some years. The said benefits have not been allowed during assessment for the financial years 2000-01 to 2005-06 for which appeals have been filed. The company has paid and expensed ₹ 6.06 Crores (Previous year ₹ 6.06 Crores) for the financial year 2000-01 to 2002-03 and 2005-06 to 2006-07. In the financial years 2003-04 to 2004-05 the Company opted not to pay the sales tax by claiming the incentive, against which Company has received a demand of ₹ 12.77 Crores (Previous year ₹ 12.77 Crores). The company has created a provision of ₹ 8.60 Crores (excluding interest and penalty) for these 2 financial years. The company has further paid and created a provision of ₹ 5.89 Crores (Previous year ₹ 5.89 Crores) for the financial year 2007-08 to 2009-10 (assessment is pending). Based upon favorable decision of Hon'ble Maharashtra Sales Tax Tribunal, Mumbai for the year 2001-02 and Hon'ble High Court Judgement in a similar matter, the management is of the view that it is more likely that the matter will be decided in their favour. The company has already expensed an amount of ₹ 20.57 Crores (Previous year ₹ 19.99 crores) in respect of these financial years.		
j) In respect of capital goods imported under EPCG Scheme, bonds of ₹ 225.93 crores has been executed in favour of the President of India for import at a concessional rate of custom duty. Export obligation of ₹ 876.66 crores (previous year ₹ 872.18 crores) has been completed and balance obligation is Nil (previous year ₹ 4.48 crores).		
k) A step down subsidiary has been named as one of the defending party in a legal case involving a claim of Euro 6.48 million with respect to an agreement which was terminated by ACCO Brands Corporation of USA before the closing of GBC acquisition transaction. Legal suit has been filed against ACCO Brand Corporation of USA seeking reliefs against any adverse judgment in the matter.		

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### (ii) Commitments

#### a) Capital Commitment

The Company has the following commitments :

Particulars	As at 31 March 2012	As at 31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	86.61	74.63

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

Particulars	As at 31 March 2012	As at 31 March 2011
Unpaid dividend	0.78	0.74

### 29. Research and development

Revenue expenditure includes

Particulars	As at 31 March 2012	As at 31 March 2011
Employee benefit expenses	1.36	1.03
Materials and consumables	3.09	5.20
Others	0.32	0.06
<b>Total</b>	<b>4.77</b>	<b>6.29</b>

### 30. Employee benefits

#### Defined benefit plans (funded)

The Company makes contribution towards gratuity to a defined contribution 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	As at 31 March 2012	As at 31 March 2011
Discount rate	8.00%	8.00%
Salary escalation	10.00%	9.00%

#### 2. Table showing changes in present value of obligations

Particulars	As at 31 March 2012	As at 31 March 2011
Present value of obligations as at beginning of year	8.46	7.58
Interest cost	0.68	0.61
Current service cost	0.72	0.54
Benefits paid	(0.32)	(0.39)
Actuarial loss on obligations	0.61	0.12
<b>Present value of obligations as at end of year</b>	<b>10.15</b>	<b>8.46</b>



## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 3. Table showing changes in the fair value of Plan assets

Particulars	As at 31 March 2012	As at 31 March 2011
Fair value of plan assets at beginning of year	9.26	7.29
Expected return on plan assets	0.89	0.73
Contributions	1.85	1.63
Benefits paid	(0.32)	(0.39)
Actuarial gain/(loss) on plan assets	-	-
<b>Fair value of plan assets at the end of year</b>	<b>11.68</b>	<b>9.26</b>

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

Particulars	As at 31 March 2012	As at 31 March 2011
Present value of obligations as at the end of year	10.15	8.46
Fair value of plan assets as at the end of the year	11.68	9.26
Funded status	1.53	0.80
<b>Net asset/(liability) recognized in balance sheet</b>	<b>1.53</b>	<b>0.80</b>

### 5. Expenses Recognized in statement of profit & loss

Particulars	As at 31 March 2012	As at 31 March 2011
Current service cost	0.72	0.54
Interest cost	0.68	0.61
Expected return on plan assets	(0.89)	(0.73)
Net actuarial (gain)/loss recognized in the year	0.61	0.12
<b>Expenses recognized in statement of profit &amp; loss</b>	<b>1.12</b>	<b>0.54</b>

## 31. Segment Reporting

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

- Business segment has been disclosed as the primary segment. The Company is organised into two business segments namely Packaging Films and Others.
- 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.

#### Business segment

Year ended 31 March 2012

Particulars	Packaging Films	Others	Total
Revenue			
External sales	1,114.65	10.33	1,124.99
Other operating revenue	11.20	-	11.20
Other income	6.96	-	6.94
<b>Total revenue</b>	<b>1,132.81</b>	<b>10.33</b>	<b>1,143.13</b>

## Notes to the consolidated financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

Continued....

Year ended 31 March 2012

Particulars	Packaging Films	Others	Total
<b>Results</b>			
Segment result	59.41	0.95	60.36
Unallocated corporate expenses			6.88
<b>Operating profit</b>	<b>59.41</b>	<b>0.95</b>	<b>67.24</b>
Interest expenses and bank charges			(28.46)
<b>Profit before tax</b>	<b>59.41</b>	<b>0.95</b>	<b>38.78</b>
Income taxes			(8.59)
<b>Profit for the year</b>	<b>59.41</b>	<b>0.95</b>	<b>30.15</b>
<b>Other information</b>			
Segment assets	825.21	13.30	838.51
Unallocated corporate assets			95.71
<b>Total assets</b>	<b>825.21</b>	<b>13.30</b>	<b>934.22</b>
Segment liabilities	531.79		531.81
Unallocated corporate liabilities			67.59
<b>Total liabilities</b>	<b>531.79</b>	<b>-</b>	<b>599.38</b>
Capital expenditure	76.28	-	76.28
Depreciation and amortisation	35.91	-	35.91

Year ended 31 March 2011

Particulars	Packaging Films	Others	Total
<b>Revenue</b>			
External sales	1,113.86	15.93	1,129.79
Other operating revenue	5.24	-	5.24
Other income	4.35	-	4.35
<b>Total revenue</b>	<b>1,123.45</b>	<b>15.93</b>	<b>1,139.38</b>
<b>Results</b>			
Segment result	69.59	0.17	69.76
Unallocated corporate expenses			(2.95)
<b>Operating profit</b>	<b>69.59</b>	<b>0.17</b>	<b>66.81</b>
Interest expenses and bank charges			(26.30)
<b>Profit before tax but after exceptional items</b>	<b>69.59</b>	<b>0.17</b>	<b>40.51</b>
Income taxes			(9.52)
<b>Profit for the year</b>	<b>69.59</b>	<b>0.17</b>	<b>30.99</b>
<b>Other information</b>			
Segment assets	814.99	15.05	830.04
Unallocated corporate assets			60.35
<b>Total assets</b>	<b>814.99</b>	<b>15.05</b>	<b>890.39</b>
Segment liabilities	493.30	-	493.30
Unallocated corporate liabilities			71.17
<b>Total liabilities</b>	<b>493.30</b>	<b>-</b>	<b>564.47</b>
Capital expenditure	26.98	-	26.98
Depreciation and amortisation	34.39	-	34.39

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### Geographical segment

Year ended 31 March 2012

Particulars	Revenue	Segment assets	Capital expenditure
In India	483.98	654.20	37.89
Outside India	641.00	280.02	38.39
<b>Total</b>	<b>1,124.98</b>	<b>934.22</b>	<b>76.28</b>

Year ended 31 March 2011

Particulars	Revenue	Segment assets	Capital expenditure
In India	403.02	673.82	25.01
Outside India	726.77	216.57	1.97
<b>Total</b>	<b>1,129.79</b>	<b>890.39</b>	<b>26.98</b>

### 32. 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 and their relatives

- 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) Pravasi Enterprises Limited  
b) Sunrise Manufacturing Company Private Limited

#### ii) Transactions with related parties

Particulars	Key management Personel & their relatives		Enterprises over which Key managerial personnel of the Company and their relatives have significant influence		Total	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
<b>Rent paid</b>						
Pravasi Enterprises Limited	-	-	0.18	1.23	0.18	1.23
Sunrise Manufacturing Company Private Limited	-	-	0.89	0.74	0.89	0.74
<b>Security deposit/advance rent paid</b>						
Sunrise Manufacturing Company Private Limited	-	-	-	0.44	-	0.44
Security deposit / Advance rent received						
Pravasi Enterprises Limited	-	-	0.62	-	0.62	-
<b>Remuneration</b>						
Mr. Ashok Jaipuria	2.34	3.35	-	-	2.34	3.35
<b>Purchase of fixed assets</b>						
Pravasi Enterprises Limited	-	-	15.96	-	15.96	-
<b>Sale of investment</b>						
Pravasi Enterprises Limited	-	-	-	9.99	-	9.99

## Notes to the financial statements for the year ended 31 March, 2012

(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 2012	31 March 2011	31 March 2012	31 March 2011
<b>1. Loans and advance</b>				
- Pravasi Enterprises Limited	-	0.62	-	-
- Sunrise Manufacturing Company Private Limited	0.44	0.44	-	-
<b>2. Managerial remuneration payable</b>				
-Mr. Ashok Jaipuria	-	-	2.00	3.01

### 33. Derivative instruments and unhedged foreign currency exposure

#### a) Foreign currency exposure hedged by derivative instruments (against export sales):

Currency	No. of contracts		Amount		Notional gain/(loss)	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
EURO	12	52	Euro 3.750 Mns	Euro 8.125 Mns	*	(₹ 0.02)
GBP	9	13	GBP 2.70 Mns	GBP 1.30 Mns	(₹ 1.15)	(₹ 0.31)
USD	6	-	USD 3.75 Mns	-	(₹ 0.79)	-

\* Notional gain on EURO is ₹14,352 (previous year notional loss ₹ 200,000).

#### Notes:

- The Company has outstanding foreign currency related derivative contracts in the form of forward and options for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent/uncertain events and such instruments qualify as effective hedges. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March, 2012 is estimated at ₹ 1.94 crores (previous year ₹ 0.33 crores). The current year loss has been recognised by creating hedging reserve.
- The Company has 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. In accordance with Accounting Standard 30, "Financial Instruments - recognition and measurement" the mark to market loss as on 31 March, 2012 is estimated at ₹ 2.79 crores (previous year ₹ 2.27 crores). The current year loss has been recognised by creating hedging reserve.

#### (b) Particulars of unhedged foreign currency exposure as at the reporting date

CURRENCY	31 March 2012		31 March 2011	
	Foreign currency	Local currency (₹)	Foreign currency	Local currency (₹)
USD	(53,550,555)	(276.00)	(53,642,000)	(238.12)
EURO	(7,779,281)	(52.62)	(11,767,000)	(73.59)
CAD	924,224	4.99	284,000	1.54
GBP	35,295	0.29	(1,274,000)	(9.07)

- Building includes ₹ 0.64 crores towards cost of residential space in a Co-operative Housing Society. The Company has taken possession of the same in terms of agreement to sell. Conveyance deed is yet to be registered. Besides, the amount includes cost of shares of the said society received by the Company which are yet to be transferred in the name of the Company.
- Building includes cost of 5 shares of ₹ 50 each of Pluto Apartment Co-operative Housing Society Limited paid as part of cost of flat.

## Notes to the financial statements for the year ended 31 March, 2012

(All amounts in ₹ crores, unless stated otherwise)

### 35. Payments to auditors

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
As auditor	0.34	0.23
For taxation matters	-	0.06
Reimbursement of expenses	0.03	0.01
	<b>0.37</b>	<b>0.30</b>

36. A step down subsidiary is obliged under non-cancelable leases for its office and warehouses facilities, which are accounted for as operating leases. Rent expenses includes ₹ 4.33 crores (previous year ₹ 1.77 crores). Future annual minimum payments under the operating leases consisted of the following:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Within one year	2.68	2.32
Later than one year and not later than five years	2.51	5.75
Later than five years	-	-
<b>Total</b>	<b>5.19</b>	<b>8.07</b>

37. 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.

### 38. Previous years figures

Till the year ended 31 March 2011 the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012 the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, its significantly impacts presentation and disclosure made in the financial statements, particularly presentation of balance sheet.

Neetu Sharma  
Company Secretary

Pankaj Poddar  
President & CFO

H.K. Agrawal  
Director

Ashok Jaipuria  
Chairman & Managing Director

Place : Delhi  
Date : 23 May, 2012



**COSMO FILMS LTD.**  
1008, DLF TOWER-A, JASOLA DISTRICT CENTRE, NEW DELHI 110025  
**PROXY FORM**

I/We .....  
of .....being a member/members of the above named  
Company hereby appoint ..... of .....  
or failing him/her .....of.....  
as my/our Proxy to vote for me/us on my behalf at the 35<sup>th</sup> Annual General Meeting of the company to be held on Monday, the  
30<sup>th</sup> July, 2012 at 10:45 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2012.

Signature .....

Affix  
Revenue  
Stamp

Regd. Folio No.....DP. Id No.\* .....

No. of shares..... Client ID No\*.....

Address.....

Note : This form in order to be effective should be duly stamped, completed, signed and must be deposited with the Company's  
Registered office not less than 48 hours before the time for holding the aforesaid Meeting.

\* Applicable for investor(s) holding shares in electronic form.

**COSMO FILMS LTD.**  
1008, DLF TOWER-A, JASOLA DISTRICT CENTRE, NEW DELHI 110025

**AT TENDANCE SLIP**  
35<sup>th</sup> Annual General Meeting -Monday, the 30<sup>th</sup> July, 2012

Regd. Folio No. .... No. of Shares.....

DP. Id. No.\* .....Client Id No.\* .....

Mr./Ms. ....

Father's/Husband's Name .....

I certify that I am a registered Shareholder/Proxy for the registered shareholder of the Company.

I hereby record my presence at the 35<sup>th</sup> Annual General Meeting of the company at Shah Auditorium, 2 Rajniwas Marg, Civil Lines,  
Delhi 110054 on 30<sup>th</sup> July, 2012.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

- Notes :
- 1) Please fill in this attendance slip and hand it over at the entrance of meeting hall.
  - 2) Member's Signature should be in accordance with the specimen signature registered with the company.
  - 3) Please bring your copy of the Annual Report for reference at the meeting.

\* Applicable for investor(s) holding shares in electronic form.